BT&Co. P.A.

Certified Public Accountants

METROPOLITAN TOPEKA AIRPORT AUTHORITY

BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

METROPOLITAN TOPEKA AIRPORT AUTHORITY
BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Metropolitan Topeka Airport Authority
Topeka, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Metropolitan Topeka Airport Authority (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2022, and the changes in financial position and cash flows for the year 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS); and applicable provisions of the *Kansas Municipal Audit and Accounting Guide* (the KMAAG). 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 the 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.

Emphasis of Matters

As described in Note 2 to the financial statements, the Authority implemented Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

As described in Note 14 to the financial statements, the December 31, 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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 within one year after the date that the financial statements are issued or available to be issued.

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 opinion. 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 GAS 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 GAS, 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 the 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the accompanying table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023 on our consideration of the 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.

BT + Co., P.A.

December 12, 2023
Topeka, Kansas

Metropolitan Topeka Airport Authority
Management's Discussion and Analysis
Year Ended December 31, 2022

INTRODUCTION

Board of Directors	**Executive Staff**
Michael R. Munson, Chair	Eric M. Johnson, President
Lisa D. Stubbs, Vice-Chair	Cheryl A. Trobough, Director of Administration and Finance
Brian Armstrong, Secretary	Col. Bill Wempe, Chief of Police & Fire
Sam Sutton	Terry L. Poley, Director of Maintenance
Erica Garcia-Babb	Matthew D. Anstaett, Assistant Director of Maintenance

Overview

In 1978, the Metropolitan Topeka Airport Authority (MTAA), formed under KSA 27-327 through 27-330, was instituted as an autonomous agency responsible for the administration of Forbes Field, the Philip Billard Airport and the Topeka Air Industrial Park (TAIP) located at Forbes Field, in Topeka, Kansas. In 2012, the Board of Directors voted to rename the commercial airport/industrial park from Forbes Field/Topeka Air Industrial Park to Topeka Regional Airport and Business Center, maintaining the name of Forbes Field for the airfield as it was dedicated in the memory of Maj. Daniel H. Forbes in 1949. The area administered by the MTAA under its mandate covers in excess of 4,000 acres with the Business Center covering 450 acres.

The MTAA receives its operational and capital funding from certain state and local tax programs, including a Shawnee County property tax mil levy, as well as from self-generated income such as land leases, landing fees, fuel flowage fees, etc. Various government grant funds are also received to help offset the cost of various airport improvements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance and activity of the MTAA is to provide an introduction to and an understanding of the basic financial statements of the MTAA for the year ended December 31, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto.

Goals

MTAA's continued goal for the year 2022 was to increase self-generated revenues, such as land lease revenues, building revenues, fuel flowage fees etc. so as to reduce the level of public support necessary to keep its facilities in operation. In budgeting for the year 2022, management stressed keeping expenses at a conservative yet realistic level and setting achievable levels for non-tax revenue increases. As in the past, management felt that several Government grants had to be obtained in order to make necessary capital improvements to the MTAA's facilities.

A Look Back at 2022

The fiscal year 2022 proved to be a challenging year for the MTAA, maybe not as challenging as it was for a large part of the business world. Even though we were able to maintain normal business hours, the labor- force issues and supply-chain problems of 2021 continued into 2022 and directly impacted the MTAA. With the airline industry continuing to rebuild from the devastation of COVID, the MTAA's landing fees, flowage fees and Passenger Facility Charges began showing an increase. The MTAA tenants, for the most part, survived the financial struggles brought on by the pandemic in 2020 and 2021. The country's financial recovery is a major concern as we move into 2023.

Activity Highlights

Capital Improvements

- Federal Grants:

  - Planning and design progressed on the FAA-approved projects to be accomplished with the $16,897,555 awarded to Topeka Regional Airport and Philip Billard Airport as a portion of the Coronavirus Aid, Relief, and Economic Security (CARES) Act from the Federal Aviation Administration in 2020. These projects include the replacements of the Airport Terminal building at Philip Billard Airport; the aviation fuel farm at Topeka Regional Airport; and the passenger boarding bridge at Topeka Regional Airport.

    With the signing of the Bipartisan Infrastructure Law (BIL) into effect in late 2021, the MTAA was informed of the possibility of available funding for aviation infrastructure projects, such as the Airport Terminal building at Philip Billard Airport and the passenger boarding bridge at Topeka Regional Airport. Grant applications were completed for BIL grants which would enable some of the CARES funding to be reallocated for the construction of a Snow Removal Equipment (SRE) storage facility at Topeka Regional Airport.

- Other improvements to the infrastructure included the MTAA's continued repair and maintenance on property throughout the complex to expand leasing opportunities and maintain operational facilities.

  <u>Topeka Regional Airport</u>:

  - Pavement repair in various locations on the airfield consisting of ramp and taxiway repairs.

- The 2022 Vehicle/Equipment Procurement included:

  - Police & Fire Department –
    - A 2022 Ford Police Pursuit Vehicle was purchased and placed into service as a part of the Police Department fleet,
    - A Smokeless Range Simulator System was purchased to supplement the patrol officers' training at the firing range; and
    - A 1991 HMETT Truck Tank was acquired through the US Forestry Service with plans to retro fit the unit in 2023 to serve as a tanker apparatus for the Fire Department.

- Maintenance Department –
    - A 2009 Ford F-550 was purchased and placed into service as the fleet mechanic's truck to enable mobile service in the field on tractors and mowers;
    - Two 2022 John Deere 6135E Tractors and two 2022 John Deere FC15M Flex Wing Rotary Mowers were purchased for mowing in the Airport Operations Area;
    - Two 2022 John Deere Z9997R trim mowers were purchased for mowing in the Business Center; and
    - A 2022 John Deere 325G Skid Steer with a brush cutter attachment and a 2022 Caterpillar 953-12 Track Loader were purchased to assist with the maintenance of the facility.

Summary of Operations and Changes in Net Position

	2022	2021
Operating revenues	$ 2,676,835	$ 2,484,308
Operating expenses	(4,857,141)	(4,240,842)
Excess before depreciation and other non-operating income and expenses	(2,180,306)	(1,756,534)
Depreciation	(3,767,513)	(3,709,555)
Excess (loss) before other non-operating income and expense	(5,947,819)	(5,466,089)
Other non-operating income (expense), net	4,092,691	4,092,012
Gain (Loss) before capital contributions	(1,855,128)	(1,374,077)
Capital contributions	1,385,464	40,577
Increase (decrease) in net position	$ (469,664)	$ (1,333,500)

Significant items affecting operations and the change in net position for 2022 are as follows:

- Operating results for 2022 were similar when compared to 2021 with revenues increasing by $ 192,527 or 7.750% and expenses increasing by $ 616,299 or 14.532%.
- Depreciation expense was slightly increased. When compared to 2021 there was an increase of $57,958 or 1.562%.
- Net non-operating income (expense) increased 0.017%.
- Capital contributions are recognized in the form of grants from the Federal Aviation Administration AIP project funds and Shawnee County Emergency Management funds totaled $1,385,464, a significant increase from 2021 of $40,577. This was due to the administrative and design work accomplished on the CARES Act Projects as approved by the FAA in anticipation of the grant receipts in 2023.

Revenues

A summary of revenues for the past two years is shown below. Total Revenue increased 2.986% from 2021 to 2022. The following chart depicts the sources of revenues for 2022:

	2022	2021
Operating revenue		
Building and land rent	$ 2,165,023	$ 2,108,522
Landing and fuel flowage fees	246,466	167,136
Water and sewer sales, net of cost of sales	181,565	137,812
Other	83,781	70,838
Total operating revenue	2,676,835	2,484,308
Non-operating revenue		
Taxes and assessments	3,929,625	3,995,831
Interest income	100,100	15,789
Other	62,966	77,313
Total non-operating revenue	4,092,691	4,088,933
Total revenue	$ 6,769,526	$ 6,573,241

Expenses

A summary of expenses for the past two years is shown below. Total Expenses increased by 14.615% from 2021 to 2022. The following chart depicts the major expense categories for 2022:

	2022	2021
Operating expenses		
Personnel	$ 3,185,397	$ 2,840,095
Facilities support	1,089,481	879,715
Equipment support	328,953	210,112
Other	253,310	310,920
Total operating expenses	4,857,141	4,240,842
Non-operating expenses		
Interest	0	(3,079)
Total expenses	$ 4,857,141	$ 4,237,763

The MTAA ended 2022 with favorable budget variances for both revenues and expenditures.

