STATE OF KANSAS
Department of Administration
Office of Accounts and Reports

ANNUAL COMPREHENSIVE FINANCIAL REPORT

July 1, 2020 to June 30, 2021

Jocelyn Gunter, Director
Office of Accounts and Reports



STATE OF KANSAS

Department of Administration

Jocelyn Gunter, Director
Office of Accounts and Reports

State of Kansas
Fiscal Year 2021 Financial Report
June 30, 2021

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 176

INTRODUCTION

Office of Accounts and Reports
700 SW Harrison, Suite 300
Topeka, KS 66603

Kansas
Department of Administration

Accounts and Reports
Director, Jocelyn Gunter
Phone: (785) 296-2311
Fax: (785) 296-1477

DeAngela Burns-Wallace, Secretary

Laura Kelly, Governor

November 15, 2021

The Honorable Laura Kelly, Governor of the State of Kansas
Members of the Legislature and
Citizens of the State of Kansas

It is my pleasure to submit to you the 67th Annual Financial Report of the State of Kansas for the fiscal year ended June 30, 2021, as provided by Kansas Statutes Annotated (K.S.A.) 75-3735. This Annual Comprehensive Financial Report (ACFR) has been prepared in conformance with generally accepted accounting principles (GAAP). The objective is to provide a clear picture of the government as a single, unified entity as well as providing traditional fund based financial statements.

This report is presented in three sections. The Introductory Section includes this transmittal letter, the organizational chart and a listing of selected officials. The Financial Section includes the independent auditors' report, Management's Discussion and Analysis, the basic Financial Statements and Notes, the Required Supplementary Information, and Other Supplementary Information. The Statistical Section includes unaudited tables and financial trend information.

This report is prepared by the Department of Administration, Office of Accounts and Reports. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State government and this office. The enclosed information is accurate in all material respects and is reported to present fairly the financial position and activities of the State of Kansas. All necessary disclosures to enable the reader to understand the State's financial activities have been included.

The State's financial statements have been audited by CliftonLarsonAllen LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State of Kansas for the fiscal year ended June 30, 2021, are free of material misstatement. This independent audit was part of the federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards here also require the auditor to report on the State of Kansas' internal controls and compliance with legal requirements. A copy of the separately issued Single Audit Report can be obtained from the Office of Accounts and Reports.

PROFILE OF THE GOVERNMENT

The State government comprises three branches: the Executive Branch, with the Governor as chief executive; the Legislative Branch, consisting of a Senate of 40 members and a House of Representatives of 125 members; and the Judicial Branch, which includes the Supreme Court, the Appeals Court and the District Courts. The State provides a full range of services including education, safety, social services, recreation, and transportation. The budget serves as the foundation of the State's financial planning and control. On or before October 1 of each year, agencies are required to submit annual budget estimates for the next fiscal year or biennial budget estimates for the next fiscal year and the ensuing fiscal year to the Division of Budget, in accordance with K.S.A. 75-3717. These estimates are used in preparing the Governor's budget report. On or

before the eighth calendar day of each regular legislative session, the Governor is required to submit the budget report to the Legislature. However, in the case of the regular legislative session immediately following the election of a governor, who was elected to the Office of Governor for the first time, that governor must submit the budget report to the Legislature on or before the 21st calendar day of that regular session.

FINANCIAL INFORMATION

Kansas has a centrally maintained computerized double-entry accounting system. Management is responsible for establishing and maintaining an internal control structure to ensure that government assets are protected from loss, theft or misuse, and that adequate data is compiled to prepare meaningful financial statements. Internal accounting controls have been implemented for reasonable, but not absolute, assurance for safeguarding assets and accurately recording financial transactions. "Reasonable assurance" is based upon the premise that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of cost and benefits requires estimates and judgments by management. As a recipient of federal financial assistance, the State is also responsible for implementing internal controls for compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the government for specific agencies.

The State also maintains budgetary restrictions and controls, which are imposed through annual appropriations and limitations, approved by the Legislature. Annual appropriated budgets are adopted for the State General Fund and certain Special Revenue, Capital Project, Enterprise, Internal Service and Trust and Agency funds. The level of budgetary control in the central accounting system is usually established by agency, fund, and budget unit. Budgetary control is maintained by mechanisms in the accounting system, which prevents expenditures in excess of appropriations or limitations and/or available cash and purchase orders in excess of appropriations or limitations. Purchase orders are reported as expenditures for budgetary purposes and restricted fund balances in the financial statements included in this report.

CASH MANAGEMENT

On a daily basis, the State monitors receipts to, and expenditures out of, the State Treasury. It also employs cash flow tools and techniques that maximize revenues without incurring undue risk. The State invests idle funds to match anticipated cash flow needs by using government securities, collateralized bank deposits, and high-grade commercial paper to provide safety, liquidity, and yield, in that order.

