



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**SALINA AIRPORT AUTHORITY
A Component Unit of the
City of Salina, Kansas
For the Fiscal Years Ended December 31, 2020 and 2019**

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

CUSIP #794760XXX

**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, 2020 and 2019



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Alan Eichelberger

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

July 9, 2021

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 of the Salina Airport Authority (the "Authority") for the fiscal years ended December 31, 2020 and 2019 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 2020 Comprehensive Annual Financial Report. 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 Comprehensive Annual Financial Report 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, AdamsBrown, LLC. 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 in April 2020 by the Docking Institute of Fort Hays State University, as of December 31, 2020, 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 2020 was \$1,297,934,889. Combined, Airport and Airport Industrial Center economic activity contributed approximately 42.5% of the total economic activity in Saline County during 2020. The total employment associated with Airport and Airport Industrial Center economic activity was 7,005 jobs which equals 17.6% 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 \$1.8 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.

GFOA CERTIFICATE OF ACHIEVEMENT

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Salina Airport Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, AdamsBrown, LLC, 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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Salina Airport Authority
Kansas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

SALINA AIRPORT AUTHORITY

PRINCIPAL OFFICERS AS OF DECEMBER 31, 2020

BOARD OF DIRECTORS

Alan Eichelberger, Chairman

Kristin Gunn, Vice Chairman

Troy L. Vancil, Secretary

Brian Weisel, Treasurer

Kent Buer, 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

Stifel, Nicolaus & Company, Inc.
Kansas City, Missouri

AUTHORITY'S AUDITOR

AdamsBrown, LLC
2006 Broadway, Suite 2A
P.O. Drawer J
Great Bend, KS 67530

SALINA AIRPORT AUTHORITY**Staff Members as of December 31, 2020****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
Jazstyn Moyer	Airport Administration Specialist

FACILITY MAINTENANCE and OPERATIONS

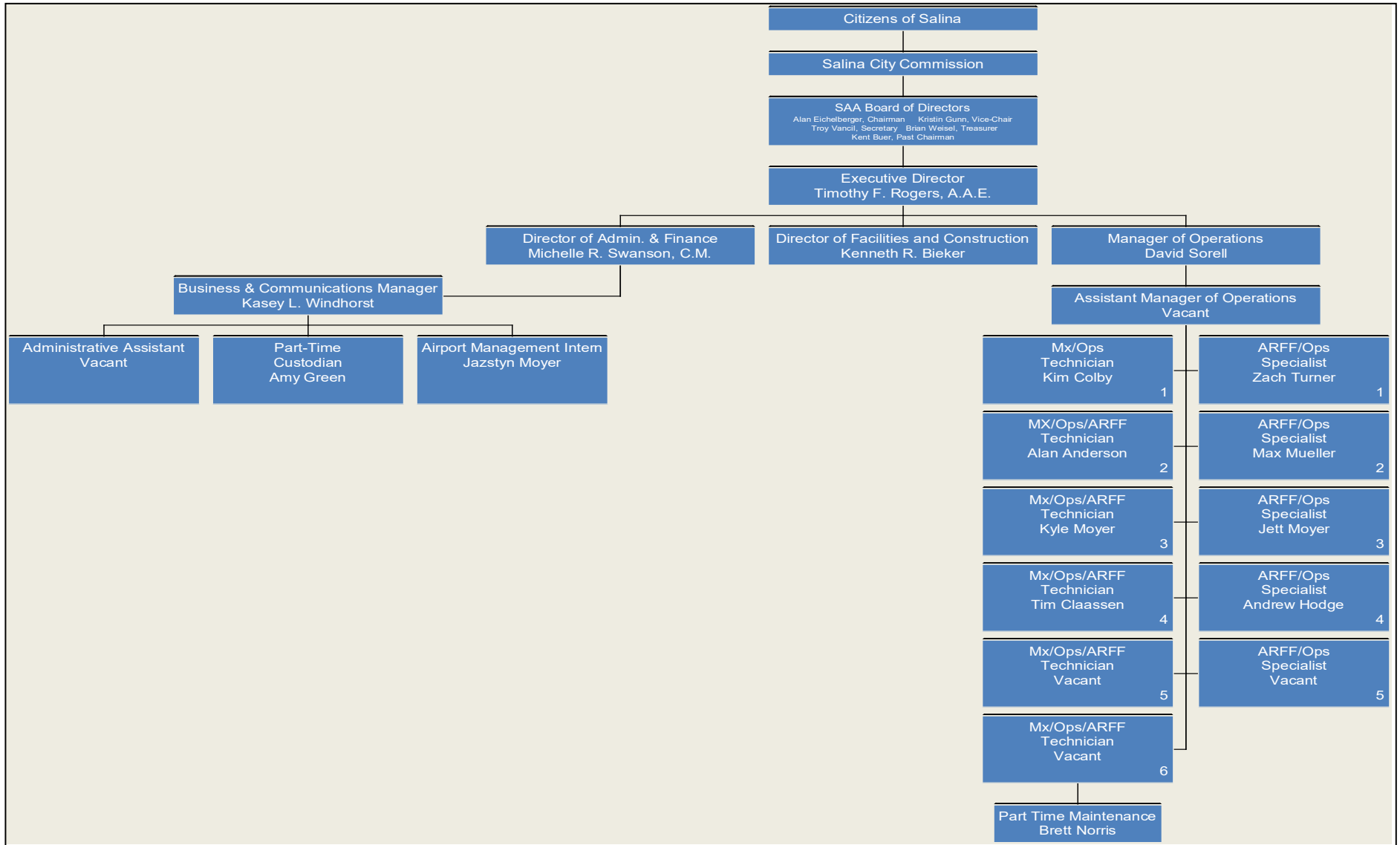
Kim Colby	Alan Anderson
Kyle Moyer	Tim Claassen
Amy Green	

AIRCRAFT RESCUE AND FIREFIGHTING and SAFETY and SECURITY

Zach Turner	Max Mueller
Jett Moyer	Andrew Hodge

SALINA Airport Authority

December 2020



SALINAAirport *Authority*



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 years ended December 31, 2020 and 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and applicable provisions of 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 of 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 opinions. 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 opinions.

Opinions

In our opinions, 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, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years 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.

Supplementary and Other Information

Our audits were 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, statistical section, and single audit information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were 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 audits 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 opinions, supplemental information and the schedule of expenditures of federal awards 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 audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2021, on our consideration of the **Salina Airport Authority's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

July 9, 2021

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, 2020.

The Salina Air Traffic Control Tower (ATCT) ended 2020 having handled 60,448 aircraft operations. This represented a 21% decrease in total aircraft operations over the prior year which had seen a 10.5% increase over 2018 and a 13.3% YOY increase from 2017. Not unlike other airports across the country, air traffic was significantly hampered due to the COVID-19 pandemic. Categories of aircraft operations at Salina including air taxi and general aviation saw double-digit decreases as high as 31% as compared to 2019. However, military operations were up 42% for itinerant traffic and 10% for local traffic. Salina continued to host military training exercises for all branches of the armed forces and serves as an Airport of Embarkation/Debarcation (APOE/APOD) for Kansas' army military installation known as Fort Riley. The growth in the previous two years was a result of growth in both local and itinerant military traffic as well as air taxi and local civilian operations. This pre-COVID-19 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 2020, Salina Regional Airport remains ranked number two in terms of the busiest FAA contract towered airport in the state for air traffic operations and number one for fuel delivered. Salina's 2020 ATCT's national ranking for airport operations is 98 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 2020, world-class Fixed Based Operator (FBO), Avflight Corporation, completed its seventh 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 2020, despite COVID-19, Avflight still delivered 2.3 million gallons, representing a .72% increase over the 2019. 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 APOE/APOD for Fort Riley as described above. As the 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.

Right before the effects of the COVID-19 pandemic hit air travel, Salina's air service and passenger enplanements were reaching new heights. The passenger roundtrip enplanements of 2,712 for SkyWest service during the month of December 2019 was more than double the 1,168 of December 2018. On March 5, 2020, the tag with Hays, KS was removed and the Salina to Denver service became non-stop and the spring break week that followed was the record load factor week for the year. As the air travel reductions were realized around the globe as the pandemic threat continued, Salina's passenger numbers also dropped and the year ended 50.16% less than 2019.

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

	2020	2019	2018
Enplanements - Scheduled Air Carrier & Charter Flights	10,561	21,189	20,299
% increase / (decrease)	-50.16%	4.38%	46.56%
Aircraft Operations - All Categories	60,448	76,553	69,293
% increase / (decrease)	-21.04%	10.48%	13.33%
Fuel Flowage - (gallons delivered)	2,295,009	2,278,659	2,414,825
% increase / (decrease)	0.72%	-5.64%	-7.91%

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 2020, building rents equaled \$1,543,756 or 58.2% of operating revenue. At the end of 2020, the Authority had an occupancy rate of 80% in its building inventory, up from the 71% at the end of 2019. 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 COVID-19 pandemic the financial condition of the Authority improved during 2020. 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 twenty new tenants, diversifying its tenant base and the operating revenues have steadily increased with

2020 reaching a historic high of nearly \$2.6 million with a net positive income before depreciation increasing in each of the last three years.

