



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**SALINA AIRPORT AUTHORITY**

**A Component Unit of the**

**City of Salina, Kansas**

**For the Fiscal Years Ended December 31, 2022 and 2021**

Prepared by the Management  
of the

Salina Airport Authority

[www.salinaairport.com](http://www.salinaairport.com)

CUSIP #794760XXX

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

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

**For the Fiscal Years Ended December 31, 2022 and 2021**



**SALINA AIRPORT AUTHORITY  
TABLE OF CONTENTS**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
For the Fiscal Years Ended December 31, 2022 and 2021**

**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
<b>Basic Financial Statements</b>	
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.....	27-52

**Required Supplemental Information**

Schedule of Employer's Proportionate Share of the Net Pension Liability...	53
Schedule of Employer Contributions.....	54
Schedule of Changes in Death and Disability Total OPEB Liability and Related Ratios.....	55

**Supplemental Information**

Schedules of Revenues, Expenses and Changes in Net Position.....	56-58
Capital Expenditures .....	59
Taxable General Obligation Bonds – Series 2015-A.....	60
Taxable General Obligation Bonds – Series 2017-A.....	61
Taxable General Obligation Bonds – Series 2017-B.....	62
General Obligation Bonds – Series 2019-A.....	63
Taxable General Obligation Bonds – Series 2019-B.....	64
General Obligation Bond Temporary Notes – Series 2020-1 .....	65
Taxable General Obligation Bonds – Series 2021-A.....	66
General Obligation Bond Temporary Notes – Series 2021-1 .....	67

General Obligation Bond Temporary Notes – Series 2022-1 .....	68
Taxable Lease Purchase Agreement – 2020 .....	69
Insurance in Force .....	70

## STATISTICAL SECTION

<b>Statistical Table of Contents .....</b>	<b>71</b>
Total Annual Revenues, Expenses and Changes in Net Position History .....	72-73
Changes in Cash and Cash Equivalents History .....	74-75
Capital Expenditure History .....	76
General Obligation Debt Service Coverage.....	77
Local Government Mill Levy Rates, Direct and Overlapping.....	78
Principal Customers .....	79
Mill Levy Revenue .....	80
Air Traffic, Fuel Flowage, and Enplanement Trends .....	81
Principal Employers.....	82
Airport/Industrial Center Information.....	83
Saline County Demographic and Economic Statistics.....	84
Saline County Largest Taxpayers and Tax Collection Statistics .....	85

## 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> .....	86-87
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	88-90
Schedule of Expenditures of Federal Awards.....	91
Notes to Schedule of Expenditures of Federal Awards .....	92
Schedule of Findings and Questioned Costs.....	93-94
Summary Schedule of Prior Audit Findings.....	95





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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

June 30, 2023

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

To the Board of Directors of the Salina Airport Authority:

The Annual Comprehensive Financial Report of the Salina Airport Authority (the "Authority") for the fiscal years ended December 31, 2022, and 2021, 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 2022 Annual Comprehensive 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 Annual Comprehensive 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 to over 120 businesses and organizations as of December 31, 2022. Over 75 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. During 2021 the Saline County GDP grew by \$341 million which was a 12.4% increase as compared to 2020.

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 an 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 for 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 Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

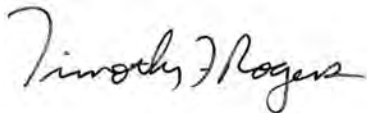
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## 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, 2021

Executive Director/CEO

**SALINA AIRPORT AUTHORITY**

**PRINCIPAL OFFICERS AS OF DECEMBER 31, 2022**

**BOARD OF DIRECTORS**



Kent Buer  
Chairman



Tod Roberg  
Vice-Chairman



Alan Eichelberger  
Secretary



Stephanie Carlin  
Treasurer



Kristin Gunn  
Past Chair

**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, 2022**



**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*



**Zach Will**  
*Mx/Ops/ARFF Technician*



**Tim Claassen**  
*Mx/Ops/ARFF Technician*



**Lyle Fleming**  
*Mx/Ops/ARFF Technician*



**Andrew Hodge**  
*ARFF/Ops Officer*



**Zach Turner**  
*ARFF/Ops Specialist*



**Jett Moyer**  
*ARFF/Ops Specialist*



**Matthew Kuffler**  
*ARFF/Ops Specialist*

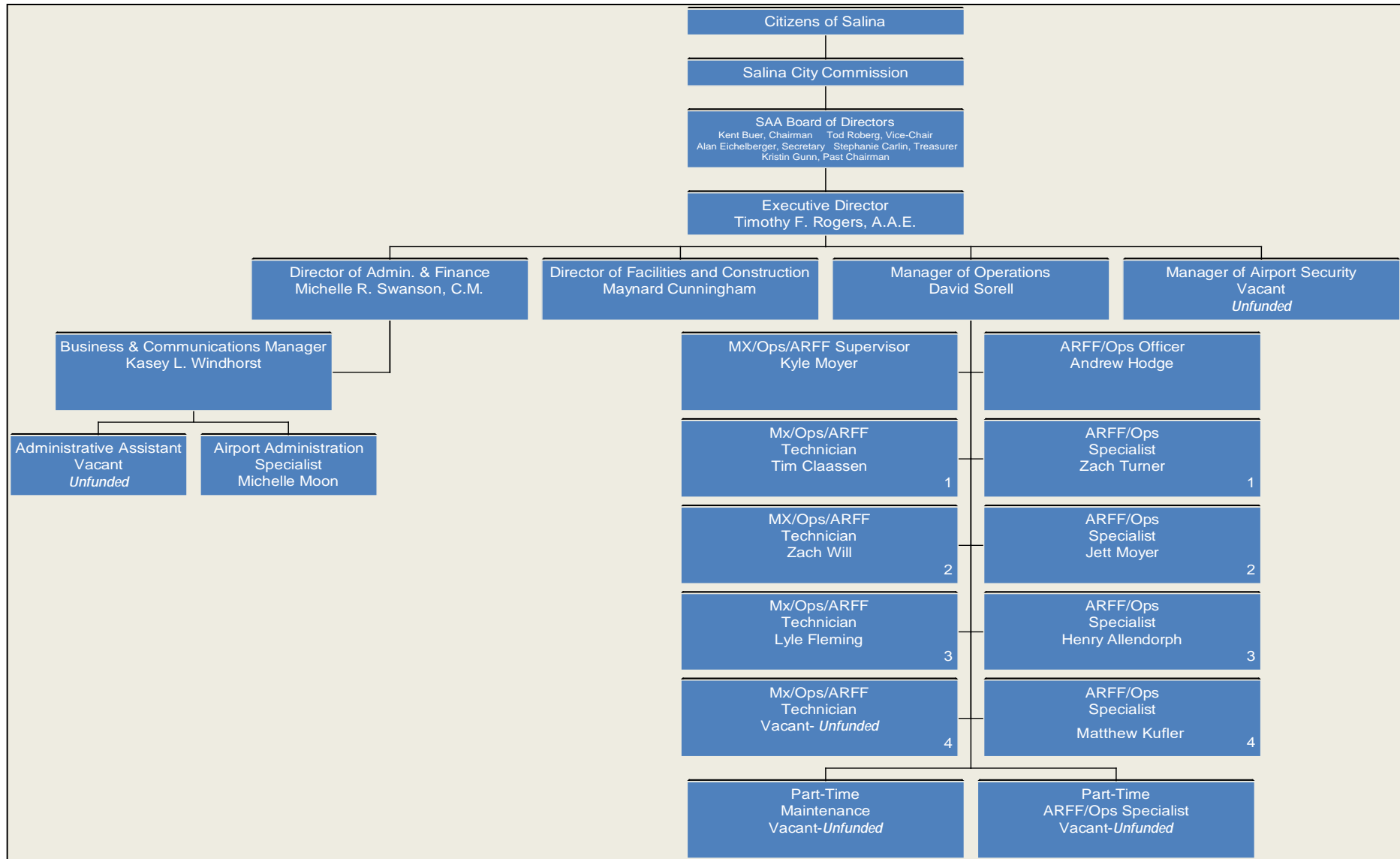


**Henry Allendorph**  
*ARFF/Ops Specialist*



# SALINA Airport Authority

December 31, 2022



# SALINA Airport Authority



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Salina Airport Authority**  
Salina, Kansas

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the business-type activities of **Salina Airport Authority**, a component unit of the City of Salina, Kansas, as of and for the years ended December 31, 2022 and 2021, 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 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, 2022 and 2021, 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.

#### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the **Salina Airport Authority's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



**ADAMSBROWN, LLC**  
Certified Public Accountants  
Great Bend, Kansas

June 30, 2023

## 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, 2022.

The Salina Air Traffic Control Tower (ATCT) ended 2022 having handled 68,262 aircraft operations. This represented a 15.7% decrease in total aircraft operations over the prior year which had seen a significant increase of 34% from 2020 and a 21% YOY decrease from 2019. The double-digit swings over the last three years are primarily due to the COVID-19 pandemic. Like other airports across the country, air traffic was significantly hampered in 2020 due to the 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% in 2021 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. During 2022, the air traffic's decrease was a return to more stable, pre-pandemic levels. Salina's air traffic mix and 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. At the end of 2022, Salina remained at the top of this list for fuel and slid to the second place slot for operations. Salina's 2022 ATCT's national ranking for airport operations is 111 out of 262 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 2022, world-class Fixed Based Operator (FBO), Avflight Corporation, completed its ninth 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 13.12% YOY decrease in 2022 was primarily due to the significant fuel sales because of hosting Jaded Thunder in 2022 and the more than a dozen other military and civilian exercises and missions SLN hosted. The Airport's ability to host numerous activities supporting a wide range of organizations including NASA, NOAA, civilian aircraft flight test centers in addition to the military, results in substantial fuel delivered to the numerous aircraft involved with the operations. During 2020, despite COVID-19, Avflight still delivered 2.3 million gallons, representing only a .72% increase over the 2019. Since Avflight's 2014 takeover of the fueling operation at SLN, fuel sales have seen 4 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 June 30, 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 1<sup>st</sup> 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.

In March of 2022, SkyWest notified the DOT of their intent to terminate service at Salina along with 29 other EAS communities. Shortly thereafter, on June 24, SkyWest withdrew their notice to terminate at Salina. Despite several schedule changes due to the pilot shortage and the uncertainty surrounding the airline's commitment to Salina, Salina air service enplanements continued a positive trend throughout 2022 resulting in a 9.15% increase in passenger enplanements over 2021.

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

	2022	2021	2020
Enplanements - Scheduled Air Carrier & Charter Flights	21,183	19,407	10,561
% increase / (decrease)	9.15%	83.76%	-50.16%
Aircraft Operations - All Categories	68,262	80,970	60,448
% increase / (decrease)	-15.69%	33.95%	-21.04%
Fuel Flowage - (gallons delivered)	2,371,173	2,096,198	2,295,009
% increase / (decrease)	13.12%	-8.66%	0.72%

## 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 2022, building and land rents equaled \$1,689,045 or 58.4% of operating revenue. At the end of 2022, the Authority had an occupancy rate of 89% in its building inventory, up from 82% at the end of 2021. 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 transitioning out of the COVID-19 pandemic, the financial condition of the Authority improved during 2021 and 2022. 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 2022 reaching a historic annual high of over \$3 million.

