



COMPREHENSIVE ANNUAL FINANCIAL REPORT

SALINA AIRPORT AUTHORITY

A Component Unit of the

City of Salina, Kansas

For the Fiscal Years Ended December 31, 2021 and 2020

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

CUSIP #794760XXX

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

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

For the Fiscal Years Ended December 31, 2021 and 2020



**SALINA AIRPORT AUTHORITY
TABLE OF CONTENTS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

| | |
|---|-----|
| Letter of Transmittal | 1-5 |
| Certificate of Achievement for Excellence in Financial Reporting..... | 6 |
| Principal Officers | 7 |
| Authority Staff Members | 8 |
| Organizational Chart..... | 9 |
| Salina Regional Airport Aerial View..... | 10 |

FINANCIAL SECTION

| | |
|--|-------|
| Independent Auditors' Report | 11-13 |
| Management's Discussion and Analysis | 14-21 |
| Basic Financial Statements | |
| Statements of Net Position..... | 22-23 |
| Statements of Revenues, Expenses and Changes in Net Position..... | 24 |
| Statements of Cash Flows (Direct Method)..... | 25-26 |
| Notes to Financial Statements..... | 27-50 |

Required Supplemental Information

| | |
|---|----|
| Schedule of Employer's Proportionate Share of the Net Pension Liability... | 51 |
| Schedule of Employer Contributions..... | 52 |
| Schedule of Changes in Death and Disability Total OPEB Liability and Related Ratios..... | 53 |

Supplemental Information

| | |
|--|-------|
| Schedules of Revenues, Expenses and Changes in Net Position..... | 54-56 |
| Capital Expenditures | 57 |
| Taxable General Obligation Bonds – Series 2015-A..... | 58 |
| Taxable General Obligation Bonds – Series 2017-A..... | 59 |
| Taxable General Obligation Bonds – Series 2017-B..... | 60 |
| General Obligation Bonds – Series 2019-A..... | 61 |
| Taxable General Obligation Bonds – Series 2019-B..... | 62 |
| General Obligation Bond Temporary Notes – Series 2020-1 | 63 |
| Taxable General Obligation Bonds – Series 2021-A..... | 64 |
| General Obligation Bond Temporary Notes – Series 2021-A | 65 |

| | |
|--|----|
| Taxable Lease Purchase Agreement | 66 |
| Insurance in Force..... | 67 |

STATISTICAL SECTION

| | |
|---|-----------|
| Statistical Table of Contents | 68 |
| Total Annual Revenues, Expenses and Changes in Net Position History | 69-70 |
| Changes in Cash and Cash Equivalents History | 71-72 |
| Capital Expenditure History | 73 |
| General Obligation Debt Service Coverage..... | 74 |
| Local Government Mill Levy Rates, Direct and Overlapping..... | 75 |
| Principal Customers..... | 76 |
| Mill Levy Revenue | 77 |
| Air Traffic, Fuel Flowage, and Enplanement Trends | 78 |
| Principal Employers..... | 79 |
| Airport/Industrial Center Information..... | 80 |
| Saline County Demographic and Economic Statistics..... | 81 |
| Saline County Largest Taxpayers and Tax Collection Statistics..... | 82 |

COMPLIANCE

| | |
|---|-------|
| 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 <i>Government Auditing Standards</i> | 83-84 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 85-87 |
| Schedule of Expenditures of Federal Awards..... | 88 |
| Notes to Schedule of Expenditures of Federal Awards | 89 |
| Schedule of Findings and Questioned Costs..... | 90-91 |
| Summary Schedule of Prior Audit Findings..... | 92 |



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

June 30, 2022

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, 2021 and 2020 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 2021 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-Salina (KSUS). The Aerospace and Technology 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, and avionics technology.

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, Salina Area Chamber of Commerce, and the Salina Community Economic Development Organization 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 fifth highest "trade pull factor" of all Kansas first class cities in a report published in October 2021 by the Kansas Department of Revenue Office of Policy and Research. 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 in the center of one of the most productive agricultural areas in the United States. Every five years the United States Department of Agriculture conducts a comprehensive summary of agriculture activity for each state in the US. According to the 2017 Census, 609 farms were located on 358,243 acres. Farm crops and livestock sales reached \$73.6 million according to the 2017 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 \$1.29 billion annually, creates 4,226 jobs, and 12% of the Gross Regional Product.

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, Salina Community Economic Development Organization, 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 Salina Aerospace and Technology Campus. 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 launched a \$160 million downtown redevelopment project that broke ground in April of 2018 and is one of the largest public-private partnerships in the history of the city. The streetscape and utility improvements were completed in 2019 and since the beginning of the redevelopment the construction of a Homewood Suites hotel, Old Chicago restaurant, new entertainment center/bowling alley, and a car museum have been completed. 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 2021 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 impact of COVID-19, 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, Kansas State University Salina, and the Kansas Army National Guard, continue to work on facility expansion plans. Salina Airport Industrial Center businesses and organizations including Schwan's Food Manufacturing Inc., Kansas Erosion Products, Universal Forest Products, Superior Plumbing and Heating Co., and Salina Area Technical College, 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 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 Organization, 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 maintaining the Authority's cash reserve fund equal to \$1.8 million or greater. 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.

During 2020 and 2021, the Authority was awarded a total of \$2.8 million to be used for airport operating expenditures and equipment under the CARES and CRRSAA federal COVID-19 grant relief programs. Additionally, on July 27, 2021, the Authority was awarded a \$1,078,987 grant under the ARPA act of 2021. The proceeds for the forementioned COVID relief grants can be used for any lawful purposes for which airport revenues can be utilized. The grant funds could be used to reimburse for airport expenditures dating back to January 20, 2020. The Authority utilized the funds to maintain the safe and secure operation of the Airport while managing through the effects of the pandemic and to maintain our targeted unreserved fund balance.

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, 2020. 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.

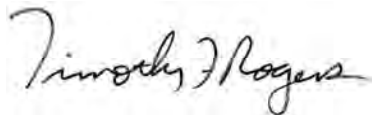
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrell

Executive Director/CEO

SALINA AIRPORT AUTHORITY

PRINCIPAL OFFICERS AS OF DECEMBER 31, 2021

BOARD OF DIRECTORS



Kristin Gunn
Chairman



Kent Buer
Vice-Chairman



Brian Weisel
Secretary



Tod Roberg
Treasurer



Alan Eichelberger
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, 2021



Tim Rogers
Executive Director



Shelli Swanson
Director of Admin & Finance



Maynard Cunningham
Director of Facilities & Construction



Kasey Windhorst
Business & Communications Manager



David Sorell
Manager of Operations



Michelle Moon
Airport Administration Specialist



Kyle Moyer
Mx/Ops/ARFF Supervisor



Kim Colby
Mx/Ops Technician



Tim Claassen
Mx/Ops/ARFF Technician



Malachi Russo
Mx/Ops/ARFF Technician



Andrew Hodge
ARFF/Ops Officer



Zach Turner
ARFF/Ops Specialist



Jett Moyer
ARFF/Ops Specialist



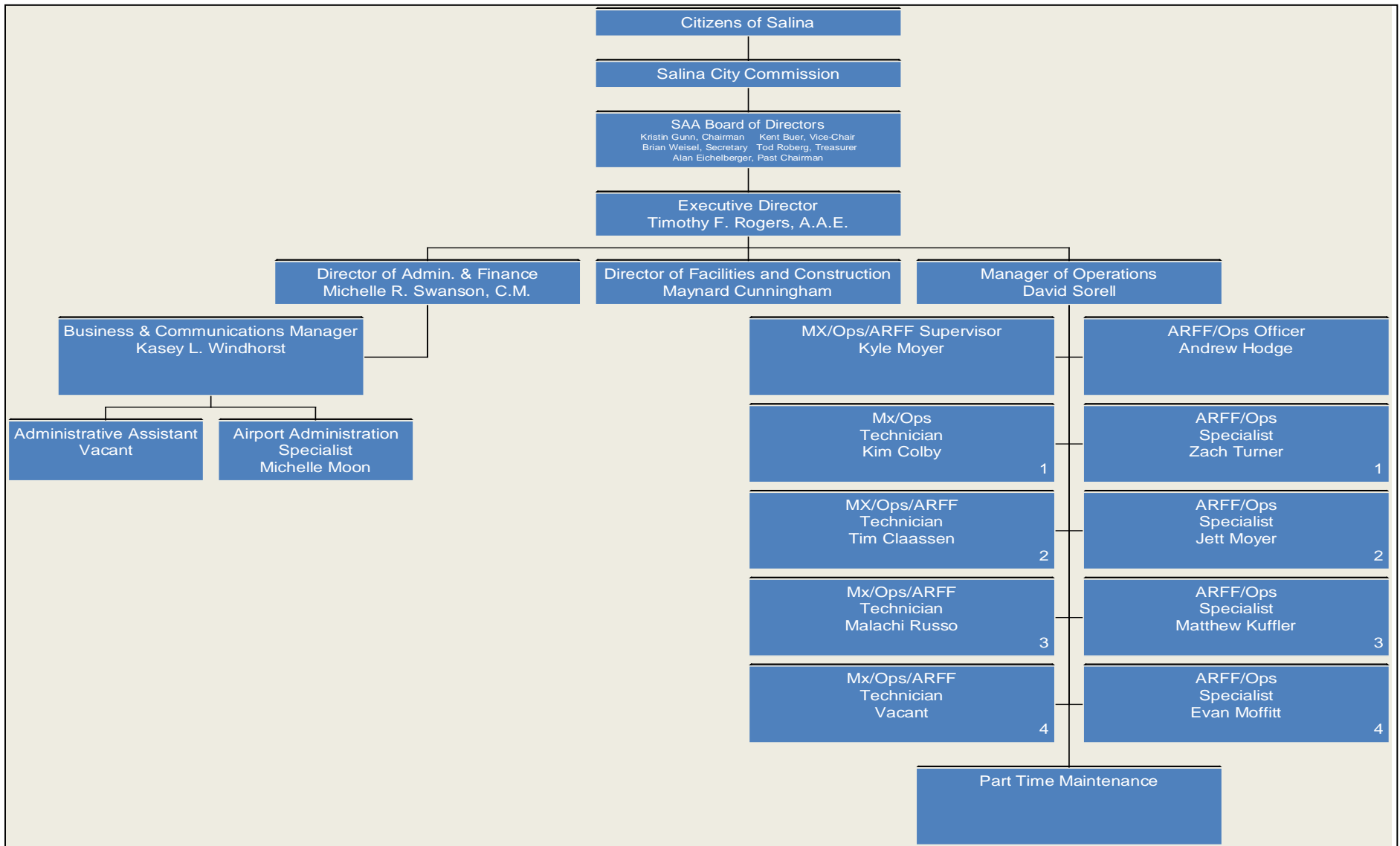
Matthew Kuffler
ARFF/Ops Specialist



Evan Moffitt
ARFF/Ops Specialist

SALINA Airport Authority

December 2021



SALINAAirport *Authority*



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Salina Airport Authority
Salina, Kansas

Opinion

We have audited the 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Salina Airport Authority**, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 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. Such information is 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. The 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, based on our audit and the procedures performed as described above, the information as noted above is 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 June 30, 2022, 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.

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

June 30, 2022

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, 2021.