SUMMARY OF OPERATIONS HIGHLIGHTS

Significant items affecting the Summary of Operations and Changes in Net Position for 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Operating revenues	\$ 2,652,346	\$ 2,432,958	\$ 2,499,892
Operating expenses	(2,471,725)	(2,355,435)	(2,431,170)
Excess of revenues over expenses before depreciation	180,621	77,523	68,722
Depreciation	(3,016,267)	(2,898,650)	(2,761,019)
Loss before non-operating revenues and expenses	(2,835,646)	(2,821,127)	(2,692,297)
Non-operating revenues and (expenses), net	(570,774)	1,497,105	1,520,944
Loss before capital contributions	(3,406,420)	(1,324,022)	(1,171,353)
Capital contributions	2,100,818	1,727,674	1,474,356
Net position			
Increase in net position	(1,305,602)	403,652	303,003
Net position, beginning of period as previously reported	22,502,785	22,099,133	21,808,184
Cumulative change in accounting principle	-	-	(12,054)
Net position, beginning of year as restated	22,502,785	22,099,133	21,796,130
Net position, end of period	\$ 21,197,183	\$ 22,502,785	\$ 22,099,133

- Operating revenues have increased in recent years due to new tenants and releasing properties and diversifying the tenant base as mentioned previously with 2020 and 2019 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 previous seven years and in 2020, despite COVID-19 it increased by 2.9% over 2019. 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 expenses increased by 4.9% in 2020 after a 3.12% YOY decrease in 2019. From 2011 to 2017, the Authority posted year-over-year decreases in operating expenses. 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% by the end 2020, 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.
 - The 2020 increase in operating expenses was a result of increased leasing activity, building occupancy. Additionally, the Authority significantly increased cleaning and sanitization efforts due to the pandemic. This was even more critical with the Authority's level of short-term, transient leasing activity. Also, certain tenants requested an increased level of disinfecting requiring up to twice daily services.
- Depreciation expense increased due to very capital-intensive years with investment reaching \$3 million in 2020 and \$2.9 million in 2019.
- Capital grants and contributions during 2020 and 2019 totaled \$2,100,818 and \$1,727,674 respectively, with the significant projects including a Terminal Building Master Plan update, and rehabilitation of the Authority's largest aircraft hangar, Hangar 959, for a new Part 145 maintenance tenant. \$1.5 million of the 2020 capital grants included reimbursement for Airport operating expenses under the CARES Act grant as further discussion in the Notes to the Financial statements.
- Ad-valorem tax revenue (mill levy) received by the Authority as a local taxing entity increased 11.3.% from 2019 to 2020 and 1.4% from 2018 to 2019. Interest received on investments decreased by 87.9% from 2019 to 2020 as a result of bond proceeds on deposit during 2019 earning the majority of the investment income and the continued trend of 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 \$21,197,183 at the close of 2020. A condensed summary of the Authority's total net position at December 31st for the previous three years is shown on the next page.

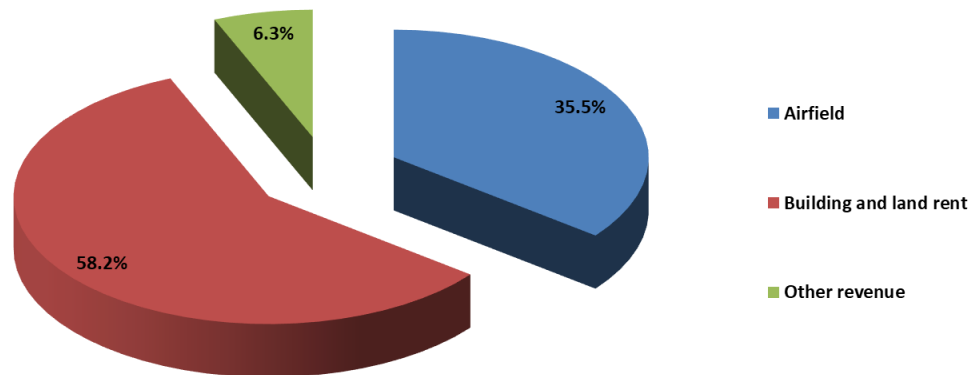
The Authority's net position reflects its heavy investment in capital assets including land, buildings, airfield infrastructure and machinery and equipment, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to citizens; 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.

	2020	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 2,662,550	\$ 1,512,621	\$ 407,891
Capital assets	42,261,174	44,110,767	43,860,869
Deferred Outflows of Resources	1,232,712	1,276,204	1,381,850
Total Assets and Deferred Outflows of Resources	<u>\$ 46,156,436</u>	<u>\$ 46,899,592</u>	<u>\$ 45,650,610</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Long-term debt outstanding	\$ 19,771,494	\$ 20,984,752	\$ 19,400,693
Other liabilities	5,121,333	3,370,643	4,082,418
Total liabilities	<u>24,892,827</u>	<u>24,355,395</u>	<u>23,483,111</u>
Deferred Inflows of Resources	<u>66,426</u>	<u>41,412</u>	<u>68,366</u>
NET POSITION			
Net investment in capital assets	18,935,971	21,698,665	22,491,023
Unrestricted	<u>2,261,212</u>	<u>804,120</u>	<u>(391,890)</u>
Total net position	<u>21,197,183</u>	<u>22,502,785</u>	<u>22,099,133</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 46,156,436</u>	<u>\$ 46,899,592</u>	<u>\$ 45,650,610</u>

REVENUES

The following chart shows the major sources and the percentage of total operating revenues for the year ended December 31, 2020:



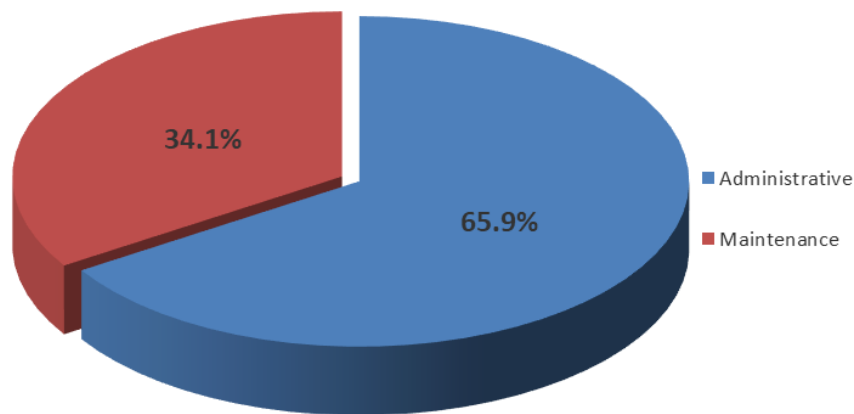
A summary of revenues for the past three years is shown below. Total revenue increased 9.3% from 2019 to 2020 following a slight decrease of .09% or \$4,341 from 2018 to 2019. 2020 marked a ten-year high in operating revenue. The positive trend in operating revenue is a result of the increase in building 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.

	2020	2019	2018
Operating Revenue:			
Airfield	\$ 941,238	\$ 927,921	\$ 780,755
Building and land rent	1,543,756	1,349,788	1,383,282
Other revenue	167,352	155,249	335,855
Total Operating	2,652,346	2,432,958	2,499,892
Non-Operating Income:			
Mill Levy	2,639,481	2,371,463	2,338,967
Interest Income	2,161	17,954	3,745
Gain on sale of assets	-	21,263	5,375
Total Non-Operating	2,641,642	2,410,680	2,348,087
TOTAL REVENUE	\$ 5,293,988	\$ 4,843,638	\$ 4,847,979

EXPENSES

The following chart shows the major expense categories and the percentage of total operating expenses for the year ended December 31, 2020:



A summary of expenses for the past three years is shown below. Total operating expenses increased 4.9% in 2020 after decreasing 3.12% in 2019 and 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. From 2011-2017, the Authority reduced operating expenses year-over-year for each of the six years.

	2020	2019	2018
Operating Expenses			
Administrative	\$ 1,630,020	\$ 1,524,897	\$ 1,567,514
Maintenance	841,705	830,538	863,656
Total Operating	<u>2,471,725</u>	<u>2,355,435</u>	<u>2,431,170</u>
Non-Operating Expenses			
Interest Expense	771,821	840,390	827,143
Bond Issue Costs	44,885	73,185	-
Loss on Sale of Assets	2,395,710	-	-
Total Non-Operating	<u>3,212,416</u>	<u>913,575</u>	<u>827,143</u>
TOTAL EXPENSES	<u><u>\$ 5,684,141</u></u>	<u><u>\$ 3,269,010</u></u>	<u><u>\$ 3,258,313</u></u>

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Capital grants and contributions during 2020 totaled \$2,100,818 which included 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 \$250,000 in funding support for the pavement rehabilitation of the Hangar 959 ramp and improvements to Rwy. 17/35.