Summary of Financial Position

The MTAA's assets exceeded its liabilities by $67,722,728 at the end of 2022. A condensed summary of total net position follows:

	2022	2021
Assets & Deferred Outflows of Resources		
Current and other assets	$ 15,396,405	$ 11,127,527
Noncurrent assets	3,251,531	0
Capital assets	59,818,063	60,768,226
Deferred outflow of resources	958,452	674,951
Total assets & deferred outflows of resources	79,424,451	72,570,704
Liabilities & Deferred Inflows of Resources		
Long-term debt outstanding	0	0
Net pension & OPEB liability	2,302,894	1,476,065
Other liabilities	768,859	906,105
Deferred inflow of resources	8,629,970	4,176,937
Total liabilities & deferred inflows of resources	11,701,723	6,559,107
Net position		
Invested in capital assets, net of related debt	59,818,063	60,768,226
Restricted PFC revenue	4,178	2,603
Unrestricted	7,900,487	5,240,768
Total net position	$ 67,722,728	$ 66,011,597

88.327% of the MTAA's net position relates to its investment in capital assets including land, buildings, airfield infrastructure and machinery and equipment, net of accumulated depreciation and less any related debt used to acquire those assets still outstanding.

METROPOLITAN TOPEKA AIRPORT AUTHORITY
STATEMENT OF NET POSITION
December 31, 2022

ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES

Assets:		
Current assets:		
Cash and cash equivalents	$	915,933
Certificates of deposit		5,778,124
Receivables:		
Accounts, net of allowance for doubtful accounts of $ 9,104		101,360
Interest		21,659
Leases		1,517,484
Grants		3,442,808
Taxes		3,533,027
Prepaid expenses		86,010
Total current assets		15,396,405
Noncurrent assets:		
Leases receivable		3,251,531
Capital assets, net		59,818,063
Total noncurrent assets		63,069,594
Total assets		78,465,999
Deferred outflows of resources:		
Deferred outflows of resources - pension		802,284
Deferred outflows of resources - OPEB		156,168
Total deferred outflows of resources		958,452
Total assets and deferred outflows of resources	$	79,424,451

(Continued)

METROPOLITAN TOPEKA AIRPORT AUTHORITY
STATEMENT OF NET POSITION
(Continued)
December 31, 2022

LIABILITIES, DEFERRED INFLOWS
OF RESOURCES, AND NET POSITION

Liabilities:		
Current liabilities:		
Accounts payable	$	416,160
Accrued salaries and payroll taxes		66,134
Other current liabilities		25,219
Accrued compensated absences and benefits		95,247
Total current liabilities		602,760
Noncurrent liabilities:		
Accrued compensated absences and benefits, net current portion		166,099
Net pension liability		2,140,905
OPEB liability		161,989
Total noncurrent liabilities		2,468,993
Total liabilities		3,071,753
Deferred inflows of resources:		
Deferred inflows of resources - tax revenue		3,533,027
Deferred inflows of resources - pension		41,858
Deferred inflows of resources - OPEB		127,116
Deferred inflows of resources - leases		4,927,969
Total deferred inflows of resources		8,629,970
Net position:		
Net investment in capital assets		59,818,063
Restricted		4,178
Unrestricted		7,900,487
Total net position		67,722,728
Total liabilities, deferred inflows of resources, and net position	$	79,424,451

See accompanying notes to the financial statements.

METROPOLITAN TOPEKA AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
Year Ended December 31, 2022

Operating revenue:	
Revenue from services	$ 2,490,184
Water sales and sewer charges	456,975
Other income	5,086
Total operating revenue	2,952,245
Operating expenses:	
General expenses	5,132,551
Depreciation	3,767,513
Total operating expenses	8,900,064
Operating loss	(5,947,819)
Non-operating revenues:	
Taxes and assessments	3,929,625
FAA capital projects	1,381,820
SNCO grant revenue	3,644
Passenger facility charge	8,877
Gain on disposal of capital assets	54,089
Interest income	100,100
Total non-operating revenues	5,478,155
Change in net position	(469,664)
Net position at beginning of year, as previously stated	66,011,597
Prior period adjustments	2,180,795
Net position at beginning of year, as restated	68,192,392
Net position at end of year	$ 67,722,728

See accompanying notes to the financial statements.

METROPOLITAN TOPEKA AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2022

Cash flows from operating activities:	
Cash received from customers	$ 2,587,161
Cash paid to employees	(2,287,680)
Cash paid for employee benefits	(763,031)
Cash paid to suppliers and others	(1,409,692)
Net cash flows from operating activities	(1,873,242)
Cash flows from investing activities:	
Net purchase of certificates of deposit	(2,006,573)
Interest received	82,555
Net cash flows from investing activities	(1,924,018)
Cash flows from noncapital financing activities:	
Cash received from taxes and assessments	3,929,625
Cash flows from capital and related financing activities:	
Purchase of capital assets	(2,961,640)
Cash proceeds from disposal of capital assets	54,089
Cash proceeds from SNCO grant	3,644
Cash proceeds from ANG project funds	2,857
Cash proceeds from passenger facility charge	8,877
Net cash flows from capital and related financing activities	(2,892,173)
Net change in cash and cash equivalents	(2,759,808)
Cash and cash equivalents, beginning of year	3,675,741
Cash and cash equivalents, end of year	$ 915,933

(Continued)

METROPOLITAN TOPEKA AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
(Continued)
Year Ended December 31, 2022

Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	$	(5,947,819)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation		3,767,513
Changes in:		
Accounts receivable		(36,747)
Leases receivable		603,829
Prepaid expenses		(21,316)
Deferred outflow of resources - pension		(271,769)
Deferred outflow of resources - OPEB		(11,732)
Accounts payable		299,860
Accrued salaries and payroll taxes		10,687
Other current liabilities		1,449
Accrued compensated absences and benefits		29,901
Net pension liability		835,317
OPEB liability		(8,488)
Deferred inflow of resources - pension		(476,708)
Deferred inflow of resources - OPEB		9,537
Deferred inflow of resources - leases		(656,756)
Net cash flows from operating activities	$	(1,873,242)

See accompanying notes to the financial statements.

1 - Summary of Significant Accounting Policies

Reporting Entity

The Metropolitan Topeka Airport Authority (the Authority) was established to operate the Philip Billard Municipal Airport, the Forbes Field Airport, and the Topeka Air Industrial Park. The Authority is reported as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises when the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed through user charges or when the periodic determination of net income or loss is deemed appropriate. The Authority has no component units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Basis of accounting refers to when revenues, expenses, and the related assets, deferred outflows of resources, deferred inflows of resources, and liabilities are recognized in the accounts and reported in the financial statements. Measurement focus refers to what is being measured. The financial statements are prepared on the accrual basis of accounting and on an economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with ongoing operations. The principal operating revenues of the Authority are rents from lessees and charges relating to the use of the Authority's facilities. Operating expenses include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Information

In accordance with applicable Kansas statutes, the Authority must establish and approve an annual operating budget. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.

3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the Authority is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget is adjusted to on or before September 20th. The Authority did not hold a revenue neutral rate hearing for the 2022 budget.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for 2022.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. A budget comparison statement is presented showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Legal annual operating budgets are prepared using the regulatory basis of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Disbursements are adjusted for the prior year's accounts payable, and encumbrances. Encumbrances are commitments by the Authority for future payments and are supported by a document evidencing such commitment, such as a purchase order or contract. Any unused budget expenditure authority lapses at year end.