The Salina Air Traffic Control Tower (ATCT) ended 2021 having handled 80,970 aircraft operations. This represented a 34% increase in total aircraft operations over the prior year which had seen a dip of 21% from 2019 and a 10.5% YOY increase from 2018. Not unlike other airports across the country, air traffic was significantly hampered in 2020 due to the COVID-19 pandemic. However, in 2021, not only did the airport experience a recovery in operations it also saw the impact of the pent-up demand in the industry. Categories of aircraft operations at Salina including air carrier, air taxi, and general aviation all saw double-digit decreases as high as 47% as compared to 2020. Military operations were the only category of airport operations that posted a decrease; 41% for itinerant traffic and 38% for local traffic as compared to 2020. The military traffic had a sharp increase in 2020 over 2019 and 2021 was closer to expected levels of military traffic. Even during the pandemic, 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 at Fort Riley. The growth in the pre-pandemic years was a result of growth in both local and itinerant military traffic as well as air taxi and local civilian operations. Also, the 2019, and now 2021 air traffic growth coincides with record enrollment in K-State's professional pilot program. K-State Salina's expanded professional pilot and flight training program has 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 2021, posting the 34% YOY increase moved the Salina Regional Airport into the number one ranked FAA contract towered airport in the state for air traffic operations and fuel delivered. Salina's 2021 ATCT's national ranking for airport operations is 81 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 2021, world-class Fixed Based Operator (FBO), Avflight Corporation, completed its eighth year as the aircraft fueling operator 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 over 650 independently owned FBOs around the globe. In addition, Salina continues to remain strong as a base of operations for military and civilian flight training. The 8.7% YOY decrease in 2021 was primarily due to the significant fuel sales because of hosting Jaded Thunder in 2019 and 2020. This multi-force military training exercise results in substantial fuel delivered to the numerous aircraft involved with the activity. 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 and was subsequently renewed to provide service through March 31, 2023.

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% because 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.

As air travel resumed and the effects of the pandemic lessened, commercial passenger enplanements returned and exceeded the pre-pandemic levels seen in 2019 with an 85.4% increase from 2020 to 2021 and a 5.8% increase when comparing 2019 to 2021.

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

| | 2021 | 2020 | 2019 |
|--|-----------|-----------|-----------|
| Enplanements - Scheduled Air Carrier & Charter Flights | 19,580 | 10,561 | 21,189 |
| % increase / (decrease) | 85.40% | -50.16% | 4.38% |
| Aircraft Operations - All Categories | 80,970 | 60,448 | 76,553 |
| % increase / (decrease) | 33.95% | -21.04% | 10.48% |
| Fuel Flowage - (gallons delivered) | 2,096,198 | 2,295,009 | 2,278,659 |
| % increase / (decrease) | -8.66% | 0.72% | -5.64% |

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 2021, building and land rents equaled \$1,689,045 or 58.4% of operating revenue. At the end of 2021, the Authority had an occupancy rate of 82% in its building inventory, up from the 80% at the end of 2020. 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 2021. 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 2021 reaching a historic high of nearly \$2.9 million.

SUMMARY OF OPERATIONS HIGHLIGHTS

Significant items affecting the Summary of Operations and Changes in Net Position for 2021, 2020 and 2019 are as follows:

| | 2021 | 2020 | 2019 |
|---|--------------|--------------|--------------|
| Operating revenues | \$ 2,893,724 | \$ 2,652,346 | \$ 2,432,958 |
| Operating expenses | (2,810,996) | (2,471,725) | (2,355,435) |
| Excess of revenues over expenses before depreciation | 82,728 | 180,621 | 77,523 |
| Depreciation | (3,065,984) | (3,016,267) | (2,898,650) |
| Loss before non-operating revenues and expenses | (2,983,256) | (2,835,646) | (2,821,127) |
| Non-operating revenues and (expenses), net | 1,903,527 | (570,774) | 1,497,105 |
| Loss before capital contributions | (1,079,729) | (3,406,420) | (1,324,022) |
| Capital contributions | 2,717,177 | 2,100,818 | 1,727,674 |
| Net position | | | |
| Increase (decrease) in net position | 1,637,448 | (1,305,602) | 403,652 |
| Total net position, beginning of year | 21,197,183 | 22,502,785 | 22,099,133 |
| Total net position, end of period | \$22,834,631 | \$21,197,183 | \$22,502,785 |

- Operating revenues have increased in recent years due to new tenants and releasing properties and diversifying the tenant base as mentioned previously, with 2021 and 2020 revenues posting ten-year highs. Although fuel flowage fees derived from the delivery and sale of aviation fuel at the Airport dipped by 5.38% in 2021, 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 activity 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 13.7% in 2021 and 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 and continuing in 2021, the Authority was able to expend dollars on deferred airfield, building and equipment maintenance.
 - The 2020 and 2021 increases in operating expenses was a result of increased leasing activity and building occupancy. Ironically, demand for warehouse, manufacturing, and hangar space continued even through the heights of the pandemic for both short and long-term tenancies. These factors work in tandem and when occupancies increase, related operating expenses follow suit. Also, certain tenants requested an increased level of disinfecting requiring up to twice-daily services which was even more critical with the Authority's level of short-term, transient leasing activity.
 - In early 2020 after the outbreak of the pandemic and considering the economic impact uncertainty at the time, the Authority implemented a cash conservation and expense evaluation program. The effects of the pandemic on the financial performance of the Authority were monitored monthly as to provide the ability to respond quickly in the event of a downturn in total revenues, which fortunately did not occur.
 - 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.
- Depreciation expense increased due to very capital-intensive years with exceeding \$3 million in 2021 and 2020.
- Capital grants and contributions during 2021 and 2020 totaled \$2,717,177 and \$2,100,818 respectively, with the significant projects including the design of the rehabilitation of the Authority's primary runway, Terminal Building Master Plan update, and rehabilitation of the Authority's largest aircraft hangar, Hangar 959, for a new Part 145 maintenance tenant. \$1.2 million of the 2021 capital grants included reimbursement for Airport operating expenses and equipment acquisition under federal COVID relief grants including CARES, CHRRSAA and ARPA grants as further discussion in the Notes to the Financial statements. Additionally, the

Authority received \$74,258 in FEMA grant funds to mitigate storm damage on an large-bay aircraft hangar.

- Ad-valorem tax revenue (mill levy) received by the Authority as a local taxing entity decreased 2.6.% from 2020 to 2021 and increased 11.3% from 2019 to 2020. The 2021 decrease was associated with a reduction in funds needed for the Authority's debt service payments. Interest received on investments was relatively flat in 2020 and 2021 and decreased only slightly (\$850) YOY.

FINANCIAL POSITION SUMMARY

The Statement of Net Position depict the Authority's financial position as of point in time – December 31 – and reflects the residual difference between all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority. The net position represents the residual interest in the Authority's assets after deducting liabilities. The Authority's net position was \$22,834,631 at the close of 2021, a \$1.6 million increase from December 31, 2020.

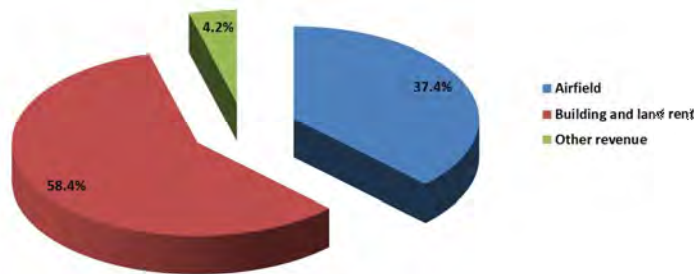
The Authority's net position reflects its heavy investment in capital assets including land, buildings, airfield infrastructure and machinery and equipment, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to citizens;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

A condensed summary of the Authority's total net position at December 31st for the previous three years is shown on the following page.

| | 2021 | 2020 | 2019 |
|---------------------------------------|---------------|---------------|---------------|
| ASSETS | | | |
| Current and other assets | \$ 6,866,321 | \$ 2,662,550 | \$ 1,512,621 |
| Capital assets | 42,527,517 | 42,261,174 | 44,110,767 |
| Total Assets | 49,393,838 | 44,923,724 | 45,623,388 |
| DEFERRED OUTFLOWS OF RESOURCES | 1,085,654 | 1,232,712 | 1,276,204 |
| LIABILITIES | | | |
| Long-term debt outstanding | \$ 23,927,207 | \$ 19,771,494 | \$ 20,984,752 |
| Other liabilities | 3,488,150 | 5,121,333 | 3,370,643 |
| Total Liabilities | 27,415,357 | 24,892,827 | 24,355,395 |
| DEFERRED INFLOWS OF RESOURCES | 229,504 | 66,426 | 41,412 |
| NET POSITION | | | |
| Net investment in capital assets | 16,889,510 | 18,717,283 | 21,698,665 |
| Unrestricted | 5,945,121 | 2,479,900 | 804,120 |
| Net Position | \$ 22,834,631 | \$ 21,197,183 | \$ 22,502,785 |

REVENUES

The following chart shows the major sources and the percentage of total operating revenues for the year ended December 31, 2021:

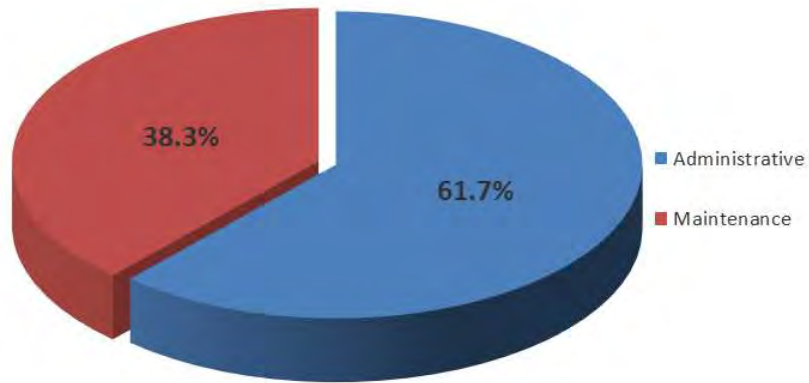


A summary of revenues for the past three years is shown below. Total revenue increased 6.17% from 2020 to 2021 and 9.3% from 2019 to 2020, following a slight decrease of .09% or \$4,341 from 2018 to 2019. 2021 set another ten-year high in operating revenue. The positive trend in operating revenue is 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.

| | 2021 | 2020 | 2019 |
|------------------------|----------------------------|----------------------------|----------------------------|
| Operating Revenue: | | | |
| Airfield | \$ 1,083,607 | \$ 941,238 | \$ 927,921 |
| Building and land rent | 1,689,044 | 1,543,756 | 1,349,788 |
| Other revenue | 121,073 | 167,352 | 155,249 |
| Total Operating | <u>2,893,724</u> | <u>2,652,346</u> | <u>2,432,958</u> |
| Non-Operating Income: | | | |
| Mill Levy | 2,570,657 | 2,639,481 | 2,371,463 |
| Interest Income | 1,311 | 2,161 | 17,954 |
| Gain on sale of assets | 154,774 | - | 21,263 |
| Total Non-Operating | <u>2,726,742</u> | <u>2,641,642</u> | <u>2,410,680</u> |
| TOTAL REVENUE | <u><u>\$ 5,620,466</u></u> | <u><u>\$ 5,293,988</u></u> | <u><u>\$ 4,843,638</u></u> |

EXPENSES

The following chart shows the major expense categories and the percentage of total operating expenses for the year ended December 31, 2021:



A summary of expenses for the past three years is shown below. Total operating expenses increased 13.7% in 2021 and 4.9% in 2020 following a 3.1% decrease over the prior year in 2019. Prior to 2017 and increased building occupancy resulting in higher revenues, the Authority had 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.

| | 2021 | 2020 | 2019 |
|------------------------|---------------------|---------------------|---------------------|
| Operating Expenses | | | |
| Administrative | \$ 1,734,025 | \$ 1,630,020 | \$ 1,524,897 |
| Maintenance | 1,076,971 | 841,705 | 830,538 |
| Total Operating | <u>2,810,996</u> | <u>2,471,725</u> | <u>2,355,435</u> |
| Non-Operating Expenses | | | |
| Interest Expense | 738,945 | 771,821 | 840,390 |
| Bond Issue Costs | 84,270 | 44,885 | 73,185 |
| Loss on Sale of Assets | - | 2,395,710 | - |
| Total Non-Operating | <u>823,215</u> | <u>3,212,416</u> | <u>913,575</u> |
| TOTAL EXPENSES | <u>\$ 3,634,211</u> | <u>\$ 5,684,141</u> | <u>\$ 3,269,010</u> |

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Capital grants and contributions during 2021 totaled \$2,717,177 which included funding through the Federal Aviation Administration's Airport Improvement Program to provide 100% grant funding for the Authority's design of the rehabilitation of the Airport's primary runway. In addition, the Authority received \$1,922,449 in funding support from COVID relief grants as mentioned previously that allowed the Authority to purchase needed airfield equipment to assist in the maintenance and operations of the airfield and commercial service Terminal Building.