The Authority acquired \$1,501,297 in capital assets during 2020. 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 \$23,543,891 net of unamortized bond discounts at December 31, 2020. This debt consists of general obligation bonds and temporary notes and City of Salina special assessments. Maturities range from 2021 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
December 31, 2020 and December 31, 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 2,255,880	\$ 655,020
Accounts receivable, net of allowance for uncollectibles	390,970	848,249
Prepaid expenses	15,700	9,352
Total Current Assets	<u>2,662,550</u>	<u>1,512,621</u>
NON-CURRENT ASSETS		
Capital Assets		
Land	9,874,567	10,166,124
Buildings, improvements and equipment, net of depreciation	32,181,015	33,812,426
Construction in progress	205,592	132,217
Total Non-Current Assets	<u>42,261,174</u>	<u>44,110,767</u>
TOTAL ASSETS	<u>44,923,724</u>	<u>45,623,388</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred KPERS pension funds	214,164	131,923
Deferred KPERS OPEB	4,727	4,220
Deferred advanced refunding	1,013,821	1,140,061
Total Deferred Outflows of Resources	<u>1,232,712</u>	<u>1,276,204</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 46,156,436</u></u>	<u><u>\$ 46,899,592</u></u>

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

SALINA AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
December 31, 2020 and December 31, 2019
(continued)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND
NET POSITION

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 125,641	\$ 867,149
Accrued payroll and expenses	-	402
Accrued property tax	40,159	55,154
Accrued special assessments	1,282	1,282
Unearned rental and marketing income	105,228	49,208
Accrued interest	211,244	227,145
Current portion of compensated absences	51,799	39,195
Current maturities of long-term debt	3,772,397	1,427,350
	<hr/>	<hr/>
Total Current Liabilities	4,307,750	2,666,885
	<hr/>	<hr/>
NON-CURRENT LIABILITIES		
Bonds and notes payable, less current maturities	19,771,494	20,984,752
Net pension liability	715,670	632,856
Net OPEB liability	13,924	13,338
Security deposits returnable	83,989	57,564
	<hr/>	<hr/>
Total Non-Current Liabilities	20,585,077	21,688,510
	<hr/>	<hr/>
Total Liabilities	24,892,827	24,355,395
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Deferred KPERS pension funds	58,465	36,718
Deferred KPERS OPEB	7,961	4,694
	<hr/>	<hr/>
Total Deferred Inflows of Resources	66,426	41,412
	<hr/>	<hr/>
NET POSITION		
Net investment in capital assets	18,717,283	21,698,665
Unrestricted	2,479,900	804,120
	<hr/>	<hr/>
Net Position	21,197,183	22,502,785
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 46,156,436</u>	<u>\$ 46,899,592</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, 2020 and December 31, 2019

	<u>January 1 to December 31</u>	
	<u>2020</u>	<u>2019</u>
Operating Revenues		
Airfield	\$ 941,238	\$ 927,921
Building and land rent	1,543,756	1,349,788
Other revenue	<u>167,352</u>	<u>155,249</u>
Total Operating Revenues	<u>2,652,346</u>	<u>2,432,958</u>
Operating Expenses		
Administrative	1,630,020	1,524,897
Maintenance	<u>841,705</u>	<u>830,538</u>
Total Operating Expenses	<u>2,471,725</u>	<u>2,355,435</u>
Revenues over Expenses before Depreciation	180,621	77,523
Depreciation	<u>(3,016,267)</u>	<u>(2,898,650)</u>
Operating Loss Before Non-Operating Revenues and Expenses	<u>(2,835,646)</u>	<u>(2,821,127)</u>
Non-Operating Revenues and (Expenses)		
Mill levy	2,639,481	2,371,463
Interest on investments	2,161	17,954
Interest expense	(771,821)	(840,390)
Bond issue costs	(44,885)	(73,185)
Gain (loss) on sale of assets	<u>(2,395,710)</u>	<u>21,263</u>
Total Non-Operating Revenues and (Expenses)	<u>(570,774)</u>	<u>1,497,105</u>
Loss before Capital Contributions	(3,406,420)	(1,324,022)
Capital Contributions	<u>2,100,818</u>	<u>1,727,674</u>
Net Position		
Increase (decrease) in net position	(1,305,602)	403,652
Net position, beginning of year	<u>22,502,785</u>	<u>22,099,133</u>
Net position, end of year	<u>\$ 21,197,183</u>	<u>\$ 22,502,785</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, 2020 and December 31, 2019

	<u>January 1 to December 31</u>	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from providing services	\$ 3,109,625	\$ 1,730,112
Cash paid to employees for services	(854,885)	(841,568)
Cash paid to suppliers for goods and services	(2,133,137)	(1,616,484)
Net Cash Provided (Used) by Operating Activities	<u>121,603</u>	<u>(727,940)</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of property, plant and equipment	(1,501,297)	(3,182,404)
Acquisition of land subsequently donated (net)	(2,061,088)	-
Proceeds from capital grants	2,100,818	1,727,674
Proceeds from property tax	2,639,481	2,371,463
Proceeds from sale of capital assets	-	55,120
Principal payments on debt	(1,428,211)	(5,337,744)
Proceeds of new borrowing	2,560,000	6,380,000
Bond issuance costs	(44,885)	(73,185)
Interest paid on long-term debt	<u>(787,723)</u>	<u>(831,307)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>1,477,095</u>	<u>1,109,617</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on deposits	<u>2,161</u>	<u>17,954</u>
INCREASE IN CASH	1,600,859	399,631
CASH BALANCE - January 1	<u>655,021</u>	<u>255,390</u>
CASH BALANCE - December 31	<u><u>\$ 2,255,880</u></u>	<u><u>\$ 655,021</u></u>

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, 2020 and December 31, 2019

RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

	<u>January 1 to December 31</u>	
	<u>2020</u>	<u>2019</u>
OPERATING LOSS	\$ (2,835,646)	\$ (2,821,127)
ADJUSTMENTS RECONCILING OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation	3,016,267	2,898,650
Decrease (Increase) in operating assets		
Accounts receivable	457,279	(702,846)
Prepaid expenses	(6,347)	(2,255)
Change in deferred outflows of resources	43,492	105,646
Increase (Decrease) in operating liabilities		
Accounts payable (operations)	(741,507)	(219,629)
Accrued payroll expenses	(402)	(40,728)
Accrued property tax and special assessments	(14,996)	(13,447)
Current portion of compensated absences	12,604	39,195
Unearned rental income	56,020	17,233
Security deposits	26,425	8,884
Net pension liability	83,400	29,438
Change in deferred inflows of resources	25,014	(26,954)
Total Adjustments	<u>2,957,249</u>	<u>2,093,187</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 121,603</u>	<u>\$ (727,940)</u>

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

Salina Airport Authority
NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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.

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. 87, Leases
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 92, Omnibus 2020
- GASB Statement No. 93, Replacement of Interbank Offered Rates
- GASB Implementation Guide 2019-1, Implementation Guidance Update-2019
- GASB Implementation Guide 2019-3, Leases

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 acquisition 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 acquisition 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.

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.

III. DETAILED NOTES

A. Deposits

As of December 31, 2020 and 2019, the Authority had cash and cash equivalents as listed below:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Gross Cash Balances		
Cash	\$ 2,106,496	\$ 390,336
Less deposits in transit and petty cash	(11,665)	(2,831)
Add uncleared checks	<u>34,959</u>	<u>67,192</u>
Bank Balance	2,129,790	454,697
Less FDIC Coverage	<u>537,548</u>	<u>446,327</u>
Balances Securable by Collateral	<u>\$ 1,592,242</u>	<u>\$ 8,370</u>
Security Provided by Depositories	<u>\$ 2,001,818</u>	<u>\$ 831,279</u>

The Authority had the following investments and maturities.

December, 31, 2020

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities less than 1 year</u>	<u>Rating U.S.</u>
Kansas Municipal Investment Pool	\$ 149,384	\$ 149,384	AAAf/S1+

December 31, 2019

<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 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 AAAsf/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. 100% of the Authority's investments is in KMIP, which results in a concentration of credit risk.

B. Receivables

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

	<u>2020</u>	<u>2019</u>
Receivables		
Accounts	\$ 178,682	\$ 99,749
Grants	213,788	750,000
Less: allowance for uncollectibles	(1,500)	(1,500)
Total	<u>\$ 390,970</u>	<u>\$ 848,249</u>

C. Capital Assets

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

	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Reclassify</u>	<u>Balance December 31, 2020</u>
Capital Assets					
Non-Depreciable					
Land	\$ 10,166,124	\$ 43,066	\$ (334,623)	\$ -	\$ 9,874,567
Construction in progress	132,218	186,591	-	(113,217)	205,592
Total Non-Depreciable	<u>10,298,342</u>	<u>229,657</u>	<u>(334,623)</u>	<u>(113,217)</u>	<u>10,080,159</u>
Depreciable					
Buildings and improvements	29,839,596	682,393	-	-	30,521,989
Airfield and improvements	45,808,087	382,089	-	113,217	46,303,393
Equipment	5,592,776	207,158	-	-	5,799,934
Total Depreciable	<u>81,240,459</u>	<u>1,271,640</u>	<u>-</u>	<u>113,217</u>	<u>82,625,316</u>
Total Non-Depreciable & Depreciable	<u>\$ 91,538,801</u>	<u>\$ 1,501,297</u>	<u>\$ (334,623)</u>	<u>\$ -</u>	<u>\$ 92,705,475</u>
Accumulated depreciation					
Buildings and improvements	\$ (15,394,873)	\$ (1,137,497)	\$ -	\$ -	\$ (16,532,370)
Airfield and improvements	(28,024,512)	(1,631,324)	-	-	(29,655,836)
Equipment	(4,008,649)	(247,446)	-	-	(4,256,095)
Total Accumulated Depreciation	<u>(47,428,034)</u>	<u>(3,016,267)</u>	<u>-</u>	<u>-</u>	<u>(50,444,301)</u>
Total Capital Assets	<u>\$ 44,110,767</u>	<u>\$ (1,514,970)</u>	<u>\$ (334,623)</u>	<u>\$ -</u>	<u>\$ 42,261,174</u>

	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	9,974,039	324,303	-	-	10,298,342
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	78,425,642	2,858,102	(43,285)	-	81,240,459
Total Non-Depreciable & Depreciable	\$ 88,399,681	\$ 3,182,405	\$ (43,285)	\$ -	\$ 91,538,801
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	(44,538,812)	(2,898,650)	9,428	-	(47,428,034)
Total Capital Assets	\$ 43,860,869	\$ 283,755	\$ (33,857)	\$ -	\$ 44,110,767