Spending which is not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

The following shows the major differences between the net position on budget basis and GAAP basis:

Budget basis net position	$	2,332,804
Adjustments to GAAP basis:		
Encumbrances		3,878,959
Receivables		11,867,869
Prepaid expenses		86,010
Capital assets		59,818,063
Deferred outflows of resources		958,452
Other current liabilities		(25,219)
Accrued compensated absences and benefits		(95,247)
Noncurrent liabilities		(2,468,993)
Deferred inflows of resources		(8,629,970)
GAAP basis net position	$	67,722,728

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents. Cash does not include certificates of deposit with original maturities of more than three months.

Accounts Receivable

The Authority grants credit to all qualified renters and customers. Accounts receivable are carried at cost less an estimate made for doubtful receivables, if an allowance is deemed necessary, based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts on a periodic basis by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as revenue when received.

Taxes Receivable

In accordance with governing State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities in the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property and are recorded as taxes receivable with a corresponding amount recorded as a deferred inflow of resources on the statement of net position.

Leases Receivable

The Authority is a lessor for leases of buildings and land. 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.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its leases 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.

Capital Assets

Capital assets, which include property, plant, equipment, and construction in progress, are carried at historical cost. Those assets contributed by other entities are primarily recorded at acquisition value on the date of contribution as determined by appraisal. Depreciation is computed using the straight-line method. Buildings and related building improvements are being depreciated over a period of 2 to 40 years. Runways are being depreciated over a period of 5 to 30 years. Furniture, equipment, and vehicles have an estimated useful life ranging from 2 to 20 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the statement of revenues, expenses, and change in net position. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

The Authority evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Accrued Compensated Absences and Benefits

Employees are granted vacation and sick leave in varying amounts, based on length of service. In the event of termination or separation, an employee is generally paid for all accumulated vacation. Accumulated sick leave is paid out only upon retirement. Exempt employees are eligible to receive payment for 60 days of accrued sick leave and non-exempt employees are eligible to receive payment for 30 days of accrued sick leave. It is the policy of the Authority to record vacation and sick leave pay as expenses as they are earned. The amount of earned but unused accumulated vacation and sick leave are included in accrued compensated absences and benefits on the statement of net position. During the year ended December 31, 2022, $ 170,737 of vacation and sick leave benefits was earned and $ 118,269 was used. At December 31, 2022, accrued sick leave benefits were $ 90,450 and accrued vacation benefits were $ 170,896.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has two items that qualify for reporting in this category – deferred outflows for OPEB and deferred outflows for pension. See Note 6 for more information on the deferred outflows for the pension and Note 7 for more information on the deferred outflows for OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has four types of items that qualify for reporting in this category – deferred inflows for unavailable property tax revenues, deferred inflows for OPEB, deferred inflows for pension, and deferred inflows related to leases. See Note 6 for more information on the deferred inflows for the pension, Note 7 for more information on the deferred inflows for OPEB and Note 4 for more information on the deferred inflows for leases.

Pensions

For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The KPERS investments are reported at fair value.

Advertising

The Authority expenses advertising costs as they are incurred. Advertising expense for the year ended December 31, 2022 was $ 92,382.

Income Taxes

The Authority is an airport authority as authorized by K.S.A. 3-162 and is, therefore, not subject to federal and state income taxes as authorized by K.S.A. 79-201s.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management's estimates and assumptions are derived from and are continually evaluated based upon available information, judgment, and experience. Actual results could differ from those estimates.

Passenger Facility Charge

The Authority has been authorized by the Federal Aviation Administration to collect passenger facility charges to finance capital improvements at Forbes Field Airport.

Pending Governmental Accounting Standards Board Statement

At December 31, 2022, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Authority. The Statements that might impact the Authority are as follows:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange-like transaction. This Statement will become effective for the Authority in the fiscal year ended December 31, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for the Authority in the fiscal year ended December 31, 2023.

GASB Statement No. 99, *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance by the Authority. The requirements related to leases, PPPs, and SBITAs will be effective for the Authority in fiscal year ending December 31, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the Authority in the fiscal year ended December 31, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for the Authority in the fiscal year ended December 31, 2024.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for the Authority in the fiscal year ended December 31, 2024.

2 - Adoption of New Accounting Standards

During the year, the Authority adopted the following accounting standard:

GASB Statement No. 87, *Leases* – This Statement 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. This Statement resulted in the reporting of certain lease receivables, along with deferred inflows of resources and accumulated amortization. Beginning net position was increased by $ 119,807 due to the adoption of this Statement.

3 - Deposits and Investments

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. K.S.A. 9-1401 establishes the depositories which may be used by the Authority. The statute requires banks eligible to hold the Authority's funds have a main or branch bank in the county in which the Authority is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. K.S.A. 9-1402 requires that deposits of the Authority be collateralized, and that collateral pledged must have a fair value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the Authority. At December 31, 2022, the carrying amount of the Authority's deposits was $ 6,694,057 and the bank balance totaled $ 7,428,264. Of the bank balance, $ 1,250,000 was secured by federal deposit insurance and $ 6,178,264 was collateralized by pledged securities held under joint custody receipts issued by third party banks in the Authority's name.

Credit Risk - Investments

K.S.A. 12-1675 limits the Authority's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the MIP. The Authority has no investment policy that would further limit its investment choices.

Concentrations of Credit Risk – Investments

State statutes place no limit on the amount the Authority may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Authority's investments as of December 31, 2022 consisted entirely of certificates of deposit.

4 - Leases Receivable

The Authority has various leases for which it acts as lessor. Details for the year ended December 31, 2022 are shown in the table below:

Lease Description	Payment Terms	Interest Revenue	Lease Revenue	Payments Received	Deferred Inflow of Resources at Year End	Lease Receivable at Year End
Buildings:						
1116 N.E. Strait Avenue	Fixed; $ 3,537 per month; 80 months	$ 1,143	$ 48,673	$ 44,464	$ 227,141	$ 238,796
255 SE 70th St	Variable based on CPI index; $ 368 per month; 79 months	104	4,365	4,333	20,008	20,080
421 SE Axton St	Variable based on CPI index; $ 917 per month; 18 months	6	5,491	5,498	-	-
6410 SE Forbes Ave - Building	Variable based on CPI index; $ 600 per month; 38 months	63	7,149	7,144	8,341	8,375
650 SE Airport West Drive	Variable based on CPI index; $ 1,804 per month; 67 months	669	21,262	21,071	76,190	76,644
6510 SE Forbes Avenue	Fixed; $ 862 per month; 21 months	12	5,949	5,961	-	-
6610 SE Forbes Ave	Variable based on CPI index; $ 2,297 per month; 60 months	610	27,198	27,038	81,594	81,998
6621 SE Forbes Ave	Fixed; $ 472 per month; 45 months	74	5,616	5,603	9,827	9,872
6625 SE Jabara St	Variable based on CPI index; $ 198 per month; 41 months	24	2,360	2,357	3,343	3,357
6821 SE Ross St Bldg 638 & 200 SE Airport West Drive Bldg 818	Variable based on CPI index; $ 1,855 per month; 67 months	688	21,868	21,672	78,361	78,828
7000 SE Forbes Ave	Variable based on CPI index; $ 1,620 per month; 57 months	400	19,198	19,098	52,795	53,057
7008 SE Forbes Ave	Variable based on CPI index; $ 4,074 per month; 54 months	844	48,367	48,169	120,918	121,462
7121-27 SE Forbes Ave - Building	Variable based on CPI index; $ 377 per month; 24 months	11	4,502	4,510	-	-
7131 SE Forbes Ave - Building	Variable based on CPI index; $ 94 per month; 28 months	5	1,118	1,119	373	374
740 SE Airport Dr. Suites 10 & 11	Variable based on CPI index; $ 5,371 per month; 84 months	3,101	62,784	61,790	313,922	316,101
Building #100 - 131 SE 61st St.	Variable based on CPI index; $ 1,138 per month; 34 months	96	13,577	13,577	11,314	11,360
Building #379 - 413 SE Peterson St.	Variable based on CPI index; $ 988 per month; 22 months	21	9,850	9,866	-	-
Hangar #26 - 3600 NE Sardou Ave.	Variable based on CPI index; $ 3,520 per month; 36 months	334	36,591	41,949	36,591	42,135
Building #252 - 6534 SE Jabara St.	Variable based on CPI index; $ 2,819 per month; 51 months	313	33,624	33,556	75,655	75,853
201 SE University Blvd	Variable based on CPI index; $ 1,276 per month; 55 months	275	14,963	14,902	39,113	39,267
3600 NE Sardou	Variable based on CPI index; $ 1,265 per month; 24 months	51	15,097	15,131	-	-
Lease #2060.01 421 SE Axton St	Variable based on CPI index; $ 975 per month; 36 months	45	5,824	5,810	29,120	29,134
Lease #2055.01 - 501 SE Axton St Suites A, B, C, Lot 13 & 16	Variable based on CPI index; $ 17,340 per month; 36 months	1,149	155,410	155,022	466,231	466,619
501 SE Axton St. Suite A	Variable based on CPI index; $ 6,384 per month; 15 months	14	19,119	19,142	-	-
501 SE Axton St Suites B & C	Variable based on CPI index; $ 11,092 per month; 15 months	24	33,222	33,261	-	-
6130 SE Cardenas St	Variable based on CPI index; $ 1,626 per month; 83 months	487	19,253	19,097	94,659	95,002
6330 SE Forbes Ave	Variable based on CPI index; $ 492 per month; 62 months	73	5,861	5,841	18,560	18,608
6530 SE Forbes Ave - Building	Fixed; $ 469 per month; 87 months	152	5,856	5,797	30,745	31,050
6800 SE Evans St	Variable based on CPI index; $ 368 per month; 66 months	59	4,377	4,360	15,318	15,358
7016-7022 Forbes Ave	Variable based on CPI index; $ 282 per month; 79 months	151	3,296	3,249	15,107	15,211

