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Certified Public Accountants

METROPOLITAN TOPEKA AIRPORT AUTHORITY

BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 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 years ended December 31, 2023 and 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, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern 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 audits.

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 is 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 September 11, 2024 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.

September 11, 2024
Topeka, Kansas

Metropolitan Topeka Airport Authority
Management Discussion and Analysis
Year Ended December 31, 2023

INTRODUCTION

Board of Directors	**Executive Staff**
Lisa D. Stubbs, Chair	Eric M. Johnson, President
Brian Armstrong, Vice-Chair	Cheryl A. Trobough, Director of Administration and Finance
Sam Sutton, Secretary	Curtis S. Sneden, Director of Development
Michael R. Munson	Col. John W. Ross, Chief of Police & Fire
Joseph Ledbetter	Maj. Christopher T. Ortega, Assistant Chief of Police & Fire
	Terry L. Poley, Director of Maintenance
	Matthew D. Anstaett, Assistant Director of Maintenance
	Donald C. Loyd, TOP Fuel Service General Manager

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 Regional Airport and Business Center located at Forbes Field, in Topeka, Kansas. The Forbes Field airfield 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. In 2023, the MTAA began operation as the Fixed Based Operator (FBO) for the Philip Billard Airport under the name of TOP Fuel Service.

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 years ended December 31, 2023 and 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 2023 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 2023 the Top Fuel FBO was added, which brought in fuel sales as well as additional staff. In budgeting for the year 2023, 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. During 2023, the MTAA's landing fees, flowage fees and Passenger Facility Charges have continued to 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 2024. The MTAA is working to market to new tenants to bring more businesses to both the Topeka Regional Airport & Business Center and Philip Billard Airport.

Activity Highlights

Capital Improvements

- Federal Grants:

    - Planning and design progressed on the FAA-approved projects to be accomplished with the $16,897,555 received by 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.

      The FAA also provided funding through a grant in the amount of $870,247. This award was for the purchase of a new Airport Rescue and Firefighting (ARFF) apparatus for the Fire Department. Design work also began for an award received for repaving on taxiways A and D in the amount of $278,100.

- 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.

  Topeka Regional Airport and Business Center:

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

- The 2023 Vehicle/Equipment Procurement included:

    - Police & Fire Department –
        - A Rosenbauer 6X6 Panther truck was acquired through an FAA grant to serve as the primary ARFF apparatus for the Fire Department, and
        - A Ford F-550 Quick Attack vehicle was purchased as an additional 1st response unit for the Fire Department.

    - Maintenance Department –
        - A 2023 Doosan forklift was purchased and placed into service to assist with the maintenance of the facility,
        - A 15,000lb lift was purchased and placed into service to assist with the maintenance of the vehicles, and
        - A 2023 Load Trail gooseneck trailer was purchased and placed into service to assist with the transport of equipment between airports.

    - Top Fuel Service FBO –
        - A 2023 Isuzu Chassis AvGas fuel truck and a 2023 Ford F-750 Chassis Jet A fuel truck were placed into service for aircraft fueling at Philip Billard Airport, and
        - A 2022 John Deere compact tractor was placed into service for mowing around the T-Hangars and FBO facility.

Summary of Operations and Changes in Net Position

	2023	2022	2021
Operating revenues	$2,960,678	$ 2,676,835	$ 2,484,308
Operating expenses	(6,742,151)	(4,857,141)	(4,240,842)
Loss before depreciation and other non-operating income and expenses	(3,781,473)	(2,180,306)	(1,756,534)
Depreciation	(3,966,651)	(3,767,513)	(3,709,555)
Excess (loss) before other non-operating income and expense	(7,748,124)	(5,947,819)	(5,466,089)
Other non-operating income, net	4,105,415	4,092,691	4,092,012
Gain (Loss) before capital contributions	(3,642,709)	(1,855,128)	(1,374,077)
Capital contributions	13,319,984	1,385,464	40,577
Increase (decrease) in net position	$9,677,275	$(469,664)	$(1,333,500)

Significant items affecting operations and the change in net position for 2023 are as follows:

- Operating results for 2023 were higher due to the additional fuel sales and related costs from Top Fuel FBO at Billard when compared to 2022. The FBO and additional staff were added which also attributed to the increase in expenditures. Revenues increased by $283,843 or 10.60% and expenses increased by $1,885,010 or 38.81%.
- Depreciation expense was slightly increased. When compared to 2022 there was an increase of $199,138 or 5.29%.
- Net non-operating income increased $12,724, or 0.31%.
- Capital contributions are recognized in the form of grants from the Federal Aviation Administration AIP project funds and totaled $13,319,984, a significant increase from 2022 of $11,934,520. Several new grants from CARES Act Projects were approved by the FAA and work was ongoing in 2023 and into 2024.

Revenues

A summary of revenues for the past three years is shown below. Total revenue increased 4.38% from 2022 to 2023. The following chart depicts the sources of revenues for the following years:

	2023	2022	2021
Operating revenue			
Building and land rent	$2,247,130	$ 2,165,023	$ 2,108,522
Landing and fuel flowage fees	189,625	246,466	167,136
Water, sewer and fuel sales, net of cost	319,853	181,565	137,812
Other	204,070	83,781	70,838
Total operating revenue	2,960,678	2,676,835	2,484,308
Non-operating revenue			
Taxes and assessments	3,884,082	3,929,625	3,995,831
Interest income	174,384	100,100	15,789
Other	46,949	62,966	77,313
Total non-operating revenue	4,105,415	4,092,691	4,088,933
Total revenue	$ 7,066,093	$ 6,769,526	$ 6,573,241

Expenses

A summary of expenses for the past three years is shown below. Total expenses increased by 38.81% from 2022 to 2023. The following chart depicts the major expense categories for the following years:

	2023	2022	2021
Operating expenses			
Personnel	$4,422,841	$ 3,167,456	$ 2,840,095
Facilities support	1,396,105	1,041,724	879,715
Equipment support	288,268	264,981	210,112
Other	634,937	382,980	310,920
Total operating expenses	6,742,151	4,857,141	4,240,842
Non-operating expenses			
Interest	0	0	(3,079)
Total expenses	$ 6,742,151	$ 4,857,141	$ 4,237,763

The MTAA ended 2023 with favorable budget variances for both revenues and expenditures.

