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January 9, 2012

Kansas Affordable Airfares Program Fiscal Year 2012 Financial Status Report

Background

Under Kansas law¹, the Regional Economic Area Partnership of South Central Kansas (REAP) is assigned authority for administering the Kansas Affordable Airfares Program (KAAP). REAP is required to provide an annual financial status report on the expenditures of the state annual grant and local matching moneys under the program to date.

In accordance with the REAP Kansas Affordable Airfares Program, REAP Fiscal Procedures, and Executive Committee action, an independent bank account was established on July 21, 2006, in the name of REAP/Kansas Affordable Airfares Program. This independent account was established as a money market sweep account to maximize interest and track the financial records of the program. In 2009, due to changes in the banking industry and volatility of the money market sweep account, REAP modified this account to become a standard interest bearing account.

In fiscal year 2011 legislators requested the Legislative Division of Post Audit to conduct a performance audit on the Affordable Airfares program. The audit included several suggestions to enhance program performance and financial reporting, which are reflected in this report. In particular, the financial data has been compiled and placed in an easy to use table at the end of this report. Furthermore, notations have been included to highlight data sources. Future reports will include notations to explain any changes or corrections in data from year to year.

Fiscal Year 2007 (July 1, 2006 – June 30, 2007)

In fiscal year 2007 REAP awarded funds to Sedgwick County. The total funding of the program was \$6,743,687, \$1,670,000 of which was supplied by the local program operator as the required 25% match and \$22,050 from a consortium of 25 Kansas cities and counties for additional local program match. The total State funding amounted to \$5,000,000, which was received on October 6, 2006. Program payments were made in distributions of \$1,670,000 on a quarterly schedule as funds were available: September 5, 2006; October 10, 2006; January 2, 2007; and April 2, 2007. In addition, the account accrued interest in the amount of \$51,637. REAP utilized \$25,000 of the accrued interest to cover administrative costs associated with the program. There was a carry-over of \$38,687.

Fiscal Year 2008 (July 1, 2007 – June 30, 2008)

In fiscal year 2008 REAP awarded funds to Sedgwick County. The total funding of the program was \$6,736,331, which included the prior-year carry-over of \$38,687 and \$1,670,000 of which was supplied by the local program operator as the required 25% match. The total State funding amounted to \$5,000,000, which was received on November 13, 2007. Program payments were made in distributions of \$1,670,000 on a quarterly schedule as funds were available: August 1, 2007; November 26, 2007; January 8, 2008; and April 1, 2008. In addition, the account accrued interest in the amount of \$27,644. There was a carry-over of \$56,331.

¹ House Substitute for Senate Bill 475 and the omnibus appropriation bill, Senate Bill 2968, enacted in the 2006 Kansas Legislature



Fiscal Year 2009 (July 1, 2008 – June 30, 2009)

In fiscal year 2009 REAP awarded funds to Sedgwick County. The total funding of the program was \$6,747,575, which included the prior-year carry-over of \$56,331 and \$1,670,000 of which was supplied by the local program operator as the required 25% match. The total State funding amounted to \$5,000,000, which was received on September 3, 2008. Program payments were made in distributions of \$1,670,000 on a quarterly schedule as funds were available: July 24, 2008; October 2, 2008; January 5, 2009; and April 1, 2009. In addition, the account accrued interest in the amount of \$21,244. REAP utilized \$25,000 of the accrued interest to cover administrative costs associated with program. There was a carry-over of \$42,575.

Fiscal Year 2010 (July 1, 2009 – June 30, 2010)

In fiscal year 2010 REAP awarded funds to Sedgwick County. The total funding of the program was \$6,556,155, which included the prior-year carry-over of \$42,575 and \$1,670,000 of which was supplied by the local program operator as the required 25% match. The total State funding amounted to \$4,875,000, which was received on August 20, 2009. Program payments were made in distributions of \$1,625,000 on a quarterly schedule as funds were available: July 27, 2009; October 5, 2009; January 5, 2010; and April 1, 2010. In addition, the account accrued interest in the amount of \$13,580. There was a carry-over of \$56,155.

Fiscal Year 2011 (July 1, 2010 – June 30, 2011)

In fiscal year 2010 (July 1, 2009 – June 30, 2010) REAP had two separate Request for Proposals (RFPs) released. The original RFP was released on April 1, 2009 and funding awarded under this request was \$4,875,000, thereby leaving \$125,000 in uncommitted state appropriations. Therefore, the fiscal year 2010 RFP Addendum was released on March 16, 2010 and funding under this request was \$125,000. The fiscal year 2011 financials include the fiscal year 2010 Addendum due to receiving of matching funds following June 30, 2010. In fiscal year 2011, the fiscal year 2010 Addendum award for \$125,000 was made to Sedgwick County. In addition the award for fiscal year 2011 in the amount of \$4,875,000 was also made to Sedgwick County. The total funding of the program for the fiscal year was \$6,774,809, which included the prior-year carry-over of \$56,155 and \$1,771,667 of which was supplied by the local program operator as the required 25% match (\$41,667 for the Addendum and \$1,670,000 for fiscal year 2011). The total State funding amounted to \$5,000,000, with \$125,000 received on August 11, 2010 and \$1,670,000 received on October 26, 2010. The Addendum payment was made in full on August 13, 2010 and the remaining program payments were made in distributions of \$1,670,000 on August 13, 2010; November 2, 2010; January 5, 2011; and \$1,535,000 on April 4, 2011. In addition, the account accrued interest in the amount of \$6,987. REAP utilized \$25,000 of the accrued interest to cover administrative costs associated with program. There was a carry-over of \$38,142.

Fiscal Year 2012 (July 1, 2011 – June 30, 2012)

In fiscal year 2012 REAP awarded funds to two proposals. The first award was a \$4,750,000 grant to Sedgwick County. The second award was a \$250,000 grant to Garden City. To date REAP has received the \$1,583,333.33 required 25% local program operator match from Sedgwick County and has made payments in the amount of \$4,749,999.99 in distributions of \$1,583,333.33 on July 22, 2011; November 10, 2011; and January 6, 2012. REAP has also received State funding in the amount of \$4,750,000 on November 2, 2011. In addition, the account accrued interest in the amount of \$2,143 through December 31, 2011. There is a current balance of \$1,623,618.11.