## SUMMARY OF OPERATIONS HIGHLIGHTS

Significant items affecting the Summary of Operations and Changes in Net Position for 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Operating revenues	\$ 3,118,576	\$ 2,833,667	\$ 2,652,346
Operating expenses	(3,136,163)	(2,810,996)	(2,471,725)
Excess (Deficit) of revenues over expenses before depreciation	(17,587)	22,671	180,621
Depreciation	(3,472,824)	(3,065,984)	(3,016,267)
Loss before non-operating revenues and expenses	(3,490,411)	(3,043,313)	(2,835,646)
Non-operating revenues and (expenses), net	1,885,570	2,013,449	(570,774)
Loss before capital contributions	(1,604,841)	(1,029,864)	(3,406,420)
Capital contributions	5,292,019	2,717,177	2,100,818
Net position			
Increase (decrease) in net position	3,687,178	1,687,313	(1,305,602)
Total net position, beginning of year as Stated	22,921,866	21,197,183	22,502,785
Prior Period Restatement	-	37,370	-
Net position, Beginning of Year, As Restated	22,921,866	21,234,553	22,502,785
Total net position, end of period	\$ 26,609,044	\$ 22,921,866	\$ 21,197,183



- Operating revenues have increased in recent years due to new tenants and releasing properties and diversifying the tenant base as mentioned previously, with 2022 and 2021 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 increased by over 18% in 2022. During 2022, the Airport hosted multiple military training exercises including “Jaded-Thunder 22.2” and “Gunslinger 22.1” that fueled the double-digit year over year increase. Previously fuel significantly peaked 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 18.8% in 2022 and 13.7% in 2021 after a 4.9% YOY increase in 2020. 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 through 2022, the Authority was able to expend dollars on deferred airfield, building and equipment maintenance.

The 2022 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’ requests continued with 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. After exiting the pandemic, travel and meetings were resumed to nearly pre-pandemic levels.
- Depreciation expense increased due to very capital-intensive years with exceeding \$3 million in 2021 and \$11.2 million in 2022.
- Capital grants and contributions during 2022 and 2021 totaled \$5,447,345 and \$2,717,177 respectively, with the significant projects including the rehabilitation of the Authority’s primary Runway 17/35. \$1.2 million in 2021 and \$75,272 in 2022 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 Airport facilities.

- Ad-valorem tax revenue (mill levy) received by the Authority as a local taxing entity decreased 5.4% from 2021 to 2022 after a decrease of 2.6% from 2020 to 2021. The decreases were 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, however increased by \$7,072 from 2021 to 2022 due to changes in market conditions.

## FINANCIAL POSITION SUMMARY

The Statement of Net Position depicts 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 \$26,609,044 at the close of 2022, a \$3.69 million increase from December 31, 2021, as a result of over \$5.4 million in 2022 capital contributions.

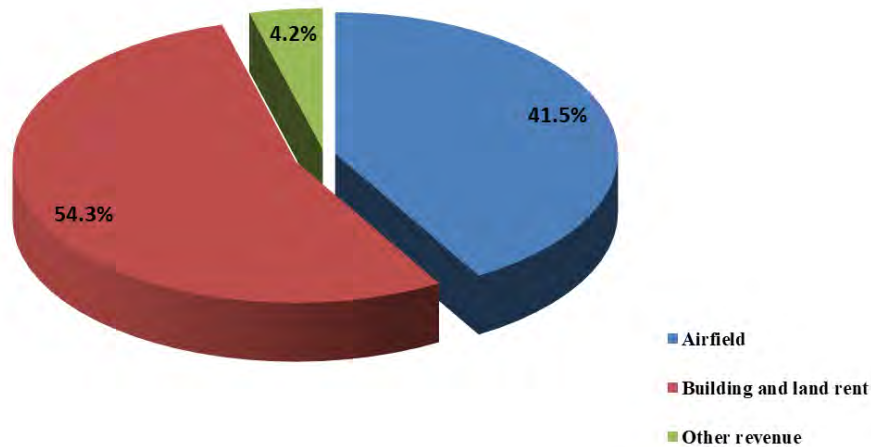
The Authority's net position reflects its heavy investment in capital assets including land, buildings, airfield infrastructure and machinery and equipment, less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide services to citizens; 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 on December 31st for the previous three years is shown on the following page.

	2022	2021	2020
<b>ASSETS</b>			
Current and other assets	\$ 4,891,685	\$ 7,823,760	\$ 2,662,550
Capital assets	51,373,164	45,858,523	42,261,174
Total Assets	<u>56,264,849</u>	<u>53,682,283</u>	<u>44,923,724</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,147,779</u>	<u>1,085,654</u>	<u>1,232,712</u>
<b>LIABILITIES</b>			
Long-term debt outstanding	\$ 16,532,831	\$ 23,927,207	\$ 19,771,494
Other liabilities	10,648,966	3,488,150	5,121,333
Total Liabilities	<u>27,181,797</u>	<u>27,415,357</u>	<u>24,892,827</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,621,787</u>	<u>4,430,714</u>	<u>66,426</u>
<b>NET POSITION</b>			
Net investment in capital assets	24,694,502	20,063,412	18,717,283
Unrestricted	<u>1,914,542</u>	<u>2,858,454</u>	<u>2,479,900</u>
Net Position	<u>\$ 26,609,044</u>	<u>\$ 22,921,866</u>	<u>\$ 21,197,183</u>

## REVENUES

The following chart shows the major sources and the percentage of total operating revenues for the year ended December 31, 2022:

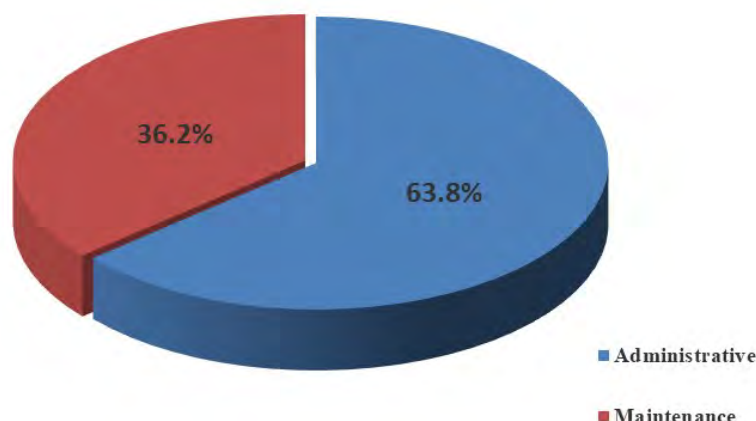


A summary of revenues for the past three years is shown below. Total revenue increased by less than 1% from 2021 to 2022 and 7.11% increase from 2020 to 2021, following an increase of 9.3% or \$450,350 from 2019 to 2020. 2022 set another ten-year high in operating revenue with the Airport generating over \$3.1 million. 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.

	2022	2021	2020
Operating Revenue:			
Airfield	\$ 1,295,416	\$ 1,077,955	\$ 941,238
Building and land rent	1,692,642	1,634,639	1,543,756
Other revenue	130,518	121,073	167,352
Total Operating	<u>3,118,576</u>	<u>2,833,667</u>	<u>2,652,346</u>
Non-Operating Income:			
Mill levy	2,431,667	2,570,657	2,639,481
Interest income	8,383	1,311	2,161
Interest income - leases	105,299	109,922	
Gain on sale of assets	60,778	154,774	-
Total Non-Operating	<u>2,606,127</u>	<u>2,836,664</u>	<u>2,641,642</u>
TOTAL REVENUE	<u>\$ 5,724,703</u>	<u>\$ 5,670,331</u>	<u>\$ 5,293,988</u>

## EXPENSES

The following chart shows the major expense categories and the percentage of total operating expenses for the year ended December 31, 2022:



A summary of expenses for the past three years is shown below. Total operating expenses increased 11.6% in 2022 and 13.7% in 2021 following a 4.9% increase over the prior year in 2020. 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. Over the last three years, the Authority has focused on completing deferred maintenance projects including fire suppression system testing and preventative maintenance in several large bay aircraft hangars.

	2022	2021	2020
Operating Expenses			
Administrative	\$ 1,999,924	\$ 1,734,025	\$ 1,630,020
Maintenance	1,136,239	1,076,971	841,705
Total Operating	<u>3,136,163</u>	<u>2,810,996</u>	<u>2,471,725</u>
Non-Operating Expenses			
Interest Expense	708,917	738,945	771,821
Bond Issue Costs	11,640	84,270	44,885
Loss on Sale of Assets	-	-	2,395,710
Total Non-Operating	<u>720,557</u>	<u>823,215</u>	<u>3,212,416</u>
TOTAL EXPENSES	<u>\$ 3,856,720</u>	<u>\$ 3,634,211</u>	<u>\$ 5,684,141</u>

## CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Capital grants and contributions during 2022 totaled \$5,447,345 which included funding through the Federal Aviation Administration's Airport Improvement Program to provide 100% grant funding for the Authority's construction of the rehabilitation of the south 7,500' of Airport's primary runway. Through the state's Kansas Airport Improvement Program (KAIP), the Authority secured \$1,298,279 in funding for the rehabilitation of the north 4,800' of the primary runway. Also included in the above was \$75,272 in COVID relief funding that allowed the Authority to purchase needed airfield equipment to assist in the maintenance and operations of the airfield and commercial service Terminal Building. Lastly, the Authority received FEMA funding to assist in repairs to Airport facilities that were damaged in the December 2021 windstorm.

The Authority acquired \$9,327,168 in capital assets during 2022. Airfield improvements exceeded \$6.5 million including the rehabilitation of the Airport's primary runway and the upgrade to LED airfield lighting. Within the Airport Industrial Center, the Authority invested \$2 million in the rehabilitation of a 20,000 sq. ft. warehouse. Additional information on the Authority's capital assets can be found in Note III (F) 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.