The Authority acquired \$3,370,794 in capital assets during 2021. Significant items included the renovation of the M.J. Kennedy Air Terminal concourse, the acquisition of over \$900,000 in airfield equipment and the construction of a general aviation restroom facility. 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 (G) in the notes to the financial statements.

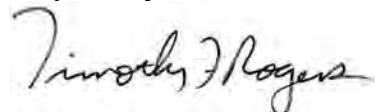
DEBT ADMINISTRATION

The outstanding long-term debt of the Authority was \$23,927,207 net of unamortized bond discounts at and current maturities at December 31, 2021. This debt consists of general obligation bonds and temporary notes and a lease purchase agreement. Maturities range from 2023 through 2036. 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, 2021 and December 31, 2020

| <u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u> | December 31 | |
|---|----------------------|----------------------|
| | 2021 | 2020 |
| CURRENT ASSETS | | |
| Cash | \$ 5,303,767 | \$ 2,255,880 |
| Accounts Receivable, Net of Allowance for Uncollectibles | 1,545,489 | 390,970 |
| Prepaid expenses | 17,065 | 15,700 |
| Total Current Assets | 6,866,321 | 2,662,550 |
| NON-CURRENT ASSETS | | |
| Capital Assets | | |
| Land | 9,920,765 | 9,874,567 |
| Buildings, Improvements and Equipment, Net of Depreciation | 30,621,531 | 32,181,015 |
| Construction in Progress | 1,985,221 | 205,592 |
| Total Non-Current Assets | 42,527,517 | 42,261,174 |
| TOTAL ASSETS | 49,393,838 | 44,923,724 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred KPERS Pension Funds | 197,575 | 214,164 |
| Deferred KPERS OPEB | 803 | 4,727 |
| Deferred Advanced Refunding | 887,276 | 1,013,821 |
| Total Deferred Outflows of Resources | 1,085,654 | 1,232,712 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 50,479,492</u> | <u>\$ 46,156,436</u> |

SALINA AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
December 31, 2021 and December 31, 2020
(continued)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

| | December 31 | |
|--|----------------------|----------------------|
| | 2021 | 2020 |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 769,715 | \$ 125,641 |
| Accrued Property Tax | 54,005 | 40,159 |
| Accrued Special Assessments | 1,282 | 1,282 |
| Unearned Rental and Marketing Income | 90,478 | 105,228 |
| Accrued Interest | 193,171 | 211,244 |
| Current Portion of Compensated Absences | 53,228 | 51,799 |
| Current Maturities of Long-Term Debt | 1,710,800 | 3,772,397 |
| Total Current Liabilities | 2,872,679 | 4,307,750 |
| NON-CURRENT LIABILITIES | | |
| Bonds and Notes Payable, Less Current Maturities | 23,927,207 | 19,771,494 |
| Net Pension Liability | 509,789 | 715,670 |
| Net OPEB Liability | 13,911 | 13,924 |
| Security Deposits Returnable | 91,771 | 83,989 |
| Total Non-Current Liabilities | 24,542,678 | 20,585,077 |
| Total Liabilities | 27,415,357 | 24,892,827 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred KPERS Pension Funds | 218,778 | 58,465 |
| Deferred KPERS OPEB | 10,726 | 7,961 |
| Total Deferred Inflows of Resources | 229,504 | 66,426 |
| NET POSITION | | |
| Net Investment in Capital Assets | 16,889,510 | 18,717,283 |
| Unrestricted | 5,945,121 | 2,479,900 |
| Net Position | 22,834,631 | 21,197,183 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 50,479,492</u> | <u>\$ 46,156,436</u> |

SALINA AIRPORT AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES and CHANGES IN NET POSITION
 For the Years Ended December 31, 2021 and December 31, 2020

| | January 1 to December 31 2021 | 2020 |
|---|----------------------------------|-----------------------------|
| Operating Revenues | | |
| Airfield | \$ 1,083,607 | \$ 941,238 |
| Building and Land Rent | 1,689,044 | 1,543,756 |
| Other Revenue | 121,073 | 167,352 |
| Total Operating Revenues | <u>2,893,724</u> | <u>2,652,346</u> |
| Operating Expenses | | |
| Administrative | 1,734,025 | 1,630,020 |
| Maintenance | 1,076,971 | 841,705 |
| Total Operating Expenses | <u>2,810,996</u> | <u>2,471,725</u> |
| Revenues Over Expenses Before Depreciation | 82,728 | 180,621 |
| Depreciation | <u>(3,065,984)</u> | <u>(3,016,267)</u> |
| Operating Loss Before Non-Operating Revenues and Expenses | <u>(2,983,256)</u> | <u>(2,835,646)</u> |
| Non-Operating Revenues and (Expenses) | | |
| Mill levy | 2,570,657 | 2,639,481 |
| Interest on Investments | 1,311 | 2,161 |
| Interest Expense | (738,945) | (771,821) |
| Bond Issuance Costs | (84,270) | (44,885) |
| Gain (Loss) on Sale of Assets | 154,774 | (2,395,710) |
| Total Non-Operating Revenues and (Expenses) | <u>1,903,527</u> | <u>(570,774)</u> |
| Loss Before Capital Contributions | (1,079,729) | (3,406,420) |
| Capital Contributions | <u>2,717,177</u> | <u>2,100,818</u> |
| Net Position | | |
| Increase (Decrease) in Net Position | 1,637,448 | (1,305,602) |
| Net Position, Beginning of Year | <u>21,197,183</u> | <u>22,502,785</u> |
| Net Position, End of Year | <u><u>\$ 22,834,631</u></u> | <u><u>\$ 21,197,183</u></u> |

SALINA AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
(DIRECT METHOD)

For the Years Ended December 31, 2021 and December 31, 2020

| | <u>January 1 to December 31</u> | |
|--|-----------------------------------|-----------------------------------|
| | <u>2021</u> | <u>2020</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Received from Providing Services | \$ 1,739,205 | \$ 3,109,625 |
| Cash Paid to Employees for Services | (921,910) | (854,885) |
| Cash Paid to Suppliers for Goods and Services | (1,133,826) | (2,133,137) |
| Net Cash Provided (Used) by Operating Activities | <u>(316,531)</u> | <u>121,603</u> |
| CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and Construction of Property, Plant and Equipment | (3,370,794) | (1,501,297) |
| Acquisition of Land Subsequently Donated (Net) | - | (2,061,088) |
| Proceeds from Capital Grants | 2,717,177 | 2,100,818 |
| Proceeds from Property Tax | 2,570,657 | 2,639,481 |
| Proceeds from Sale of Capital Assets | 193,240 | - |
| Principal Payments on Debt | (3,772,338) | (1,428,211) |
| Proceeds of New Borrowing | 5,866,454 | 2,560,000 |
| Bond Issuance Costs | (84,270) | (44,885) |
| Interest Paid on Long-term Debt | <u>(757,019)</u> | <u>(787,723)</u> |
| Net Cash Provided by Capital and Related Financing Activities | <u>3,363,107</u> | <u>1,477,095</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest Received on Deposits | <u>1,311</u> | <u>2,161</u> |
| INCREASE IN CASH | 3,047,887 | 1,600,859 |
| CASH BALANCE - January 1 | <u>2,255,880</u> | <u>655,021</u> |
| CASH BALANCE - December 31 | <u><u>\$ 5,303,767</u></u> | <u><u>\$ 2,255,880</u></u> |

SALINA AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
(DIRECT METHOD)

(continued)

For the Years Ended December 31, 2021 and December 31, 2020

RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

| | January 1 to December 31 2021 | December 31 2020 |
|---|----------------------------------|-----------------------|
| OPERATING LOSS | <u>\$ (2,983,256)</u> | <u>\$ (2,835,646)</u> |
| ADJUSTMENTS RECONCILING OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Depreciation | 3,065,984 | 3,016,267 |
| Decrease (Increase) in Operating Assets | | |
| Accounts Receivable | (1,154,519) | 457,279 |
| Prepaid Expenses | (1,365) | (6,347) |
| Change in Deferred Outflows of Resources | 147,059 | 43,492 |
| Increase (Decrease) in Operating Liabilities | | |
| Accounts Payable (Operations) | 644,075 | (741,507) |
| Accrued Payroll Expenses | - | (402) |
| Accrued Property Tax and Special Assessments | 13,846 | (14,996) |
| Current Portion of Compensated Absences | 1,429 | 12,604 |
| Unearned Rental Income | (14,750) | 56,020 |
| Security Deposits | 7,782 | 26,425 |
| Net Pension Liability | (205,894) | 83,400 |
| Change in Deferred Inflows of Resources | 163,078 | 25,014 |
| Total Adjustments | <u>2,666,725</u> | <u>2,957,249</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (316,531)</u> | <u>\$ 121,603</u> |

SALINA AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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. Adopted Accounting Pronouncements

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

F. 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*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- GASB Statement No. 91, *Conduit Debt Obligations*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022.
- GASB Statement No. 92, *Omnibus 2020*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment to GASB Statements No. 14 and No. 84, and a supersession of*

GASB Statement No. 32. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

- *GASB Implementation Guide 2019-3, Leases.* The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

G. 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, 2021 and 2020, the Authority had cash and cash equivalents as listed below:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Gross Cash Balances | | |
| Cash | \$ 5,253,946 | \$ 2,106,496 |
| Less: Deposits in Transit and Petty Cash | (3,299) | (11,665) |
| Add: Uncleared Checks | <u>72,135</u> | <u>34,959</u> |
| Bank Balance | 5,322,782 | 2,129,790 |
| Less: FDIC Coverage | <u>525,745</u> | <u>537,548</u> |
| Balances Securable by Collateral | <u>\$ 4,797,037</u> | <u>\$ 1,592,242</u> |
| Security Provided by Depositories | <u>\$ 6,314,632</u> | <u>\$ 2,001,818</u> |

The Authority had the following investments and maturities:

| <u>Year</u> | <u>Investment Type</u> | <u>Fair Value</u> | <u>Maturities Less than 1 Year</u> | <u>Rating U.S.</u> |
|-------------|----------------------------------|-------------------|--|--------------------|
| 2021 | Kansas Municipal Investment Pool | \$ 49,821 | \$ 49,821 | AAAf/S1+ |
| 2020 | Kansas Municipal Investment Pool | 149,384 | 149,384 | AAAf/S1+ |

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 AAf/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>2021</u> | <u>2020</u> |
|------------------------------------|----------------------------|--------------------------|
| Receivables | | |
| Accounts | \$ 94,058 | \$ 178,682 |
| Grants | 1,452,931 | 213,788 |
| Less: Allowance for Uncollectibles | <u>(1,500)</u> | <u>(1,500)</u> |
| Total | <u><u>\$ 1,545,489</u></u> | <u><u>\$ 390,970</u></u> |