Summary of Financial Position

The MTAA's assets exceeded its liabilities by $77,400,003 at the end of 2023. A condensed summary of total net position follows:

	2023	2022	2021
Assets & Deferred Outflows of Resources			
Current and other assets	$16,089,004	$ 15,396,405	$ 11,127,527
Noncurrent assets	3,075,789	3,251,531	0
Capital assets	71,903,227	59,818,063	60,768,226
Deferred outflow of resources	1,159,896	958,452	674,951
Total assets & deferred outflows of resources	92,227,916	79,424,451	72,570,704
Liabilities & Deferred Inflows of Resources			
Net pension & OPEB liability	2,749,417	2,302,894	1,476,065
Other liabilities	2,391,128	768,859	906,105
Deferred inflow of resources	9,687,368	8,629,970	4,176,937
Total liabilities & deferred inflows of resources	14,827,913	11,701,723	6,559,107
Net position			
Invested in capital assets, net of related debt	71,903,227	59,818,063	60,768,226
Restricted PFC revenue	5,585	4,178	2,603
Unrestricted	5,491,191	7,900,487	5,240,768
Total net position	$77,400,003	$ 67,722,728	$ 66,011,597

92.90% 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
STATEMENTS OF NET POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Current assets:		
Cash and cash equivalents	$ 2,957,712	$ 915,933
Certificates of deposit	3,520,375	5,778,124
Receivables:		
Accounts, net of allowance of $ 135,000 and $ 9,104 for 2023 and 2022, respectively	129,134	101,360
Interest	29,093	21,659
Leases	1,636,323	1,517,484
Grants	2,956,178	3,442,808
Taxes	4,765,400	3,533,027
Prepaid expenses	94,789	86,010
Total current assets	16,089,004	15,396,405
Noncurrent assets:		
Leases receivable	3,075,789	3,251,531
Capital assets, net	71,903,227	59,818,063
Total noncurrent assets	74,979,016	63,069,594
Total assets	91,068,020	78,465,999
Deferred outflows of resources:		
Deferred outflows of resources - pension	1,009,029	802,284
Deferred outflows of resources - OPEB	150,867	156,168
Total deferred outflows of resources	1,159,896	958,452
Total assets and deferred outflows of resources	$ 92,227,916	$ 79,424,451

(Continued)

METROPOLITAN TOPEKA AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
(Continued)
December 31, 2023 and 2022

	2023	2022
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Liabilities:		
Current liabilities:		
Accounts payable	$ 2,022,557	$ 416,160
Accrued salaries and payroll taxes	62,779	66,134
Other current liabilities	26,747	25,219
Accrued compensated absences and benefits	235,883	95,247
Total current liabilities	2,347,966	602,760
Noncurrent liabilities:		
Accrued compensated absences and benefits, net of current portion	43,162	166,099
Net pension liability	2,579,479	2,140,905
OPEB liability	169,938	161,989
Total noncurrent liabilities	2,792,579	2,468,993
Total liabilities	5,140,545	3,071,753
Deferred inflows of resources:		
Deferred inflows of resources - tax revenue	4,765,400	3,533,027
Deferred inflows of resources - pension	21,512	41,858
Deferred inflows of resources - OPEB	113,630	127,116
Deferred inflows of resources - leases	4,786,826	4,927,969
Total deferred inflows of resources	9,687,368	8,629,970
Net position:		
Net investment in capital assets	71,903,227	59,818,063
Restricted	5,585	4,677
Unrestricted	5,491,191	7,899,988
Total net position	77,400,003	67,722,728
Total liabilities, deferred inflows of resources, and net position	$ 92,227,916	$ 79,424,451

See accompanying notes to the financial statements.

METROPOLITAN TOPEKA AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended December 31, 2023 and 2022

	2023	2022
Operating revenues:		
Revenue from services	$ 2,623,237	$ 2,490,184
Water sales and sewer charges	498,274	456,975
Fuel sales	697,903	-
Other income	17,588	5,086
Total operating revenues	3,837,002	2,952,245
Operating expenses:		
General expenses	7,618,475	5,132,551
Depreciation	3,966,651	3,767,513
Total operating expenses	11,585,126	8,900,064
Operating loss	(7,748,124)	(5,947,819)
Non-operating revenues:		
Taxes and assessments	3,884,082	3,929,625
FAA capital projects	13,019,984	1,381,820
SNCO grant revenue	-	3,644
Federal grant revenue	300,000	-
Passenger facility charge	14,606	8,877
Gain on disposal of capital assets	32,343	54,089
Interest income	174,384	100,100
Total non-operating revenues	17,425,399	5,478,155
Changes in net position	9,677,275	(469,664)
Net position at beginning of year	67,722,728	68,192,392
Net position at end of year	$ 77,400,003	$ 67,722,728

See accompanying notes to the financial statements.

METROPOLITAN TOPEKA AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash received from customers	$ 3,724,988	$ 2,862,571
Cash paid to employees	(3,144,545)	(2,287,680)
Cash paid for employee benefits	(1,052,705)	(763,031)
Cash paid to suppliers and others	(1,596,488)	(1,685,102)
Net cash flows from operating activities	(2,068,750)	(1,873,242)
Cash flows from investing activities:		
Net proceeds (purchases) of certificates of deposit	2,257,749	(2,006,573)
Interest received	166,950	82,555
Net cash flows from investing activities	2,424,699	(1,924,018)
Cash flows from noncapital financing activities:		
Cash received from taxes and assessments	3,884,082	3,929,625
Cash flows from capital and related financing activities:		
Purchase of capital assets	(16,087,972)	(2,961,640)
Cash proceeds from disposal of capital assets	68,500	54,089
Cash proceeds from SNCO grant	-	3,644
Cash proceeds from ANG project funds	-	2,857
Cash proceeds from federal grants	13,806,614	-
Cash proceeds from passenger facility charge	14,606	8,877
Net cash flows from capital and related financing activities	(2,198,252)	(2,892,173)
Net changes in cash and cash equivalents	2,041,779	(2,759,808)
Cash and cash equivalents, beginning of year	915,933	3,675,741
Cash and cash equivalents, end of year	$ 2,957,712	$ 915,933

(Continued)

METROPOLITAN TOPEKA AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
(Continued)
Years Ended December 31, 2023 and 2022

	2023	2022
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	$ (7,748,124)	$ (5,947,819)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	3,966,651	3,767,513
Changes in:		
Accounts receivable, net	(27,774)	(36,747)
Leases receivable	56,903	603,829
Prepaid expenses	(8,779)	(21,316)
Deferred outflow of resources - pension	(206,745)	(271,769)
Deferred outflow of resources - OPEB	5,301	(11,732)
Accounts payable	1,606,397	299,860
Accrued salaries and payroll taxes	(3,355)	10,687
Other current liabilities	1,528	1,449
Accrued compensated absences and benefits	17,699	29,901
Net pension liability	438,574	835,317
OPEB liability	7,949	(8,488)
Deferred inflow of resources - pension	(20,346)	(476,708)
Deferred inflow of resources - OPEB	(13,486)	9,537
Deferred inflow of resources - leases	(141,143)	(656,756)
Net cash flows from operating activities	$ (2,068,750)	$ (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 Topeka Regional Airport, and the Topeka Regional Business Center. 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 hold a revenue neutral rate hearing for the 2023 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 2023.