D. Long-Term Liabilities

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

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Current Maturities December 31, 2020
Long-term Liabilities					
Current portion of compensated absences	\$ 39,195	\$ 18,661	\$ 6,057	\$ 51,799	\$ 51,799
General obligation bonds	22,425,000	2,100,000	1,425,000	23,100,000	3,730,000
Less unamortized discount	(17,703)	-	(861)	(18,564)	-
Lease purchase agreement	-	460,000	-	460,000	39,942
Net pension liability and OPEB	646,194	83,400	-	729,594	-
Special assessment debt	4,805	-	2,350	2,455	2,455
Security deposits returnable	57,564	36,341	9,916	83,989	-
Total Long-Term Liabilities	\$ 23,155,055	\$ 2,698,402	\$ 1,442,462	\$ 24,409,273	\$ 3,824,196
Current Maturities	(1,466,515)			(3,824,196)	
Long Term Liability Net	\$ 21,688,540			\$ 20,585,077	

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Current Maturities December 31, 2019
Long-term Liabilities					
Current portion of compensated absences	\$ 39,027	\$ 8,114	\$ 7,946	\$ 39,195	\$ 39,195
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>\$ 22,074,309</u>	<u>\$ 6,426,436</u>	<u>\$ 5,345,690</u>	<u>\$ 23,155,055</u>	<u>\$ 1,466,545</u>
Current Maturities	(2,008,181)			(1,466,545)	
Long Term Liability Net	<u>\$ 20,066,128</u>			<u>\$ 21,688,510</u>	

The following is a detailed listing of the Authority's long-term debt including general obligation bonds, lease purchase agreements, and special assessment debt at December 31, 2020:

	<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%	\$ 600,000
General Obligation 2017-A, due 2030	10,255,000	3.04%	10,010,000
General Obligation 2017-B due 2031	4,835,000	3.02%	4,760,000
General Obligation 2019-A due 2029	675,000	2.775%	615,000
General Obligation 2019-B due 2023	3,455,000	2.915%	2,765,000
General Obligation Temporary Notes 2019-1 due 2021	2,250,000	2.50%	2,250,000
General Obligation Temporary Notes 2020-1 due 2023	2,100,000	0.48%	2,100,000
Plus unamortized bond premium			23,116
Less unamortized bond discount			(41,680)
Total General Obligation Debt			<u>23,081,436</u>
Taxable Lease Purchase Agreement			
Bldg. 824 Capital Lease, due 2030	460,000	3.30%	460,000
Special Assessment Debt			
Hangar 600 Sanitary Sewer, due 2021	27,599	4.47%	<u>2,455</u>
Total Long Term Debt			<u>\$ 23,543,891</u>
Interest Expense in 2020 is as follows:			
General Obligation Bonds			\$ 646,227
Special Assessment Debt			215
Amortization of Bond Discount, Premium & Deferred Refundings			<u>125,379</u>
Total Debt Interest Expense			<u>\$ 771,821</u>

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

Bonds			
<u>Year</u>	<u>Outstanding</u>	<u>Interest Due</u>	<u>Total</u>
2021	3,730,000	615,917	4,345,917
2022	1,525,000	518,748	2,043,748
2023	3,665,000	478,020	4,143,020
2024	1,615,000	424,235	2,039,235
2025	1,660,000	381,540	2,041,540
2026-2030	8,995,000	1,145,810	10,140,810
2031	1,910,000	57,300	1,967,300
	<u>\$ 23,100,000</u>	<u>\$ 3,621,570</u>	<u>\$ 26,721,570</u>

The Authority's outstanding 2019-1 and 2020-1 temporary notes will be refinanced in 2021 and 2023 respectively, 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>
2021	2,455	110	2,565

Annual debt service requirements to maturity for a taxable lease purchase agreement will be paid with building and land rental revenues:

Taxable Lease Purchase Agreement

Lease Purchase			
<u>Year</u>	<u>Outstanding</u>	<u>Interest Due</u>	<u>Total</u>
2021	39,942	14,386	54,328
2022	40,800	13,528	54,328
2023	42,157	12,171	54,328
2024	43,560	10,768	54,328
2025	45,009	9,319	54,328
2026-2030	248,532	23,106	271,638
	<u>\$ 460,000</u>	<u>\$ 83,278</u>	<u>\$ 543,278</u>

E. Capital Contributions

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

	Inception to Date	2020	2019
Federal	\$ 35,281,155	\$ 1,760,718	\$ 801,196
State	2,465,849	250,000	750,000
Total	\$ 37,747,004	\$ 2,010,718	\$ 1,551,196

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, 2020, 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, 2020.

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:

2020		
	<u>Actuarial Employer Rate</u>	<u>Statutory Employer Capped Rate</u>
Local employees	8.61%	8.61%

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

Member contribution rates as a percentage of eligible compensation for the fiscal year 2020 are 6.00% for Local employees. Contributions to the pension plan for the Authority were \$75,190 and \$83,638 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2020, the Authority's proportion for the Local employees group was 0.041281%, which was a decrease of .0040% from its proportion measured at June 30, 2019.

Net Pension Liability. At December 31, 2020 and 2019, the Authority reported a liability of \$715,670 and \$632,856, 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, 2019, which was rolled forward to June 30, 2020, using the following actuarial assumptions:

<u>Assumptions</u>	<u>Rate</u>
Price Inflation	2.75%
Salary increases, including wage increases	3.25% to 11.75% including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.50%

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, 2019 valuation were based on the results of an actuarial experience study conducted for the three year period January 1, 2016 through December 31, 2018. The experience study is dated January 7, 2020.

The long-term expected rate of return on 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 as of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

<u>Asset class</u>	<u>Long-term target allocation</u>	<u>Long-term expected real rate of return</u>
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50	6.40
Private Equity	8.00	9.50
Private Real Estate	11.00	4.45
Yield Driven	8.00	4.70
Real Return	11.00	3.25
Fixed Income	11.00	1.55
Short Term Investments	4.00	0.25
Total	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. 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 7.50%, 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 (6.50%) or 1-percentage point higher (8.50%) than the current rate:

2020		
1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$ 1,007,234	\$ 715,670	\$ 470,540
2019		
1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
\$ 945,184	\$ 632,856	\$ 371,600

Pension Expense. For the years ended December 31, 2020 and 2019, the Authority recognized pension expense of \$89,686 and \$73,753 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, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions:

	2020 Deferred outflows of resources	2020 Deferred inflows of resources	2019 Deferred outflows of resources	2019 Deferred inflows of resources
Differences between actual and expected experience	\$ 11,950	\$ 9,201	\$ 1,385	\$ 15,938
Net differences between projected and actual earnings on investments	83,502	-	14,890	-
Changes in proportion	40,138	49,264	19,342	1,283
Contributions made after measurement date	35,467	-	36,310	-
Changes in assumptions	43,107	-	59,996	19,497
Total	<u>\$ 214,164</u>	<u>\$ 58,465</u>	<u>\$ 131,923</u>	<u>\$ 36,718</u>

The \$35,467 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, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended</u> <u>Dec. 31</u>	<u>Deferred</u> <u>Outflows (Inflows)</u> <u>of Resources</u>
2021	\$ 30,148
2022	38,269
2023	30,520
2024	21,279
2025	15
Total	<u>\$ 120,231</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, 2020 and 2019.

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 Comprehensive Annual Financial Report.

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>2020</u>	<u>2019</u>
Active members	14	15
Disabled members	<u>-</u>	<u>-</u>
Total	<u>14</u>	<u>15</u>

Total OPEB Liability. The Authority's total KPERS OPEB liability of \$13,924 and \$13,338 for December 31, 2020 and 2019 respectively, which was measured as of June 30, 2020 and 2019 and was determined by an actuarial valuation as of December 31, 2019 and 2018, which was rolled forward to June 30, 2020 and 2019, using the following actuarial assumptions:

Valuation date	December 31, 2019	December 31, 2018
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)	2.21%	3.50%

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-2020.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period of January 1, 2016 through December 31, 2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2019 KPERS pension valuation.

The changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balance 1/1/2020	\$ 13,338
Service cost	3,430
Interest	587
Benefit paid	-
Effect of economic/demographic gains or losses	[4,295]
Changes in assumptions	864
Balance 12/31/2020	<u>\$ 13,924</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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

2020			
	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 14,114	\$ 13,924	\$ 13,610

2019			
	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 13,693	\$ 13,338	\$ 12,901

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.

2020			
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 13,924	\$ 13,924	\$ 13,924

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

For the year ended December 31, 2020 and 2019, the Authority recognized OPEB expense of \$586 and \$2,212, 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:

2020		
	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>
Differences between expected and actual experience	\$ 7,813	\$ -
Changes of assumptions	148	897
Contributions made after measurement date	-	3,830
Total	<u>\$ 7,961</u>	<u>\$ 4,727</u>

2019		
	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>
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>

The \$3,830 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, 2021. Amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ended December 31,	
2021	\$ [925]
2022	[925]
2023	[925]
2024	[925]
2025	[925]
Thereafter	<u>[2,439]</u>
Total	<u>\$ [7,064]</u>

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 that was communicated to the U.S. No remedial action plan or record of decision had been adopted by the EPA or KDHE at that time.