C. Capital Assets

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

| | Balance January 1, 2021 | Additions | Dispositions | Reclassify | Balance December 31, 2021 |
|--|--|--------------------|---------------------|-------------------|--|
| Capital Assets | | | | | |
| Non-Depreciable | | | | | |
| Land | \$ 9,874,567 | \$ 46,198 | \$ - | \$ - | \$ 9,920,765 |
| Construction in Progress | 205,592 | 1,779,629 | - | - | 1,985,221 |
| Total Non-Depreciable | 10,080,159 | 1,825,827 | - | - | 11,905,986 |
| Depreciable | | | | | |
| Buildings and Improvements | 30,521,989 | 485,933 | (24,855) | - | 30,983,067 |
| Airfield and Improvements | 46,303,393 | 128,021 | (2,822,496) | - | 43,608,918 |
| Equipment | 5,799,934 | 931,013 | (699,171) | - | 6,031,776 |
| Total Depreciable | 82,625,316 | 1,544,967 | (3,546,522) | - | 80,623,761 |
| Total Non-Depreciable & Depreciable | 92,705,475 | 3,370,794 | (3,546,522) | - | 92,529,747 |
| Accumulated Depreciation | | | | | |
| Buildings and Improvements | (16,532,370) | (1,150,795) | 24,855 | - | (17,658,310) |
| Airfield and Improvements | (29,655,836) | (1,631,452) | 2,822,495 | - | (28,464,793) |
| Equipment | (4,256,095) | (283,737) | 660,705 | - | (3,879,127) |
| Total Accumulated Depreciation | (50,444,301) | (3,065,984) | 3,508,055 | - | (50,002,230) |
| Total Capital Assets | \$ 42,261,174 | \$ 304,810 | \$ (38,467) | \$ - | \$ 42,527,517 |

| | Balance January 1, 2020 | Additions | Dispositions | Reclassify | Balance December 31, 2020 |
|--|--|-----------------------|---------------------|-------------------|--|
| 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 | 10,298,342 | 229,657 | (334,623) | (113,217) | 10,080,159 |
| 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 | 81,240,459 | 1,271,640 | - | 113,217 | 82,625,316 |
| Total Non-Depreciable & Depreciable | 91,538,801 | 1,501,297 | (334,623) | - | 92,705,475 |
| 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 | (47,428,034) | (3,016,267) | - | - | (50,444,301) |
| Total Capital Assets | \$ 44,110,767 | \$ (1,514,970) | \$ (334,623) | \$ - | \$ 42,261,174 |

D. Long-Term Liabilities

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

| | Balance January 1, 2021 | Additions | Reductions | Balance December 31, 2021 | Current Maturities December 31, 2021 |
|---|--|---------------------|---------------------|--|---|
| Long-Term Liabilities | | | | | |
| Current Portion of Compensated Absences | \$ 51,799 | \$ 17,092 | \$ 15,663 | \$ 53,228 | \$ 53,228 |
| General Obligation Bonds | 23,100,000 | 5,890,000 | 3,730,000 | 25,260,000 | 1,670,000 |
| Less: Unamortized Discount | (18,564) | (23,546) | 59 | (42,051) | - |
| Lease Purchase Agreement | 460,000 | - | 39,942 | 420,058 | 40,800 |
| Net Pension Liability and OPEB | 729,594 | - | 205,894 | 523,700 | - |
| Special Assessment Debt | 2,455 | - | 2,455 | - | - |
| Security Deposits Returnable | 83,989 | 14,955 | 7,173 | 91,771 | - |
| Total Long-Term Liabilities | \$24,409,273 | \$ 5,898,501 | \$ 4,001,186 | \$26,306,706 | \$ 1,764,028 |
| Current Maturities | (3,824,196) | | | (1,764,028) | |
| Long-Term Liability Net | \$20,585,077 | | | \$24,542,678 | |

| | 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 | |

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, 2021:

| | <u>Original Issue</u> | <u>Interest Rates</u> | <u>Bonds Outstanding</u> |
|--|------------------------------|------------------------------|---------------------------------|
| General Obligation Debt | | | |
| General Obligation 2015-A, due 2025 | \$ 3,075,000 | 1.50-3.55% | \$ 430,000 |
| General Obligation 2017-A, due 2030 | 10,255,000 | 1.61-3.35% | 9,935,000 |
| General Obligation 2017-B due 2031 | 4,835,000 | 2.00-3.00% | 4,735,000 |
| General Obligation 2019-A due 2029 | 675,000 | 2.10-3.10% | 555,000 |
| General Obligation 2019-B due 2023 | 3,455,000 | 2.80-3.00% | 1,615,000 |
| General Obligation 2021-A due 2036 | 2,345,000 | 0.25-2.00% | 2,345,000 |
| General Obligation Temporary Notes 2019-1 due 2021 | 2,250,000 | 2.50% | - |
| General Obligation Temporary Notes 2020-1 due 2023 | 2,100,000 | 0.48% | 2,100,000 |
| General Obligation Temporary Notes 2021-1 due 2023 | 3,545,000 | 0.45% | 3,545,000 |
| Plus Unamortized Bond Premium | | | 18,163 |
| Less: Unamortized Bond Discount | | | (60,214) |
| Total General Obligation Debt | | | 25,217,949 |
| Taxable Lease Purchase Agreement - Direct Borrowing | | | |
| Bldg. 824 Lease Purchase, due 2030 | 460,000 | 3.30% | 420,058 |
| Total Long Term Debt | | | \$ 25,638,007 |
| Interest Expense in 2021 is as follows: | | | |
| General Obligation Bonds | | | \$ 598,007 |
| Special Assessment Debt | | | 110 |
| Capital Leases | | | 14,223 |
| Amortization of Bond Discount, Premium & Deferred Refundings | | | 126,605 |
| Total Debt Interest Expense | | | \$ 738,945 |

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

| Year | Bonds Outstanding | Interest Due | Total |
|-------------|------------------------------|---------------------|----------------------|
| 2022 | \$ 1,670,000 | \$ 564,031 | \$ 2,234,031 |
| 2023 | 7,355,000 | 524,787 | 7,879,787 |
| 2024 | 1,760,000 | 454,541 | 2,214,541 |
| 2025 | 1,810,000 | 411,120 | 2,221,120 |
| 2026 | 1,865,000 | 363,633 | 2,228,633 |
| 2027-2031 | 9,960,000 | 983,283 | 10,943,283 |
| 2032-2036 | 840,000 | 49,780 | 889,780 |
| | <u>\$ 25,260,000</u> | <u>\$ 3,351,175</u> | <u>\$ 28,611,175</u> |

The Authority's outstanding 2020-1 and 2021-1 temporary notes will be refinanced in 2023 with Authority issued general obligation bonds.

The Authority has entered into lease agreement as lessee for financing the Building 824 – Transportation Facility Expansion. This year, \$20,694 was included in depreciation expense. This lease agreement qualifies as a capital lease and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

| | |
|--|--------------------------|
| Building 824 - Transportation Facility Expansion | \$ 413,874 |
| Less Accumulated Depreciation | <u>(31,040)</u> |
| Net Book Value | \$ <u>382,834</u> |

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

| Year | Lease Purchase Outstanding | Interest Due | Total |
|-------------|---|---------------------|-------------------|
| 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 | 46,507 | 7,821 | 54,328 |
| 2027-2030 | 202,025 | 15,285 | 217,310 |
| | <u>\$ 420,058</u> | <u>\$ 68,892</u> | <u>\$ 488,950</u> |

E. Capital Contributions

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

| | Inception to Date | 2021 | 2020 |
|--------------|----------------------|---------------------|---------------------|
| Federal | \$ 37,997,481 | \$ 2,716,326 | \$ 1,760,718 |
| State | 2,465,849 | - | 250,000 |
| Total | \$ 40,463,330 | \$ 2,716,326 | \$ 2,010,718 |

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, 2021, 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 cash balance retirement plan (KPERS 3) was created for new hires starting after January 1, 2015. 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, 2021.

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:

| | Local Employees | |
|------|----------------------|--------------------|
| | Actuarial | Statutory Employer |
| | <u>Employer Rate</u> | <u>Capped Rate</u> |
| 2021 | 8.87% | 8.87% |
| 2020 | 8.61% | 8.61% |

Member contribution rates as a percentage of eligible compensation for the fiscal year 2021 are 6.00% for local employees. Contributions to the pension plan for the Authority were \$79,143 and \$75,190 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2021, the Authority's proportion for the local employees group was 0.042484%, which was a increase of .0012% from its proportion measured at June 30, 2020.

Net Pension Liability. At December 31, 2021 and 2020, the Authority reported a liability of \$509,789 and \$715,670, 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, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions:

| <u>Assumptions</u> | <u>Rate</u> |
|--|-------------------------------------|
| Price inflation | 2.75% |
| Salary increases, including wage increases | 3.50% to 12.00% including inflation |
| Long-term rate of return, net of investment expense, and including price inflation | 7.25% |

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, 2020 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:

| Asset class | Long-term target allocation | Long-term expected real rate of return |
|------------------------|--------------------------------|---|
| 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 7.25%. 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 local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap was 1.2%.

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 7.25%, 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate:

| 2021 | | |
|------------------------|--------------------------|------------------------|
| 1% Decrease (6.25%) | Discount Rate (7.25%) | 1% Increase (8.25%) |
| \$ 838,554 | \$ 509,789 | \$ 234,079 |

| 2020 | | |
|------------------------|--------------------------|------------------------|
| 1% Decrease (6.50%) | Discount Rate (7.50%) | 1% Increase (8.50%) |
| \$ 1,007,234 | \$ 715,670 | \$ 470,540 |

Pension Expense. For the years ended December 31, 2021 and 2020, the Authority recognized pension expense of \$50,796 and \$89,686 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, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions:

| | 2021 | | 2020 | |
|---|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences Between Actual and Expected Experience | \$ 20,123 | \$ 4,616 | \$ 11,950 | \$ 9,201 |
| Net Differences Between Projected and Actual Earnings | | | | |
| on Investments | - | 181,025 | 83,502 | - |
| Changes in Proportion | 34,068 | 33,137 | 40,138 | 49,264 |
| Changes in Assumptions | 100,353 | - | 43,107 | - |
| Contributions Made After Measurement Date | 43,031 | - | 35,467 | - |
| Total | <u>\$ 197,575</u> | <u>\$ 218,778</u> | <u>\$ 214,164</u> | <u>\$ 58,465</u> |

The \$43,031 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, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Deferred Outflows (Inflows) of Resources |
|------------------------------------|---|
| 2022 | \$ (1,081) |
| 2023 | (8,824) |
| 2024 | (18,175) |
| 2025 | (40,318) |
| 2026 | <u>4,164</u> |
| Total | <u>\$ (64,234)</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, 2021 and 2020.

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 the valuation date, the following members were covered by the benefit terms:

| | <u>2021</u> | <u>2020</u> |
|--------------------|-------------|-------------|
| Active Employees | 14 | 14 |
| Disabled Employees | - | - |
| Total | <u>14</u> | <u>14</u> |

Total OPEB Liability. The Authority's total KPERS OPEB liability of \$13,911 and \$13,924 for December 31, 2021 and 2020, respectively, which was measured as of June 30, 2021 and 2020 and was determined by an actuarial valuation as of December 31, 2020 and 2019, which was rolled forward to June 30, 2021 and 2020, using the following actuarial assumptions:

| | |
|---|--|
| Discount Rate | 2.16% for 2021 and 2.21% for 2020 |
| Implicit Inflation Rate | 2.75% |
| Mortality Rates | Local Males: 90% of RP-2014 M Total Dataset +2 Local Females: 90% of RP-2014 F Total Dataset +1 Generational mortality improvements were projected for future years using MP-2021 Post-disability mortality rates are included in long-term disability claim termination rates. |
| Salary Increases | 3.50% to 10.00% based on years of service |
| Payroll Growth | 3.00% |
| Actuarial Cost Method | Entry Age Normal |
| The discount rate was based on the bond buyer general obligation 20-bond municipal index. | |

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period of January 1, 2016 through December 31, 2018.