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. Budget comparison schedules are 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:

	2023	2022
Budget basis net position	$ 1,415,862	$ 2,332,804
Adjustments to GAAP basis:		
Encumbrances	2,976,889	3,878,959
Receivables	12,591,917	11,867,869
Prepaid expenses	94,789	86,010
Capital assets, net	71,903,227	59,818,063
Deferred outflows of resources	1,159,896	958,452
Other current liabilities	(26,747)	(25,219)
Accrued compensated absences and benefits	(279,045)	(261,346)
Other noncurrent liabilities	(2,749,417)	(2,302,894)
Deferred inflows of resources	(9,687,368)	(8,629,970)
GAAP basis net position	$ 77,400,003	$ 67,722,728

Cash and Cash Equivalents

For purposes of the statements 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 statements 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 statements of revenues, expenses, and changes 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 statements of net position. During the year ended December 31, 2023, $ 195,136 of vacation and sick leave benefits was earned and $ 177,438 was used. 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, 2023 and 2022, accrued sick leave benefits were $ 75,274 and $ 90,450, respectively. At December 31, 2023 and 2022, accrued vacation benefits were $ 203,771 and $ 170,896, respectively.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements 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 5 for more information on the deferred outflows for the pension and Note 6 for more information on the deferred outflows for OPEB.

In addition to liabilities, the statements 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 5 for more information on the deferred inflows for the pension, Note 6 for more information on the deferred inflows for OPEB, and Note 3 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 years ended December 31, 2023 and 2022 was $ 57,871 and $ 92,382, respectively.

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 Topeka Regional Airport.

Pending Governmental Accounting Standards Board Statement

At December 31, 2023, 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. 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 were effective for the Authority in the 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.

GASB Statement No. 102, *Certain Risk Disclosures* - The objective of this Statement is to provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for the Authority for the fiscal year ended December 31, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements* - The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for the Authority for the fiscal year ended December 31, 2026.

2 - 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, 2023, the carrying amount of the Authority’s deposits was $ 6,478,087 and the bank balance totaled $ 6,723,882. Of the bank balance, $ 1,000,000 was secured by federal deposit insurance and

$ 5,723,882 was collateralized by pledged securities held under joint custody receipts issued by third party banks in the Authority's name.

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, 2023 and 2022 consisted entirely of certificates of deposit.

3 - Leases Receivable

The Authority has various leases for which it acts as lessor. Details for the years ended December 31, 2023 and 2022 are shown in the table below:

Lease Description	Payment Terms	Deferred Inflows of Resources at December 31, 2022	Leases Receivable at December 31, 2022	Deferred Inflows of Resources at December 31, 2023	Leases Receivable at December 31, 2023
Buildings:					
1116 N.E. Strait Avenue	Fixed; $ 3,537 per month; 80 months	$ 227,141	$ 238,796	$ 178,468	$ 187,997
201 SE University Blvd	Variable based on CPI index; $ 1,276 per month; 55 months	39,113	39,267	23,973	24,132
3600 NE Sardou Bldg #4-Ste 2	Variable based on CPI index; $ 1,059 per month; 33 months	9,467	9,514	-	-
6620 SE Dwight St - Building	Fixed; $ 5,843 per month; 75 months	245,312	-	187,592	-
6800 SE Evans St	Variable based on CPI index; $ 368 per month; 66 months	15,318	15,358	10,942	10,986
6832 SE Ross St. - Bldg. #609	Variable based on CPI index; $ 2,531 per month; 33 months	22,550	22,708	-	-
7131 SE Forbes Ave - Building	Variable based on CPI index; $ 94 per month; 40 months	373	374	367	372
Building #1, #2 & #3 - 3600 NE Sardou Ave.	Variable based on CPI index; $ 2,085 per month; 36 months	36,919	37,401	12,306	12,493
Building #100 - 131 SE 61st St.	Variable based on CPI index; $ 1,138 per month; 34 months	11,314	11,360	-	-
Building #123/129 - 200 SE Engle St.	Fixed; $ 555 per month; 24 months	6,641	6,648	-	-
Building #131 - 545 SE Engle St.	Fixed; $ 3,621 per month; 82 months	42,496	42,542	192,631	196,680
Building #137 - 540 SE Engle St.	Fixed; $ 920 per month; 36 months	7,062	7,142	7,103	7,142
Building #147/148 - 6130 SE Cardenas St	Variable based on CPI index; $ 1,626 per month; 83 months	94,659	95,002	75,406	75,830
Building #151 - 6030 SE Evans St.	Variable based on CPI index; $ 1,336 per month; 24 months	2,664	2,670	-	-
Building #154 - 6145 SE Cardenas St.	Variable based on CPI index; $ 1,025 per month; 36 months	16,282	16,342	4,071	4,095
Building #170D - 501 SE Axton St.	Fixed; $ 4,680 per month; 36 months	-	-	134,408	135,071
Building #183 - 6212 SE Evans St. (2023)	Fixed; $ 367 per month; 35 months	-	-	8,142	8,231
Building #197 - 421 SE Axton St.	Variable based on CPI index; $ 975 per month; 36 months	29,120	29,134	17,472	17,505
Building #225 - 6424 SE Johnston St. (2023)	Variable based on CPI index; $ 1,354 per month; 24 months	-	-	9,657	9,766
Building #243 - 6540 SE Johnston St.	Fixed; $ 2,174 per month; 50 months	58,683	60,102	31,599	32,746
Building #248 - 6625 SE Jabara St	Variable based on CPI index; $ 198 per month; 41 months	3,343	3,357	983	990
Building #252 - 6534 SE Jabara St.	Variable based on CPI index; $ 2,819 per month; 51 months	75,655	75,853	42,030	42,201
Building #260 - 6515 Johnston St.	Variable based on CPI index; $ 2,349 per month; 36 months	44,355	44,469	16,341	16,417
Building #280 - 6621 SE Forbes Ave	Fixed; $ 472 per month; 45 months	9,827	9,872	4,212	4,241
Building #281 - 650 SE Airport West Drive	Variable based on CPI index; $ 1,804 per month; 67 months	76,190	76,644	54,927	55,435
Building #344 - 6840 SE Johnston St.	Variable based on CPI index; $ 2,414 per month; 36 months	38,343	38,483	9,586	9,644
Building #379 - 413 SE Peterson St.	Fixed; $ 1,000 per month; 72 months	-	-	64,044	63,178
Building #384 - 6930 SE Johnston St.	Variable based on CPI index; $ 4,378 per month; 63 months	160,229	169,190	110,928	117,448
Building #415 - 255 SE 70th St	Variable based on CPI index; $ 368 per month; 79 months	20,008	20,080	15,642	15,730
Building #600 - 7000 SE Forbes Ave	Variable based on CPI index; $ 1,620 per month; 57 months	52,795	53,057	33,597	33,855
Building #601 - 7008 SE Forbes Ave	Variable based on CPI index; $ 4,074 per month; 54 months	120,918	121,462	72,551	73,056
Building #603 - 6930 SE Ross St.	Fixed; $ 3,531 per month; 24 months	-	-	61,753	62,060
Building #610 - 740 SE Airport Dr. Suites 10 & 11	Variable based on CPI index; $ 5,371 per month; 84 months	313,922	316,101	251,138	253,839
Building #612 - 6804 SE Ross St.	Variable based on CPI index; $ 1,275 per month; 79 months	2,542	2,548	51,433	52,036
Building #619 - 6610 SE Forbes Ave	Variable based on CPI index; $ 2,297 per month; 60 months	81,594	81,998	54,396	54,813
Building #622 - 6530 SE Forbes Ave	Fixed; $ 469 per month; 87 months	30,745	31,050	24,888	25,186