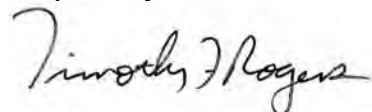
## DEBT ADMINISTRATION

The outstanding long-term debt of the Authority was \$16,532,831 net of unamortized bond discounts at and current maturities at December 31, 2022. 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 (G) 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, 2022 and December 31, 2021

<u>ASSETS AND DEFERED OUTFLOWS OF RESOURCES</u>	December 31	
	2022	2021
<b>CURRENT ASSETS</b>		
Cash	\$ 3,588,407	\$ 5,303,767
Accounts Receivable, Net of Allowance for Uncollectibles	594,360	1,545,489
Leases Receivable	682,175	947,692
Interest Receivable - Leases	7,997	9,747
Prepaid Expenses	18,746	17,065
Total Current Assets	4,891,685	7,823,760
<b>NON-CURRENT ASSETS</b>		
Capital Assets		
Land	9,920,765	9,920,765
Buildings, Improvements and Equipment, Net of Depreciation	37,967,015	30,621,531
Construction in Progress	475,414	1,985,221
Leases Receivable	3,009,970	3,331,006
Total Non-Current Assets	51,373,164	45,858,523
<b>TOTAL ASSETS</b>	56,264,849	53,682,283
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred KPERS Pension Funds	381,567	197,575
Deferred KPERS OPEB	5,788	803
Deferred Advanced Refunding	760,424	887,276
Total Deferred Outflows of Resources	1,147,779	1,085,654
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 57,412,628</u>	<u>\$ 54,767,937</u>

SALINA AIRPORT AUTHORITY  
STATEMENTS OF NET POSITION  
December 31, 2022 and December 31, 2021  
(continued)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	December 31	
	2022	2021
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 697,635	\$ 769,715
Accrued Property Tax	61,614	54,005
Accrued Special Assessments	-	1,282
Unearned Rental and Marketing Income	160,482	90,478
Accrued Interest	194,893	193,171
Current Portion of Compensated Absences	58,021	53,228
Current Maturities of Long-Term Debt	8,397,157	1,710,800
Total Current Liabilities	9,569,802	2,872,679
<b>NON-CURRENT LIABILITIES</b>		
Bonds and Notes Payable and Lease Purchase Agreement, Less Current Maturities	16,532,831	23,927,207
Net Pension Liability	942,015	509,789
Net OPEB Liability	9,003	13,911
Security Deposits Returnable	128,146	91,771
Total Non-Current Liabilities	17,611,995	24,542,678
Total Liabilities	27,181,797	27,415,357
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred KPERs Pension Funds	24,205	218,778
Deferred KPERs OPEB	17,499	10,726
Deferred Leases	3,580,083	4,201,210
Total Deferred Inflows of Resources	3,621,787	4,430,714
<b>NET POSITION</b>		
Net Investment in Capital Assets	24,694,502	20,063,412
Unrestricted	1,914,542	2,858,454
Net Position	26,609,044	22,921,866
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 57,412,628</u>	<u>\$ 54,767,937</u>

SALINA AIRPORT AUTHORITY  
 STATEMENTS OF REVENUES, EXPENSES and CHANGES IN NET POSITION  
 For the Years Ended December 31, 2022 and December 31, 2021

	January 1 to December 31 2022	2021
Operating Revenues		
Airfield	\$ 1,295,416	\$ 1,077,955
Building and Land Rent	1,692,642	1,634,639
Other Revenue	130,518	121,073
Total Operating Revenues	<u>3,118,576</u>	<u>2,833,667</u>
Operating Expenses		
Administrative	1,999,924	1,734,025
Maintenance	1,136,239	1,076,971
Total Operating Expenses	<u>3,136,163</u>	<u>2,810,996</u>
Revenues Over (Under) Expenses Before Depreciation	(17,587)	22,671
Depreciation	<u>(3,472,824)</u>	<u>(3,065,984)</u>
Operating Loss Before Non-Operating Revenues and Expenses	<u>(3,490,411)</u>	<u>(3,043,313)</u>
Non-Operating Revenues and (Expenses)		
Mill levy	2,431,667	2,570,657
Interest on Investments	8,383	1,311
Interest Income - Leases	105,299	109,922
Interest Expense	(708,917)	(738,945)
Bond Issuance Costs	(11,640)	(84,270)
Gain on Sale of Assets	60,778	154,774
Net Non-Operating Revenues and (Expenses)	<u>1,885,570</u>	<u>2,013,449</u>
Loss Before Capital Contributions and Extraordinary Item	(1,604,841)	(1,029,864)
Capital Contributions	5,447,345	2,717,177
Wind Damage Repairs	<u>(155,326)</u>	<u>-</u>
Net Position		
Increase in Net Position	<u>3,687,178</u>	<u>1,687,313</u>
Net Position, Beginning of Year, As Stated	22,921,866	21,197,183
Prior Period Restatement	-	37,370
Net Position, Beginning of Year, As Restated	<u>22,921,866</u>	<u>21,234,553</u>
Net Position, End of Year	<u>\$ 26,609,044</u>	<u>\$ 22,921,866</u>



SALINA AIRPORT AUTHORITY  
STATEMENTS OF CASH FLOWS  
(DIRECT METHOD)

For the Years Ended December 31, 2022 and December 31, 2021

	January 1 to December 31 2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Providing Services	\$ 4,036,881	\$ 1,629,283
Cash Paid to Employees for Services	(1,004,205)	(921,910)
Cash Paid to Suppliers for Goods and Services	(1,910,827)	(1,133,826)
Net Cash Provided (Used) by Operating Activities	<u>1,121,849</u>	<u>(426,453)</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and Construction of Property, Plant and Equipment	(9,327,168)	(3,370,794)
Proceeds from Capital Grants	5,447,345	2,717,177
Proceeds from Property Tax	2,431,667	2,570,657
Proceeds from Sale of Capital Assets	79,445	193,240
Principal Payments on Debt	(1,708,019)	(3,772,338)
Proceeds of New Borrowing	1,000,000	5,866,454
Wind Damage Repairs	(155,326)	-
Interest Received on Lease Receivable	105,299	109,922
Bond Issuance Costs	(11,640)	(84,271)
Interest Paid on Long-Term Debt	<u>(707,195)</u>	<u>(757,018)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,845,592)</u>	<u>3,473,029</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Deposits	<u>8,383</u>	<u>1,311</u>
<b>CHANGE IN CASH</b>	<u>(1,715,360)</u>	<u>3,047,887</u>
<b>CASH BALANCE - January 1</b>	<u>5,303,767</u>	<u>2,255,880</u>
<b>CASH BALANCE - December 31</b>	<u><u>\$ 3,588,407</u></u>	<u><u>\$ 5,303,767</u></u>

SALINA AIRPORT AUTHORITY  
STATEMENTS OF CASH FLOWS  
(DIRECT METHOD)

(continued)

For the Years Ended December 31, 2022 and December 31, 2021

RECONCILIATION OF OPERATING LOSS TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES

	January 1 to December 31 2022	2021
OPERATING LOSS	<u>\$ (3,490,411)</u>	<u>\$ (3,043,313)</u>
ADJUSTMENTS RECONCILING OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation	3,472,824	3,065,984
Decrease (Increase) in Operating Assets		
Accounts Receivable	951,129	(1,154,519)
Leases Receivable	586,553	(407,332)
Interest Receivable - Leases	1,750	(477)
Prepaid Expenses	(1,681)	(1,365)
Change in Deferred Outflows of Resources	(62,125)	147,059
Increase (Decrease) in Operating Liabilities		
Accounts Payable (Operations)	(72,080)	644,075
Accrued Property Tax and Special Assessments	6,327	13,846
Current Portion of Compensated Absences	4,793	1,429
Unearned Rental Income	70,004	(14,750)
Security Deposits	36,375	7,782
Net Pension Liability	427,318	(205,894)
Deferred KPERS Pension Funds	(194,573)	160,313
Deferred KPERS OPEB	6,773	2,765
Deferred Leases	(621,127)	357,944
Total Adjustments	<u>4,612,260</u>	<u>2,616,860</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,121,849</u>	<u>\$ (426,453)</u>

**SALINA AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**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. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) -most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The adoption of this statement had no effect on previously reported amounts.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The adoption of this statement did not have a material impact on the financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the term "annual comprehensive financial report" and its acronym "ACFR". That new term and acronym replace instances of "comprehensive annual financial report" and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable

racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

GASB issued Statement No. 99, *Omnibus 2022*, provides clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, information on disclosures related to nonmonetary transactions, and updates to terminology related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement has been partially adopted as only paragraphs 26-32 were effective for the current year. All the applicable changes have been made to the financial statements.

## 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. 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 issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024.
- GASB Statement No. 101, *Compensated Absences*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024.

## 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.

**Leases Receivable.** The Authority is the lessor under numerous lease agreements. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial

statements. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### 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 assets 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 assets 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 leasing activities, pensions, OPEB, which are described further in Note III C, Note III D, Note III E, Note IV A, and Note IV G, respectively.

## 9. Net Position

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

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

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

### B. Depository Security (KSA 9-1402)

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



**C. Non-discrimination Provisions (KSA 44-1030)**

The Authority entered into a construction contract that did not contain the mandatory non-discrimination provisions. This is in violation of KSA 44-1030.

**III. DETAILED NOTES****A. Deposits**

As of December 31, 2022 and 2021, the Authority had cash and cash equivalents as listed below:

	<u>2022</u>	<u>2021</u>
Gross Cash Balances		
Cash	\$ 3,588,407	\$ 5,253,946
Less: Deposits in Transit and Petty Cash	(2,955)	(3,299)
Add: Uncleared Checks	<u>29,019</u>	<u>72,135</u>
Bank Balance	3,614,471	5,322,782
Less: FDIC Coverage	<u>525,757</u>	<u>525,745</u>
Balances Securable by Collateral	<u>\$ 3,088,714</u>	<u>\$ 4,797,037</u>
Security Provided by Depositories	<u>\$ 3,954,912</u>	<u>\$ 6,314,632</u>

The Authority had the following investments and maturities:

<u>Year</u>	<u>Investment Type</u>	<u>Fair Value</u>	<b>Maturities</b>	<u>Rating U.S.</u>
			<b>Less than 1</b>	
			<u>Year</u>	
2022	Kansas Municipal Investment Pool	\$ -	\$ -	AAAf/S1+
2021	Kansas Municipal Investment Pool	\$ 49,821	\$ 49,821	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. Accounts Receivable**

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

	<u>2022</u>	<u>2021</u>
Receivables		
Accounts	\$ 91,730	\$ 94,058
Grants	504,130	1,452,931
Less: Allowance for Uncollectibles	<u>(1,500)</u>	<u>(1,500)</u>
<b>Total</b>	<u><u>\$ 594,360</u></u>	<u><u>\$ 1,545,489</u></u>

### C. Lease Receivables

The Authority leases terminal space, buildings, land, and airfield space on both a fixed and contingent rental (percent of revenue) to various third parties who use the space to conduct their operations on the Airport grounds, the terms of which expire 2023 through 2061. Payments for most of the leases increase periodically based on reappraisals or a defined formula. The formulas that utilize the Consumer Price Index (Index), are based upon the index at lease commencement.

Revenue recognized under lease contracts during the years ended December 31, 2022 and 2021, was \$1,131,447 and \$1,032,919, respectively, which includes both lease revenue and interest. The Authority recognized lease revenue of \$1,026,148 and \$922,997 for the years ended December 31, 2022 and 2021, respectively, for variable payments not previously included in the measurement of the lease receivable.

The following is a schedule by year of minimum payments to be received under the Authority's leases that are included in the measurement of the lease receivable as of December 31, 2022:

Year	Principal	Interest	Total
2023	\$ 682,175	84,748	766,923
2024	375,011	72,277	447,288
2025	288,174	63,192	351,366
2026	232,630	56,654	289,284
2027	219,786	50,746	270,532
2028-2032	894,030	179,267	1,073,297
2033-2037	478,507	93,821	572,328
2038-2042	334,434	40,300	374,734
2043-2047	79,868	18,531	98,399
2048-2052	33,749	12,495	46,244
2053-2057	38,729	7,504	46,233
2058-2061	35,052	1,925	36,977
<b>Total</b>	<b>\$ 3,692,145</b>	<b>681,460</b>	<b>4,373,605</b>

### D. Regulated Leases

The Authority leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB Statement No. 87 and therefore, are only subject to the disclosure requirements. The terms of the regulated leases expire 2023 through 2061. Payments for most of the leases increase periodically based on a defined formula. Rates and fees charged by the Authority for the use of its facilities are required by terms of individual leases to be sufficient to cover operating expenses, debt service and general obligation debt but not depreciation and amortization. The Authority leases certain equipment and property to air carriers and other aeronautical users where lease payments are based on usage. The usage-based payments are not included in the future minimum payments below because they are not fixed in substance. The majority of the leases allow the lessee the

exclusive use of the premises. However, aircraft and vehicles may traverse the space and the Authority has the right to grant third party privileges at their discretion.