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 a motion to dismiss and to strike, primarily with respect to the citizen suit claims. On or about March 25, 2011, the presiding judge (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) were not affected by the Judge's rulings. The Salina Public Entities disagreed with most of the Judge's rulings and, if necessary, planned 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 alleged a claim for contribution under CERCLA, 42 U.S.C. § 9613(f)(1). Count II of the Counterclaim alleged a claim for cost recovery under CERCLA, 42 U.S.C. § 9607(a)(1). Count II alleged costs incurred by the U.S. Environmental Protection Agency of approximately \$1,838,241 as of September 30, 2007, and alleged costs incurred by the Corps of approximately \$14,915,228 as

of April 17, 2009. The Salina Public Entities intended to vigorously contest the claims brought against them and to 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 agreed upon a partial settlement. The partial settlement included payment by the U.S. in exchange for performance by the Salina Public Entities of a remedial investigation/feasibility study (RI/FS) through entry of a Corrective Action Decision by KDHE (the "Work"). The cost estimate of the Work was less than \$10,000,000. The agreement was that the U.S. would pay 90% of the cost of the Work with the Salina Public Entities responsible for payment of the remaining 10%. It was anticipated that the agreed share of the Salina Public Entities would be paid by the City of Salina. Also, the claims and counterclaims in the lawsuit were dismissed without prejudice with provisions tolling any and all statutes of limitation. No party was obligated under the settlement agreement to implement the Corrective Action Decision upon its entry by KDHE, and the parties were to either negotiate an agreement to implement such Corrective Action Decision or refile their claims in court. The Salina Public Entities entered into a Consent Agreement and Final Order ("CAFO") with KDHE, 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 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 detailed 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 the KDHE CAD. Special environmental legal counsel for the Salina Public Entities completed negotiations with the DOJ of a Consent Decree that embodies the settlement terms established during the three (3) mediation sessions. The Consent Decree provides for the lump sum payment of \$65,900,000 to the Salina Public Entities to fund the completion of the work prescribed in the KDHE CAD. On November 23, 2020, the U.S. District Court for the District of Kansas approved the Consent Decree, which will provide the Salina Public Entities with funding from the United States for the Remedial Design (RD) and Remedial Action (RA) work detailed in the KDHE CAD.

The Court approved Consent Decree provides the Salina Public Entities the funds necessary to undertake the cleanup of the former Schilling AFB environmental contamination without requiring local matching funds.

The project will be administered by means of the November 3, 2020 Former Schilling Air Force Base Site Environmental Project Management Agreement approved by the Salina Public Entities' respective governing boards. The management agreement provides for the administrative structure necessary to enable the Salina Public Entities to collectively complete the cleanup activities detailed in the KDHE CAD.

On January 6, 2021, the U.S. Treasury transferred \$65,900,000 to the City of Salina's "Former SAFB Environmental Project Fund" established by City ordinance for the purpose of segregating the settlement proceeds from all other City funds.

In March 2021, KDHE approved an amended CAFO that reaffirms the CAD scope of work for final Remedial Design (RD) and Remedial Action (RA). The final RD and RA work will be funded by funds on deposit in the Former SAFB Environmental Project Fund.

Based on the terms of the Court-approved Consent Decree and presently known information concerning total estimated costs for the project, the Authority does not expect but acknowledges the potential for future financial liability. At this time, however, that potential liability is regarded by the Authority as sufficiently contingent that no reasonable estimate of the potential liability can be made. Therefore, no liability related to the 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>	
2021	\$ 1,666,829
2022	1,355,901
2023	973,556
2024	581,417
2025	322,942
2026	170,568
Later Years	<u>1,310,776</u>
Total	<u>\$ 6,381,989</u>

J. Major Customers

The Authority received significant operating revenue from Avflight Salina, Kansas Erosion Products, LLC., 1 Vision Aviation, Exide Battery, and the United States Special Operations Command. Rent from these five tenants equals 43.02% of operating revenue for the year ended December 31, 2020. Additionally, for the year ended December 31, 2019, the Authority's top five tenants, Kansas Erosion, LLC., Avflight Salina, Exide Battery, Wal-Mart Stores, Inc., and SFC Global Chain Supply, provided 41.49% 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, 2020 and 2019:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Mill levy	\$ 2,639,481	\$ 2,371,463
Interest income	2,161	17,954
Gain (loss) on sale of assets	<u>(2,395,710)</u>	<u>21,263</u>
Total	<u>245,932</u>	<u>2,410,680</u>
Interest expense		
General obligation bonds	(646,227)	(644,163)
Special assessment debt	(215)	(411)
Bond issuance costs	(44,885)	(73,185)
Amortization of bond discount	<u>(125,379)</u>	<u>(195,816)</u>
Total	<u>(816,706)</u>	<u>(913,575)</u>
Net non-operating revenue	<u>\$ (570,774)</u>	<u>\$ 1,497,105</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 2020 the Authority paid \$12,128 in rentals and \$9,592 in 2019. Minimum rentals, on an annual basis hereafter are as follows:

<u>Years Ending</u> <u>December 31</u>	
2021	\$ 12,128
2022	12,128
2023	12,128
2024	2,536
Total	<u>\$ 38,920</u>

M. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These had no effect on the reported changes in net position.

N. Risks and Uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin.

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Authority’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Related to the COVID-19 pandemic, the Authority received a \$1,836,078 grant under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), and in March 2021 was awarded a \$1,005,444 grant under the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (“CRRSAA Act”). In June 2021, the Authority applied for and received a notice of award for a \$1,078,987 American Rescue Plan Act of 2021 (“ARPA”). The aforementioned COVID-19 relief grants provide funding for costs related to airport operations, personnel, cleaning, sanitizing, janitorial services, combating the spread of pathogens at the airport, and debt service payments.

SALINA AIRPORT AUTHORITY
 SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Kansas Public Employees Retirement System
 December 31, 2020

Measurement Date	<u>June 30, 2020</u>	<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	0.041281%	0.045289%	0.043452%	0.041662%	0.037666%	0.041581%
Proportionate share of the collective net pension liability	\$ 715,670	\$ 632,856	\$ 605,630	\$ 603,456	\$ 582,704	\$ 545,977
Covered payroll from the period July 1 - June 30 ^	\$ 778,919	\$ 830,413	\$ 777,734	\$ 708,538	\$ 645,485	\$ 694,613
Net pension liability as a percentage of covered-employee payroll	91.88%	76.21%	77.87%	85.17%	90.27%	78.60%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	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, 2020 only six 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>2020</u>	<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>
Contractually required employer contribution	\$ 75,190	\$ 83,638	\$ 78,940	\$ 66,198	\$ 61,622	\$ 70,005	\$ 68,904	\$ 66,865	\$ 66,766	\$ 63,035
Contributions in relation to the contractually required contribution	<u>(75,190)</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll^	782,417	847,208	840,466	758,750	652,874	672,878	709,510	747,901	800,522	814,408
Contributions as a percentage of covered-employee payroll	9.61%	9.87%	9.39%	8.72%	9.44%	10.40%	9.71%	8.94%	8.34%	7.74%

^ 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
 December 31, 2020

Measurement Date	<u>2020</u> June 30, 2020	<u>2019</u> June 30, 2019	<u>2018</u> June 30, 2018
Total OPEB Liability			
Service Cost	\$ 3,430	\$ 2,843	\$ 2,825
Interest Cost	587	541	533
Effect of Economic/Demographic Gains or Losses	(4,295)	(1,324)	(4,199)
Effect of Assumption Changes or Inputs	864	152	(87)
Benefit Payments	-	-	-
Net Change in Total Liability - Beginning of Year	586	2,212	(928)
Total OPEB Liability - Beginning of Year	13,338	11,126	12,054
Total OPEB Liability - End of Year	<u>\$ 13,924</u>	<u>\$ 13,338</u>	<u>\$ 11,126</u>
Covered-Employee Payroll	<u>\$ 801,486</u>	<u>\$ 826,640</u>	<u>\$ 706,882</u>
Total OPEB liability as a percentage of covered employee payroll	1.74%	1.61%	1.57%
Actuarially determined contribution	<u>\$ 3,831</u>	<u>\$ 4,219</u>	<u>\$ 2,137</u>
Actual contribution	<u>\$ 3,831</u>	<u>\$ 4,219</u>	<u>\$ 2,137</u>
Contributions as a percentage of covered payroll	0.48%	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, 3.5% on June 30, 2019, and 2.21% on June 30, 2020

*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, 2020 and December 31, 2019

	January 1 to December 31	
	<u>2020</u>	<u>2019</u>
Operating Revenues		
Airfield		
Fuel flowage fees	\$ 190,668	\$ 185,249
Hangar rent	634,594	652,894
Landing fees	55,856	35,693
Ramp rent	60,120	54,085
Total Airfield	<u>941,238</u>	<u>927,921</u>
Building and Land Rents		
Agri land rent	67,683	72,673
Building rents	1,221,999	1,045,990
Land rents	240,100	217,490
Tank rent	13,974	13,635
Total Building and Land Rents	<u>1,543,756</u>	<u>1,349,788</u>
Other revenue		
Airport Marketing	60,420	68,380
Commissions	14,999	33,977
Other income	91,933	52,892
Total Other Revenue	<u>167,352</u>	<u>155,249</u>
 Total Operating Revenue	 <u><u>\$ 2,652,346</u></u>	 <u><u>\$ 2,432,958</u></u>

SALINA AIRPORT AUTHORITY
SCHEDULES OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
For the Years Ended December 31, 2020 and December 31, 2019
(continued)

	January 1 to December 31	
	<u>2020</u>	<u>2019</u>
Operating Expenses		
Administrative		
A/E, consultants, brokers	\$ 15,830	\$ 33,401
Airport promotion	194,563	159,176
Bad debt expense	54,847	2,709
Computer network administration	42,730	20,523
Dues and subscriptions	26,388	25,432
Employee retirement	100,855	62,632
FICA and medicare	56,065	59,373
Industrial development	28,000	31,071
Insurance, property	174,784	172,412
Insurance, medical	172,253	188,029
Kansas unemployment tax	802	818
Legal and accounting	32,810	47,346
Office salaries	546,022	519,382
Office supplies	6,647	9,588
Other administrative	14,607	11,192
Postage	1,648	2,077
Property taxes	130,562	142,350
Special events	-	2,084
Telephone	16,729	20,617
Training	4,405	2,235
Travel and meetings	9,473	12,450
	<hr/>	<hr/>
Total Administrative Expenses	<u>\$ 1,630,020</u>	<u>\$ 1,524,897</u>