Lease Description	Payment Terms	Deferred Inflows of Resources at December 31, 2022	Leases Receivable at December 31, 2022	Deferred Inflows of Resources at December 31, 2023	Leases Receivable at December 31, 2023
Building #624 - 6800 SE Forbes Ave.	Fixed; $ 4,500 per month; 36 months	$ 63,749	$ 65,817	$ 9,107	$ 9,495
Building #626 - 6410 SE Forbes Ave	Variable based on CPI index; $ 484 per month; 38 months	8,341	8,375	1,192	1,199
Building #627 - 6330 SE Forbes Ave	Variable based on CPI index; $ 492 per month; 62 months	18,560	18,608	12,699	12,750
Building #629 - 710 SE 70th St.	Variable based on CPI index; $ 452 per month; 51 months	12,086	12,140	6,714	6,761
Building #657 - 6837 SE Ross St	Fixed; $ 3,531 per month; 24 months	-	-	22,599	23,192
Building #669 - Firing Range (TPD)	Variable based on CPI index; $ 1,237 per month; 40 months	1,477	1,232	369	-
Building #697 - Pumphouse C	Variable based on CPI index; $ 375 per month; 52 months	10,404	10,451	5,945	5,987
Building #818 - 6821 SE Ross St 638 & 200 SE Airport West Drive	Variable based on CPI index; $ 1,855 per month; 67 months	78,361	78,828	56,493	57,015
Building #820 - 206 SE Airport West Dr.	Fixed; $ 5,108 per month; 36 months	138,645	139,381	79,226	80,499
Buildings #602/604 - 7016-7022 Forbes Ave	Variable based on CPI index; $ 282 per month; 79 months	15,107	15,211	11,811	11,938
Hangar # 15 - 3600 NE Sardou Ave	Fixed; $ 103 per month; 171 months	16,459	17,073	15,115	15,978
Hangar #17 - 3600 SE Sardou Ave.	Fixed; $ 1,837 per month; 36 months	19,059	19,082	20,150	20,184
Hangar #26 - 3600 NE Sardou Ave.	Variable based on CPI index; $ 3,520 per month; 96 months	36,591	42,135	190,567	197,328
Hangar #7 - 3600 NE Sardou Ave.	Variable based on CPI index; $ 1,304 per month; 180 months	190,268	192,000	176,261	179,169
Hangar #9 - 3600 NE Sardou Ave.	Variable based on CPI index; $ 246 per month; 31 months	1,716	1,720	-	-
Lease # 2066.01 - Building #612 - 6804 SE Ross St.	Variable based on CPI index; $ 1,353 per month; 24 months	-	-	18,452	18,604
Lease #2053.01 - Building #167 - 438 SE 61st Street	Variable based on CPI index; $ 5,500 per month; 24 months	82,151	82,257	16,430	16,488
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	466,231	466,619	259,017	259,604
Lease #2061.01 - Building #225 - 6424 SE Johnston St.	Variable based on CPI index; $ 1,354 per month; 24 months	25,610	25,624	9,435	9,461
Lease 1931.01 - 6822 SE Ross St. (#605)	Variable based on CPI index; $ 10,730 per month; 54 months	64,072	64,306	192,077	192,535
Lease 1951.01 - 7111 SE Forbes Ave (#452)	Variable based on CPI index; $ 1,126 per month; 70 months	50,846	51,149	37,582	37,929
Lease 1969.01 - 7115 SE Forbes Ave (#451)	Variable based on CPI index; $ 3,994 per month; 32 months	31,767	31,896	-	-
Lot AOA1 - Topeka Regional Airport	Fixed; $ 500 per month; 18 months	5,432	5,452	-	-
Total Buildings		3,232,512	3,027,880	2,903,827	2,759,291
Land:					
435 SE 70th St	Fixed; $ 1,921 per month; 33 months	21,071	22,616	-	-
6620 SE Dwight St - Land	Variable based on CPI index; $ 1,134 per month; 75 months	56,675	57,012	43,339	43,739
6800 SE Ross St	Fixed; $ 824 per month; 55 months	29,346	31,440	17,986	19,933
7105 SE Forbes Ave	Fixed; $ 6,377 per month; 210 months	1,229,946	1,273,458	1,150,594	1,211,593
7131 SE Forbes Ave - Land	Variable based on CPI index; $ 238 per month; 40 months	950	953	951	953
Building #178 - 6110 SE Evans St	Variable based on CPI index; $ 61 per month; 55 months	1,858	1,867	1,139	1,148