Revenue recognized for fixed payment under regulated lease contracts during the years ended December 31, 2022 and 2021, was \$596,112 and \$511,067, respectively.

The following is a schedule by year of expected future minimum payments to be received under the Authority's regulated leases as of December 31, 2022:

Year	Future Payments
2023	\$ 854,839
2024	799,348
2025	785,548
2026	785,988
2027	786,868
2028-2032	3,879,300
2033-2037	3,786,840
2038-2042	1,784,406
2043-2047	367,434
2048-2052	15,000
2053-2057	15,000
2058-2061	9,500
<b>Total</b>	<b>\$ 13,870,071</b>

#### **E. Sublease**

On July 29, 2020, the Authority subleased land and a building with a term of September 1, 2020 through August 31, 2025, with the option to renew. The sublease requires an original fixed payment of \$5,185 per month. For the years ended December 31, 2022 and 2021, the Authority received \$59,226 in lease revenue and \$24,979 and \$25,862 in interest revenue, respectively.

#### **F. Capital Assets**

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

	<b>Balance January 1, 2022</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Reclassify</b>	<b>Balance December 31, 2022</b>
<b>Capital Assets</b>					
<b>Non-Depreciable</b>					
Land	\$ 9,920,765	\$ -	\$ -	\$ -	\$ 9,920,765
Construction in Progress	1,985,221	386,507	-	(1,896,314)	475,414
<b>Total Non-Depreciable</b>	<b>11,905,986</b>	<b>386,507</b>	<b>-</b>	<b>(1,896,314)</b>	<b>10,396,179</b>
<b>Depreciable</b>					
Buildings and Improvements	30,983,067	4,288,924	(40,000)	-	35,231,991
Airfield and Improvements	43,608,918	6,506,251	-	-	50,115,169
Equipment	6,031,776	41,800	-	-	6,073,576
<b>Total Depreciable</b>	<b>80,623,761</b>	<b>10,836,975</b>	<b>(40,000)</b>	<b>-</b>	<b>91,420,736</b>
<b>Total Non-Depreciable &amp; Depreciable</b>	<b>92,529,747</b>	<b>11,223,482</b>	<b>(40,000)</b>	<b>(1,896,314)</b>	<b>101,816,915</b>
<b>Accumulated Depreciation</b>					
Buildings and Improvements	(17,658,310)	(1,231,898)	21,333	-	(18,868,875)
Airfield and Improvements	(28,464,793)	(1,923,326)	-	-	(30,388,119)
Equipment	(3,879,127)	(317,600)	-	-	(4,196,727)
<b>Total Accumulated Depreciation</b>	<b>(50,002,230)</b>	<b>(3,472,824)</b>	<b>21,333</b>	<b>-</b>	<b>(53,453,721)</b>
<b>Total Capital Assets</b>	<b>\$42,527,517</b>	<b>\$ 7,750,658</b>	<b>\$ (18,667)</b>	<b>\$ (1,896,314)</b>	<b>\$ 48,363,194</b>

	Balance January 1, 2021	Additions	Dispositions	Reclassify	Balance December 31, 2021
<b>Capital Assets</b>					
<b>Non-Depreciable</b>					
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
<b>Depreciable</b>					
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
<b>Total Non-Depreciable &amp; Depreciable</b>	<b>92,705,475</b>	<b>3,370,794</b>	<b>(3,546,522)</b>	<b>-</b>	<b>92,529,747</b>
<b>Accumulated Depreciation</b>					
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)
<b>Total Capital Assets</b>	<b>\$ 42,261,174</b>	<b>\$ 304,810</b>	<b>\$ (38,467)</b>	<b>\$ -</b>	<b>\$ 42,527,517</b>

## G. Long-Term Liabilities

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

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Current Maturities December 31, 2022
<b>Long-Term Liabilities</b>					
Current Portion of Compensated Absences	\$ 53,228	\$ 4,793	\$ -	\$ 58,021	\$ 58,021
General Obligation Bonds	25,260,000	1,000,000	1,670,000	24,590,000	8,355,000
Less: Unamortized Discount	(42,051)	-	2,781	(39,270)	-
Lease Purchase Agreement	420,058	-	40,800	379,258	42,157
Net Pension Liability and OPEB	523,700	427,318	-	951,018	-
Security Deposits Returnable	91,771	36,375	-	128,146	-
<b>Total Long-Term Liabilities</b>	<b>\$26,306,706</b>	<b>\$ 1,468,486</b>	<b>\$ 1,713,581</b>	<b>\$26,067,173</b>	<b>\$ 8,455,178</b>
Current Maturities	(1,764,028)			(8,455,178)	
<b>Long-Term Liability Net</b>	<b>\$24,542,678</b>			<b>\$17,611,995</b>	

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Current Maturities December 31, 2021
<b>Long-Term Liabilities</b>					
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	-
<b>Total Long-Term Liabilities</b>	<u>\$24,409,273</u>	<u>\$ 5,898,501</u>	<u>\$ 4,001,186</u>	<u>\$26,306,706</u>	<u>\$ 1,764,028</u>
Current Maturities	(3,824,196)			(1,764,028)	
<b>Long-Term Liability Net</b>	<u>\$20,585,077</u>			<u>\$24,542,678</u>	

The following is a detailed listing of the Authority's long-term debt including general obligation bonds, lease purchase agreements, and special assessment debt at December 31, 2022:

	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Bonds Outstanding</u>
<b>General Obligation Debt</b>			
General Obligation 2015-A, due 2025	\$ 3,075,000	1.50-3.55%	\$ 255,000
General Obligation 2017-A, due 2030	10,255,000	1.61-3.35%	9,420,000
General Obligation 2017-B, due 2031	4,835,000	2.00-3.00%	4,710,000
General Obligation 2019-A, due 2029	675,000	2.10-3.10%	490,000
General Obligation 2019-B, due 2023	3,455,000	2.80-3.00%	870,000
General Obligation 2021-A, due 2036	2,345,000	0.25-2.00%	2,200,000
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
General Obligation Temporary Notes 2022-1, due 2023	1,000,000	2.25%	1,000,000
Plus Unamortized Bond Premium			13,209
Less Unamortized Bond Discount			(52,479)
Total General Obligation Debt			<u>24,550,730</u>
<b>Taxable Lease Purchase Agreement - Direct Borrowing</b>			
Bldg. 824 Lease Purchase, due 2030	460,000	3.30%	<u>379,258</u>
<b>Total Long Term Debt</b>			<u>\$ 24,929,988</u>
<b>Interest Expense in 2022 is as follows:</b>			
General Obligation Bonds			\$ 566,313
Lease Purchase Agreement			12,967
Amortization of Bond Discount, Premium and Deferred Refundings			<u>129,637</u>
<b>Total Debt Interest Expense</b>			<u>\$ 708,917</u>



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

<b>Year</b>	<b>Bonds Outstanding</b>	<b>Interest Due</b>	<b>Total</b>
2023	\$ 8,355,000	\$ 546,911	\$ 8,901,911
2024	1,760,000	454,540	2,214,540
2025	1,810,000	411,120	2,221,120
2026	1,865,000	363,633	2,228,633
2027	1,905,000	312,193	2,217,193
2028-2032	8,215,000	687,076	8,902,076
2033-2036	680,000	33,795	713,795
	<u>\$ 24,590,000</u>	<u>\$ 2,809,268</u>	<u>\$ 27,399,268</u>

The Authority's outstanding 2020-1, 2021-1, and 2022-1 temporary notes will be refinanced in 2023 with Authority issued general obligation bonds.

The Authority has entered into a lease agreement as the lessee for financing the Building 824 – Transportation Facility Expansion. This year, \$20,694 was included in depreciation expense. This lease agreement qualifies as a lease purchase agreement and therefore has been recorded at the present value of its 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>(51,734)</u>
<b>Net Book Value</b>	<u>\$ 362,140</u>

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

<b>Year</b>	<b>Lease Purchase Outstanding</b>	<b>Interest Due</b>	<b>Total</b>
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	48,055	6,273	54,328
2028-2030	153,970	7,697	161,667
	<u>\$ 379,258</u>	<u>\$ 54,049</u>	<u>\$ 433,307</u>

## H. Capital Contributions

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

	Inception to Date	2022	2021
Federal	\$ 42,114,556	\$ 4,117,075	\$ 2,716,326
State	3,770,334	1,304,485	-
<b>Total</b>	<b>\$ 45,884,890</b>	<b>\$ 5,421,560</b>	<b>\$ 2,716,326</b>

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, 2022, 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 KPERS. 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 annual comprehensive financial report, which is available on the KPERS website at [www.kpers.org](http://www.kpers.org).

**Benefits.** Benefits are established by statute and may only be changed by the 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. The 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, 2022.

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 Employer Rate	Statutory Employer Capped Rate
2022	8.90%	8.90%
2021	8.87%	8.87%

Member contribution rates as a percentage of eligible compensation for the fiscal year 2022 are 6.00% for local employees. Contributions to the pension plan for the Authority were \$86,877 and \$79,143 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2022, the Authority's proportion for the local employees group was 0.047384%, which was a increase of .0049% from its proportion measured at June 30, 2021.

**Net Pension Liability.** At December 31, 2022 and 2021, the Authority reported a liability of \$942,015 and \$509,789, 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, 2021, which was rolled forward to June 30, 2022, 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	7.00%

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 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 for the years ended December 31, 2022 and 2021 was 7.00% and 7.25%, respectively. The projection of cash flows used to determine the discount rate was based on member and employer contributions. The local groups are contributing at the full actuarial contribution rate. Based on legislation first 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.** For the year ended December 31, 2022, the following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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 (6.00%) or 1-percentage point higher (8.00%) than the current rate:

2022		
1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$ 1,353,235	\$ 942,015	\$ 599,409

For the year ended December 31, 2021, 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%)
<u>\$ 838,554</u>	<u>\$ 509,789</u>	<u>\$ 234,079</u>

**Pension Expense.** For the years ended December 31, 2022 and 2021, the Authority recognized pension expense of \$140,538 and \$50,796, 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, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions:

	2022		2021	
	<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	\$ 35,631	\$ 1,689	\$ 20,123	\$ 4,616
Net Differences Between Projected and Actual Earnings				
on Investments	79,742	-	-	181,025
Changes in Proportion	70,327	22,516	34,068	33,137
Changes in Assumptions	150,577	-	100,353	-
Contributions Made After Measurement Date	<u>45,290</u>	<u>-</u>	<u>43,031</u>	<u>-</u>
<b>Total</b>	<u>\$ 381,567</u>	<u>\$ 24,205</u>	<u>\$ 197,575</u>	<u>\$ 218,778</u>

The \$45,290 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, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2023	\$ 84,492
2024	74,688
2025	48,970
2026	98,745
2027	<u>5,177</u>
<b>Total</b>	<u>\$ 312,072</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, 2022 and 2021.