(continued)

SALINA AIRPORT AUTHORITY
SCHEDULES OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
For the Years Ended December 31, 2020 and December 31, 2019
(continued)

	January 1 to December 31	
	<u>2020</u>	<u>2019</u>
Maintenance Expenses		
Airfield maintenance	\$ 70,644	\$ 26,315
Airport security	666	3,892
Building maintenance	118,472	76,461
Equipment fuel and repairs	72,011	85,199
Fire services	21,936	16,108
Grounds maintenance	10,960	6,405
Maintenance salaries	299,035	323,608
Other maintenance expenses	23,084	13,382
Snow removal expense	4,599	22,581
Utilities	220,298	256,587
	<u>841,705</u>	<u>830,538</u>
Total Maintenance Expenses		
	<u>2,471,725</u>	<u>2,355,435</u>
Total Operating Expenses		
Surplus of Revenues over Expenses before Depeciation	180,621	77,523
Depreciation	<u>(3,016,267)</u>	<u>(2,898,650)</u>
Operating Loss Before Non-Operating Revenues and Expenses	<u>(2,835,646)</u>	<u>(2,821,127)</u>
Non-Operating Revenues and (Expenses)		
Mill levy	2,639,481	2,371,463
Interest income	2,161	17,954
Interest expense	(771,821)	(840,390)
Bond issue costs	(44,885)	(73,185)
Gain on sale of assets	<u>(2,395,710)</u>	<u>21,263</u>
Total Non-Operating Revenue (Expense)	<u>(570,774)</u>	<u>1,497,105</u>
Loss Before Capital Contributions	(3,406,420)	(1,324,022)
Capital Contributions	<u>2,100,818</u>	<u>1,727,674</u>
Net Position		
Increase in net position	(1,305,602)	403,652
Net position, beginning of year	22,502,785	22,099,133
Net Position, end of year	<u>\$21,197,183</u>	<u>\$22,502,785</u>

SALINA AIRPORT AUTHORITY
CAPITAL EXPENDITURES
January 1 to December 31

	<u>2020</u>
AIRFIELD IMPROVEMENTS	
Runway 17/35 Improvements	\$ 227,316
AIP-40 Terminal Building Master Plan	104,096
Airfield Improvements - Apron Repairs	38,725
2.5" Mill/Inlay Intersection of Txy A & D	7,684
2 Gate Openers (Gate C1 & Gate H2)	4,268
Total Airfield Improvements	<u>382,089</u>
BUILDINGS	
Building 824 Rehab	413,874
Hangar 959 Satellite Calibration Site	13,500
Hangar 959 Improvements	45,857
Building 655 Unit A & B Improvements	71,583
Building 724 Overhead Door Improvements	3,295
QT Pod Model M4000 Self-Serve Fueling Terminal	15,758
Hangar 409 HVAC Improvements	4,372
Tank 785 Satellite Calibration Site	14,500
Hangar 606 Duro-last Roofing System	67,996
Hangar 504 Sanitary Sewer Line Improvements	19,235
Building 1021 HVAC Improvements	5,423
Storage Igloo - 1029 & 1059 Electrical Improvements	7,000
Total Building Improvements	<u>682,393</u>
EQUIPMENT	
Lenovo ThinkPad Laptop	2,275
Fingerprint Digital Scanner and CPU	5,699
Computer Replacements (6 desktops, 3 laptops)	16,604
UHF & VHF Radio System for Ops Vehicle	2,554
(2) Graco Linelazer 5900 Airfield Paint Machine	16,500
(2) Grasshopper Zero-Turn Mowers	25,897
FIRELITE Skid Unit Pump for ARFF 5	10,185
Trademan Package (2) 1/2 ton service truck	7,844
3/4 Ton Truck Welder and Accessories	5,029
Dumping Hopper - Forklift	1,699
Bobcat Skid Steer Loader & Attachments	75,030
Vacuum Truck Pickup Head Assembly	12,992
2017 Ford Explorer (Operations Vehicle)	24,850
Total Equipment Additions	<u>207,158</u>
CONSTRUCTION IN PROGRESS	
Rwy 17/35 Rehab Design and Length Analysis	<u>186,591</u>
LAND	
Former Schilling Air Force Base environmental project	<u>43,066</u>
TOTAL CAPITAL EXPENDITURES	<u><u>\$ 1,501,297</u></u>

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2015-A
December 31, 2020

Date of issue:	August 28, 2015
Amount of issue:	\$ 3,075,000
Interest rate:	2.672%
Maturity date:	September 1, 2025
Principal paid:	\$ 2,475,000
Outstanding balance:	\$ 600,000

Schedule of Bond Interest and Principal Payments

Due in <u>Year</u>	Bond <u>Interest</u>	Bond <u>Principal</u>
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
	\$ 49,740	\$ 600,000

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2017-A
December 31, 2020

Date of issue:	July 12, 2017
Amount of issue:	\$ 10,255,000
Interest rate:	3.0353%
Maturity date:	September 1, 2030
Principal paid:	\$ 245,000
Outstanding balance:	\$ 10,010,000

Schedule of Bond Interest and Principal Payments

Due in <u>Year</u>	Bond <u>Interest</u>	Bond <u>Principal</u>
2021	291,958	75,000
2022	290,308	515,000
2023	278,463	525,000
2024	265,600	1,440,000
2025	228,160	1,475,000
2026-2030	573,425	5,980,000
	\$ 1,927,914	\$ 10,010,000

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2017-B
December 31, 2020

Date of issue:	July 17, 2017
Amount of issue:	\$ 4,835,000
Interest rate:	3.015%
Maturity date:	September 1, 2031
Principal paid:	\$ 75,000
Outstanding balance:	\$ 4,760,000

Schedule of Bond Interest and Principal Payments

Due in <u>Year</u>	Bond <u>Interest</u>	Bond <u>Principal</u>
2021	142,300	25,000
2022	141,800	25,000
2023	141,300	25,000
2024	140,550	25,000
2025	139,800	25,000
2026-2031	607,650	4,635,000
	\$ 1,313,400	\$ 4,760,000

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BOND TEMPORARY NOTES
SERIES 2019-1
December 31, 2020

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

Due in	Bond	Bond
<u>Year</u>	<u>Interest</u>	<u>Principal</u>
2021	56,250	2,250,000
	<u>\$ 56,250</u>	<u>\$ 2,250,000</u>

SALINA AIRPORT AUTHORITY
GENERAL OBLIGATION BONDS
SERIES 2019-A
December 31, 2020

Date of issue:	July 10, 2019
Amount of issue:	\$ 675,000
Interest rate:	2.775%
Maturity date:	September 1, 2029
Principal paid:	\$ 60,000
Outstanding balance:	\$ 615,000

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>
2021	16,483	60,000
2022	15,163	65,000
2023	13,635	65,000
2024	12,043	65,000
2025	10,385	70,000
2026-2029	22,035	290,000
	\$ 89,744	\$ 615,000

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2019-B
December 31, 2020

Date of issue:	July 10, 2019
Amount of issue:	\$ 3,455,000
Interest rate:	2.915%
Maturity date:	September 1, 2023
Principal paid:	\$ 690,000
Outstanding balance:	\$ 2,765,000

Schedule of Bond Interest and Principal Payments

Due in <u>Year</u>	Bond <u>Interest</u>	Bond <u>Principal</u>
2021	80,480	1,150,000
2022	47,705	745,000
2023	26,100	870,000
	\$ 154,285	\$ 2,765,000

SALINA AIRPORT AUTHORITY
 GENERAL OBLIGATION BOND TEMPORARY NOTES
 SERIES 2020-1
 December 31, 2020

Date of issue:	September 1, 2020
Amount of issue:	\$ 2,100,000
Interest rate:	0.480%
Maturity date:	September 1, 2023
Principal paid:	\$ -
Outstanding balance:	\$ 2,100,000

Schedule of Bond Interest and Principal Payments

Due in <u>Year</u>	Bond <u>Interest</u>	Bond <u>Principal</u>
2021	10,080	-
2022	10,080	-
2023	10,080	2,100,000
	\$ 30,240	\$ 2,100,000

SALINA AIRPORT AUTHORITY
TAXABLE LEASE PURCHASE AGREEMENT
2020
December 31, 2020

Date of issue:	August 12, 2020
Amount of issue:	\$ 460,000
Interest rate:	3.300%
Maturity date:	September 1, 2030
Principal paid:	\$ -
Outstanding balance:	\$ 460,000

Schedule of Bond Interest and Principal Payments

Due in <u>Year</u>	Bond <u>Interest</u>	Bond <u>Principal</u>
2021	14,385	39,942
2022	13,528	40,800
2023	12,171	42,157
2024	10,768	43,560
2025	9,318	45,009
2026-2030	23,108	248,531
	\$ 83,278	\$ 460,000

SALINA AIRPORT AUTHORITY
SPECIAL ASSESSMENT DEBT-SANITARY SEWER EXTENSION
HANGAR 600
December 31, 2020

Date of loan:	April 23, 2007
Amount of loan:	\$ 27,599
Interest rate:	4.47%
Maturity date:	December 20, 2021
Principal paid:	\$ 25,144
Outstanding balance:	\$ 2,455