Lease Description	Payment Terms	Interest Revenue	Lease Revenue	Payments Received	Deferred Inflow of Resources at Year End	Lease Receivable at Year End
Building #123/129 - 200 SE Engle St.	Fixed; $ 555 per month; 24 months	$ 25	$ 6,641	$ 6,633	$ 6,641	$ 6,648
Building #1, #2 & #3 - 3600 NE Sardou Ave.	Variable based on CPI index; $ 2,085 per month; 36 months	242	24,612	24,044	36,919	37,401
Building #131 - 545 SE Engle St.	Fixed; $ 3,550 per month; 24 months	160	42,496	42,450	42,496	42,542
Building #137 - 540 SE Engle St.	Fixed; $ 876 per month; 24 months	37	10,593	10,551	7,062	7,142
Building #151 - 6030 SE Evans St.	Variable based on CPI index; $ 1,336 per month; 24 months	38	15,984	15,995	2,664	2,670
Building #15 - 3600 NE Sardou Ave	Fixed; $ 103 per month; 171 months	275	1,344	1,048	16,459	17,073
Building #167 - 438 SE 61st Street	Variable based on CPI index; $ 6,150 per month; 15 months	20	18,402	18,436	-	-
Lease #2053.01 - Building #167 - 438 SE 61st Street	Variable based on CPI index; $ 5,500 per month; 24 months	346	49,291	49,184	82,151	82,257
Building #183 - 6212 SE Evans St.	Variable based on CPI index; $ 330 per month; 22 months	5	3,291	3,295	-	-
Building #225 - 6424 SE Johnston St.	Variable based on CPI index; $ 1,264 per month; 19 months	16	8,818	8,834	-	-
Building #243 - 6540 SE Johnston St.	Variable based on CPI index; $ 2,174 per month; 50 months	426	27,085	26,682	58,683	60,102
Building #260 - 6515 Johnston St.	Variable based on CPI index; $ 2,349 per month; 36 months	285	28,014	27,937	44,355	44,469
Building #612 - 6804 SE Ross St.	Variable based on CPI index; $ 1,275 per month; 26 months	36	15,250	15,265	2,542	2,548
Building #624 - 6800 SE Forbes Ave.	Fixed; $ 4,500 per month; 36 months	489	54,642	53,580	63,749	65,817
Building #820 - 206 SE Airport West	Fixed; $ 5,108 per month; 36 months	2,235	39,613	38,878	138,645	139,381
Firing Range	Variable based on CPI index; $ 1,237 per month; 40 months	20	1,107	1,227	1,477	1,232
Hangar #17 - 3600 SE Sardou Ave.	Fixed; $ 1,737 per month; 24 months	93	20,791	20,764	19,059	19,082
Hangar #7 - 3600 NE Sardou Ave.	Variable based on CPI index; $ 1,304 per month; 180 months	3,507	14,007	12,638	190,268	192,000
Hangar #9 - 3600 NE Sardou Ave.	Variable based on CPI index; $ 246 per month; 31 months	11	2,941	2,942	1,716	1,720
Hangar #10- Philip Billard Airport	Variable based on CPI index; $ 882 per month; 22 months	14	8,796	8,806	-	-
Hangar #12- Philip Billard Airport	Variable based on CPI index; $ 60 per month; 22 months	1	558	559	-	-
Lot AOA1 - Topeka Regional Airport	Fixed; $ 500 per month; 18 months	71	3,457	3,437	5,432	5,452
#697 - Pumphouse C	Variable based on CPI index; $ 376 per month; 52 months	74	4,459	4,442	10,404	10,451
Lease #2061.01 - Building #225 - 6424 SE Johnston St.	Variable based on CPI index; $ 1,354 per month; 24 months	52	6,739	6,725	25,610	25,624
6832 SE Ross St. - Bldg. #609	Variable based on CPI index; $ 2,531 per month; 33 months	345	30,067	30,076	22,550	22,708
3600 NE Sardou Bldg #4-Ste 2	Variable based on CPI index; $ 1,059 per month; 33 months	103	12,622	12,625	9,467	9,514
Lease 1931.01 - 6822 SE Ross St. (#605)	Variable based on CPI index; $ 10,730 per month; 30 months	616	128,145	128,229	64,072	64,306