## **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 Annual Comprehensive 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:

	2022	2021
Active Employees	15	14
Disabled Employees	-	-
Total	15	14

**Total OPEB Liability.** The Authority's total KPERS OPEB liability of \$9,003 and \$13,911 for December 31, 2022 and 2021, respectively, which was measured as of June 30, 2022 and 2021 and was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022 and 2021, using the following actuarial assumptions:

Discount Rate	3.54% for 2022 and 2.16% for 2021
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, 2021 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, 2021	\$ 13,911
Changes for the Year:	
Service Cost	3,837
Interest on Total OPEB Liability	382
Effect of Economic/Demographic Gains or Losses	(6,203)
Effect of Assumptions Changes or Inputs	(2,924)
Benefit Payments	-
Net Changes	(4,908)
<b>Balance at December 31, 2022</b>	<b>\$ 9,003</b>

**Sensitivity of the Total KPERS OPEB Liability to Changes in the Discount Rate.** The following presented the total KPERS OPEB liability of the Authority, as well as what the Authority's total KPERS OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

2022		
1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
\$ 9,277	\$ 9,003	\$ 8,692

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

**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
2022	\$ 9,003	\$ 9,003	\$ 9,003
2021	\$ 13,911	\$ 13,911	\$ 13,911

For the year ended December 31, 2022 and 2021, the Authority recognized OPEB expense of \$1,969 and \$10,748, 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:

	2022		2021	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 14,767	\$ -	\$ 10,603	\$ -
Changes of assumptions	2,732	699	123	803
Contributions made after measurement date	-	5,089	-	-
Total	\$ 17,499	\$ 5,788	\$ 10,726	\$ 803

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

Year Ended December 31,	
2023	\$ (2,251)
2024	(2,251)
2025	(2,251)
2026	(2,243)
2027	(2,101)
Thereafter	(5,703)
<b>Total</b>	<b>\$ (16,800)</b>

## 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.

During the calendar year 2022, the project's environmental consulting and engineering firm completed drafting the RD/RA Work Plan Nos. 1, 2, and 3 that are awaiting KDHE approvals which are expected by mid-2023. Initial clean-up work is scheduled to commence by late 2023.

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. 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.

**J. Non-Operating Revenue and (Expenses)**

Net non-operating revenue and expense consisted of the following for the years ended December 31, 2022 and 2021:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Mill Levy	\$ 2,431,667	\$ 2,570,657
Interest on Investments	8,383	1,311
Interest Income - Leases	105,299	109,922
Gain on Sale of Assets	60,778	154,774
Total	<u>2,606,127</u>	<u>2,836,664</u>
Interest Expense		
General Obligation Bonds and Temporary Notes	(566,313)	(598,007)
Special Assessment Debt	-	(110)
Lease Purchase Agreement	(12,967)	(14,223)
Bond Issuance Costs	(11,640)	(84,270)
Amortization of Bond Discount	(129,637)	(126,605)
Total	<u>(720,557)</u>	<u>(823,215)</u>
<b>Net Non-Operating Revenue and (Expenses)</b>	<u>\$ 1,885,570</u>	<u>\$ 2,013,449</u>

**K. Extraordinary Items**

In 2022, the Authority suffered damage to buildings as a result of two significant windstorms. As of December 31, 2022, the Authority recorded wind damage repair costs of \$155,326 as an extraordinary item. The damages will be covered by FEMA and SAA operating funds.

**L. Change in Accounting Principle and Restatement**

For 2022, the Airport implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Airport's 2021 financial statements.

The implementation of GASB Statement No. 87 had the following effect on net position as reported December 31, 2021:

	Business-Type Activities
Beginning Net Position December 31, 2021	\$ 21,197,183
Adjustments:	
Lease Receivable	3,871,366
Interest Receivable	9,270
Deferred Inflows – Leases	<u>(3,843,266)</u>
Restated Beginning Net Position December 31, 2021	<u>\$ 21,234,553</u>

During review of the Net Investment in Capital Assets calculation, the Airport determined that certain amounts were not included in the calculation. As a result, Net Investment in Capital Assets for the year ended December 31, 2021 was restated from \$16,889,510 to \$20,063,412.

#### **M. Subsequent Events**

On June 7, 2023, the Authority closed on the sale of the issuance of \$16,725,000 in General Obligation Bonds. The Bonds were issued to redeem \$6,645,000 in outstanding Temporary Notes, Series 2020-1, 2021-1, and 2022-1 and provide \$10,080,000 in new funds to finance several capital improvement projects to include the rehabilitation of a large bay hangar to provide additional aircraft maintenance repair and overhaul (MRO) capacity on the Airport, the construction of a new above ground Aviation Fuel Facility, new General Aviation box hangars and apron pavement rehabilitation.

SALINA AIRPORT AUTHORITY  
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Kansas Public Employees Retirement System  
December 31, 2022

Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of the net pension liability	0.047384%	0.042484%	0.041281%	0.045289%	0.043452%	0.041662%	0.037666%	0.041581%
Proportionate share of the collective net pension liability	\$ 942,015	\$ 509,789	\$ 715,670	\$ 632,856	\$ 605,630	\$ 603,456	\$ 582,704	\$ 545,977
Covered payroll from the period July 1 - June 30 ^	\$ 952,391	\$ 819,071	\$ 778,919	\$ 830,413	\$ 777,734	\$ 708,538	\$ 645,485	\$ 694,613
Net pension liability as a percentage of covered-employee payroll	98.91%	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	69.75%	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 7.25% to 7.05%.
- 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, 2022, only eight 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required employer contribution	\$ 84,617	\$ 71,580	\$ 75,190	\$ 83,638	\$ 78,940	\$ 66,198	\$ 61,622	\$ 70,005	\$ 68,904	\$ 66,865
Contributions in relation to the contractually required contribution	(84,617)	(71,580)	(75,190)	(83,638)	(78,940)	(66,198)	(61,622)	(70,005)	(68,904)	(66,865)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll^	\$ 976,150	\$ 892,259	\$ 782,417	\$847,208	\$840,466	\$758,750	\$652,874	\$672,878	\$709,510	\$747,901
Contributions as a percentage of covered-employee payroll	8.67%	8.02%	9.61%	9.87%	9.39%	8.72%	9.44%	10.40%	9.71%	8.94%

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

SALINA AIRPORT AUTHORITY  
SCHEDULE OF CHANGES IN THE DEATH AND DISABILITY  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
December 31, 2022

Measurement Date	2022 June 30, 2022	2021 June 30, 2021	2020 June 30, 2020	2019 June 30, 2019	2018 June 30, 2018
<b>Total OPEB Liability</b>					
Service Cost	\$ 3,837	\$ 3,797	\$ 3,430	\$ 2,843	\$ 2,825
Interest Cost	382	392	587	541	533
Effect of Economic/Demographic Gains or Losses	(6,203)	(4,212)	(4,295)	(1,324)	(4,199)
Effect of Assumption Changes or Inputs	(2,924)	10	864	152	(87)
Benefit Payments	-	-	-	-	-
Net Change in Total Liability - Beginning of Year	(4,908)	(13)	586	2,212	(928)
Total OPEB Liability - Beginning of Year	13,911	13,924	13,338	11,126	12,054
Total OPEB Liability - End of Year	<u>\$ 9,003</u>	<u>\$ 13,911</u>	<u>\$ 13,924</u>	<u>\$ 13,338</u>	<u>\$ 11,126</u>
Covered-Employee Payroll	<u>\$ 879,557</u>	<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	1.02%	1.74%	1.74%	1.61%	1.57%
Actuarially determined contribution	<u>\$ 5,089</u>	<u>\$ -</u>	<u>\$ 3,831</u>	<u>\$ 4,219</u>	<u>\$ 2,137</u>
Actual contribution	<u>\$ 5,089</u>	<u>\$ -</u>	<u>\$ 3,831</u>	<u>\$ 4,219</u>	<u>\$ 2,137</u>
Contributions as a percentage of covered payroll	0.58%	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, 2.16% on June 30, 2021, and 3.54% on June 30, 2022.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

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

SALINA AIRPORT AUTHORITY  
 SCHEDULES OF REVENUES, EXPENSES AND CHANGES  
 IN NET POSITION  
 For the Years Ended December 31, 2022 and December 31, 2021

	January 1 to December 31 2022	2021
Operating Revenues		
Airfield		
Fuel Flowage Fees	\$ 213,067	\$ 180,417
Hangar Rent	976,846	803,610
Landing Fees	39,249	30,047
Ramp Rent	66,254	63,881
Total Airfield	<u>1,295,416</u>	<u>1,077,955</u>
Building and Land Rent		
Agri Land Rent	63,863	63,638
Building Rents	1,368,488	1,296,523
Land Rents	245,650	260,315
Tank Rent	14,641	14,163
Total Building and Land Rents	<u>1,692,642</u>	<u>1,634,639</u>
Other Revenue		
Airport Marketing	20,000	20,000
Commissions	26,619	21,381
ARFF Training	5,610	2,460
Other Income	78,289	77,232
Total Other Revenue	<u>130,518</u>	<u>121,073</u>
Total Operating Revenues	<u>\$ 3,118,576</u>	<u>\$ 2,833,667</u>

SALINA AIRPORT AUTHORITY  
 SCHEDULES OF REVENUES, EXPENSES AND CHANGES  
 IN NET POSITION  
 For the Years Ended December 31, 2022 and December 31, 2021  
 (continued)

	January 1 to December 31 2022	2021
Operating Expenses		
Administrative		
A/E, Consultants, Brokers	\$ 89,315	\$ 38,249
Airport Promotion	254,191	230,943
Bad Debt Expense	-	107
Computer Network Administration	40,734	30,062
Dues and Subscriptions	34,724	30,653
Employee Retirement	142,507	61,544
FICA and Medicare	72,480	68,468
Industrial Development	57,500	31,000
Insurance, Property	198,527	204,106
Insurance, Medical	217,830	194,650
Kansas Unemployment Tax	978	9,342
Legal and Accounting	58,383	55,169
Office Salaries	615,897	575,076
Office Supplies	11,015	8,222
Other Administrative	12,646	17,941
Postage	1,503	1,116
Property Taxes	147,174	136,383
Special Events	1,554	2,498
Telephone	21,287	25,386
Training	7,970	2,520
Travel and Meetings	13,709	10,590
Total Administrative Expenses	<u>\$ 1,999,924</u>	<u>\$ 1,734,025</u>

(continued)

SALINA AIRPORT AUTHORITY  
SCHEDULES OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION  
For the Years Ended December 31, 2022 and December 31, 2021  
(continued)