Schedule of Loan Interest and Principal Payments

Due in <u>Year</u>	Loan <u>Interest</u>	Loan <u>Principal</u>
2021	110	2,455
	\$ 110	\$ 2,455
	\$ 110	\$ 2,455

SALINA AIRPORT AUTHORITY
INSURANCE IN FORCE
December 31, 2020

<u>Insurance Policy</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Old Republic Insurance Company Pol. #0CAV04369404	Worker's compensation and employer's liability	\$ 1,000,000
Old Republic Insurance Company Pol. #PR00262106	Bodily Injury & liability	\$ 2,000,000
	Hangar keepers	\$ 1,000,000
Affiliated FM		
Pol. #ERP4509814-01	Deluxe property-building, contents, stock, personal property of others, EDP equipment, business income (rents)	\$ 70,000,000
	Extra expense	\$ 1,000,000
	Data processing media	\$ 500,000
Cincinnati Insurance Companies Pol. #ENP0563029	Vehicles & equipment	
	Bodily injury/property damage	\$ 1,000,000
	Medical payments	\$ 5,000
	Uninsured motorists	\$ 1,000,000
	Underinsured motorist	\$ 1,000,000
Cincinnati Insurance Companies Pol. #ENP0563029	Inland marine - equipment	\$ 1,585,851
Hartford Fire Insurance Company Pol. #37FA0293328-20	Crime policy Employee theft, forgery, alteration, computer fraud, faithful performance	\$ 250,000
Indian Harbor Insurance Company Pol. #G71465974 002	Public officials and employment practices liability	
	Each claim	\$ 2,000,000
	Aggregate limit	\$ 2,000,000
Great American Alliance Ins. Co. Pol. # KST7882933-26	Underground storage tank liability	
	Each incident	\$ 1,000,000
	Aggregate limit	\$ 1,000,000
	Defense expense limit each incident	\$ 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

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Debt Capacity 76-77

This schedule presents information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Revenue Capacity 78-79

These schedules contain information to help the reader assess the government's revenue source.

Operating Information 80

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.

Demographic and Economic Information 81-84

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

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

	2011	2012	2013	2014
TOTAL REVENUES				
OPERATING REVENUES				
Airfield	\$ 613,721	\$ 548,193	\$ 411,522	\$ 572,681
Fuel flowage fees	167,569	189,370	128,277	150,110
Building and land rent	1,491,710	1,365,853	1,474,057	1,136,063
Other revenue	33,965	56,752	53,902	50,499
TOTAL OPERATING REVENUES	2,306,965	2,160,168	2,067,758	1,909,353
TOTAL EXPENSES				
OPERATING EXPENSES				
Administrative	1,385,079	1,245,267	1,232,833	1,198,445
Maintenance	771,450	869,091	872,877	860,760
TOTAL OPERATING EXPENSES	2,156,529	2,114,358	2,105,710	2,059,205
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	150,436	45,810	(37,952)	(149,852)
DEPRECIATION	2,407,566	2,514,587	2,588,107	2,588,599
OPERATING LOSS	(2,257,130)	(2,468,777)	(2,626,059)	(2,738,451)
NON-OPERATING INCOME AND (EXPENSES)				
Mill levy	1,795,660	1,767,338	1,788,284	1,993,889
Interest on investments and financing lease	9,856	1,500	676	437
Interest expense	(973,928)	(1,175,063)	(1,120,831)	(1,087,440)
Bond Issue Costs	(103,580)	-	-	-
Gain (loss) on sale of assets	19,039	-	51,853	50,904
TOTAL NON-OPERATING INCOME AND (EXPENSES)	747,047	593,775	719,982	957,790
LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,510,083)	(1,875,002)	(1,906,077)	(1,780,661)
CAPITAL CONTRIBUTIONS	457,227	1,779,827	623,029	799,762
INCREASE (DECREASE) IN NET POSITION	(1,052,856)	(95,175)	(1,283,048)	(980,899)
NET POSITION AT YEAR END COMPOSED OF:				
Net investment in capital assets	22,065,440	25,339,916	24,818,560	24,510,104
Restricted	-	-	-	-
Unrestricted	4,541,202	1,171,551	409,859	(262,584)
	\$ 26,606,642	\$ 26,511,467	\$ 25,228,419	\$ 24,247,520

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

2015	2016	2017	2018	2019	2020
\$ 529,973	\$ 530,889	\$ 510,263	\$ 586,108	\$ 742,672	\$ 750,570
189,532	145,280	202,728	194,647	185,249	190,668
1,068,335	1,174,553	1,310,833	1,383,282	1,349,788	1,543,756
88,663	106,144	189,476	335,855	155,249	167,352
1,876,503	1,956,866	2,213,300	2,499,892	2,432,958	2,652,346
1,253,045	1,183,681	1,264,135	1,567,514	1,524,897	1,630,020
698,173	714,188	896,488	863,656	830,538	841,705
1,951,218	1,897,869	2,160,623	2,431,170	2,355,435	2,471,725
(74,715)	58,997	52,677	68,722	77,523	180,621
2,584,667	2,569,109	2,593,092	2,761,019	2,898,650	3,016,267
(2,659,382)	(2,510,112)	(2,540,415)	(2,692,297)	(2,821,127)	(2,835,646)
2,028,074	2,017,013	2,043,302	2,338,967	2,371,463	2,639,481
286	3,387	974	3,745	17,954	2,161
(1,109,013)	(964,113)	(573,533)	(827,143)	(840,390)	(771,821)
-	(8,329)	(147,664)	-	(73,185)	(44,885)
48,289	6,903	22,081	5,375	21,263	(2,395,710)
967,636	1,054,861	1,345,160	1,520,944	1,497,105	(570,774)
(1,691,746)	(1,455,251)	(1,195,255)	(1,171,353)	(1,324,022)	(3,406,420)
217,112	943,219	1,280,204	1,474,356	1,727,674	2,100,818
(1,474,634)	(512,032)	84,949	303,003	403,652	(1,305,602)
22,516,034	21,862,166	19,753,708	22,491,023	21,698,665	18,935,971
(280,767)	(138,931)	2,054,476	(391,890)	804,120	2,261,212
\$ 22,235,267	\$ 21,723,235	\$ 21,808,184	\$ 22,099,133	\$ 22,502,785	\$ 21,197,183

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

	2011	2012	2013	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from providing services	\$ 2,466,747	\$ 2,091,754	\$ 2,162,181	\$ 1,849,824
Cash paid to employees for services	(812,393)	(784,733)	(766,300)	(731,571)
Cash paid to suppliers for goods and services	(1,315,871)	(1,345,746)	(1,469,899)	(1,170,505)
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	338,483	(38,725)	(74,018)	(52,252)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of property, plant and equipment	(1,962,366)	(4,789,419)	(1,238,629)	(1,348,143)
Acquisition of land subsequently donated (net)				
Proceeds from capital grants	443,681	1,755,598	623,029	799,762
Change in grants receivable	-	-	-	-
Proceeds from property tax	1,795,660	1,767,338	1,788,284	1,993,889
Proceeds from sale of capital assets	19,039	-	218,361	81,652
Principal payments on debt	(12,756,306)	(1,154,007)	(959,134)	(972,729)
Proceeds of new borrowing	14,060,137	-	-	-
Deferred advanced refunding	-	-	-	-
Bond defeasance and issue costs paid	(103,580)	-	-	-
Interest paid on long-term debt	(754,537)	(1,190,236)	(1,131,523)	(1,099,052)
NET CASH PROVIDED (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES	741,728	(3,610,726)	(699,612)	(544,621)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on deposits	9,856	1,500	676	437
NET INCREASE (DECREASE) IN CASH	1,090,067	(3,647,951)	(772,954)	(596,436)
CASH, beginning of year	4,218,016	5,308,083	1,660,132	887,178
CASH, end of year	\$ 5,308,083	\$ 1,660,132	\$ 887,178	\$ 290,742

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

2015	2016	2017	2018	2019	2020
\$ 1,922,061	\$ 1,868,694	\$ 2,162,372	\$ 2,621,123	\$ 1,730,112	\$ 3,109,625
(698,148)	(724,184)	(821,501)	(845,650)	(841,568)	(854,885)
(1,292,263)	(1,124,098)	(1,249,957)	(578,006)	(1,616,484)	(2,133,137)
(68,350)	20,412	90,914	1,197,467	(727,940)	121,603
(301,637)	(1,489,872)	(2,073,730)	(2,851,457)	(3,182,404)	(1,501,297)
92,414	943,219	1,280,204	1,474,356	1,727,674	2,100,818
-	(573,638)	573,638	-	-	-
2,028,074	2,017,013	2,043,302	2,338,967	2,371,463	2,639,481
48,289	20,489	32,990	5,375	55,120	-
(1,007,271)	(1,095,956)	(1,253,283)	(2,646,876)	(5,337,744)	(1,428,211)
722,161	657,000	2,831,470	-	6,380,000	2,560,000
-	-	(1,391,470)	-	-	-
(43,159)	(8,329)	(147,664)	-	(73,185)	(44,885)
(1,042,465)	(972,452)	(613,911)	(879,978)	(831,307)	(787,723)
496,406	(502,526)	1,281,546	(2,559,613)	1,109,617	1,477,095
286	3,387	974	3,745	17,954	2,161
428,342	(478,727)	1,373,434	(1,358,401)	399,631	1,600,859
290,742	719,084	240,357	1,613,791	255,390	655,021
\$ 719,084	\$ 240,357	\$ 1,613,791	\$ 255,390	\$ 655,021	\$ 2,255,880

Salina Airport Authority

CAPITAL EXPENDITURE HISTORY

Ten Years Ended December 31, 2020

<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>
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
2020	207,158	682,393	43,066	382,089	186,591	1,501,297

Source: Salina Airport Authority Records

Salina Airport Authority
General Obligation Debt Service Coverage
 Ten Fiscal Years Ended December 31, 2020

Fiscal Year	November Assessed Valuation	Motor Vehicle Valuation	Valuation Total	Capacity of Valuation Total	General Obligation Debt	Revenue Bond Debt	Special Assessment Debt	Financing Leases / Other Loans Payable	Temporary Notes	Total Debt	Remaining Capacity	Percentage of Personal Income	Total Debt Per Capita
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	0.95%	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	0.96%	413
2020	456,352,518	54,589,132	510,941,650	51,094,165	18,750,000		2,455	460,000	4,350,000	23,562,455	27,994,165	N/A	437

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, 2020

<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>
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
2020	40.606	30.650	55.454	5.037	5.88	1.5	1.206	140.333

Note:

Funds generated from the Salina Airport Authority's 2020 mill levy become available during calendar year 2021 and are budgeted accordingly.