The State maintains investments in addition to idle moneys. Authorized agencies may make investments independently of the State Treasury pooled cash. Generally, the Pooled Money Investment Board (PMIB) acts as agent for these investments. Certain funds, such as Kansas Public Employees Retirement System and the Unemployment Insurance Fund, are statutorily exempted from PMIB oversight. Deposits in the Municipal Investment Pool, an investment option established by the 1992 legislature for local governments, are also invested by the PMIB.

RISK MANAGEMENT

The State maintains a combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished through risk management and various outside entity commercial insurance providers. It is the policy of the State to cover the risk of certain losses to which it may be exposed through risk management activities. In general, the State is self-insured for certain health care claims (five of the nine medical health plan options, prescription drug and dental), State employee workers' compensation, long-term disability, tort liability, personal and real property losses up to the applicable deductibles (except where separate coverage is required by bond covenant). The State has commercial vehicle liability coverage on all vehicles with no deductible, and a statewide commercial policy on personal and real property with $5,000,000 deductibles generally, and $2,000000 on four specified properties in the Capital Complex (except where separate coverage is required by bond covenant).

Risk is managed by positively addressing various benefits and liabilities through review, legislation and administration to assure that claims are promptly and correctly adjudicated and that appropriate and fair benefits and liabilities are reflected in the statutes and regulations. Where cost effective and appropriate, such as limiting the impact of a catastrophic occurrence to the State buildings, the State has limited its exposure through high deductible catastrophic loss insurance.

PENSION TRUST FUND OPERATIONS

The Kansas Public Employees Retirement System is an umbrella organization administering three statewide retirement systems under one plan. These systems are Kansas Public Employee Retirement System, Kansas Police and Firemen's Retirement System and Kansas Retirement System for Judges. Further information on State participation in the retirement system can be found in the Notes to the Financial Statements located in the Financial Section.

ACKNOWLEDGEMENTS

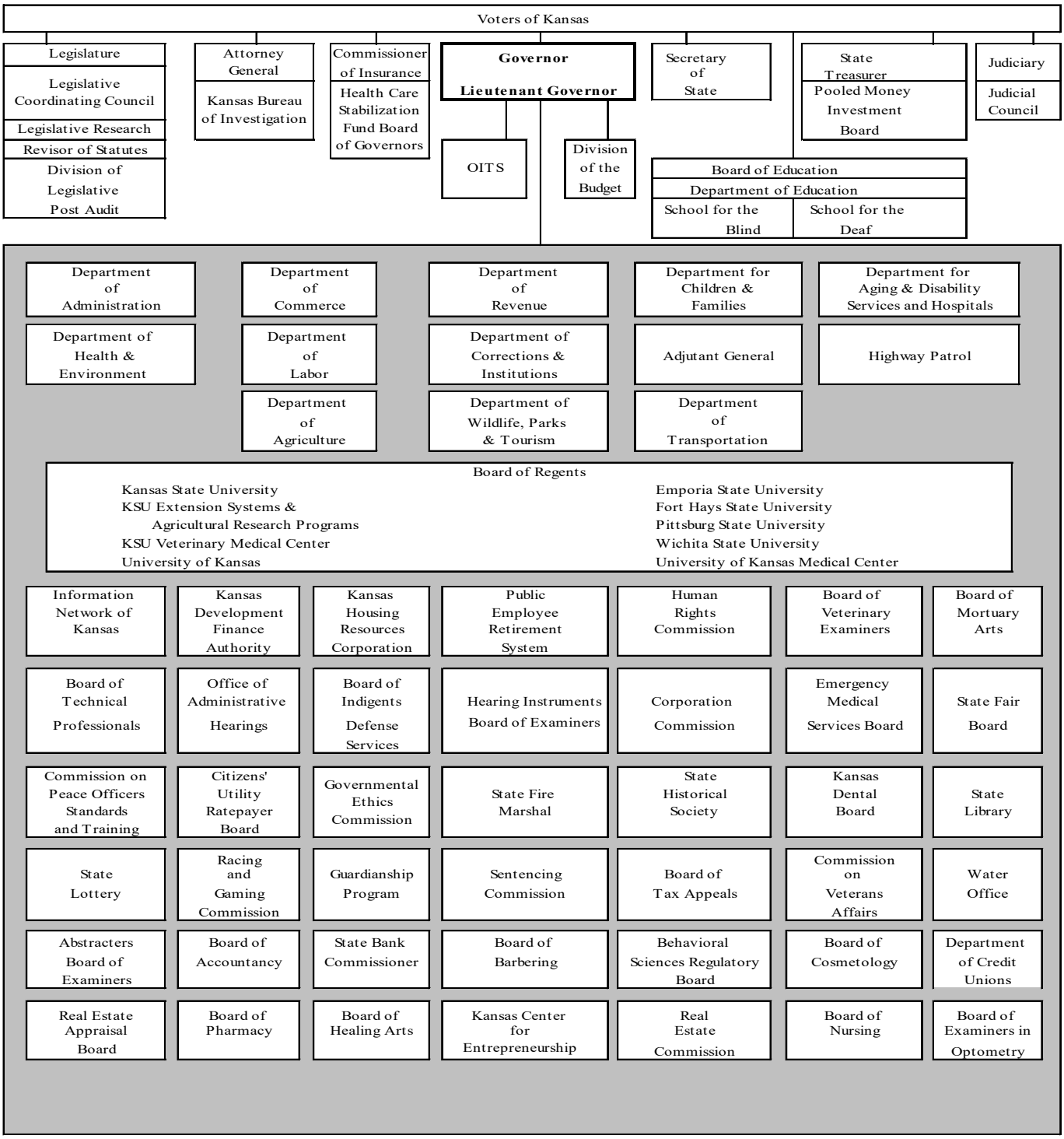
I wish to express my sincere thanks to the Office of Accounts and Reports Team. It is through their relentless efforts that this report was possible. I would also like to acknowledge the many other individuals in the State agencies, universities and component units. The efforts and responsiveness of all parties in a remote audit environment while balancing the additional stresses of the COVID-19 pandemic are especially impressive this year. Their hard work and diligence in this process is much appreciated.