	January 1 to December 31	
	2022	2021
Maintenance Expenses		
Airfield Maintenance	\$ 56,476	\$ 38,861
Airport Security	377	6,582
Building Maintenance	230,196	150,087
Equipment Fuel and Repairs	84,585	101,396
Fire Services	21,018	22,798
Grounds Maintenance	17,687	14,255
Maintenance Salaries	383,515	345,746
Other Maintenance Expenses	26,463	18,555
Snow Removal Expense	22,135	9,200
Utilities	293,787	369,491
Total Maintenance Expenses	<u>1,136,239</u>	<u>1,076,971</u>
Total Operating Expenses	<u>3,136,163</u>	<u>2,810,996</u>
Revenues Over (Under) Expenses Before Depreciation	(17,587)	22,671
Depreciation	<u>(3,472,824)</u>	<u>(3,065,984)</u>
Operating Loss Before Non-Operating Revenues and Expenses	<u>(3,490,411)</u>	<u>(3,043,313)</u>
Non-Operating Revenues and (Expenses)		
Mill Levy	2,431,667	2,570,657
Interest Income on Investments	8,383	1,311
Interest Income - Leases	105,299	109,922
Interest Expense	(708,917)	(738,945)
Bond Issuance Costs	(11,640)	(84,270)
Gain (Loss) on Sale of Assets	60,778	154,774
Net Non-Operating Revenues and (Expenses)	<u>1,885,570</u>	<u>2,013,449</u>
Loss Before Capital Contributions and Extraordinary Item	(1,604,841)	(1,029,864)
Capital Contributions	5,447,345	2,717,177
Wind Damage Repairs	<u>(155,326)</u>	<u>-</u>
Net Position		
Increase in Net Position	<u>3,687,178</u>	<u>1,687,313</u>
Net Position, Beginning of Year, As Stated	22,921,866	21,197,183
Prior Period Restatement	-	37,370
Net Position, Beginning of Year, As Restated	<u>22,921,866</u>	<u>21,234,553</u>
Net Position, End of Year	<u>\$ 26,609,044</u>	<u>\$ 22,921,866</u>

SALINA AIRPORT AUTHORITY  
CAPITAL EXPENDITURES  
January 1 to December 31

	<u>2022</u>
<b>AIRFIELD IMPROVEMENTS</b>	
KAIP 2022 - construction - rehabilitation of North 4800 Rwy. 17/35	\$ 1,734,850
Rwy 17/30 and 12/30 lighting upgrade to LEDS	130,513
Pavement marking improvements - Rwy. 17/35, 12/30 & 4/22	20,000
Rwy. 17/35 pavement improvements	27,258
AIP 42 - construction - rehabilitation of South 7500 Rwy. 17/35	3,960,637
<b>Total Airfield Improvements</b>	<u>5,873,258</u>
<b>BUILDINGS</b>	
Bldg. 412 roof replacement	85,886
Bldg. 939 roof replacement	62,886
Bldg. 517 roof replacement	18,975
Bldg. 520 exterior improvements	60,681
Bldg. 520 exterior marque and bldg. signage	28,092
Bldg. 520 roof improvements	14,886
Bldg. 520 unit A improvements	8,660
Bldg. 595 rehabilitation	1,871,605
Bldg. 655 fire suppression system improvements	29,253
Bldg. 1021 office improvements	133,224
Bldg. 1021 roof improvements	2,400
H606 fire suppression system pressure gauge replacement and upgrade	4,460
Hangar 600, conference room remodel	17,150
Trane 4 TN condensor H600 2nd floor south classroom	9,975
Hangar 600 roof improvements	29,875
Hangar 600 BHP9 heat pump System	7,567
Hangar 959 hangar bay heating imps./destratification fans	15,344
Hangar 959 shop improvements	23,273
H959 fire suppression system flow switch replacement	1,410
Hangar 959 door upgrades and seal improvements	21,458
ARFF station storm damage / bay door replacement and imps.	10,961
B700 roof replacement	21,714
Bldg. 614 - fire suppression system improvements	9,867
B614 breakroom HVAC - Lennox 5-TN 14	7,246
Bldg. 412 - Trane HVAC roof top unit	7,188
Bldg. 820 west office Lennox HVAC	9,716
Terminal bldg. concourse rehabilitation	311,023
Terminal bldg. construction of south overflow parking lot	169,137
Terminal bldg. TSA area lighting improvements	8,360
Bldg. 700, Avflight executive terminal exterior improvements	23,331
<b>Total Buildings</b>	<u>3,025,603</u>
<b>EQUIPMENT</b>	
Kussmaul auto charger	1,264
1991 E-1 Titan -ARFF2 - WAT-5 / Waterous CXVK pump/gearbox	26,009
SAA H600 board room Logitech virtual meeting system	4,299
ACU100 handset speaker module	3,310
H606 wireless access points	1,484
ARFF station - Lenovo ThinkCentre M80s desktop computer	1,850
EZ trail 16' auger	2,148
ARFF station EZ water fountain	1,436
<b>Total Equipment</b>	<u>41,800</u>
<b>CONSTRUCTION IN PROGRESS</b>	
Design - Rwy. 12/30 rehabilitation	46,973
Term. bldg. parking lot rehab and expansion	4,590
AIP 47 - design -new aviation fuel farm	164,051
Design - terminal building expansion project	11,768
North ramp aviation redevelop project planning services	13,564
Hangar 626 rehabilitation	145,561
<b>Total Construction in Progress</b>	<u>386,507</u>
<b>TOTAL CAPITAL EXPENDITURES</b>	<u>\$ 9,327,168</u>

SALINA AIRPORT AUTHORITY  
TAXABLE GENERAL OBLIGATION BONDS  
SERIES 2015-A  
December 31, 2022

Date of issue:	August 28, 2015
Amount of issue:	\$ 3,075,000
Interest rate:	2.672%
Maturity date:	September 1, 2025
Principal paid:	\$ 2,820,000
Outstanding balance:	\$ 255,000

Schedule of Bond Interest and Principal Payments

Due in <u>Year</u>	Bond <u>Interest</u>	Bond <u>Principal</u>
2023	\$ 8,443	\$ 80,000
2024	6,043	85,000
2025	3,195	90,000
	\$ 17,681	\$ 255,000

**Projects Funded:**

Refunded Series 2005-A [Hangars 509 and 703 imps., Bldg. 1021 imps. and Bldg. 700 (FBO Terminal) construction]

Refunded Series 2007-A [Hangars 409 and 509 imps., executive hangar design, acquisition of air ambulance modular office]

MJ Kennedy Air Terminal Bldg. imps.



SALINA AIRPORT AUTHORITY  
TAXABLE GENERAL OBLIGATION BONDS  
SERIES 2017-A  
December 31, 2022

Date of issue:	July 12, 2017
Amount of issue:	\$ 10,255,000
Interest rate:	3.0353%
Maturity date:	September 1, 2030
Principal paid:	\$ 835,000
Outstanding balance:	\$ 9,420,000

Schedule of Bond Interest and Principal Payments

Due in Year	Bond Interest	Bond Principal
2023	\$ 278,463	\$ 525,000
2024	265,600	1,440,000
2025	228,160	1,475,000
2026	187,598	1,335,000
2027	148,883	1,100,000
2028-2030	236,945	3,545,000
	\$ 1,345,649	\$ 9,420,000

**Projects Funded:**

Refunded Series 2009-B (Pumphouse 305 improvements, Bldgs. 120, 313, and 394 improvements; improvements to Hangar 409 and 703; General aviation hangar design and aircraft paint hangar design. Bldg. 814, 816, 1103 and 1088 demolition)

Refunded Series 2011-A (Hangar 600 construction, Hangar 606 renovation, Bldg. 620 renovation, Bldg. 655 and 620 improvements)

SALINA AIRPORT AUTHORITY  
TAXABLE GENERAL OBLIGATION BONDS  
SERIES 2017-B  
December 31, 2022

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:	\$ 125,000
Outstanding balance:	\$ 4,710,000

Schedule of Bond Interest and Principal Payments

Due in <u>Year</u>	Bond Interest	Bond Principal
2023	\$ 141,300	\$ 25,000
2024	140,550	25,000
2025	139,800	25,000
2026	139,050	310,000
2027	129,750	585,000
2028-2031	338,850	3,740,000
	\$ 1,029,300	\$ 4,710,000

**Projects Funded:**

Refunded Series 2009-A [Airfield capital improvements including helipad construction, Taxiway A pavement rehabilitation, security fence installation, perimeter road improvements, Rapid Intervention Vehicle and sweeper acquisition and Airport Industrial Center Subdivision watermain relocation]

Refunded Series 2011-B [Bldg. 702 construction and equipment (Aircraft Rescue and Fire Fighting Station), West Beechcraft Road improvements, Rwy 35 Precision Approach Path Indicator (PAPI) Pavement rehabilitation on Txy A, F & H.]

SALINA AIRPORT AUTHORITY  
GENERAL OBLIGATION BONDS  
SERIES 2019-A  
December 31, 2022

Date of issue:	July 10, 2019
Amount of issue:	\$ 675,000
Interest rate:	2.775%
Maturity date:	September 1, 2029
Principal paid:	\$ 185,000
Outstanding balance:	\$ 490,000

Schedule of Bond Interest and Principal Payments

Due in Year	Bond Interest	Bond Principal
2023	\$ 13,635	\$ 65,000
2024	12,043	65,000
2025	10,385	70,000
2026	8,530	70,000
2027	6,605	70,000
2028-2029	6,900	150,000
	\$ 58,098	\$ 490,000

**Projects Funded:**

Permanently financed 2016-1 Temporary Notes (Rwy. 17/35 slurry seal, airfield markings and imps., Taxiway E rehabilitation (local match), Tank 784 painting, ARFF 4 Foam system retrofit)

SALINA AIRPORT AUTHORITY  
TAXABLE GENERAL OBLIGATION BONDS  
SERIES 2019-B  
December 31, 2022

Date of issue:	July 10, 2019
Amount of issue:	\$ 3,455,000
Interest rate:	2.915%
Maturity date:	September 1, 2023
Principal paid:	\$ 2,585,000
Outstanding balance:	\$ 870,000

Schedule of Bond Interest and Principal Payments

Due in	Bond	Bond
2023	\$ 26,100	\$ 870,000

**Projects Funded:**

Refunded 2009-B and 2011-A bonds, after 2017 refunding

SALINA AIRPORT AUTHORITY  
 GENERAL OBLIGATION BOND TEMPORARY NOTES  
 SERIES 2020-1  
 December 31, 2022

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

Schedule of Bond Interest and Principal Payments

Due in <u>Year</u>	Bond <u>Interest</u>	Bond <u>Principal</u>
2023	\$ 10,080	\$ 2,100,000

**Projects Funded:**

Land acquisition for Schwan's plant expansion

SALINA AIRPORT AUTHORITY  
TAXABLE GENERAL OBLIGATION BONDS  
SERIES 2021-A  
December 31, 2022

Date of issue:	August 17, 2021
Amount of issue:	\$ 2,345,000
Interest rate:	1.728%
Maturity date:	September 1, 2036
Principal paid:	\$ 145,000
Outstanding balance:	\$ 2,200,000

Schedule of Bond Interest and Principal Payments

Due in Year	Bond Interest	Bond Principal
2023	\$ 30,813	\$ 145,000
2024	30,305	145,000
2025	29,580	150,000
2026	28,455	150,000
2027	26,955	150,000
2028-2036	138,175	1,460,000
	<u>\$ 284,283</u>	<u>\$ 2,200,000</u>

**Projects Funded:**

Hangars 959 and 504 improvements

SALINA AIRPORT AUTHORITY  
 GENERAL OBLIGATION BOND TEMPORARY NOTES  
 SERIES 2021-1  
 December 31, 2022

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 <u>Year</u>	Bond <u>Interest</u>	Bond <u>Principal</u>
2023	\$ 15,953	\$ 3,545,000

**Projects Funded:**

Terminal concourse improvements, General Aviation public restroom construction and preliminary hangar design, Bldg. 595 warehouse rehabilitation.