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

Company	2020			2010		
	<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	334,206	1	12.60%			
Kansas Erosion Products, LLC.	323,505	2	12.20%			
1 Vision Aviation	197,535	3	7.45%			
Exide	145,120	4	5.47%			
USSOCOM (Jaded Thunder)	140,675	5	5.30%			
SFC Global Chain Supply	136,686	6	5.15%	86,112	9	3.22%
Universal Forest Products (UFP)	125,023	7	4.71%			
Kansas State Polytechnic-Salina	77,447	8	2.92%	170,396	5	6.38%
Nellis AFB	68,465	9	2.58%			
Stryten Salina, LLC	39,880	10	1.50%			
Kansas Military Board (RSMS, Salina, KS)				414,192	1	15.51%
Hawker Beechcraft Corp.				254,800	2	9.54%
Learjet Inc.				216,000	3	8.09%
JRM Enterprises, Inc, d/b/a America Jet (formerly Moore's Midway Aviation)				179,872	4	6.73%
CAV Aerospace, Inc.				169,127	6	6.33%
Kansas Military Board				166,856	7	6.25%
Flower Aviation				145,195	8	5.43%
Two Rivers Vending				53,534	10	2.00%
	<u>\$ 1,588,542</u>		<u>59.89%</u>	<u>\$ 1,856,084</u>		<u>66.26%</u>

Source: Salina Airport Authority Records

Salina Airport Authority

MILL LEVY REVENUE

Ten Years Ended December 31, 2020

<u>Fiscal Year</u>	<u>Mil Levy Revenue</u>
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
2020	2,639,481

Source: Salina Airport Authority Records

Salina Airport Authority

AIR TRAFFIC, FUEL FLOWAGE AND ENPLANEMENT TRENDS

Ten Years Ended December 31, 2020

<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>	
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
¹ 2020	60,448	2,295,009	6,331	4,230	10,561

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

¹ Non-scheduled air carrier data is estimated as data not available from FAA until July of the following calendar year

Salina Airport Authority
Principal Employers
 Current Year and Nine Years Prior

Employer	2020			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	1,800	1	6.3%	2,093	2	7.9%
Schwan's Global Supply Chain, Inc.	1,200	3	4.2%	1,850	1	7.0%
Unified School District No. 305	1,500	2	5.2%	935	3	3.5%
Great Plains Manufacturing	1,175	4	4.1%	650	5	2.5%
Exide Technologies				800	4	3.0%
City of Salina	425	6	1.5%	493	7	1.9%
Salina Vortex	385	7	1.4%			
REV Group	200	10	7.0%			
Wal-Mart	250	8	0.87%			
Signify				600	6	2.3%
Raytheon Aircraft				357	8	1.4%
Eldorado National				255	9	1.0%
OCCK				263	10	1.0%
Stryten Manufacturing	640	5	2.2%			
Blue Beacon International	230	9	0.80%			
Total	<u>7,805</u>		<u>33.6%</u>	<u>8,296</u>		<u>31.5%</u>

Source: Salina Area Chamber of Commerce

Salina Regional Airport and Salina Airport Industrial Center

Airport/Industrial Center Information

As of December 31, 2020

Airport Code	SLN		
Location:	3 miles Southwest of City of Salina		
Elevation	1,288 ft.		
Tower:	Midwest ATC 0700 - 2300 -365		
FBO:	AVFlight		
		2010	2020
Acreage +/-	Airport	2,502	2,502
	Airport Industrial Center	396	291.65
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	11	8
	Total Airport Authority Employees	19	14

Source: Salina Airport Authority Records

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

Year	<u>Population</u>¹	<u>Per Capita Personal Income</u>²	<u>Total Personal Income</u>²	<u>Median Age</u>³	<u>Unemployment Rate</u>⁴	<u>K-12 Graduation Rate</u>⁵	<u>K-12 Enrollment</u>⁵
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	47,945	2,253,127,330	37.9	3.1%	85.5%	8,975
2019	54,224	49,983	2,335,005,828	38.4	3.0%	87.2%	8,527
2020	53,898	n/a	n/a	38.4	6.7%	n/a	8,167

Data Sources:

¹Kansas Division of Budget

² Bureau of Economic Analysis

² Kansas Statistical Abstract

³U.S. Census Bureau

⁴ Bureau of Labor Statistics

⁵Kansas Department of Education

2020 population is an estimated figure

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 2020 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	\$19,659,775	3.85%
SFC Global Supply Chain Inc	Manufacturing	5,927,488	1.16
Kansas Gas Service	Utility	5,415,618	1.06
RAF Salina LLC	Retail Shopping Center	4,680,507	0.92
S&B Motels Inc	Motel	3,010,427	0.59
Central Mall Realty Holding LLC	Retail Shopping Center	2,851,701	0.56
Union Pacific Railroad Co.	Railroad	2,565,902	0.50
	Home Improvement		
Menard Inc.	Store	2,427,090	0.48
Individual	Residential	2,367,201	0.46
Sam's Real Estate Business			
Trust/Walmart	Discount Store	<u>2,195,047</u>	<u>0.43</u>
Total		\$51,100,756	10.00%

Property 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 Authority in 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>
2020*	5.037	\$2,287,941	2,187,816	95.62%	\$2,189,762	95.71%
2019	5.372	2,415,817	2,357,078	97.57	2,392,216	99.02
2018	4.998	2,152,299	2,107,328	97.91	2,144,176	99.62
2017	4.992	2,132,134	2,082,567	97.68	2,128,023	99.81
2016	4.396	1,841,679	1,802,833	97.89	1,840,134	99.92
2015	4.396	1,804,238	1,768,092	98.00	1,803,826	99.98
2014	4.486	1,807,084	1,771,278	98.02	1,806,808	99.98
2013	4.504	1,817,896	1,813,028	99.73	1,814,155	99.79
2012	4.007	1,618,228	1,565,139	96.72	1,600,808	99.39
2011	4.007	1,612,235	1,560,405	96.79	1,598,276	99.13

*As of May 21, 2021

Source: Saline County

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Salina Airport Authority
Salina, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Salina Airport Authority**, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated July 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Salina Airport Authority's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Salina Airport Authority's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Salina Airport Authority's** internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Salina Airport Authority's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Adams Brown, LLC". The signature is written in a cursive, flowing style.

ADAMSBROWN, LLC

Certified Public Accountants

Great Bend, Kansas

July 9, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Salina Airport Authority
Salina, Kansas

Report on Compliance for Each Major Federal Program

We have audited **Salina Airport Authority's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Salina Airport Authority's** major federal programs for the year ended December 31, 2020. **Salina Airport Authority's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Salina Airport Authority's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Salina Airport Authority's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Salina Airport Authority's** compliance.

Opinion on Each Major Federal Program

In our opinion, **Salina Airport Authority** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of **Salina Airport Authority** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Salina Airport Authority's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Salina Airport Authority's** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

July 9, 2021

SALINA AIRPORT AUTHORITY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-through Number	Passed-through to Subrecipients	Federal Expenditures
U.S. Department of Transportation				
Direct Funding				
Airport Improvement Program	20.106	3-20-0072-040-2019	\$ -	93,687
COVID-19 Funding				
Airport Improvement Program	20.106	3-20-0072-041-2020	-	<u>1,652,408</u>
Total Expenditures of Federal Awards			\$ -	<u>1,746,095</u>

See accompanying notes to schedule of expenditures of federal awards.

SALINA AIRPORT AUTHORITY
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Salina Airport Authority**, and is presented in accordance with generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 – INDIRECT COST RATE

The Authority has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

NOTE 3 – OTHER EXPENDITURES

The Authority did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees, and incurred no expenditures in relation thereof for the year ended December 31, 2020.

SALINA AIRPORT AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes X No
- Significant deficiency identified? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness identified? X No
- Significant deficiency identified? X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

 Yes X No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee? Yes X No

SALINA AIRPORT AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

No financial statement findings are required to be disclosed.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.



Chairman
Kristin Gunn

Vice Chair
Kent Buer

Secretary
Brian Weisel

Treasurer
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Past Chairman
Alan Eichelberger

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

SECTION II – FINANCIAL STATEMENT FINDINGS

No financial statement findings are required to be disclosed.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None. No single audit for the year ended December 31, 2019.

***SALINA* Airport** *Authority*

Salina Regional
***SLN* Airport**

***SALINA* Airport**
Industrial Center

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