Lease Description	Payment Terms	Deferred Inflows of Resources at December 31, 2022	Leases Receivable at December 31, 2022	Deferred Inflows of Resources at December 31, 2023	Leases Receivable at December 31, 2023
Building #255 - 6431 SE Bleckley St	Variable based on CPI index; $ 667 per month; 84 months	$ 38,983	$ 39,254	$ 31,186	$ 31,522
Building #383 - 555 SE 70th St (Land)	Variable based on CPI index; $ 229 per month; 60 months	8,156	8,186	5,437	5,468
Building #621 - 6520 SE Forbes Ave	Variable based on CPI index; $ 254 per month; 51 months	6,775	6,806	3,764	3,790
Building #622 - 6530 SE Forbes Ave	Variable based on CPI index; $ 1,022 per month; 87 months	63,466	63,703	51,378	51,671
Building #626 - 6410 SE Forbes Ave	Variable based on CPI index; $ 484 per month; 38 months	6,735	6,763	962	968
Building #667 - Shawnee County Firing Range	Variable based on CPI index; $ 6,169 per month; 105 months	36,528	35,772	31,117	29,955
Farm - Philip Billard Airport	Variable based on CPI index; $ 6,532 per year; 36 months	6,512	6,513	-	-
Farm - Topeka Regional Airport	Variable based on CPI index; $ 1,938 per month; 51 months	1,932	1,932	3,221	3,859
Farm 2 - Philip Billard Airport	Variable based on CPI index; $ 9,261 per month; 36 months	9,232	9,234	-	-
Farm 3 - Philip Billard Airport (Riverside 98.8 Acres)	Variable based on CPI index; $ 10,970 per year; 36 months	10,936	10,938	-	-
Farm B - Topeka Regional Airport	Variable based on CPI index; $ 8,881 per month; 51 months	1,968	-	10,932	8,846
Farm C - Topeka Regional Airport (Haselwood)	Variable based on CPI index; $ 1,159 per month; 39 months	1,331	1,154	266	-
Farm Land - Philip Billard Airport (RJ Meier 225 acres)	Variable based on CPI index; $ 25,037 per month; 36 months	24,966	24,966	-	-
Hangar #27 - Philip Billard Airport	Variable based on CPI index; $ 576 per month; 42 months	10,313	10,340	3,438	3,451
Lot #14	Variable based on CPI index; $ 1,185 per month; 46 months	25,841	25,957	11,746	11,828
Parking Lot #16 - 501 SE Axton St Suites A, B & C (2023)	Fixed; $ 19,195 per month; 36 months	-	-	443,307	448,169
Parking Lot #21 - Government Inv. Partners	Variable based on CPI index; $ 1,104 per month; 66 months	45,859	46,026	32,757	32,941
Parking Lots 1-4 behind 6511 SE Forbes Ave - Bldg. #282 (Gainwell)	Variable based on CPI index; $ 904 per month; 60 months	37,500	37,622	26,786	26,939
Total Land		1,676,879	1,722,512	1,870,306	1,936,773
Land Improvements:					
61st St. - Parking Lot #15	Variable based on CPI index; $ 566 per month; 36 months	2,260	2,264	2,261	2,264
Building #626 - 6410 SE Forbes Ave - Parking Space	Variable based on CPI index; $ 671 per month; 38 months	9,334	9,372	1,333	1,342
Lease #2069.01 - 61st St. - Parking Lot #15	Variable based on CPI index; $ 589 per month; 12 months	-	-	2,354	2,356
Lot 12 - Lease #2021.01	Variable based on CPI index; $ 389 per month; 24 months	6,984	6,987	2,328	2,332
Topeka Regional Business Center - Parking Lot #17 2023	Variable based on CPI index; $ 656 per month; 24 months	-	-	4,417	7,754
Total Land Improvements		18,578	18,623	12,693	16,048
Total		$ 4,927,969	$ 4,769,015	$ 4,786,826	$ 4,712,112

Total principal and interest payments received for the year ended December 31, 2023 were $ 1,903,612 and $ 72,909, respectively. Total principal and interest payments received for the year ended December 31, 2022 were $ 1,719,849 and $ 50,117, respectively. Total lease revenue recognized for the years ended December 31, 2023 and 2022 was $ 2,008,171 and $ 1,772,777, respectively.

Principal payments expected to maturity are as follows:

Years Ended December 31,	
2024	$ 1,636,323
2025	1,077,390
2026	469,772
2027	343,460
2028	189,840
2029 - 2033	510,258
2034 - 2038	485,069
	$ 4,712,112

4 - Capital Assets

Capital asset activity for the years ending December 31, 2023 and 2022 is as follows:

	Balance 12/31/2021	Additions	Retirements and Transfers	Balance 12/31/2022	Additions	Retirements and Transfers	Balance 12/31/2023
Capital assets not being depreciated:							
Land	$ 6,167,873	$ -	$ -	$ 6,167,873	$ -	$ -	$ 6,167,873
Construction in progress	5,265,938	2,285,672	(333,834)	7,217,776	15,667,035	(2,585,346)	20,299,465
Total capital assets not being depreciated	11,433,811	2,285,672	(333,834)	13,385,649	15,667,035	(2,585,346)	26,467,338
Capital assets being depreciated:							
Buildings and improvements	36,441,290	85,320	-	36,526,610	1,171,446	(30,565)	37,667,491
Runways	85,435,928	283,260	-	85,719,188	-	-	85,719,188
Vehicles	5,113,747	65,024	(53,500)	5,125,271	1,132,934	(316,692)	5,941,513
Furniture	204,028	-	-	204,028	1,401	-	205,429
Equipment	2,679,730	576,198	(841)	3,255,087	700,502	(51,856)	3,903,733
Total capital assets being depreciated	129,874,723	1,009,802	(54,341)	130,830,184	3,006,283	(399,113)	133,437,354
Less accumulated depreciation	(80,684,598)	(3,767,513)	54,341	(84,397,770)	(3,966,651)	362,956	(88,001,465)
Total capital assets being depreciated, net	49,190,125	(2,757,711)	-	46,432,414	(960,368)	(36,157)	45,435,889
Total capital assets, net	$ 60,623,936	$ (472,039)	$ (333,834)	$ 59,818,063	$ 14,706,667	$ (2,621,503)	$ 71,903,227

5 - 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 annual comprehensive 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, 2023.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% and 8.90% for the fiscal years ended June 30, 2023 and 2022, respectively. Contributions to the Pension Plan from the Authority were $ 290,323 and $ 209,405 for the years ended December 31, 2023 and 2022, respectively.