Changes in the Total OPEB Liability

| | |
|--|-------------------------|
| Balance at December 31, 2020 | \$ <u>13,924</u> |
| Changes for the Year: | |
| Service Cost | 3,797 |
| Interest on Total OPEB Liability | 392 |
| Effect of Economic/Demographic Gains or Losses | (4,212) |
| Effect of Assumptions Changes or Inputs | 10 |
| Benefit Payments | <u>-</u> |
| Net Changes | <u>(13)</u> |
| Balance at December 31, 2021 | \$ <u>13,911</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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

| 2021 | | |
|------------------------|--------------------------|------------------------|
| 1% Decrease (1.16%) | Discount Rate (2.16%) | 1% Increase (3.16%) |
| \$ 14,040 | \$ 13,911 | \$ 13,649 |

| 2020 | | |
|------------------------|--------------------------|------------------------|
| 1% Decrease (1.16%) | Discount Rate (2.16%) | 1% Increase (3.16%) |
| \$ 14,114 | \$ 13,924 | \$ 13,610 |

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.

| | 1% Decrease | Health Cost Trend Rates | 1% Increase |
|------|-------------|----------------------------|-------------|
| 2021 | \$ 13,911 | \$ 13,911 | \$ 13,911 |
| 2020 | 13,924 | 13,924 | 13,924 |

For the year ended December 31, 2021 and 2020, the Authority recognized OPEB expense of \$10,748 and \$11,170, 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:

| | 2021 | | 2020 | |
|--|---|--|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences Between Actual and Expected Experience | \$ - | \$ 10,603 | \$ - | \$ 7,813 |
| Changes in Assumptions | 803 | 123 | 897 | 148 |
| Benefit Payments Made After Measurement Date | - | - | 3,830 | - |
| Total | \$ 803 | \$ 10,726 | \$ 4,727 | \$ 7,961 |

Amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

| Year Ended December 31, | |
|------------------------------------|--------------------------|
| 2022 | \$ (1,343) |
| 2023 | (1,343) |
| 2024 | (1,343) |
| 2025 | (1,343) |
| 2026 | (1,335) |
| Thereafter | <u>(3,216)</u> |
| Total | \$ <u>(9,923)</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).

A November 23, 2020, Consent Decree approved by the U.S. District Court for the District of Kansas 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 Consent and Final Order (CAFO) that reaffirms the KDHE's July 2019, Corrective Action Decision (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. Once the remedial action is completed the site will be CERCLA compliant.

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 December 31,</u> | |
|---|-----------------------------------|
| 2022 | \$ 1,758,220 |
| 2023 | 1,260,191 |
| 2024 | 713,503 |
| 2025 | 286,395 |
| 2026 | 202,431 |
| Thereafter | <u>1,313,993</u> |
| Total | <u><u>\$ 5,534,733</u></u> |

J. Major Customers

The Authority received significant operating revenue from Avflight Salina, Kansas Erosion Products, LLC., 1 Vision Aviation, Stryten Salina, LLC, and SFC Global Supply Chain. Rent from these five tenants equals 40.64% of operating revenue for the year ended December 31, 2021. Additionally, for the year ended December 31, 2020, the Authority's top five tenants 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.

K. Non-Operating Revenue and (Expenses)

Net non-operating revenue and expense consisted of the following for the years ended December 31, 2021 and 2020:

| | December 31, | |
|---|----------------------------|----------------------------|
| | 2021 | 2020 |
| Mill Levy | \$ 2,570,657 | \$ 2,639,481 |
| Interest Income | 1,311 | 2,161 |
| Gain (Loss) on Sale of Assets | 154,774 | (2,395,710) |
| Total | <u>2,726,742</u> | <u>245,932</u> |
| Interest Expense | | |
| General Obligation Bonds and Temporary Notes | (598,007) | (646,227) |
| Special Assessment Debt | (110) | (215) |
| Capital Leases | (14,223) | - |
| Bond Issuance Costs | (84,270) | (44,885) |
| Amortization of Bond Discount | (126,605) | (125,379) |
| Total | <u>(823,215)</u> | <u>(816,706)</u> |
| Net Non-Operating Revenue and (Expenses) | <u><u>\$ 1,903,527</u></u> | <u><u>\$ (570,774)</u></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 2021 and 2020, the Authority paid \$12,128 in rental fees. Minimum rentals, on an annual basis hereafter are as follows:

| Years Ending December 31, | |
|--------------------------------------|-------------------------|
| 2022 | \$ 12,128 |
| 2023 | 12,128 |
| 2024 | <u>2,536</u> |
| Total | <u><u>\$ 26,792</u></u> |

M. Subsequent Events

On March 10, 2022, SkyWest Airlines notified the U.S. Department of Transportation (USDOT) that the airline intends to terminate United Express service at Salina, KS and twenty-eight other United Express communities. The SkyWest decision also impacted essential air service at the Kansas communities of Hays, Dodge City, and Liberal. The decision is not driven by any failure in the US Department of Transportation (USDOT) Essential Air Service Program (EAS) or the communities. The ongoing national pilot shortage has resulted in service cuts by all U.S. airlines. SkyWest lacks the pilots needed to meet demand and is reducing flying across its network.

On June 24, 2022, SkyWest Airlines notified the USDOT of the airline's decision to withdraw the March 10, 2022 termination notice for Salina, KS. The filing rescinded the airline's notice of intent to terminate the essential air service at the Salina Regional Airport.

On March 16, 2022, the SAA Board of Directors adopted a resolution authorizing up to \$12.25 million in General Obligation Bond financing for the rehabilitation of two aircraft hangars and associated pavement rehabilitation. Subsequently on April 4, 2022, the City of Salina adopted an ordinance authorizing the same. The first hangar would be for the purposes of converting the existing hangar into a facility that could accommodate the painting of regional jet and narrow body jet aircraft. The Authority has an existing aircraft maintenance, repair, and overhaul (MRO) tenant on the Salina Regional Airport that is interested in leasing the hangar to expand its operations to include aircraft paint. The second hangar would be upgraded to include additional improvements in support of additional MRO capacity of the Airport. In addition to the improvements to the two aircraft hangars, the project authorization also includes the hangars associated pavements such as aprons, ramps and taxilanes. The Authority is progressing with the \$12.25 authorization in a phased approach which initially included a \$1 million taxable General Obligation Temporary Note (GOTN) expected to close on July 7, 2022. This 2022-1 GOTN will finance the design of the aircraft paint facility design. Completing the design will include obtaining construction bids that will allow the Authority to determine the amount of the \$12.25 million needed to finance the project and secure the tenant lease agreement necessary to service the debt.

SALINA AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Kansas Public Employees Retirement System
December 31, 2021

| Measurement Date | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Proportion of the net pension liability | 0.424840% | 0.041281% | 0.045289% | 0.043452% | 0.041662% | 0.037666% | 0.041581% |
| Proportionate share of the collective net pension liability | \$ 509,789 | \$ 715,670 | \$ 632,856 | \$ 605,630 | \$ 603,456 | \$ 582,704 | \$ 545,977 |
| Covered payroll from the period July 1 - June 30 ^ | \$ 819,071 | \$ 778,919 | \$ 830,413 | \$ 777,734 | \$ 708,538 | \$ 645,485 | \$ 694,613 |
| Net pension liability as a percentage of covered-employee payroll | 62.24% | 91.88% | 76.21% | 77.87% | 85.17% | 90.27% | 78.60% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.40% | 66.30% | 69.88% | 68.88% | 67.12% | 65.10% | 64.95% |

Notes to the Schedule

Changes in assumptions.

As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation are as follows:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.

Changes from the November 2016 experience study that impacted individual groups are listed below:

- The post-retirement health mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2019 and include:

- The investment return assumption was lowered from 7.75% to 7.25%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3.00% to 2.75%.

Changes from the January 2020 experience study that impacted individual groups are listed below:

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

*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, 2021 only seven 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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually required employer contribution | \$ 71,580 | \$ 75,190 | \$ 83,638 | \$ 78,940 | \$ 66,198 | \$ 61,622 | \$ 70,005 | \$ 68,904 | \$ 66,865 | \$ 66,766 |
| Contributions in relation to the contractually required contribution | (71,580) | (75,190) | (83,638) | (78,940) | (66,198) | (61,622) | (70,005) | (68,904) | (66,865) | (66,766) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll^ | \$ 892,259 | \$ 782,417 | \$ 847,208 | \$ 840,466 | \$ 758,750 | \$ 652,874 | \$ 672,878 | \$ 709,510 | \$ 747,901 | \$ 800,522 |
| Contributions as a percentage of covered-employee payroll | 8.02% | 9.61% | 9.87% | 9.39% | 8.72% | 9.44% | 10.40% | 9.71% | 8.94% | 8.34% |

^ 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, 2021

| Measurement Date | 2021 June 30, 2021 | 2020 June 30, 2020 | 2019 June 30, 2019 | 2018 June 30, 2018 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Total OPEB Liability | | | | |
| Service Cost | \$ 3,797 | \$ 3,430 | \$ 2,843 | \$ 2,825 |
| Interest Cost | 392 | 587 | 541 | 533 |
| Effect of Economic/Demographic Gains or Losses | (4,212) | (4,295) | (1,324) | (4,199) |
| Effect of Assumption Changes or Inputs | 10 | 864 | 152 | (87) |
| Benefit Payments | - | - | - | - |
| Net Change in Total Liability - Beginning of Year | (13) | 586 | 2,212 | (928) |
| Total OPEB Liability - Beginning of Year | 13,924 | 13,338 | 11,126 | 12,054 |
| Total OPEB Liability - End of Year | <u>\$ 13,911</u> | <u>\$ 13,924</u> | <u>\$ 13,338</u> | <u>\$ 11,126</u> |
| Covered-Employee Payroll | <u>\$ 800,448</u> | <u>\$ 801,486</u> | <u>\$ 826,640</u> | <u>\$ 706,882</u> |
| Total OPEB liability as a percentage of covered employee payroll | 1.74% | 1.74% | 1.61% | 1.57% |
| Actuarially determined contribution | <u>\$ -</u> | <u>\$ 3,831</u> | <u>\$ 4,219</u> | <u>\$ 2,137</u> |
| Actual contribution | <u>\$ -</u> | <u>\$ 3,831</u> | <u>\$ 4,219</u> | <u>\$ 2,137</u> |
| Contributions as a percentage of covered payroll | 0.00% | 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, 2.21% on June 30, 2020 and 2.16% on June 30, 2021.

