PRATT AIRPORT AUTHORITY

Pratt, Kansas

FINANCIAL STATEMENT

December 31, 2024

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

PRATT AIRPORT AUTHORITY
Pratt, Kansas
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June 19, 2025

Board of Directors
Pratt Airport Authority
Pratt, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Pratt Airport Authority (the Authority), as of and for the year ended December 31, 2024, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2024, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Authority as of December 31, 2024, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG) described in Note 1.

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and KMAAG. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement 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 adverse and unmodified audit opinions.

Matter Giving Rise to the Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the Authority on the basis of the financial reporting provisions of the KMAAG, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of the financial statement in accordance with KMAAG as described in Note 1; this includes determining regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedule 1 as listed in the table of contents) are presented for purposes of additional analysis and are not required part of the basic financial statement; however, are required to be presented under the provisions of the KMAAG. 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 statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

PRATT AIRPORT AUTHORITY
Pratt, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2024

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 448,767	$ 968,653	$ 669,379	$ 748,041	$ 11,670	$ 759,711

Composition of Cash

Checking, Money Market and Savings	$ 759,611
Petty Cash	100
	$ 759,711

See Independent Auditor's Report.
The accompanying notes are an integral part of this financial statement.

PRATT AIRPORT AUTHORITY
Pratt, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2024

Note 1: Summary of Significant Accounting Policies

The financial statement and schedules of the Pratt Airport Authority (the Authority), Pratt, Kansas, have been prepared in order to show compliance with the cash basis laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies follow. Note 1 describes how the Authority's accounting policies differ from generally accepted accounting policies.

Financial Reporting Entity

The Authority was organized in April 1991 pursuant to the authority granted by Kansas Statutes Annotated, Chapter 27, Article 3. The Authority is governed by a five-member Board of Directors appointed by the City Commission of the City of Pratt, Kansas. The Authority is considered a related municipal entity of the City of Pratt, Kansas.

Regulatory Basis Fund Types

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The following types of governmental funds comprise the financial activities of the Authority for the year:

General Fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The Authority has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the Authority to use the regulatory basis of accounting.

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than revenues. In the financial statement and budget schedule comparisons presented in this report, reimbursements and refunds are recorded as revenues. The reimbursements are recorded as receipts when received by the Authority's treasurer and are often difficult to identify each expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information

The Authority is not subject to the Kansas budget laws as they are not the primary taxing authority for the Authority. The City of Pratt, Kansas, holds the taxing authority for the Authority. The Authority adopts an annual budget for the General Fund for managerial purposes. The budget comparison on Schedule 1 reflects this internal budget.

Subsequent Events

Management has evaluated the effects of the financial statement of subsequent events through the date of the financial statement, which is the date the financial statement was available.

Note 2: Stewardship, Compliance, and Accountability

Compliance with Kansas Statutes

Statement 1 has been prepared in order to show compliance with the cash basis laws of Kansas. As shown in Statement 1, the Authority was in compliance with the cash basis laws of Kansas.

Note 3: Deposits and Investments

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. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Authority has no other policies that would further limit interest rate risk.

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

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 to it. State statutes require the Authority's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

At December 31, 2024, the Authority's carrying amount of deposits was $759,611 and the bank balance was $761,037. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $500,000 was covered by federal depository insurance, with the balance covered by pledged securities.

Note 4: Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The Authority manages these risks of loss through the purchase of various insurance policies.

Note 5: Defined Benefit Plan

Plan Description. The Authority participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, KS 66503) or by calling 1-888-275-5737.

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 for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the Authority were $7,110 for the year ended December 31, 2024.

Net Pension Liability. At December 31, 2024, the Authority's proportionate share of the collective net pension liability reported by KPERS was $110,120. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The City’s proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report, including all actuarial assumption and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publically available on the website at www.kpers.org or can be obtained as described above.

Note 6: Compensated Absences

All full-time employees are entitled to paid personal leave. A minimum of 78 hours to a maximum of 260 hours are granted based on years of employment. Unused personal leave may be carried forward in one of two ways. The first option is a maximum of one-third of unused leave may be carried forward at the end of the last pay period. A maximum of 240 hours will be allowed. Upon termination, unused leave up to 240 hours for employees with five years of continuous service will be paid out. The second option is all unused personal leave at the last pay period may also be placed into a sick leave bank. A maximum of 240 hours will be allowed in this account. The use of the sick leave bank shall be for personal illness, doctor appointments, spouses and child illness. Upon termination, unused hours will not be converted to monetary payout.

Note 7: Long-Term Debt

Changes in long-term liabilities for the Authority for the year were as follows:

	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Loans									
Peoples State Bank Loan	5.00%	10/16/18	$ 85,000	2025	$ 22,059	$ -	$ 13,377	$ 8,682	$ 1,107

Note 8: Maturities of Long-Term Debt

Maturities of long-term debt for the Authority for the year ended December 31, 2024 are as follows:

	2025	2026	2027	2028	2029	Total
Principal						
Peoples State Bank Loan	$ 8,682	$ -	$ -	$ -	$ -	$ 8,682
Interest						
Peoples State Bank Loan	$ 274	$ -	$ -	$ -	$ -	$ 274
Total	$ 8,956	$ -	$ -	$ -	$ -	$ 8,956

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

PRATT AIRPORT AUTHORITY
Pratt, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Taxes from county	$ 208,415	$ 192,000	$ 16,415
Lease and rental income	429,418	393,491	35,927
FAA grant	57,162	-	57,162
KAIP grant	259,850	-	259,850
Interest income	10,029	-	10,029
Miscellaneous income	3,779	-	3,779
Total Cash Receipts	$ 968,653	$ 585,491	$ 383,162
EXPENDITURES AND TRANSFERS			
Personnel services	$ 174,697	$ 265,839	$ (91,142)
Contractual services	128,737	126,127	2,610
Commodities	134,431	93,484	40,947
Capital outlay	217,030	63,000	154,030
Debt service	14,484	-	14,484
Total Expenditures	$ 669,379	$ 548,450	$ 120,929
Cash receipts over (under) expenditures	$ 299,274		
Unencumbered Cash - Beginning	448,767		
Unencumbered Cash - Ending	$ 748,041		

See Independent Auditor's Report.