SALINA AIRPORT AUTHORITY  
GENERAL OBLIGATION BOND TEMPORARY NOTES  
SERIES 2022-1  
December 31, 2022

Date of issue:	July 7, 2022
Amount of issue:	\$ 1,000,000
Interest rate:	2.250%
Maturity date:	July 1, 2023
Principal paid:	\$ -
Outstanding balance:	\$ 1,000,000

Schedule of Bond Interest and Principal Payments

Due in <u>Year</u>	Bond <u>Interest</u>	Bond <u>Principal</u>
2023	\$ 22,125	\$ 1,000,000

**Projects Funded:**

Hangar 626 rehabilitation design and improvements

SALINA AIRPORT AUTHORITY  
TAXABLE LEASE PURCHASE AGREEMENT  
2020  
December 31, 2022

Date of issue:	August 12, 2020
Amount of issue:	\$ 460,000
Interest rate:	3.300%
Maturity date:	September 1, 2030
Principal paid:	\$ 80,743
Outstanding balance:	\$ 379,257

Schedule of Lease Interest and Principal Payments

Due in Year	Lease Interest	Lease Principal
2023	\$ 12,171	\$ 42,157
2024	10,768	43,560
2025	9,318	45,009
2026	7,821	46,507
2027	6,274	48,054
2028-2030	9,013	153,970
	\$ 55,365	\$ 379,257

**Projects Funded:**

Rehabilitation of Bldg. 824 and associated equipment yard for Durham School Services (transportation company)

SALINA AIRPORT AUTHORITY  
INSURANCE IN FORCE  
December 31, 2022

<u>Insurance Policy</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
<b>Old Republic Insurance Company</b> Pol. #0CAV04369406	Worker's compensation and employer's liability	\$ 1,000,000
<b>Old Republic Insurance Company</b> Pol. #PR00262108	Bodily Injury & liability	\$ 2,000,000
	Hangar keepers	\$ 1,000,000
	Employee benefit liability	\$ 2,000,000
<b>Zurich</b> Pol. #ERP4509814-03	Deluxe property-building, contents, stock, business income	\$ 70,000,000
<b>Cincinnati Insurance Companies</b> Pol. #ENP0563029	Vehicles & equipment auto liability	
	Bodily injury/property damage	\$ 1,000,000
	Medical payments	\$ 5,000
	Uninsured motorists	\$ 1,000,000
	Underinsured motorist	\$ 1,000,000
	Physical damage, per schedule	
<b>Cincinnati Insurance Companies</b> Pol. #ENP0563029	Inland marine - equipment	\$ 1,966,535
<b>Hartford Fire Insurance Company</b> Pol. #37FA0293328-22	Crime policy	
	Employee theft, forgery, alteration, computer	\$ 250,000
<b>ACE American Insurance Company</b> Pol. #G71465974 004	Public officials and employment practices liability	
	Each claim	\$ 2,000,000
	Aggregate limit	\$ 2,000,000
<b>Great American Alliance Ins. Co.</b> Pol. # KST7882933-28	Underground storage tank liability	
	Each incident	\$ 1,000,000
	Aggregate limit	\$ 1,000,000
	Defense expense limit each incident	\$ 100,000
<b>Beazley Insurance Company</b> Pol. # W31033220101	Commercial Cyber Insurance	
	Each incident	\$ 2,000,000
	Aggregate limit	\$ 2,000,000

## STATISTICAL Table of Contents

This part of the Salina Airport Authority's annual comprehensive 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** 72-76

*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** 77-78

*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** 79-80

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

### **Operating Information** 81

*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** 82-85

*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,

	2013	2014	2015
TOTAL REVENUES			
OPERATING REVENUES			
Airfield	\$ 411,522	\$ 572,681	\$ 529,973
Fuel flowage fees	128,277	150,110	189,532
Building and land rent	1,474,057	1,136,063	1,068,335
Other revenue	53,902	50,499	88,663
TOTAL OPERATING REVENUES	2,067,758	1,909,353	1,876,503
TOTAL EXPENSES			
OPERATING EXPENSES			
Administrative	1,232,833	1,198,445	1,253,045
Maintenance	872,877	860,760	698,173
TOTAL OPERATING EXPENSES	2,105,710	2,059,205	1,951,218
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(37,952)	(149,852)	(74,715)
DEPRECIATION	2,588,107	2,588,599	2,584,667
OPERATING LOSS	(2,626,059)	(2,738,451)	(2,659,382)
NON-OPERATING INCOME AND (EXPENSES)			
Mill levy	1,788,284	1,993,889	2,028,074
Interest on investments and financing lease	676	437	286
Interest income - leases	-	-	-
Interest expense	(1,120,831)	(1,087,440)	(1,109,013)
Bond issue costs	-	-	-
Gain (loss) on sale of assets	51,853	50,904	48,289
NET NON-OPERATING INCOME AND (EXPENSES)	719,982	957,790	967,636
LOSS BEFORE CAPITAL CONTRIBUTIONS AND EXTRAORDINARY ITEM	(1,906,077)	(1,780,661)	(1,691,746)
Capital Contributions	623,029	799,762	217,112
Wind Damage Repairs	-	-	-
INCREASE (DECREASE) IN NET POSITION	\$ (1,283,048)	(980,899)	(1,474,634)
NET POSITION AT YEAR END COMPOSED OF:			
Net investment in capital assets	\$ 24,818,560	24,510,104	22,516,034
Unrestricted	409,859	(262,584)	(280,767)
TOTAL NET POSITION	\$ 25,228,419	\$ 24,247,520	\$ 22,235,267

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

2016	2017	2018	2019	2020	2021	2022
\$ 530,889	\$ 510,263	\$ 586,108	\$ 742,672	\$ 750,570	\$ 897,538	\$ 1,082,349
145,280	202,728	194,647	185,249	190,668	180,417	213,067
1,174,553	1,310,833	1,383,282	1,349,788	1,543,756	1,634,639	1,692,642
106,144	189,476	335,855	155,249	167,352	121,073	130,518
1,956,866	2,213,300	2,499,892	2,432,958	2,652,346	2,833,667	3,118,576
1,183,681	1,264,135	1,567,514	1,524,897	1,630,020	1,734,025	1,999,924
714,188	896,488	863,656	830,538	841,705	1,076,971	1,136,239
1,897,869	2,160,623	2,431,170	2,355,435	2,471,725	2,810,996	3,136,163
58,997	52,677	68,722	77,523	180,621	22,671	(17,587)
2,569,109	2,593,092	2,761,019	2,898,650	3,016,267	3,065,984	3,472,824
(2,510,112)	(2,540,415)	(2,692,297)	(2,821,127)	(2,835,646)	(3,043,313)	(3,490,411)
2,017,013	2,043,302	2,338,967	2,371,463	2,639,481	2,570,657	2,431,667
3,387	974	3,745	17,954	2,161	1,311	8,383
(964,113)	(573,533)	(827,143)	(840,390)	(771,821)	(738,945)	(708,917)
-	-	-	-	-	109,922	105,299
(8,329)	(147,664)	-	(73,185)	(44,885)	(84,270)	(11,640)
6,903	22,081	5,375	21,263	(2,395,710)	154,774	60,778
1,054,861	1,345,160	1,520,944	1,497,105	(570,774)	2,013,449	1,885,570
(1,455,251)	(1,195,255)	(1,171,353)	(1,324,022)	(3,406,420)	(1,029,864)	(1,604,841)
943,219	1,280,204	1,474,356	1,727,674	2,100,818	2,717,177	5,447,345
-	-	-	-	-	-	(155,326)
(512,032)	84,949	303,003	403,652	(1,305,602)	1,687,313	3,687,178
21,862,166	19,753,708	22,491,023	21,698,665	18,717,283	20,063,412	24,694,502
-	-	-	-	-	-	-
(138,931)	2,054,476	(391,890)	804,120	2,479,900	2,858,454	1,914,542
\$ 21,723,235	\$ 21,808,184	\$ 22,099,133	\$ 22,502,785	\$ 21,197,183	\$ 22,921,866	\$ 26,609,044

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

	2013	2014	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from providing services	\$ 2,162,181	\$ 1,849,824	\$ 1,922,061
Cash paid to employees for services	(766,300)	(731,571)	(698,148)
Cash paid to suppliers for goods and services	(1,469,899)	(1,170,505)	(1,292,263)
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	(74,018)	(52,252)	(68,350)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of property, plant and equipment	(1,238,629)	(1,348,143)	(301,637)
Acquisition of land subsequently donated (net)	-	-	-
Proceeds from capital grants	623,029	799,762	92,414
Change in grants receivable	-	-	-
Proceeds from property tax	1,788,284	1,993,889	2,028,074
Proceeds from sale of capital assets	218,361	81,652	48,289
Principal payments on debt	(959,134)	(972,729)	(1,007,271)
Proceeds of new borrowing	-	-	722,161
Wind damage repairs	-	-	-
Deferred advanced refunding	-	-	-
Interest received on lease receivable	-	-	-
Bond defeasance and issue costs paid	-	-	(43,159)
Interest paid on long-term debt	(1,131,523)	(1,099,052)	(1,042,465)
NET CASH PROVIDED (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES	(699,612)	(544,621)	496,406
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on deposits	676	437	286
NET INCREASE (DECREASE) IN CASH	(772,954)	(596,436)	428,342
CASH, beginning of year	1,660,132	887,178	290,742
CASH, end of year	\$ 887,178	\$ 290,742	\$ 719,084

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

2016	2017	2018	2019	2020	2021	2022
\$ 1,868,694	\$ 2,162,372	\$ 2,621,123	\$ 1,730,112	\$ 3,109,625	\$ 1,629,283	\$ 4,036,881
(724,184)	(821,501)	(845,650)	(841,568)	(854,885)	(921,910)	(1,004,205)
(1,124,098)	(1,249,957)	(578,006)	(1,616,484)	(2,133,137)	(1,133,826)	(1,910,827)
20,412	90,914	1,197,467	(727,940)	121,603	(426,453)	1,121,849
(1,489,872)	(2,073,730)	(2,851,457)	(3,182,404)	(1,501,297)	(3,370,794)	(9,327,168)
-	-	-	-	(2,061,088)	-	-
943,219	1,280,204	1,474,356	1,727,674	2,100,818	2,717,177	5,447,345
(573,638)	573,638	-	-	-	-	-
2,017,013	2,043,302	2,338,967	2,371,463	2,639,481	2,570,657	2,431,667
20,489	32,990	5,375	55,120	-	193,240	79,445
(1,095,956)	(1,253,283)	(2,646,876)	(5,337,744)	(1,428,211)	(3,772,338)	(1,708,019)
657,000	2,831,470	-	6,380,000	2,560,000	5,866,454	1,000,000
-	-	-	-	-	-	(155,326)
-	(1,391,470)	-	-	-	-	-
-	-	-	-	-	109,922	105,299
(8,329)	(147,664)	-	(73,185)	(44,885)	(84,271)	(11,641)
(972,452)	(613,911)	(879,978)	(831,307)	(787,723)	(757,018)	(707,194)
(502,526)	1,281,546	(2,559,613)	1,109,617	1,477,095	3,473,029	(2,845,592)
3,387	974	3,745	17,954	2,161	1,311	8,383
(478,727)	1,373,434	(1,358,401)	399,631	1,600,859	3,047,887	(1,715,360)
719,084	240,357	1,613,791	255,390	655,021	2,255,880	5,303,767
\$ 240,357	\$ 1,613,791	\$ 255,390	\$ 655,021	\$ 2,255,880	\$ 5,303,767	\$ 3,588,407