Lease Description	Payment Terms	Interest Revenue	Lease Revenue	Payments Received	Deferred Inflow of Resources at Year End	Lease Receivable at Year End
Lease 1706.01 - 710 SE 70th St. (#415)	Variable based on CPI index; $ 452 per month; 51 months	$ 86	$ 5,371	$ 5,353	$ 12,086	$ 12,140
Lease 1951.01 - 7111 SE Forbes Ave (#452)	Variable based on CPI index; $ 1,126 per month; 70 months	443	13,264	13,134	50,846	51,149
Lease 1969.01 - 7115 SE Forbes Ave (#451)	Variable based on CPI index; $ 3,994 per month; 32 months	297	47,650	47,668	31,767	31,896
Lease 1909.01 - 6930 SE Johnston St (#384)	Variable based on CPI index; $ 4,378 per month; 63 months	1,244	49,301	51,462	160,229	169,190
Lease 2041.01 - 6145 SE Cardenas St. (#154)	Variable based on CPI index; $ 1,025 per month; 36 months	130	12,212	12,187	16,282	16,342
Lease 2042.01 - 6840 SE Johnston St. (#344)	Variable based on CPI index; $ 2,414 per month; 36 months	306	28,758	28,699	38,343	38,483
6620 SE Dwight St - Building	Variable based on CPI index; $ 5,843 per month; 75 months	410	57,721	28,993	245,312	-
Total Buildings		23,456	1,455,862	1,423,165	3,232,512	3,027,880
Land:						
435 SE 70th St	Fixed; $ 1,921 per month; 33 months	172	28,095	30,051	21,071	22,616
6110 SE Evans St	Variable based on CPI index; $ 61 per month; 55 months	14	719	716	1,858	1,867
6410 SE Forbes Ave - Land	Variable based on CPI index; $ 484 per month; 38 months	51	5,773	5,769	6,735	6,763
6520 SE Forbes Ave	Variable based on CPI index; $ 254 per month; 51 months	48	3,011	3,001	6,775	6,806
7105 SE Forbes Ave	Fixed; $ 6,377 per month; 210 months	22,594	79,351	57,158	1,229,946	1,273,458
7121-27 SE Forbes Ave - Land	Variable based on CPI index; $ 698 per month; 24 months	21	8,339	8,353	-	-
7131 SE Forbes Ave - Land	Variable based on CPI index; $ 238 per month; 28 months	11	2,849	2,852	950	953
555 SE 70th St	Variable based on CPI index; $ 229 per month; 60 months	45	2,719	2,707	8,156	8,186
6431 SE Bleckley St	Variable based on CPI index; $ 667 per month; 84 months	385	7,797	7,673	38,983	39,254
6530 SE Forbes Ave - Land	Variable based on CPI index; $ 1,022 per month; 87 months	311	12,089	11,984	63,466	63,703
6620 SE Dwight St - Land	Variable based on CPI index; $ 1,134 per month; 75 months	487	13,335	13,187	56,675	57,012
6800 SE Ross St	Variable based on CPI index; $ 824 per month; 55 months	236	11,360	10,685	29,346	31,440
Farm - Philip Billard Airport	Variable based on CPI index; $ 6,532 per year; 3 years	91	6,512	6,495	6,512	6,513
Lot #21	Variable based on CPI index; $ 1,104 per month; 66 months	246	13,103	13,033	45,859	46,026
Lot #14	Variable based on CPI index; $ 1,185 per month; 46 months	192	14,095	14,060	25,841	25,957
Farm Land - Philip Billard Airport	Variable based on CPI index; $ 25,037 per year; 3 years	357	24,966	24,894	24,966	24,966
Hangar #27 - Philip Billard Airport	Variable based on CPI index; $ 575 per month; 42 months	47	6,875	6,868	10,313	10,340

		Interest Revenue	Lease Revenue	Payments Received	Deferred Inflow of Resources at Year End	Lease Receivable at Year End
Farm 2 - Philip Billard Airport	Variable based on CPI index; $ 9,261 per year; 3 years	$ 129	$ 9,233	$ 9,208	$ 9,232	$ 9,234
Farm 3 - Philip Billard Airport	Variable based on CPI index; $ 10,970 per year; 3 years	153	10,937	10,907	10,936	10,938
Farm - Topeka Regional Airport	Variable based on CPI index; $ 1,938 per year; 3 years	28	1,932	1,927	1,932	1,932
Farm B - Topeka Regional Airport	Variable based on CPI index; $ 8,881 per year; 2 years	61	7,871	8,846	1,968	-
Farm C - Topeka Regional Airport	Variable based on CPI index; $ 1,159 per year; 3 years	19	1,065	1,150	1,331	1,154
Lots behind 6511 SE Forbes Ave - Bldg. #282	Variable based on CPI index; $ 904 per month; 60 months	248	10,714	10,631	37,500	37,622
Evergy - Lot S	Variable based on CPI index; $ 1,917 per month; 13 months	1	1,914	1,916	-	-
Lease 1775.01 - Shawnee County Firing Range	Variable based on CPI index; $ 6,169 per month; 105 months	599	5,412	5,760	36,528	35,772
Total Land		26,546	290,066	269,831	1,676,879	1,722,512
Land Improvements:						
6410 SE Forbes Ave - Parking Space	Variable based on CPI index; $ 671 per month; 38 months	71	8,000	7,995	9,334	9,372
61st St. - Parking Lot #15	Variable based on CPI index; $ 566 per month; 24 months	17	6,781	6,782	2,260	2,264
Bleckley St.	Variable based on CPI index; $ 366 per month; 18 months	2	2,192	2,194	-	-
Lot 12 - Lease #2021.01	Variable based on CPI index; $ 389 per month; 24 months	11	2,328	2,325	6,984	6,987
Parking Lot #17	Variable based on CPI index; $ 631 per month; 24 months	14	7,548	7,557	-	-
Total Land Improvements		115	26,849	26,853	18,578	18,623
Total		$ 50,117	$ 1,772,777	$ 1,719,849	$ 4,927,969	$ 4,769,015

Principal payments expected to maturity are as follows:

Years Ended December 31,	
2023	$ 1,517,484
2024	994,177
2025	593,376
2026	336,277
2027	241,198
2028 - 2032	494,735
2033 - 2037	541,036
2038	50,732
	$ 4,769,015

5 - Capital Assets

Capital asset activity for the year ending December 31, 2022 was as follows:

	Beginning of Year	Additions	Retirements and Transfers	End of Year
Capital assets not being depreciated:				
Land	$ 6,167,873	$ -	$ -	$ 6,167,873
Construction in progress	5,265,938	2,285,672	(333,834)	7,217,776
Total capital assets not being depreciated	11,433,811	2,285,672	(333,834)	13,385,649
Capital assets being depreciated:				
Buildings and improvements	36,441,290	85,320	-	36,526,610
Runways	85,435,928	283,260	-	85,719,188
Vehicles	5,113,747	65,024	(53,500)	5,125,271
Furniture	204,028	-	-	204,028
Equipment	2,679,730	576,198	(841)	3,255,087
Total capital assets being depreciated	129,874,723	1,009,802	(54,341)	130,830,184
Less accumulated depreciation	(80,684,598)	(3,767,513)	54,341	(84,397,770)
Total capital assets being depreciated, net	49,190,125	(2,757,711)	-	46,432,414
Total capital assets, net	$ 60,623,936	$ (472,039)	$ (333,834)	$ 59,818,063

6 - Defined Benefit Pension Plan

General Information About the Pension Plan

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

- Public employees, which includes:
  - State/School employees
  - Local employees
- Police and Firemen
- Judges

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

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

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

Benefits Provided. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees 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 an employee's combined age and years of credited service equal 85 points.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees 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.

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

The 2012 Legislature made changes affecting new hires, current members and employees. A new KPERS 3 cash balance retirement plan was created for new hires starting 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. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS 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 for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. KPERS is funded on an actuarial reserve basis.

For KPERS 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 KPERS fiscal year ended June 30, 2022.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for the fiscal year ended June 30, 2022. Contributions to the Pension Plan from the Authority were $ 209,405 for the year ended December 31, 2022.

<u>Summary of Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

At December 31, 2022, the Authority reported a liability of $ 2,140,905, for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2022, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022.

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 Authority's proportion of the collective net pension liability was based on the ratio of the Authority's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the Local group within KPERS for the KPERS fiscal year ended June 30, 2022. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2022, the Authority's proportion was 0.107689%, which is a decrease of 0.001114% from its proportion measured at June 30, 2021.

For the year ended December 31, 2022, the Authority recognized pension expense of $ 296,245. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 80,978	$ 3,837
Net differences between projected and actual earnings on investments	181,228	-
Changes of assumptions	342,211	-
Changes in proportion	90,856	38,021
Contributions made after measurement date	107,011	-
Total	$ 802,284	$ 41,858

The $ 107,011 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended December 31,		
2023	$	177,803
2024		170,910
2025		101,767
2026		196,002
2027		6,933
	$	653,415

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.75%
Salary increases, including price inflation	3.50% - 12.00%
Long-term rate of return, net of investment expense, including price inflation	7.00%

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study conducted for the three-year period ending December 31, 2018.