*GASB 75 requires presentation of ten years. Until a full 10-year trend is compiled, the Authority will

SALINA AIRPORT AUTHORITY
SCHEDULES OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
For the Years Ended December 31, 2021 and December 31, 2020

| | January 1 to December 31 2021 | 2020 |
|-------------------------------|----------------------------------|---------------------|
| Operating Revenues | | |
| Airfield | | |
| Fuel Flowage Fees | \$ 180,416 | \$ 190,668 |
| Hangar Rent | 808,802 | 634,594 |
| Landing Fees | 30,047 | 55,856 |
| Ramp Rent | 64,342 | 60,120 |
| Total Airfield | <u>1,083,607</u> | <u>941,238</u> |
| Building and Land Rent | | |
| Agri Land Rent | 67,463 | 67,683 |
| Building Rents | 1,342,498 | 1,221,999 |
| Land Rents | 264,920 | 240,100 |
| Tank Rent | 14,163 | 13,974 |
| Total Building and Land Rents | <u>1,689,044</u> | <u>1,543,756</u> |
| Other Revenue | | |
| Airport Marketing | 20,000 | 60,420 |
| Commissions | 21,381 | 14,999 |
| ARFF Training | 2,460 | - |
| Other Income | 77,232 | 91,933 |
| Total Other Revenue | <u>121,073</u> | <u>167,352</u> |
| Total Operating Revenues | <u>\$ 2,893,724</u> | <u>\$ 2,652,346</u> |

SALINA AIRPORT AUTHORITY
 SCHEDULES OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION
 For the Years Ended December 31, 2021 and December 31, 2020
 (continued)

| | January 1 to December 31 | |
|---------------------------------|--------------------------|---------------------|
| | <u>2021</u> | <u>2020</u> |
| Operating Expenses | | |
| Administrative | | |
| A/E, Consultants, Brokers | \$ 38,249 | \$ 15,830 |
| Airport Promotion | 230,943 | 194,563 |
| Bad Debt Expense | 107 | 54,847 |
| Computer Network Administration | 30,062 | 42,730 |
| Dues and Subscriptions | 30,653 | 26,388 |
| Employee Retirement | 61,544 | 100,855 |
| FICA and Medicare | 68,468 | 56,065 |
| Industrial Development | 31,000 | 28,000 |
| Insurance, Property | 204,106 | 174,784 |
| Insurance, Medical | 194,650 | 172,253 |
| Kansas Unemployment Tax | 9,342 | 802 |
| Legal and Accounting | 55,169 | 32,810 |
| Office Salaries | 575,076 | 546,022 |
| Office Supplies | 8,222 | 6,647 |
| Other Administrative | 17,941 | 14,607 |
| Postage | 1,116 | 1,648 |
| Property Taxes | 136,383 | 130,562 |
| Special Events | 2,498 | - |
| Telephone | 25,386 | 16,729 |
| Training | 2,520 | 4,405 |
| Travel and Meetings | 10,590 | 9,473 |
| Total Administrative Expenses | <u>\$ 1,734,025</u> | <u>\$ 1,630,020</u> |

(continued)

SALINA AIRPORT AUTHORITY
SCHEDULES OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
For the Years Ended December 31, 2021 and December 31, 2020
(continued)

| | January 1 to December 31 2021 | 2020 |
|---|----------------------------------|-----------------------------|
| Maintenance Expenses | | |
| Airfield Maintenance | \$ 38,861 | \$ 70,644 |
| Airport Security | 6,582 | 666 |
| Building Maintenance | 150,087 | 118,472 |
| Equipment Fuel and Repairs | 101,396 | 72,011 |
| Fire Services | 22,798 | 21,936 |
| Grounds Maintenance | 14,255 | 10,960 |
| Maintenance Salaries | 345,746 | 299,035 |
| Other Maintenance Expenses | 18,555 | 23,084 |
| Snow Removal Expense | 9,200 | 4,599 |
| Utilities | 369,491 | 220,298 |
| | <u>1,076,971</u> | <u>841,705</u> |
| Total Maintenance Expenses | | |
| | <u>2,810,996</u> | <u>2,471,725</u> |
| Total Operating Expenses | | |
| Surplus of Revenues over Expenses Before Depreciation | 82,728 | 180,621 |
| Depreciation | <u>(3,065,984)</u> | <u>(3,016,267)</u> |
| Operating Loss Before Non-Operating Revenues and Expenses | <u>(2,983,256)</u> | <u>(2,835,646)</u> |
| Non-Operating Revenues and (Expenses) | | |
| Mill Levy | 2,570,657 | 2,639,481 |
| Interest Income on Investments | 1,311 | 2,161 |
| Interest Expense | (738,945) | (771,821) |
| Bond Issuance Costs | (84,270) | (44,885) |
| Gain (Loss) on Sale of Assets | 154,774 | (2,395,710) |
| | <u>1,903,527</u> | <u>(570,774)</u> |
| Total Non-Operating Revenue (Expenses) | | |
| Loss Before Capital Contributions | (1,079,729) | (3,406,420) |
| Capital Contributions | <u>2,717,177</u> | <u>2,100,818</u> |
| Net Position | | |
| Increase (Decrease) in Net Position | 1,637,448 | (1,305,602) |
| Net Position, Beginning of Year | <u>21,197,183</u> | <u>22,502,785</u> |
| Net Position, End of Year | <u><u>\$ 22,834,631</u></u> | <u><u>\$ 21,197,183</u></u> |

SALINA AIRPORT AUTHORITY
CAPITAL EXPENDITURES
January 1 to December 31

| | <u>2021</u> |
|---|----------------------------|
| AIRFIELD IMPROVEMENTS | |
| New underground service and 2 ground mounted lights for Fossett | \$ 6,565 |
| Airfield perimeter security fencing improvements | 26,581 |
| Airfield guidance sign and lighting upgrades | 87,412 |
| Airfield ramp improvements (north of Guard ramp) | 7,463 |
| Total Airfield Improvements | <u>128,021</u> |
| BUILDINGS | |
| KDOR DMV course rehabilitation | 67,388 |
| Bldg. 313 electrical upgrades | 7,200 |
| Bldg. 394 improvements | 16,903 |
| Bldg. 498 restroom improvements | 12,749 |
| B520, Unit E improvements | 5,011 |
| Bldg. 614 roof replacement | 139,287 |
| Bldg. 655 fire suppression system upgrades | 7,282 |
| Bldg. 724 restroom remodel | 18,935 |
| Bldg. 820 roof replacement | 13,218 |
| Bldg. 824 restroom remodel. | 19,583 |
| Bldg. 1021 improvements | 41,705 |
| Bldg. 1029 electrical upgrades | 2,780 |
| Bldg. 1059 electrical upgrades | 2,780 |
| Hangar 504 improvements | 23,156 |
| Hangar 600 3 ton HVAC heat pump | 5,191 |
| Hangar 606 improvements | 19,957 |
| Hangar 959 improvements | 82,808 |
| Total Building Improvements | <u>485,933</u> |
| EQUIPMENT | |
| Aircraft rescue and firefighting equipment | 53,524 |
| Airfield equipment | 57,336 |
| Communications equipment | 112,469 |
| Computer equipment | 2,492 |
| Office equipment | 18,811 |
| Shop equipment | 430,437 |
| Terminal bldg. equipment | 7,025 |
| Vehicles | 248,919 |
| Total Equipment Additions | <u>931,013</u> |
| CONSTRUCTION IN PROGRESS | |
| Airfield improvements | 506,319 |
| Building improvements | 1,273,310 |
| Total Construction in Progress | <u>1,779,629</u> |
| LAND | |
| Rail spur upgrades | <u>46,198</u> |
| TOTAL CAPITAL EXPENDITURES | <u><u>\$ 3,370,794</u></u> |

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2015-A
December 31, 2021

| | |
|----------------------|-------------------|
| Date of issue: | August 28, 2015 |
| Amount of issue: | \$ 3,075,000 |
| Interest rate: | 2.672% |
| Maturity date: | September 1, 2025 |
| Principal paid: | \$ 2,645,000 |
| Outstanding balance: | \$ 430,000 |

Schedule of Bond Interest and Principal Payments

| Due in Year | Bond Interest | Bond Principal |
|----------------|------------------|-------------------|
| 2022 | \$ 13,693 | \$ 175,000 |
| 2023 | 8,443 | 80,000 |
| 2024 | 6,043 | 85,000 |
| 2025 | 3,195 | 90,000 |
| | \$ 31,374 | \$ 430,000 |

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2017-A
December 31, 2021

| | |
|----------------------|-------------------|
| Date of issue: | July 12, 2017 |
| Amount of issue: | \$ 10,255,000 |
| Interest rate: | 3.0353% |
| Maturity date: | September 1, 2030 |
| Principal paid: | \$ 320,000 |
| Outstanding balance: | \$ 9,935,000 |

Schedule of Bond Interest and Principal Payments

| Due in <u>Year</u> | Bond <u>Interest</u> | Bond <u>Principal</u> |
|-----------------------|-------------------------|--------------------------|
| 2022 | \$ 290,308 | \$ 515,000 |
| 2023 | 278,463 | 525,000 |
| 2024 | 265,600 | 1,440,000 |
| 2025 | 228,160 | 1,475,000 |
| 2026 | 187,598 | 1,335,000 |
| 2027-2030 | 385,827 | 4,645,000 |
| | <u>\$ 1,635,956</u> | <u>\$ 9,935,000</u> |

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2017-B
December 31, 2021

| | |
|----------------------|-------------------|
| Date of issue: | July 17, 2017 |
| Amount of issue: | \$ 4,835,000 |
| Interest rate: | 2.0-3.0% |
| Maturity date: | September 1, 2031 |
| Principal paid: | \$ 100,000 |
| Outstanding balance: | \$ 4,735,000 |

Schedule of Bond Interest and Principal Payments

| Due in Year | Bond Interest | Bond Principal |
|----------------|------------------|-------------------|
| 2022 | \$ 141,800 | \$ 25,000 |
| 2023 | 141,300 | 25,000 |
| 2024 | 140,550 | 25,000 |
| 2025 | 139,800 | 25,000 |
| 2026 | 139,050 | 310,000 |
| 2027-2031 | 468,600 | 4,325,000 |
| | \$ 1,171,100 | \$ 4,735,000 |

SALINA AIRPORT AUTHORITY
GENERAL OBLIGATION BONDS
SERIES 2019-A
December 31, 2021

| | |
|----------------------|-------------------|
| Date of issue: | July 10, 2019 |
| Amount of issue: | \$ 675,000 |
| Interest rate: | 2.775% |
| Maturity date: | September 1, 2029 |
| Principal paid: | \$ 120,000 |
| Outstanding balance: | \$ 555,000 |

Schedule of Bond Interest and Principal Payments

| Due in Year | Bond Interest | Bond Principal |
|----------------|------------------|-------------------|
| 2022 | \$ 15,163 | \$ 65,000 |
| 2023 | 13,635 | 65,000 |
| 2024 | 12,043 | 65,000 |
| 2025 | 10,385 | 70,000 |
| 2026 | 8,530 | 70,000 |
| 2027-2029 | 13,505 | 220,000 |
| | \$ 73,261 | \$ 555,000 |

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2019-B
December 31, 2021

| | |
|----------------------|-------------------|
| Date of issue: | July 10, 2019 |
| Amount of issue: | \$ 3,455,000 |
| Interest rate: | 2.915% |
| Maturity date: | September 1, 2023 |
| Principal paid: | \$ 1,840,000 |
| Outstanding balance: | \$ 1,615,000 |

Schedule of Bond Interest and Principal Payments

| Due in Year | Bond Interest | Bond Principal |
|----------------|------------------|-------------------|
| 2022 | \$ 47,705 | \$ 745,000 |
| 2023 | 26,100 | 870,000 |
| | \$ 73,805 | \$ 1,615,000 |

SALINA AIRPORT AUTHORITY
GENERAL OBLIGATION BOND TEMPORARY NOTES
SERIES 2020-1
December 31, 2021

| | |
|----------------------|-------------------|
| 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 Year | Bond Interest | Bond Principal |
|----------------|------------------|-------------------|
| 2022 | \$ 10,080 | \$ - |
| 2023 | 10,080 | 2,100,000 |
| | \$ 20,160 | \$ 2,100,000 |

SALINA AIRPORT AUTHORITY
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2021-A
December 31, 2021

| | |
|----------------------|-------------------|
| Date of issue: | August 17, 2021 |
| Amount of issue: | \$ 2,345,000 |
| Interest rate: | 1.728% |
| Maturity date: | September 1, 2036 |
| Principal paid: | \$ - |
| Outstanding balance: | \$ 2,345,000 |

Schedule of Bond Interest and Principal Payments

| Due in Year | Bond Interest | Bond Principal |
|----------------|------------------|-------------------|
| 2022 | \$ 32,387 | \$ 145,000 |
| 2023 | 30,813 | 145,000 |
| 2024 | 30,305 | 145,000 |
| 2025 | 29,580 | 150,000 |
| 2026 | 28,455 | 150,000 |
| 2027-2036 | 165,130 | 1,610,000 |
| | \$ 316,670 | \$ 2,345,000 |

SALINA AIRPORT AUTHORITY
GENERAL OBLIGATION BOND TEMPORARY NOTES
SERIES 2021-A
December 31, 2021

| | |
|----------------------|-------------------|
| Date of issue: | November 10, 2021 |
| Amount of issue: | \$ 3,545,000 |
| Interest rate: | 0.450% |
| Maturity date: | September 1, 2023 |
| Principal paid: | \$ - |
| Outstanding balance: | \$ 3,545,000 |