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

At December 31, 2023 and 2022, the Authority reported a liability of $ 2,579,479 and $ 2,140,905, for its proportionate share of the KPERS collective net pension liability. The 2022 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. The 2023 collective net pension liability was measured by KPERS as of June 30, 2023, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023.

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, 2023. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2023 and 2022, the Authority's proportion was 0.122955% and 0.107689%, respectively.

For the years ended December 31, 2023 and 2022, the Authority recognized pension expense of $ 501,806 and $ 296,245, respectively. At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 214,429	$ 363
Net differences between projected and actual earnings on investments	150,656	-
Changes of assumptions	273,389	-
Changes in proportion	237,081	21,149
Contributions made after measurement date	133,474	-
Total	$ 1,009,029	$ 21,512

	2022	
	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 $ 133,474 and $ 107,011 reported at December 31, 2023 and 2022, respectively, 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 years ended December 31, 2024 and 2023, respectively. 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,		
2024	$	271,628
2025		191,342
2026		302,074
2027		86,579
2028		2,420
	$	854,043

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2022 and 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2022	2021
Actuarial cost method	Entry age normal	Entry age normal
Price inflation	2.75%	2.75%
Salary increases, including price inflation	3.50% -12.00%	3.50% -12.00%
Long-term rate of return, net of investment expense, including price inflation	7.00%	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, 2022 and 2021 valuations 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:

2023 and 2022

	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% for the years ended December 31, 2023 and 2022. 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% for 2023 and 2022, 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
2023	$ 3,698,698	$ 2,579,479	$ 1,647,053
2022	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.

6 - 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 years ended December 31, 2023 and 2022, the Authority contributed $ 19,000 and $ 14,000, respectively, to the plan.

Employees Covered by Benefit Terms. At December 31, 2023 and 2022, the following employees were covered by the benefit terms.

	2023	2022
Inactive employees or beneficiaries currently receiving benefit payments	2	2
Active plan members	45	45
Total	47	47

Total OPEB Liability. The Authority's total OPEB liability of $ 138,119 and $ 143,459, respectively, was measured as of December 31, 2023 and 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, 2023 and 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2023
Discount rate	3.88 percent
Salary increases	5.50 percent per year
Healthcare cost trend rates	7.00 percent for 2024, decreasing 0.25 or 0.50 percent for 2025 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

	2022
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 of measurement were as follows:

1. The discount rate was updated from 4.18% to 3.88%.
2. The retiree contribution premiums and per capita costs were updated as part of the evaluation. The December 1, 2023 renewal was taken into account.

Changes in the Total OPEB Liability

	2023	2022
Beginning balance	$ 143,459	$ 126,110
Changes for the year:		
Service cost	10,048	9,981
Interest on total OPEB liability	6,019	2,530
Differences between expected and actual experience	(5,473)	25,225
Changes in assumptions or other inputs	3,066	(6,387)
Employer contributions (benefit payments)	(19,000)	(14,000)
Ending balance	$ 138,119	$ 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 (2.88% for 2023 and 3.18% for 2022) or 1-percentage-point higher (4.88% for 2023 and 5.18% for 2022) than the current discount rate of 3.88% for 2023 and 4.18% for 2022:

	1% Decrease	Current Discount Rate	1% Increase
2023	$ 148,698	$ 138,119	$ 128,113
2022	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
2023	$ 121,591	$ 138,119	$ 158,176
2022	129,413	143,459	160,334

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2023 and 2022, the Authority recognized OPEB expense of $ 17,584 and $ 14,213, respectively. At December 31, 2023 and 2022, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 30,348	$ (6,762)
Differences between actual and expected experience	21,021	(32,508)
Total	$ 51,369	$ (39,270)

	2022	
	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, 2023 will be recognized in OPEB expense as follows:

Years Ended December 31,	
2024	$ 1,517
2025	1,517
2026	1,517
2027	1,517
2028	1,517
Thereafter	4,514
	$ 12,099

Disability Benefits and Life Insurance

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 years ended December 31, 2023 and 2022 totaled $ 7,580 and $ 13,509, respectively.

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 65^{th} 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:

	2023	2022
Disabled members	-	1
Active plan members	40	37
Total	40	38

Total OPEB Liability. The total OPEB liability for the Authority of $ 31,819 reported as of December 31, 2023 was measured as of June 30, 2023 and was determined by an actuarial valuation performed as of December 31, 2022. The total OPEB liability for the Authority of $ 18,530 reported as of December 31, 2022 was measured as of June 30, 2022 and was determined by the actuarial valuation performed as of December 31, 2021.

The total OPEB liability in the December 31, 2022 and 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	3.65 percent for 2023, 3.54 percent for 2022
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, 2022 and 2021 valuations were based on the results of an actuarial experience study conducted for the period January 1, 2016 through December 31, 2018.

Changes in Total OPEB Liability

	2023	2022
Beginning balance	$ 18,530	$ 44,367
Changes for the year:		
Service cost	5,303	8,548
Interest on total OPEB liability	711	998
Effect on economic/demographic gains or losses	15,061	(9,482)
Changes in assumptions or other inputs	(206)	(12,392)
Benefit payments	(7,580)	(13,509)
Ending balance	$ 31,819	$ 18,530

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 3.65% for 2023 and 3.54% for 2022, 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 (2.65% for 2023 and 2.54% for 2022) or 1-percentage point higher (4.65% for 2023 and 4.54% for 2022) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
2023	$ 33,690	$ 31,819	$ 29,948
2022	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
2023	$ 31,819	$ 31,819	$ 31,819
2022	18,530	18,530	18,530

OPEB Expense. For the years ended December 31, 2023 and 2022, the Authority recognized OPEB expense of $ 1,180 and ($ 10,896), respectively, 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, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 80,969	$ (63,563)
Changes of assumptions	2,696	(10,797)
Contributions made after measurement date	15,833	-
Total	$ 99,498	$ (74,360)

	2022	
	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 $ 15,833 and $ 12,024 at December 31, 2023 and 2022, respectively, will be recognized as a reduction of the total OPEB liability for the years ended December 31, 2024 and 2023, respectively. 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,	
2024	$ 6,555
2025	6,555
2026	6,582
2027	1,021
2028	(8,902)
Thereafter	(2,506)
	$ 9,305

7 - 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.