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 included in the Pension Plan's target asset allocations as of the most recent experience study, dated January 7, 2020, are summarized in the following table:

	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%
	100.00%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the Authority's proportionate share of the collective net pension liability calculated using the discount rate of 7% as well as what the proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate:

1% Decrease	Current Discount Rate	1% Increase
$ 3,075,479	$ 2,140,905	$ 1,362,269

Pension plan fiduciary net position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

7 - Other Postemployment Benefits (OPEB)

Health Insurance

Description. The Authority offers postemployment health insurance to retired employees in accordance with K.S.A. 12-5040. The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the Authority. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The medical insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. A retiring employee who waives continuing participation in the Authority's health insurance program at the time of retirement is not eligible to participate at a later date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a stand-alone financial report.

Funding Policy. The Authority provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The Authority requires participating retirees to contribute 100 percent of the blended premium cost of active employees to maintain coverage.

The Authority appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis. For the year ended December 31, 2022, the Authority contributed $ 14,000 to the plan.

Employees Covered by Benefit Terms. At December 31, 2022, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	2
Active plan members	45
Total	47

Total OPEB Liability. The Authority's total OPEB liability of $ 143,459 was measured as of December 31, 2022 and was determined by an actuarial valuation performed as of January 1, 2023.

Actuarial Assumptions and Other Inputs. The total OPEB liability at December 31, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.18 percent
Salary increases	5.50 percent per year
Healthcare cost trend rates	7.50 percent for 2023, decreasing 0.25 or 0.50 percent for 2024 to 2033 to an ultimate rate of 4.50 percent
Retirees' share of benefit-related costs	Retirees are responsible for the full premium rates up to 100 percent of the premium
Actuarial cost method	Entry Age Normal - Level Percent of Pay

The discount rate was based on the average of the S&P Municipal Bond 20-Year High Grade Rate Index and the Fidelity GO AA-20 Year Index published yields.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Mortality Tables using Scale MP-2021 Full Generational Improvement.

Changes and items of impact relative from the beginning to the end of the year measurement were as follows:

1. The discount rate was updated from 1.96% to 4.18%.
2. The census was changed from January 1, 2021 to January 1, 2023.
3. The assumed proportion of future eligible retiring employees electing insurance with the Authority upon retirement was revised from 60% to 65%.
4. Per capita costs, retiree contribution premiums and trend rates were updated as part of the evaluation with the December 1, 2022 renewal taken into account.

Changes in the Total OPEB Liability

Beginning balance	$	126,110
Changes for the year:		
Service cost		9,981
Interest on total OPEB liability		2,530
Differences between expected and actual experience		25,225
Changes in assumptions or other inputs		(6,387)
Employer contributions (benefit payments)		(14,000)
Ending balance	$	143,459

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.18%) or 1-percentage-point higher (5.18%) than the current discount rate of 4.18%:

1% Decrease	Current Discount Rate	1% Increase
$ 153,368	$ 143,459	$ 134,081

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the total OPEB liability of the Authority as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
$ 129,413	$ 143,459	$ 160,334

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Authority recognized OPEB expense of $ 14,213. At December 31, 2022, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 32,200	$ (7,654)
Differences between actual and expected experience	23,123	(31,646)
Total	$ 55,323	$ (39,300)

Amounts reported as deferred outflows and inflows of resources related to OPEB at December 31, 2022 will be recognized in OPEB expense as follows:

Years Ended December 31,	
2023	$ 1,702
2024	1,702
2025	1,702
2026	1,702
2027	1,702
Thereafter	7,513
	$ 16,023

<u>Disability Benefits and Life Insurance</u>

Plan Description. The Authority participates in a multiple-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. 74-04927. 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.

Contributions. Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the year ended December 31, 2022 totaled $ 13,509.

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, 66⅔ 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 member's 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.

Covered Employees. The Authority has the following employees covered by the Plan as of June 30:

Disabled members	1
Active plan members	37
Total	38

Total OPEB Liability. The total OPEB liability for the Authority of $ 18,530 was measured as of June 30, 2022 and was determined by an actuarial valuation performed as of December 31, 2021.

Beginning balance	$	44,367
Changes for the year:		
Service cost		8,548
Interest on total OPEB liability		998
Effect on economic/demographic gains or losses		(9,482)
Changes in assumptions or other inputs		(12,392)
Benefit payments		(13,509)
Ending balance	$	18,530

The total OPEB liability in the December 31, 2021 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.54 percent
Salary increases, including wage increases	3.50 percent per year (composed of 2.75 percent inflation and 0.75 percent productivity)
Implicit inflation rate	2.75 percent
Actuarial cost method	Entry Age Normal

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index.

Mortality rates used for the disability benefits were based on the RP-2014 Disabled Life Tables for Males and Females, with generational mortality improvement projected for future years using MP-2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 through December 31, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the Authority's total OPEB liability calculated using the discount rate of 3.54%, as well as what the Authority's total 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:

1% Decrease	Current Discount Rate	1% Increase
$ 20,330	$ 18,530	$ 16,735

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates. The following represents the total OPEB liability of the Authority as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
$ 18,530	$ 18,530	$ 18,530

OPEB Expense. For the year ended December 31, 2022, the Authority recognized OPEB expense of ($ 10,896), which includes the changes in the total OPEB liability, 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, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 85,655	$ (75,764)
Changes of assumptions	3,166	(12,052)
Contributions made after measurement date	12,024	-
Total	$ 100,845	$ (87,816)

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling $ 12,024 will be recognized as a reduction of the total OPEB liability for the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended December 31,	
2023	$ 5,091
2024	5,091
2025	5,091
2026	5,118
2027	(443)
Thereafter	(18,943)
	$ 1,005

8 - Deferred Compensation Plan

The Authority offers its employees a deferred compensation 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. Assets of the plan, valued at current market prices, are held in trust for the benefit of the participants.

All amounts of compensation deferred under the plan as well as earnings attributable to those amounts, are solely the property of the participant employees. Accordingly, the assets and related liabilities for the plan are not recorded in the accompanying financial statements.

9 - Risk Management

The Authority is exposed to various risks of loss related to torts; that is, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. The Authority has elected to manage its risk of loss related to injuries to employees through participation in the Kansas Workers Risk Cooperative for Counties (KWORCC), a public entity risk pool currently operating as a public entity risk management and insurance program for participating members. The Authority pays an annual premium to KWORCC for its workers compensation insurance coverage. The agreement to participate provides that KWORCC will be self-sustaining through member premiums. KWORCC reinsures through commercial companies for claims in excess of $ 400,000 per accident as well as aggregate excess insurance should the pool experience losses in excess of 125% of the audited premium during the policy year. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KWORCC management. There have been no significant reductions in insurance coverage from the previous year.

The Authority continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

10 - Concentrations

The Authority receives a significant amount of funding from taxes levied. For the year ended December 31, 2022, approximately 57% of the Authority’s operating revenues came from taxes levied. A significant reduction in funding from these sources could materially affect the operations of the Authority.

The Authority had one major customer that accounted for approximately 25% of net receivables as of December 31, 2022. The Authority had one vendor that provided approximately 25% of the total purchases for the year ended December 31, 2022.

11 - Capital Projects

Capital project authorizations with approved change orders compared with cash disbursements from inception are as follows:

	Project Authorization	Cash Disbursements to Date
Rwy 13-31 Reconstruction - Phase 2 (FOE)	$ 8,030,417	$ 7,824,826
CARES Act Funding (FOE & TOP)	120,439	9,508
ARFF Vehicle (FOE)	870,247	-
FOE Passenger Building Jet Bridge	1,549,516	123,846
Fuel Farm	11,373,705	454,477
FOE Snow Removal Equipment	3,827,192	154,615
TOP Terminal BIL Construction	3,800,000	56,814
TOP Terminal - Engineering (Phase 2)	949,269	186,985
TOP Terminal - Engineering (Phase 3)	626,950	395,576
	$ 31,147,735	$ 9,206,647

The Authority entered into several construction contracts during the fiscal year for improvements that will be financed from grant awarded funds for airport improvement projects.

12 - Commitments and Contingencies

Litigation

The Authority is a party to various claims, none of which is expected to have a material financial impact on the Authority.