Salina Airport Authority

## CAPITAL EXPENDITURE HISTORY

Ten Years Ended December 31, 2022

<b><u>Fiscal Year</u></b>	<b><u>Equipment</u></b>	<b><u>Building Additions</u></b>	<b><u>Land</u></b>	<b><u>Airfield</u></b>	<b><u>Construction in Progress</u></b>	<b><u>Total Capital Expenditures</u></b>
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	485,935	46,198	128,021	1,779,629	3,370,796
2022	41,800	4,288,924	-	6,506,251	386,507	11,223,482

Source: Salina Airport Authority Records

Salina Airport Authority  
**General Obligation Debt Service Coverage**  
Ten Fiscal Years Ended December 31, 2022

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
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	18,731,436		2,455	460,000	4,350,000	23,543,891	28,012,729	0.82%	437
2021	459,861,906	56,545,812	516,407,718	51,640,772	19,572,949			420,058	5,645,000	25,638,007	26,422,823	0.85%	476
2022	503,880,021	54,903,252	558,783,273	55,878,327	17,905,730			379,258	6,645,000	24,929,988	31,327,597	0.82%	463

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 84 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, 2022

<b><u>Fiscal Year</u></b>	<b><u>Saline County</u></b>	<b><u>City of Salina</u></b>	<b><u>Unified School Dist. #305</u></b>	<b><u>Salina Airport Authority</u></b>	<b><u>Salina Public Library</u></b>	<b><u>State of Kansas</u></b>	<b><u>Other Special Taxing Districts</u></b>	<b><u>Total</u></b>
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
2022	38.860	30.348	53.425	4.968	5.51	1.5	1.111	135.722

**Note:**

Funds generated from the Salina Airport Authority's 2021 mill levy become available during calendar year 2022 and are budgeted accordingly.

Source: Saline County Clerk

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

<b>Company</b>	<b>2022</b>			<b>2012</b>		
	<b><u>Income</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total Income</u></b>	<b><u>Income</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total Income</u></b>
1 Vision Aviation	398,381	1	12.48%			
Avflight Salina	361,777	2	11.34%			
Kansas Erosion Products	282,500	3	8.85%			
Stryten Salina, LLC	210,840	4	6.61%			
SFC Global Chain Supply	131,502	5	4.12%	103,453	5	4.79%
Universal Forest Products (UFP)	114,676	6	3.59%			
NASA	88,145	7	2.76%			
Kansas State University-Salina	87,874	8	2.75%	47,900	10	2.22%
USSOCOM (Jaded Thunder)	84,151	9	2.64%			
Marine Forces Reserve MAG-49 (Gunslinger)	60,773	10	1.90%			
Kansas Military Board (RSMS, Salina, KS)				598,695	1	27.72%
Learjet Inc.				68,323	6	3.16%
CAV Aerospace, Inc.				168,123	3	7.79%
JRM Enterprises, Inc, d/b/a America Jet (formerly Moore's Midway Aviation)				178,682	2	8.28%
Flower Aviation				132,946	4	6.15%
University Corporation for Atmospheric Research				59,233	7	2.74%
Canadian Royal Air Force				58,460	8	2.71%
Two Rivers Vending Co., Inc.				53,675	9	2.49%
	<u>\$ 1,820,619</u>		<u>57.05%</u>	<u>\$ 1,469,490</u>		<u>68.05%</u>

Source: Salina Airport Authority Records

Salina Airport Authority

**MILL LEVY REVENUE**

Ten Years Ended December 31, 2022

<u>Fiscal Year</u>	<u>Mil Levy Revenue</u>
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
2022	2,431,667

Source: Salina Airport Authority Records

Salina Airport Authority

**AIR TRAFFIC, FUEL FLOWAGE AND ENPLANEMENT TRENDS**

Ten Years Ended December 31, 2022

<b><u>Fiscal Year</u></b>	<b><u>Air Traffic Operations</u></b>	<b><u>Fuel Flowage Gallons</u></b>	<b>Passenger Enplanements</b>		<b><u>Total Enplanements</u></b>
			<b><u>Scheduled Air Carrier</u></b>	<b><u>Non-Scheduled Air Carrier</u></b>	
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
2021	80,970	2,096,198	18,353	1,054	19,407
<sup>1</sup> 2022	68,262	2,371,173	18,458	2,725	21,183

**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

<sup>1</sup> Air carrier passenger enplanement data is estimated. Final passenger enplanement numbers for CY 2022 available July/August of the following year.

## Salina Airport Authority

**Principal Employers**

Current Year and Nine Years Prior

<b>Employer</b>	<b>2022</b>			<b>2012</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Salina Regional Health Center	1,900	1	6.7%	1,453	3	4.3%
Unified School District No. 305	1,600	2	5.7%	1,990	1	5.9%
Great Plains Manufacturing	950	3	3.4%	308	9	0.9%
Schwan's Global Supply Chain, Inc.	900	4	3.2%	1,850	2	5.5%
Stryten Manufacturing	800	5	2.8%			
Exide Technologies				689	4	2.0%
City of Salina	440	6	1.6%	461	5	1.3%
Salina Vortex	405	7	1.4%			
Saline County	335	8	1.2%			
St. Francis Ministries	300	9	1.1%			
Wal-Mart	250	10	0.09%	433	7	1.2%
Blue Beacon International						
Advance Auto Parts Distribution						
Dillons Stores				393	8	1.1%
Philips Lighting Company				450	6	1.3%
Solomon Corporation				297	10	0.8%
<b>Total</b>	<b>7,880</b>		<b>27.2%</b>	<b>8,324</b>		<b>24.3%</b>

**Source:** Salina Area Chamber of Commerce

Salina Regional Airport and Salina Airport Industrial Center  
Airport/Industrial Center Information  
As of December 31, 2022

<b>Airport Code</b>	SLN		
<b>Location:</b>	3 miles Southwest of City of Salina		
<b>Elevation</b>	1,288 ft.		
<b>Tower:</b>	Midwest ATC 0700 - 2300 -365		
<b>FBO:</b>	AvFlight		
		<u>2012</u>	<u>2022</u>
<b>Acreage +/-</b>	Airport	2,502	2,502
	Airport Industrial Center	396	350
<b>Runways :</b>	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.
<b>Aircraft Rescue &amp; Fire Fighting Facility</b>	ARFF Station - sq.ft.	2,500	10,000
<b>Commercial Air Service Terminal</b>	M.J. Kennedy Air Terminal Bldg. - sq. ft.	10,750	14,993
	Vehicle parking spaces	123	331
	Number of Rental Car Agencies in Terminal	1	1
<b>Apron</b>	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
<b>Buildings</b>	Sq. Ft.	1,051,631	1,154,888
<b>Employees</b>	<b>Airport Authority</b>		
	Administration	6	5
	Operations	10	11
	Total Airport Authority Employees	<u>16</u>	<u>16</u>

**Source:** Salina Airport Authority Records



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

<u>Year</u>	<u>Population<sup>1</sup></u>	<u>Per Capita Personal Income<sup>2</sup></u>	<u>Total Personal Income<sup>2</sup></u>	<u>Median Age<sup>3</sup></u>	<u>Unemployment Rate<sup>4</sup></u>	<u>K-12 Graduation Rate<sup>5</sup></u>	<u>K-12 Enrollment<sup>5</sup></u>
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	53,888	56,258	3,031,658,000	38.6	3.8%	91.8%	8,172
2022	54,303	n/a	n/a	39.5	2.4%	88.1%	8,506

**Data Sources:**

<sup>1</sup>Kansas Division of Budget

<sup>2</sup> Bureau of Economic Analysis

<sup>2</sup> Kansas Statistical Abstract

<sup>3</sup>U.S. Census Bureau

<sup>4</sup> Bureau of Labor Statistics

<sup>5</sup>Kansas Department of Education

2022 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 2022 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	\$16,402,623	2.94%
SFC Global Supply Chain Inc	Manufacturing	11,272,565	2.02
Kansas Gas Service	Utility	5,746,609	1.03
Sam's Real Estate Business Trust/Walmart	Discount Store	4,739,506	0.85
Salina Regional Health Properties Inc.	Motel	4,346,082	0.78
Central Mall Realty Holding LLC	Retail Shopping Center	3,142,587	0.56
S&B Motels	Motel	2,894,902	0.52
Union Pacific Railroad Co.	Railroad	2,323,522	0.42
Menard Inc.	Retail Shopping Center	2,284,161	0.41
Individual	Commercial	<u>2,256,168</u>	<u>0.40</u>
Total		\$55,408,725	9.92%

### 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>
2022*	4.968%	\$2,499,976	\$1,496,177	59.85%	\$1,496,606	59.86%
2021	4.838	2,216,174	2,178,553	98.30	2,199,328	99.24
2020	5.037	2,273,827	2,251,285	99.01	2,266,239	99.67
2019	5.372	2,413,660	2,356,433	97.63	2,412,115	99.94
2018	4.998	2,152,299	2,107,328	97.91	2,151,410	99.96
2017	4.992	2,132,134	2,082,567	97.68	2,131,568	99.97
2016	4.396	1,841,679	1,802,833	97.89	1,841,353	99.98
2015	4.396	1,804,238	1,768,092	98.00	1,803,974	99.99
2014	4.486	1,807,084	1,771,278	98.02	1,806,825	99.99
2013	4.504	1,817,896	1,813,028	99.73	1,814,155	99.79

\*As of March 2023

**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 the business-type activities of **Salina Airport Authority**, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise **Salina Airport Authority's** basic financial statements, and have issued our report thereon dated June 30, 2023.

**Report on 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 Authority'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 were not identified.

**Report on 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 Authority'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 Authority'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 21, 2023

**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, 2022. **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, 2022.

***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 a 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 21, 2023



**SALINA AIRPORT AUTHORITY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-through Number	Passed-through to Subrecipients	Federal Expenditures
<b>U.S. Department of Transportation</b>				
Direct Funding				
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Investment and Jobs Act Programs	20.106	3-20-0072-042-2021	\$ -	3,777,916
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Investment and Jobs Act Programs	20.106	3-20-0072-047-2022	-	96,010
COVID-19 Funding				
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Investment and Jobs Act Programs	20.106	3-20-0072-045-2021	-	75,272
<b>Total U.S. Department of Transportation</b>			-	3,949,198
<b>U.S. Department of Homeland Security</b>				
Direct Funding				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4449-DR-KS	-	223,408
<b>Total Expenditures of Federal Awards</b>			\$ -	4,172,606

See accompanying notes to schedule of expenditures of federal awards.

**SALINA AIRPORT AUTHORITY**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

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**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, 2022.

**SALINA AIRPORT AUTHORITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2022

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**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, COVID-19 Airports Programs and Infrastructure Investment and Jobs Act Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes            No

**SALINA AIRPORT AUTHORITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2022

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**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, 2022

### **SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters noted for the year ended December 31, 2021.

### **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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