8 - 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.

9 - Concentrations

The Authority had two major customers that accounted for approximately 53% and 55% of net receivables as of December 31, 2023 and 2022, respectively. The Authority had two vendors that provided approximately 42% of the total purchases for the year ended December 31, 2023. The Authority had one vendor that provided approximately 25% of the total purchases for the year ended December 31, 2022.

10 - Capital Projects

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

	2023	
	Project Authorization	Cash Disbursements through Year End
CARE Act Funding (FOE & TOP)	$ 120,439	$ 29,560
ARFF Vehicle (FOE)	870,247	754,079
FOE Passenger Building Jet Bridge	1,549,516	512,025
Fuel Farm	11,373,705	6,628,006
FOE Twy A&D Reconstruction - Design	278,100	264,195
FOE Snow Removal Equipment	3,827,192	1,517,888
TOP Terminal BIL Construction	3,800,000	3,286,137
TOP Terminal - Engineering (Phase 2)	949,269	949,269
TOP Terminal - Engineering (Phase 3)	626,950	575,248
	$ 23,395,418	$ 14,516,407

	2022	
	Project Authorization	Cash Disbursements through Year End
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.

11 - 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, 2023 or 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, 2023 and 2022, the Authority had $ 2,976,889 and $ 3,878,959, respectively, of encumbrances outstanding.

12 - 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, 2023 and 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 year end. 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.

13 - Subsequent Events

The Authority has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date or that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last Ten Fiscal Years

	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.12%	0.11%	0.11%	0.10%	0.10%
Proportionate share of the collective net pension liability	$ 2,579,479	$ 2,140,905	$ 1,305,588	$ 1,706,054	$ 1,429,582
Covered payroll from the period July 1 - June 30	$ 2,750,669	$ 2,164,617	$ 2,101,042	$ 1,875,996	$ 1,907,636
Net pension liability as a percentage of covered payroll	93.78%	98.90%	62.14%	90.94%	74.94%
Plan fiduciary net position as a percentage of the total pension liability	70.70%	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%

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Ten Fiscal Years

	2023	2022	2021	2020	2019
Contractually required employer contribution	$ 290,323	$ 209,405	$ 193,538	$ 205,607	$ 186,205
Contributions in relation to the contractually required contribution	(290,323)	(209,405)	(193,538)	(205,607)	(186,205)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,056,723	$ 2,220,935	$ 2,077,019	$ 2,120,115	$ 1,882,762
Contributions as a percentage of covered payroll	9.50%	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%

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

	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	$ 10,048	$ 9,981	$ 10,785	$ 8,959	$ 8,257	$ 8,932
Interest	6,019	2,530	3,014	3,900	5,202	5,187
Differences between expected and actual experience	(5,473)	25,225	(18,767)	(9,062)	(10,621)	(6,580)
Effect of assumption changes or inputs	3,066	(6,387)	112	40,622	6,114	(3,599)
Benefit payments	(19,000)	(14,000)	(24,000)	(21,000)	(21,000)	(23,000)
Net change in total OPEB liability	(5,340)	17,349	(28,856)	23,419	(12,048)	(19,060)
Total OPEB liability, beginning	143,459	126,110	154,966	131,547	143,595	162,655
Total OPEB liability, ending	$ 138,119	$ 143,459	$ 126,110	$ 154,966	$ 131,547	$ 143,595
Covered-employee payroll	$ 2,707,220	$ 2,164,617	$ 2,101,042	$ 1,874,631	$ 1,907,636	$ 1,907,636
Total OPEB liability as a percentage of covered - employee payroll	5.10%	6.63%	6.00%	8.27%	6.90%	7.53%

[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 Six Fiscal Years[1]

	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	$ 5,303	$ 8,548	$ 7,858	$ 7,121	$ 6,648	$ 6,600
Interest	711	998	1,276	2,260	6,378	600
Effect of economic/demographic gains (losses)	15,061	(9,482)	(7,903)	(7,564)	(94,453)	176,981
Effect of assumption changes or inputs	(206)	(12,392)	102	3,773	770	(1,200)
Benefit payments	(7,580)	(13,509)	(13,509)	(12,909)	(27,025)	(43,361)
Net change in total OPEB liability	13,289	(25,837)	(12,176)	(7,319)	(107,682)	139,620
Total OPEB liability, beginning	18,530	44,367	56,543	63,862	171,544	31,924
Total OPEB liability, ending	$ 31,819	$ 18,530	$ 44,367	$ 56,543	$ 63,862	$ 171,544
Covered-employee payroll	$ 2,750,669	$ 2,164,617	$ 2,101,042	$ 1,874,631	$ 1,907,636	$ 1,879,631
Total OPEB liability as a percentage of covered - employee payroll	1.16%	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, 2023

	GAAP Basis Actual	Adjustments	Budget Basis Actual	Original and Final Budget	Variance
Revenue:					
Ad valorem tax	$ 3,406,777	$ -	$ 3,406,777	$ 3,533,027	$ (126,250)
Delinquent property tax	52,195	-	52,195	-	52,195
Motor vehicle tax	407,169	-	407,169	418,436	(11,267)
Recreational vehicle tax	4,572	-	4,572	4,497	75
In lieu of taxes	11,297	-	11,297	-	11,297
16/20M vehicle tax	2,072	-	2,072	1,705	367
Neighborhood Revitalization rebates	-	-	-	(29,310)	29,310
Fees and licenses	226,633	-	226,633	179,000	47,633
Leases and rents	2,247,130	(82,711)	2,164,419	2,000,000	164,419
Reimbursements	483,933	(153,670)	330,263	170,113	160,150
Other income	17,588	-	17,588	-	17,588
Non-operating	32,343	36,157	68,500	5,000	63,500
Federal grant revenue	300,000	-	300,000	-	300,000
FAA capital projects	13,019,984	486,630	13,506,614	13,506,614	-
Interest on idle funds	174,384	(7,434)	166,950	20,000	146,950
Total revenue	20,386,077	278,972	20,665,049	19,809,082	855,967
Expenses:					
Personnel	4,422,841	(288,946)	4,133,895	3,836,596	297,299
Professional services	362,747	(3,372)	359,375	466,227	(106,852)
Personnel support	32,658	(255)	32,403	51,500	(19,097)
Communication services	112,147	(4,446)	107,701	107,978	(277)
Facilities support	1,396,105	(36,600)	1,359,505	1,078,334	281,171
Equipment support	288,268	-	288,268	363,808	(75,540)
Depreciation	3,966,651	(3,966,651)	-	-	-
Bad debt	125,896	(125,896)	-	-	-
Other charges	1,489	(1,377)	112	-	112
Capital projects and improvements	-	15,300,732	15,300,732	3,387,000	11,913,732
Prepaid expenses	-	-	-	10,000	(10,000)
Interest	-	-	-	1,025	(1,025)
Adjustment for reimbursed expenditures not subject to budget	-	-	-	13,506,614	(13,506,614)
Total expenses	10,708,802	10,873,189	21,581,991	22,809,082	(1,227,091)
Change in net position	9,677,275	(10,594,217)	(916,942)	(3,000,000)	2,083,058
Net position/unencumbered cash, beginning of year	67,722,728	(65,389,924)	2,332,804	3,000,000	(667,196)
Net position/unencumbered cash, end of year	$ 77,400,003	$ (75,984,141)	$ 1,415,862	$ -	$ 1,415,862