Grants

Grantor agencies reserve the right to conduct audits of the Authority’s grant programs for economy and efficiency and program results that may result in disallowed costs to the Authority. Management does not believe such audits, if any, would result in any disallowed costs that would be material to the Authority’s financial position at December 31, 2022.

Commitments

In 1973, the United States Department of Defense declared Forbes Air Force Base to be a surplus facility for federal needs and made it available to the City of Topeka for conversion to civilian use. Substantially all of the facilities and equipment of the airport are available for leasing to others. Possession of Forbes Field was transferred to the Authority in 1976 without consideration and with certain restrictive covenants which specify the following:

1. The federal government can assume “exclusive or non-exclusive use” of the facility in the case of national emergency.
2. The Authority must maintain the facility in accordance with certain specifications.
3. The Authority must obtain approval from the Federal Aviation Administration to dispose of certain components of the facility.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. The commitments (purchase orders, contracts, and other commitments for the expenditure of funds) are not treated as expenses until a liability for payment is incurred but are merely used to facilitate effective budget control and cash planning and management. At December 31, 2022, the Authority had $ 3,878,959 of encumbrances outstanding.

13 - Landfill Closure and Postclosure Care Costs

The Authority operates one active landfill site that was closed on December 17, 2010. State and federal laws and regulations require the Authority to place a final cover on its operating landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions for thirty years after closure. An expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used to date. The estimated liability for landfill closure and postclosure care costs is $ 0 as of December 31, 2022, which is based on 100 percent usage (filled) of the landfill. The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2022. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The Authority has provided adequate financial assurance documentation related to the estimated closure and postclosure costs as required by laws and regulations.

14 - Prior Period Adjustment

During the year ended December 31, 2022, management determined a prior period restatement was necessary. Part of the restatement was the result of the implementation of Governmental Accounting Standards Board Statement No. 87*, Leases* (see Note 2). The other part of the restatement was the result of the Authority deciding to utilize prior year expenditures for reimbursement related to a federal grant. Revenues should be reported in the same year as the corresponding expenditures.

Implementation of new standard	$ 119,807
Recognition of revenue for prior year federal expenditures	2,060,988
Total prior period adjustment	$ 2,180,795

REQUIRED SUPPLEMENTARY INFORMATION

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last Nine Fiscal Years[1]

	2022	2021	2020	2019
Proportion of the net pension liability	0.11%	0.11%	0.10%	0.10%
Proportionate share of the collective net pension liability	$ 2,140,905	$ 1,305,588	$ 1,706,054	$ 1,429,582
Covered payroll from the period July 1 - June 30	$ 2,164,617	$ 2,101,042	$ 1,875,996	$ 1,907,636
Net pension liability as a percentage of covered payroll	98.90%	62.14%	90.94%	74.94%
Plan fiduciary net position as a percentage of the total pension liability	69.75%	76.40%	64.80%	68.05%

	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.10%	0.10%	0.10%	0.11%	0.11%
Proportionate share of the collective net pension liability	$ 1,445,081	$ 1,496,486	$ 1,645,699	$ 1,451,334	$ 1,313,770
Covered payroll from the period July 1 - June 30	$ 1,855,754	$ 1,831,703	$ 1,827,045	$ 1,842,748	$ 1,748,405
Net pension liability as a percentage of covered payroll	77.87%	81.70%	90.07%	78.76%	75.14%
Plan fiduciary net position as a percentage of the total pension liability	64.90%	63.27%	61.32%	63.30%	66.60%

[1] Information reported above is as of the KPERS measurement date of June 30. GASB 68 requires a presentation of ten years. Data was not available prior to 2014. Therefore, ten years of data is unavailable.

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Nine Fiscal Years [1]

	2022	2021	2020	2019
Contractually required employer contribution	$ 209,405	$ 193,538	$ 205,607	$ 186,205
Contributions in relation to the contractually required contribution	(209,405)	(193,538)	(205,607)	(186,205)
Contribution deficiency	$ -	$ -	$ -	$ -
Covered payroll	$2,220,935	$2,077,019	$2,120,115	$1,882,762
Contributions as a percentage of covered payroll	9.43%	9.32%	9.70%	9.89%

	2018	2017	2016	2015	2014
Contractually required employer contribution	$ 176,268	$ 158,820	$ 171,862	$ 184,694	$ 161,839
Contributions in relation to the contractually required contribution	(176,268)	(158,820)	(171,862)	(184,694)	(161,839)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -
Covered payroll	$1,877,186	$1,828,788	$1,872,135	$1,948,249	$1,830,758
Contributions as a percentage of covered payroll	9.39%	8.68%	9.18%	9.48%	8.84%

[1] GASB 68 requires a presentation of ten years. Data was not available prior to 2014. Therefore, ten years of data is unavailable.

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS - HEALTH INSURANCE
Last Five Fiscal Years[1]

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	$ 9,981	$ 10,785	$ 8,959	$ 8,257	$ 8,932
Interest	2,530	3,014	3,900	5,202	5,187
Differences between expected and actual experience	25,225	(18,767)	(9,062)	(10,621)	(6,580)
Effect of assumption changes or inputs	(6,387)	112	40,622	6,114	(3,599)
Benefit payments	(14,000)	(24,000)	(21,000)	(21,000)	(23,000)
Net change in total OPEB liability	17,349	(28,856)	23,419	(12,048)	(19,060)
Total OPEB liability, beginning	126,110	154,966	131,547	143,595	162,655
Total OPEB liability, ending	$ 143,459	$ 126,110	$ 154,966	$ 131,547	$ 143,595
Covered-employee payroll	$ 2,164,617	$ 2,101,042	$ 1,874,631	$ 1,907,636	$ 1,879,631
Total OPEB liability as a % of covered-employee payroll	6.63%	6.00%	8.27%	6.90%	7.64%

[1]GASB 75 requires a presentation of ten years. Data was not available prior to fiscal year 2018. Therefore, ten years of data is unavailable.

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -
DISABILITY BENEFITS AND LIFE INSURANCE
Last Five Fiscal Years[1]

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	$ 8,548	$ 7,858	$ 7,121	$ 6,648	$ 6,600
Interest	998	1,276	2,260	6,378	600
Effect of economic/demographic gains (losses)	(9,482)	(7,903)	(7,564)	(94,453)	176,981
Effect of assumption changes or inputs	(12,392)	102	3,773	770	(1,200)
Benefit payments	(13,509)	(13,509)	(12,909)	(27,025)	(43,361)
Net change in total OPEB liability	(25,837)	(12,176)	(7,319)	(107,682)	139,620
Total OPEB liability, beginning	44,367	56,543	63,862	171,544	31,924
Total OPEB liability, ending	$ 18,530	$ 44,367	$ 56,543	$ 63,862	$ 171,544
Covered-employee payroll	$ 2,164,617	$ 2,101,042	$ 1,874,631	$ 1,907,636	$ 1,879,631
Total OPEB liability as a % of covered-employee payroll	0.86%	2.11%	3.02%	3.35%	9.13%

[1]GASB 75 requires a presentation of ten years. Data was not available prior to fiscal year 2018. Therefore, ten years of data is unavailable.