Schedule of Bond Interest and Principal Payments

| Due in Year | Bond Interest | Bond Principal |
|----------------|------------------|-------------------|
| 2022 | \$ 12,895 | \$ - |
| 2023 | 15,953 | 3,545,000 |
| | \$ 28,847 | \$ 3,545,000 |

SALINA AIRPORT AUTHORITY
TAXABLE LEASE PURCHASE AGREEMENT
2020
December 31, 2021

| | |
|----------------------|-------------------|
| Date of issue: | August 12, 2020 |
| Amount of issue: | \$ 460,000 |
| Interest rate: | 3.300% |
| Maturity date: | September 1, 2030 |
| Principal paid: | \$ 39,942 |
| Outstanding balance: | \$ 420,058 |

Schedule of Lease Interest and Principal Payments

| Due in Year | Lease Interest | Lease Principal |
|----------------|-------------------|--------------------|
| 2022 | \$ 13,528 | \$ 40,800 |
| 2023 | 12,171 | 42,157 |
| 2024 | 10,768 | 43,560 |
| 2025 | 9,318 | 45,009 |
| 2026 | 7,821 | 46,507 |
| 2027-2030 | 15,287 | 202,025 |
| | \$ 68,893 | \$ 420,058 |

SALINA AIRPORT AUTHORITY
INSURANCE IN FORCE
December 31, 2021

| <u>Insurance Policy</u> | <u>Type of Coverage</u> | <u>Amount of Coverage</u> |
|--|---|--|
| Old Republic Insurance Company Pol. #0CAV04369405 | Worker's compensation and employer's liability | \$ 1,000,000 |
| Old Republic Insurance Company Pol. #PR00262107 | Bodily Injury & liability Hangar keepers | \$ 2,000,000 \$ 1,000,000 |
| Zurich Pol. #ERP4509814-02 | Deluxe property-building, contents, stock, | \$ 70,000,000 |
| Cincinnati Insurance Companies Pol. #ENP0563029 | Vehicles & equipment Bodily injury/property damage Medical payments Uninsured motorists Underinsured motorist | \$ 1,000,000 \$ 5,000 \$ 1,000,000 \$ 1,000,000 |
| Cincinnati Insurance Companies Pol. #ENP0563029 | Inland marine - equipment | \$ 1,585,851 |
| Hartford Fire Insurance Company Pol. #37FA0293328-21 | Crime policy Employee theft, forgery, alteration, computer | \$ 250,000 |
| ACE American Insurance Company Pol. #G71465974 003 | Public officials and employment practices liability Each claim Aggregate limit | \$ 2,000,000 \$ 2,000,000 |
| Great American Alliance Ins. Co. Pol. # KST7882933-27 | Underground storage tank liability Each incident Aggregate limit Defense expense limit each incident | \$ 1,000,000 \$ 1,000,000 \$ 100,000 |
| HDI Specialty Insurance Company Pol. # SCYLD2514230000 | Commercial Cyber Insurance Each incident Aggregate limit | \$ 2,000,000 \$ 2,000,000 |

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 69-73

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 74-75

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 76-77

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

Operating Information 78

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 79-82

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,

| | 2012 | 2013 | 2014 |
|---|---------------|---------------|---------------|
| TOTAL REVENUES | | | |
| OPERATING REVENUES | | | |
| Airfield | \$ 548,193 | \$ 411,522 | \$ 572,681 |
| Fuel flowage fees | 189,370 | 128,277 | 150,110 |
| Building and land rent | 1,365,853 | 1,474,057 | 1,136,063 |
| Other revenue | 56,752 | 53,902 | 50,499 |
| TOTAL OPERATING REVENUES | 2,160,168 | 2,067,758 | 1,909,353 |
| TOTAL EXPENSES | | | |
| OPERATING EXPENSES | | | |
| Administrative | 1,245,267 | 1,232,833 | 1,198,445 |
| Maintenance | 869,091 | 872,877 | 860,760 |
| TOTAL OPERATING EXPENSES | 2,114,358 | 2,105,710 | 2,059,205 |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | 45,810 | (37,952) | (149,852) |
| DEPRECIATION | 2,514,587 | 2,588,107 | 2,588,599 |
| OPERATING LOSS | (2,468,777) | (2,626,059) | (2,738,451) |
| NON-OPERATING INCOME AND (EXPENSES) | | | |
| Mill levy | 1,767,338 | 1,788,284 | 1,993,889 |
| Interest on investments and financing lease | 1,500 | 676 | 437 |
| Interest expense | (1,175,063) | (1,120,831) | (1,087,440) |
| Bond Issue Costs | - | - | - |
| Gain (loss) on sale of assets | - | 51,853 | 50,904 |
| TOTAL NON-OPERATING INCOME AND (EXPENSES) | 593,775 | 719,982 | 957,790 |
| LOSS BEFORE CAPITAL CONTRIBUTIONS | (1,875,002) | (1,906,077) | (1,780,661) |
| CAPITAL CONTRIBUTIONS | 1,779,827 | 623,029 | 799,762 |
| INCREASE (DECREASE) IN NET POSITION | (95,175) | (1,283,048) | (980,899) |
| NET POSITION AT YEAR END COMPOSED OF: | | | |
| Net investment in capital assets | 25,339,916 | 24,818,560 | 24,510,104 |
| Restricted | - | - | - |
| Unrestricted | 1,171,551 | 409,859 | (262,584) |
| | \$ 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 | 2021 |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 529,973 | \$ 530,889 | \$ 510,263 | \$ 586,108 | \$ 742,672 | \$ 750,570 | \$ 903,190 |
| 189,532 | 145,280 | 202,728 | 194,647 | 185,249 | 190,668 | 180,417 |
| 1,068,335 | 1,174,553 | 1,310,833 | 1,383,282 | 1,349,788 | 1,543,756 | 1,689,044 |
| 88,663 | 106,144 | 189,476 | 335,855 | 155,249 | 167,352 | 121,073 |
| 1,876,503 | 1,956,866 | 2,213,300 | 2,499,892 | 2,432,958 | 2,652,346 | 2,893,724 |
| 1,253,045 | 1,183,681 | 1,264,135 | 1,567,514 | 1,524,897 | 1,630,020 | 1,734,025 |
| 698,173 | 714,188 | 896,488 | 863,656 | 830,538 | 841,705 | 1,076,971 |
| 1,951,218 | 1,897,869 | 2,160,623 | 2,431,170 | 2,355,435 | 2,471,725 | 2,810,996 |
| (74,715) | 58,997 | 52,677 | 68,722 | 77,523 | 180,621 | 82,728 |
| 2,584,667 | 2,569,109 | 2,593,092 | 2,761,019 | 2,898,650 | 3,016,267 | 3,065,984 |
| (2,659,382) | (2,510,112) | (2,540,415) | (2,692,297) | (2,821,127) | (2,835,646) | (2,983,256) |
| 2,028,074 | 2,017,013 | 2,043,302 | 2,338,967 | 2,371,463 | 2,639,481 | 2,570,657 |
| 286 | 3,387 | 974 | 3,745 | 17,954 | 2,161 | 1,311 |
| (1,109,013) | (964,113) | (573,533) | (827,143) | (840,390) | (771,821) | (738,945) |
| - | (8,329) | (147,664) | - | (73,185) | (44,885) | (84,270) |
| 48,289 | 6,903 | 22,081 | 5,375 | 21,263 | (2,395,710) | 154,774 |
| 967,636 | 1,054,861 | 1,345,160 | 1,520,944 | 1,497,105 | (570,774) | 1,903,527 |
| (1,691,746) | (1,455,251) | (1,195,255) | (1,171,353) | (1,324,022) | (3,406,420) | (1,079,729) |
| 217,112 | 943,219 | 1,280,204 | 1,474,356 | 1,727,674 | 2,100,818 | 2,717,177 |
| (1,474,634) | (512,032) | 84,949 | 303,003 | 403,652 | (1,305,602) | 1,637,448 |
| 22,516,034 | 21,862,166 | 19,753,708 | 22,491,023 | 21,698,665 | 18,717,283 | 16,889,510 |
| (280,767) | (138,931) | 2,054,476 | (391,890) | 804,120 | 2,479,900 | 5,945,121 |
| \$ 22,235,267 | \$ 21,723,235 | \$ 21,808,184 | \$ 22,099,133 | \$ 22,502,785 | \$ 21,197,183 | \$ 22,834,631 |

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

| | 2012 | 2013 | 2014 |
|---|--------------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from providing services | \$ 2,091,754 | \$ 2,162,181 | \$ 1,849,824 |
| Cash paid to employees for services | (784,733) | (766,300) | (731,571) |
| Cash paid to suppliers for goods and services | (1,345,746) | (1,469,899) | (1,170,505) |
| NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES | (38,725) | (74,018) | (52,252) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of property, plant and equipment | (4,789,419) | (1,238,629) | (1,348,143) |
| Acquisition of land subsequently donated (net) | - | - | - |
| Proceeds from capital grants | 1,755,598 | 623,029 | 799,762 |
| Change in grants receivable | - | - | - |
| Proceeds from property tax | 1,767,338 | 1,788,284 | 1,993,889 |
| Proceeds from sale of capital assets | - | 218,361 | 81,652 |
| Principal payments on debt | (1,154,007) | (959,134) | (972,729) |
| Proceeds of new borrowing | - | - | - |
| Deferred advanced refunding | - | - | - |
| Bond defeasance and issue costs paid | - | - | - |
| Interest paid on long-term debt | (1,190,236) | (1,131,523) | (1,099,052) |
| NET CASH PROVIDED (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES | (3,610,726) | (699,612) | (544,621) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received on deposits | 1,500 | 676 | 437 |
| NET INCREASE (DECREASE) IN CASH | (3,647,951) | (772,954) | (596,436) |
| CASH, beginning of year | 5,308,083 | 1,660,132 | 887,178 |
| CASH, end of year | \$ 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 | 2021 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 1,922,061 | \$ 1,868,694 | \$ 2,162,372 | \$ 2,621,123 | \$ 1,730,112 | \$ 3,109,625 | \$ 1,739,205 |
| (698,148) | (724,184) | (821,501) | (845,650) | (841,568) | (854,885) | (921,910) |
| (1,292,263) | (1,124,098) | (1,249,957) | (578,006) | (1,616,484) | (2,133,137) | (1,133,826) |
| (68,350) | 20,412 | 90,914 | 1,197,467 | (727,940) | 121,603 | (316,531) |
| (301,637) | (1,489,872) | (2,073,730) | (2,851,457) | (3,182,404) | (1,501,297) | (3,370,794) |
| - | - | - | - | - | (2,061,088) | - |
| 92,414 | 943,219 | 1,280,204 | 1,474,356 | 1,727,674 | 2,100,818 | 2,717,177 |
| - | (573,638) | 573,638 | - | - | - | - |
| 2,028,074 | 2,017,013 | 2,043,302 | 2,338,967 | 2,371,463 | 2,639,481 | 2,570,657 |
| 48,289 | 20,489 | 32,990 | 5,375 | 55,120 | - | 193,240 |
| (1,007,271) | (1,095,956) | (1,253,283) | (2,646,876) | (5,337,744) | (1,428,211) | (3,772,338) |
| 722,161 | 657,000 | 2,831,470 | - | 6,380,000 | 2,560,000 | 5,866,454 |
| - | - | (1,391,470) | - | - | - | - |
| (43,159) | (8,329) | (147,664) | - | (73,185) | (44,885) | (84,270) |
| (1,042,465) | (972,452) | (613,911) | (879,978) | (831,307) | (787,723) | (757,019) |
| 496,406 | (502,526) | 1,281,546 | (2,559,613) | 1,109,617 | 1,477,095 | 3,363,107 |
| 286 | 3,387 | 974 | 3,745 | 17,954 | 2,161 | 1,311 |
| 428,342 | (478,727) | 1,373,434 | (1,358,401) | 399,631 | 1,600,859 | 3,047,887 |
| 290,742 | 719,084 | 240,357 | 1,613,791 | 255,390 | 655,021 | 2,255,880 |
| \$ 719,084 | \$ 240,357 | \$ 1,613,791 | \$ 255,390 | \$ 655,021 | \$ 2,255,880 | \$ 5,303,767 |