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
Other income	5,086	-	5,086	-	5,086
Non-operating	54,089	-	54,089	5,000	49,089
SNCO grant revenue	3,644	-	3,644	-	3,644
FAA capital projects	1,381,820	(1,378,963)	2,857	-	2,857
Interest on idle funds	100,100	(17,545)	82,555	20,000	62,555
Total revenue	8,154,990	(1,604,540)	6,550,450	6,331,687	218,763
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	(128,694)	913,030	1,070,734	(157,704)
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	(451,855)	8,172,799	9,331,687	(1,158,888)
Change in net position	(469,664)	(1,152,685)	(1,622,349)	(3,000,000)	1,377,651
Net position/unencumbered cash, beginning of year	68,192,392	(64,237,239)	3,955,153	3,000,000	955,153
Net position/unencumbered cash, end of year	$ 67,722,728	$ (65,389,924)	$ 2,332,804	$ -	$ 2,332,804

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULES OF CERTAIN REVENUES
Years Ended December 31, 2023 and 2022

	2023	2022
Taxes and assessments:		
Current property tax	$ 3,406,777	$ 3,431,447
Current motor vehicle tax	407,169	423,681
Other taxes	70,136	74,497
Total taxes and assessments	3,884,082	3,929,625
Revenue from services:		
Lease and rental fees	2,247,130	2,165,023
Water sales and sewer charges	498,274	456,975
Fuel sales	697,903	-
Other service revenue	162,353	50,713
Fuel flowage fees	132,771	184,120
Landing fees	56,854	62,346
Insurance reimbursements	14,076	14,014
Utility reimbursements	10,053	13,968
Total revenue from services	3,819,414	2,947,159
Other:		
Interest income	174,384	100,100
Other income	17,588	5,086
Total other	191,972	105,186
Total of certain revenues	$ 7,895,468	$ 6,981,970

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULES OF GENERAL EXPENSES
Years Ended December 31, 2023 and 2022

	2023	2022
Salaries and wages	$ 3,158,889	$ 2,328,268
Payroll taxes and benefits	1,263,952	839,188
Cost of water sales	876,324	275,410
General facility supplies	396,916	199,871
Other facilities support	287,673	160,669
Electricity and gas	260,958	277,666
Structural insurance	238,448	201,303
Other professional services	147,088	47,757
Bad debt expense	125,896	-
Outside maintenance services	123,808	119,592
Vehicle insurance	93,930	80,420
Legal services	93,608	41,731
Vehicle fuel	75,193	74,910
Equipment service agreements	61,980	63,973
Advertising and public relations	57,871	92,381
Equipment maintenance and supplies	56,597	40,755
Bonding insurance fees	42,596	50,144
Accounting services	36,442	35,887
Water and sewer	34,613	29,979
Vehicle maintenance and supplies	29,901	13,607
Telephone	27,863	26,940
Airport liability insurance	25,826	25,704
Equipment repair and maintenance	24,059	45,212
Other personnel support	15,997	17,941
Miscellaneous expense	18,191	216
Other communications service and support	12,658	5,002
Dues and subscriptions	10,198	5,369
Other equipment support	8,588	10,076
Clothing and uniforms	6,463	15,980
Office supplies	5,949	6,600
Total general expenses	$ 7,618,475	$ 5,132,551

COMPLIANCE

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant Project Number	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	$ 20,052
ARFF Vehicle (FOE)	20.106	3-20-0113-039	754,079
FOE Passenger Building Jet Bridge	20.106	3-20-0113-044	388,179
COVID-19 Fuel Farm	20.106	3-20-0113-045	6,173,529
FOE Twy A&D Reconstruction - Design	20.106	3-20-0113-046	264,195
COVID-19 FOE Snow Removal Equipment	20.106	3-20-0113-048	1,363,273
COVID-19 TOP Terminal - Engineering (Phase 2)	20.106	3-20-0082-024	762,284
COVID-19 TOP Terminal - Engineering (Phase 3)	20.106	3-20-0082-026	179,672
TOP Terminal Building Construction	20.106	3-20-0082-023	3,229,323
Total U.S. Department of Transportation			13,134,586
U.S. Department of Treasury:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0140	300,000
Total expenditures of federal awards			$ 13,434,586

See accompanying notes to Schedule of Expenditures of Federal Awards

METROPOLITAN TOPEKA AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2023

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, 2023. 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 statements of revenues, expenses, and changes 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.

METROPOLITAN TOPEKA AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2023

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	2023-001 and 2023-002
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 2023-001 – 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 – Laura Hartley, Assistant Director of Administration and Finance

Expected Completion Date: 8/1/2024

Finding 2023-002 – Significant Deficiency

Condition – There is no formal sign of review of journal entries and the monthly financial statements are not being reviewed by the Board timely.

Criteria – Journal entries and financial statements should be reviewed timely.

Cause – Timely financial information was not provided to the Board.

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

Recommendation – We recommend that the Board review and approve the financial statements on a monthly basis, including a review of any journal entries recorded.

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

Corrective Action Plan (Unaudited) – The Board of Directors will receive current financials to review the financial activity of the Authority.

Contact Name – Laura Hartley, Assistant Director of Administration and Finance

Expected Completion Date – 7/16/2024

Section III. Federal Award Findings and Questioned Costs

None

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

None

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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 11, 2024.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002, that we consider to be significant deficiencies.

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 responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

September 11, 2024
Topeka, Kansas

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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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.

September 11, 2024
Topeka, Kansas