SUPPLEMENTARY INFORMATION

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
Year Ended December 31, 2022

	GAAP Basis Actual	Adjustments	Budget Basis Actual	Original and Final Budget	Variance
Revenue:					
Ad valorem tax	$ 3,431,447	$ -	$ 3,431,447	$ 3,540,792	$ (109,345)
Delinquent property tax	57,107	-	57,107	-	57,107
Motor vehicle tax	423,681	-	423,681	421,581	2,100
Recreational vehicle tax	4,771	-	4,771	4,223	548
In lieu of taxes	10,776	-	10,776	-	10,776
16/20M vehicle tax	1,843	-	1,843	1,666	177
Neighborhood Revitalization rebates	-	-	-	(36,031)	36,031
Fees and licenses	264,226	(33,582)	230,644	179,000	51,644
Leases and rents	2,165,023	(174,450)	1,990,573	2,000,000	(9,427)
Reimbursements	251,377	-	251,377	195,456	55,921
Non-operating	59,175	-	59,175	5,000	54,175
SNCO Spark Grant	3,644	-	3,644	-	3,644
Federal grants	1,381,820	(3,439,951)	(2,058,131)	-	(2,058,131)
Interest on idle funds	100,100	(17,545)	82,555	20,000	62,555
Total revenue	8,154,990	(3,665,528)	4,489,462	6,331,687	(1,842,225)
Expenses:					
Personnel	3,167,456	(46,058)	3,121,398	3,171,540	(50,142)
Professional services	265,829	234,245	500,074	483,763	16,311
Personnel support	39,290	1,643	40,933	45,500	(4,567)
Communication services	77,725	4,446	82,171	102,300	(20,129)
Facilities support	1,041,724	(8,887)	1,032,837	1,070,734	(37,897)
Equipment support	264,981	-	264,981	234,055	30,926
Depreciation	3,767,513	(3,767,513)	-	-	-
Other charges	136	-	136	-	136
Capital projects and improvements	-	3,250,076	3,250,076	4,210,770	(960,694)
Prepaid expenses	-	-	-	10,000	(10,000)
Interest	-	-	-	3,025	(3,025)
Total expenses	8,624,654	(332,048)	8,292,606	9,331,687	(1,039,081)
Change in net position	(469,664)	(3,333,480)	(3,803,144)	(3,000,000)	(803,144)
Net position/unencumbered cash, beginning of year, as previously stated	66,011,597	(62,056,444)	3,955,153	3,000,000	955,153
Prior period adjustments	2,180,795	-	2,180,795	-	-
Net position/unencumbered cash, beginning of year, as restated	68,192,392	(62,056,444)	6,135,948	3,000,000	955,153
Net position/unencumbered cash, end of year	$ 67,722,728	$ (65,389,924)	$ 2,332,804	$ -	$ 152,009

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF CERTAIN REVENUES
Year Ended December 31, 2022

Taxes and assessments:		
Current property tax	$	3,431,447
Current motor vehicle tax		423,681
Other taxes		74,497
Total taxes and assessments		3,929,625
Revenue from services:		
Lease and rental fees		2,165,023
Water sales		456,975
Fuel flowage fees		184,120
Landing fees		62,346
Other service revenue		50,713
Insurance reimbursements		14,014
Utility reimbursements		13,968
Total revenue from services		2,947,159
Other:		
Interest income		100,100
Other income		5,086
Total other		105,186
Total of certain revenues	$	6,981,970

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF GENERAL EXPENSES
Year Ended December 31, 2022

Salaries and wages	$	2,328,268
Payroll taxes and benefits		839,188
Cost of water sales		275,410
Electricity and gas		277,666
Structural insurance		201,303
General facility supplies		199,871
Other facilities support		160,669
Other professional services		47,757
Outside maintenance services		119,592
Equipment service agreements		63,973
Vehicle insurance		80,420
Equipment repair and maintenance		45,212
Vehicle fuel		74,910
Bonding insurance fees		50,144
Water and sewer		29,979
Telephone		26,940
Accounting services		35,887
Airport liability insurance		25,704
Vehicle maintenance and supplies		13,607
Legal services		41,731
Other personnel support		17,941
Equipment maintenance and supplies		40,755
Advertising and public relations		92,381
Clothing and uniforms		15,980
Dues and subscriptions		5,369
Other equipment support		10,076
Miscellaneous expense		216
Office supplies		6,600
Other communications service and support		5,002
Total general expenses	$	5,132,551

COMPLIANCE

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant Project Number	Program or Award Amount	Expenditures
U.S. Department of Transportation (Federal Aviation Administration):				
Airport Improvement Program:				
COVID-19 CARES Act Funding (FOE & TOP)	20.106	3-20-0113-038	$ 120,439	$ 9,508
COVID-19 ACRGP Funding (FOE)	20.106	3-20-0113-040	1,003,949	1,003,949
COVID-19 ARPA Funding (FOE)	20.106	3-20-0113-043	1,057,039	1,057,039
FOE Passenger Building Jet Bridge	20.106	3-20-0113-044	1,549,516	123,846
COVID-19 Fuel Farm	20.106	3-20-0113-045	11,373,705	454,477
COVID-19 FOE Snow Removal Equipment	20.106	3-20-0113-048	3,827,192	154,615
COVID-19 TOP Terminal - Engineering (Phase 2)	20.106	3-20-0082-024	949,269	186,985
COVID-19 TOP Terminal - Engineering (Phase 3)	20.106	3-20-0082-026	626,950	395,576
TOP Terminal Building Construction	20.106	3-20-0082-023	3,800,000	56,814
Total U.S. Department of Transportation			$ 24,308,059	$ 3,442,809

See accompanying notes to Schedule of
Expenditures of Federal Awards

METROPOLITAN TOPEKA AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2022

1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Metropolitan Topeka Airport Authority (the Authority) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position of the business-type activities, changes in financial position, or cash flows of the Authority.

2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

3 - Relationship to Financial Statements

Federal awards received are reported in the Authority's financial statements as non-operating revenues on the statement of revenues, expenses, and change in net position.

4 - Difference in Presentation of Capital Assets

The Schedule presents capital asset acquisitions as expenditures under the definition of the Uniform Guidance. The financial statements present capital asset acquisitions as assets in accordance with accounting principles generally accepted in the United States of America.

5 - Timing Differences

For the year ended December 31, 2022, the Authority recognized amounts in the Schedule associated with prior year expenditures. Expenditures should be recognized in the fiscal year spent for reporting purposes. In the current fiscal year, $ 2,060,988 of prior year expenditures associated with the Airport Improvement Program were included in the Schedule. Prior year expenditures associated with this program were reflected in the current year due to a late determination by management to utilize the prior year expenditures for reimbursement.

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2022

Section I. Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	2022-001
Noncompliance material to the financial statements noted	None

Federal Awards

Type of auditors' report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Audit findings that are required to be reported in accordance with 2 CFR 200.516(a)	None

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as a low-risk auditee	No

(Continued)

Section II. Financial Statement Findings

Finding 2022-001 – Significant Deficiency

Condition – The Authority's process to identify accounts payable at year end failed to identify certain accounts payable items related to construction expenditures.

Criteria – The financial statements are the responsibility of management. As such, the Authority's internal control should identify all material accounts payable invoices to be included in the year end balance.

Cause – Inappropriate application of generally accepted accounting principles.

Effect – There is the potential that the financial statements may be misstated.

Recommendation – We recommend that the Authority implement procedures to capture the information needed to track and record accounts payable for construction projects overlapping year end.

Management's Response (Unaudited) – The Authority agrees with the recommendation.

Corrective Action Plan (Unaudited) – The Authority will implement a procedure that will identify construction payment transactions made in the overlapping year end, determine if it was for a period prior to fiscal year end, and record it as an accounts payable.

Contact Name – Cheryl Trobough, Director of Administration & Finance

Expected Completion Date – December 31, 2023

Section III. Federal Award Findings and Questioned Costs

None

Section IV. Passenger Facility Charge (PFC) Findings and Questioned Costs

None

BT&Co. P.A.
Certified Public Accountants

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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*

The Board of Directors
Metropolitan Topeka Airport Authority
Topeka, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Metropolitan Topeka Airport Authority (the Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

BT + Co., P.A.

December 12, 2023
Topeka, Kansas

BT&Co. P.A.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Directors
Metropolitan Topeka Airport Authority
Topeka, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Metropolitan Topeka Airport Authority's (the 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 the Authority's major federal program for the year ended December 31, 2022. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program 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 applicable accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the 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 the 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 the 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 the Authority's compliance based on our audit. Reasonable assurance is high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the 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 the 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

BT + Co., P.A.

December 12, 2023
Topeka, Kansas