SALINA AIRPORT AUTHORITY
CAPITAL EXPENDITURE HISTORY
Ten Years Ended December 31, 2021

| Fiscal Year | <u>Equipment</u> | <u>Building Additions</u> | <u>Land</u> | <u>Airfield</u> | <u>Construction in Progress</u> | <u>Total Capital Expenditures</u> |
|------------------------|-------------------------|--------------------------------------|--------------------|------------------------|--|--|
| 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 |
| 2021 | 931,013 | 485,934 | 46,198 | 128,021 | 1,779,630 | 3,370,796 |

Source: Salina Airport Authority Records

SALINA AIRPORT AUTHORITY
GENERAL OBLIGATION DEBT SERVICE COVERAGE
Ten Fiscal Years Ended December 31, 2021

| Fiscal Year | November Assessed Valuation | Motor Vehicle Valuation | Valuation Total | GO Bond Capacity of Valuation Total | General Obligation Debt | Revenue Bond Debt | Special Assessment Debt | Financing Leases / Other Loans Payable | GO Temporary Notes | Total Outstanding Debt (All Types) | Remaining GO Capacity | Percentage of Personal Income | Total Debt Per Capita |
|-------------|-----------------------------|-------------------------|-----------------|-------------------------------------|-------------------------|-------------------|-------------------------|--|--------------------|------------------------------------|-----------------------|-------------------------------|-----------------------|
| 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 | 1.10% | 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 | 1.04% | 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 | 0.98% | 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 | 0.90% | 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 | 0.80% | 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 | 0.83% | 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 | 0.82% | 437 |
| 2021 | 459,861,906 | 56,545,812 | 516,407,718 | 51,640,772 | 19,615,000 | - | - | 420,058 | 5,645,000 | 25,680,058 | 26,380,772 | 0.89% | 476 |

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 81 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, 2021

| <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> |
|--------------------|----------------------|-----------------------|----------------------------------|---------------------------------|------------------------------|------------------------|---------------------------------------|--------------|
| 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 |
| 2021 | 39.782 | 30.452 | 54.903 | 4.838 | 6.028 | 1.5 | 1.196 | 138.699 |

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

Source: Saline County Clerk

SALINA AIRPORT AUTHORITY
PRINCIPAL CUSTOMERS
Current and Ten Years Ago

| Company | 2021 | | | 2011 | | |
|---|---------------------|------|-------------------------------|---------------------|------|-------------------------------|
| | Income | Rank | Percentage of Total Income | Income | Rank | Percentage of Total Income |
| Kansas Erosion Products, LLC. | 354,515 | 1 | 11.24% | | | |
| Avflight Salina | 319,982 | 2 | 10.14% | | | |
| 1 Vision Aviation | 313,699 | 3 | 9.94% | | | |
| SFC Global Chain Supply | 166,567 | 4 | 5.28% | 107,179 | 7 | 4.65% |
| Stryten Salina, LLC | 127,240 | 5 | 4.03% | | | |
| Universal Forest Products (UFP) | 114,516 | 6 | 3.63% | | | |
| Kansas State University-Salina | 91,025 | 7 | 2.89% | 44,496 | 10 | 1.93% |
| NASA | 85,364 | 8 | 2.71% | | | |
| Durham School Service | 64,560 | 9 | 2.05% | | | |
| AGCO Corporation | 59,182 | 10 | 1.88% | | | |
| Kansas Military Board (RSMS, Salina, KS) | | | | 589,028 | 1 | 25.53% |
| Hawker Beechcraft Corp. | | | | 236,473 | 2 | 10.25% |
| Learjet Inc. | | | | 187,108 | 3 | 8.11% |
| CAV Aerospace, Inc. | | | | 168,756 | 4 | 7.32% |
| JRM Enterprises, Inc, d/b/a America Jet (formerly Moore's Midway Aviation) | | | | 156,849 | 5 | 6.80% |
| Flower Aviation | | | | 141,709 | 6 | 6.14% |
| Two Rivers Vending | | | | 53,210 | 8 | 2.31% |
| Canadian Royal Air Force | | | | 51,109 | 9 | 2.22% |
| | <u>\$ 1,696,650</u> | | <u>53.79%</u> | <u>\$ 1,735,917</u> | | <u>75.26%</u> |

Source: Salina Airport Authority Records

SALINA AIRPORT AUTHORITY
MILL LEVY REVENUE
Ten Years Ended December 31, 2021

| Fiscal Year | Mil Levy Revenue |
|--------------------|-----------------------------|
| 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 |
| 2021 | 2,570,657 |

Source: Salina Airport Authority Records

SALINA AIRPORT AUTHORITY
AIR TRAFFIC, FUEL FLOWAGE AND ENPLANEMENT TRENDS
Ten Years Ended December 31, 2021

| Fiscal Year | Air Traffic Operations | Fuel Flowage Gallons | Passenger Enplanements | | |
|-------------------|---------------------------|-------------------------|--------------------------|------------------------------|-----------------------|
| | | | Scheduled Air Carrier | Non-Scheduled Air Carrier | Total Enplanements |
| 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 |
| 2020 | 60,448 | 2,295,009 | 6,331 | 4,230 | 10,561 |
| ¹ 2021 | 80,970 | 2,096,198 | 18,353 | 1,227 | 19,580 |

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 Ten Years Prior

| Employer | 2021 | | | 2011 | | |
|------------------------------------|--------------|------|---|--------------|------|---|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Salina Regional Health Center | 1,800 | 1 | 6.0% | 1,300 | 3 | 3.8% |
| Unified School District No. 305 | 1,500 | 2 | 5.0% | 1,659 | 2 | 4.8% |
| Schwan's Global Supply Chain, Inc. | 1,200 | 3 | 4.0% | 1,800 | 1 | 5.2% |
| Great Plains Manufacturing | 1,175 | 4 | 4.0% | 250 | 10 | 0.7% |
| Stryten Manufacturing | 800 | 5 | 2.7% | 750 | 4 | 2.2% |
| City of Salina | 425 | 6 | 1.4% | 465 | 6 | 1.3% |
| Salina Vortex | 385 | 7 | 1.3% | | | |
| Wal-Mart | 250 | 8 | 0.08% | 421 | 7 | 1.2% |
| Blue Beacon International | 230 | 9 | 0.08% | | | |
| Advance Auto Parts Distribution | 190 | 10 | 0.06% | | | |
| Dillons Stores | | | | 343 | 8 | 1.0% |
| Philips Lighting Company | | | | 490 | 5 | 1.4% |
| Solomon Corporation | | | | 324 | 9 | 0.9% |
| Total | 7,955 | | 24.6% | 7,802 | | 22.5% |

Source: Salina Area Chamber of Commerce

SALINA REGIONAL AIRPORT AND SALINA AIRPORT INDUSTRIAL CENTER

Airport/Industrial Center Information

As of December 31, 2021

| | | | |
|---|---|------------------|------------------|
| Airport Code | SLN | | |
| Location: | 3 miles Southwest of City of Salina | | |
| Elevation | 1,288 ft. | | |
| Tower: | Midwest ATC 0700 - 2300 -365 | | |
| FBO: | AVFlight | | |
| | | 2011 | 2021 |
| 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 | 7 | 6 |
| | Operations | 10 | 9 |
| | Total Airport Authority Employees | 17 | 15 |

Source: Salina Airport Authority Records

SALINA AIRPORT AUTHORITY
SALINE COUNTY DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

| <u>Year</u> | <u>Population¹</u> | <u>Per Capita Personal Income²</u> | <u>Total Personal Income²</u> | <u>Median Age³</u> | <u>Unemployment Rate⁴</u> | <u>K-12 Graduation Rate⁵</u> | <u>K-12 Enrollment⁵</u> |
|-------------|-------------------------------|---|--|-----------------------------------|--|---|--|
| 2012 | 55,988 | 41,070 | 2,287,072,000 | 38.3 | 5.9% | 89.4% | 9,201 |
| 2013 | 55,740 | 43,078 | 2,310,899,000 | 37.4 | 5.2% | 87.7% | 9,197 |
| 2014 | 55,755 | 43,552 | 2,366,034,000 | 36.5 | 4.3% | 86.8% | 8,895 |
| 2015 | 55,691 | 44,310 | 2,448,164,000 | 37.7 | 4.2% | 87.1% | 9,196 |
| 2016 | 55,142 | 46,020 | 2,498,485,000 | 37.6 | 3.7% | 88.5% | 9,114 |
| 2017 | 54,734 | 47,945 | 2,597,328,000 | 37.6 | 3.2% | 84.4% | 8,992 |
| 2018 | 54,401 | 47,945 | 2,674,141,000 | 37.9 | 3.1% | 85.5% | 8,975 |
| 2019 | 54,224 | 49,983 | 2,712,384,000 | 38.4 | 3.0% | 87.2% | 8,527 |
| 2020 | 53,926 | 53,320 | 2,875,330,000 | 38.4 | 6.7% | 92.9% | 8,167 |
| 2021 | 55,691 | n/a | n/a | 38.6 | 3.8% | n/a | 8,172 |

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

2021 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 |
| Menard Inc. | Home Improvement 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 | | \$48,249,055 | 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

SALINA AIRPORT AUTHORITY

Single Audit Information

**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, 2021, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2022.

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 or significant deficiencies 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

June 30, 2022

**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

Opinion on Each Major Federal Program

We have audited **Salina Airport Authority's** compliance with the types of compliance requirements identified as subject to audit 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, 2021. **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.

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, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **Salina Airport Authority** and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Salina Airport Authority's** compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to **Salina Airport Authority's** federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on **Salina Airport Authority's** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Salina Airport Authority's** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **Salina Airport Authority's** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **Salina Airport Authority's** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 **Salina Airport Authority's** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies

in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

June 30, 2022

SALINA AIRPORT AUTHORITY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

| 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 | 3-20-0072-042-2021 | \$ - | 449,216 |
| COVID-19 Funding | | | | |
| Airport Improvement Program | 20.106 | 3-20-0072-041-2020 | - | 183,670 |
| Airport Improvement Program | 20.106 | 3-20-0072-043-2021 | - | 1,005,467 |
| Airport Improvement Program | 20.106 | 3-20-0072-045-2021 | - | 1,003,715 |
| Total U.S. Department of Transportation | | | - | 2,642,068 |
| U.S. Department of Homeland Security | | | | |
| Direct Funding | | | | |
| Disaster Grants-Public Assistance (Presidentially Declared Disasters) | 97.036 | FEMA-4449-DR-KS | - | 74,258 |
| Total Expenditures of Federal Awards | | | \$ - | 2,716,326 |

SALINA AIRPORT AUTHORITY
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

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, 2021.

SALINA AIRPORT AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

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, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted in current year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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



Chairman
Kent Buer

Vice Chair
Tod Roberg

Secretary
Alan Eichelberger

Treasurer
Stephanie Carlin

Past Chairman
Kristin Gunn

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

Dir. of Administration & Finance Michelle R. Swanson, C.M. Dir. of Facilities & Construction Maynard Cunningham

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

Summary Schedule of Prior Audit Findings For the Year Ended December 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters noted for the year ended December 31, 2020.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

***SALINA* Airport** *Authority*

Salina Regional
***SLN* Airport**

***SALINA* Airport**
Industrial Center

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