Sincerely,



Jocelyn Gunter
Director, Office of Accounts and Reports

State of Kansas
June 30, 2021



Executive Branch

Governor
Laura Kelly

Lieutenant Governor
David Toland

Secretary of State
Scott Schwab

State Treasurer
Lynn Rogers

Attorney General
Derek Schmidt

Commissioner of Education
Randy Watson

Commissioner of Insurance
Vicki Schmidt

Legislative Branch

Speaker of the House of Representatives
Ron Ryckman

Speaker Pro Tempore of the House of Representatives
Blaine Finch

President of the Senate
Ty Masterson

Vice President of the Senate
Rick Wilborn

Chief Clerk of the House of Representatives
Susan W. Kannarr

Secretary of Senate
Corey Carnahan

Legislative Coordinating Council Chair
Ty Masterson

Legislative Research Director
J.G. Scott

Judicial Branch

Supreme Court of Kansas Chief Justice
Marla J. Luckert

Justices
Evelyn Z. Wilson
Keynen Wall Jr.
Eric S. Rosen
Dan Biles
Caleb Stegall
Melissa Taylor Standridge

Court of Appeals Chief Judge
Karen Arnold-Burger

Judicial Council Executive Director
Nancy J. Strouse

Judicial Administrator
Stephanie Bunten



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FINANCIAL

SECTION



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INDEPENDENT AUDITORS' REPORT

Secretary of the Department of Administration
Kansas Department of Administration
State of Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Kansas, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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We did not audit the financial statements of the various component units of the six state universities, which represent 56 percent, 62 percent and 42 percent, respectively, of the assets and deferred outflows of resources, net position, and revenues of the discretely presented component units, the Kansas Development Finance Authority (KDFA) which represents less than 1 percent, less than 1 percent, and less than 1 percent, respectively, of assets and deferred outflows of resources, net position, and revenues of the discretely presented component units, the Kansas Center for Entrepreneurship (KCE) which represents less than 1 percent, less than 1 percent, and less than 1 percent, respectively, of assets and deferred outflows of resources, net position, and revenues of the discretely presented component units, the Kansas Turnpike Authority (KTA) which represents 8 percent, 9 percent, and 3 percent, respectively, of assets and deferred outflows of resources, net position, and revenues of the discretely presented component units, the Information Network of Kansas, Inc. (INK) which represents less than 1 percent, less than 1 percent, and less than 1 percent, respectively, of assets and deferred outflows of resources, net position, and revenues of the discretely presented component units, and the Kansas Lottery which represents less than 1 percent, less than 1 percent, and 4 percent, respectively, of the assets and deferred outflows of resources, net position and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units of the six state universities, KDFA, KCE, KTA, and INK in the aggregate discretely presented component units, and Kansas Lottery in the aggregate remaining fund information, is based solely on the reports of other auditors.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Kansas as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the information needed to support the modified approach for infrastructure reporting, the OPEB schedule of funding progress, schedule of the State's proportionate share of the net pension liability and the schedule of state contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 by us and other auditors. In our opinion, based on our audit, the procedures performed and described above, and the reports of other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Secretary of the Department of Administration
Kansas Department of Administration
State of Kansas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of the State'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 State'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 State's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the State of Kansas Annual Comprehensive Financial Report (ACFR) is provided for readers of the financial statements for the fiscal year ended June 30, 2021. This information is to be used in conjunction with the additional information furnished in the preceding letter of transmittal and with the financial statements that follow. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

Government-wide highlights:

- The assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at fiscal year ending June 30, 2021 by $13.7 billion (presented as "net position"). Of this amount a negative $157.9 million was reported as unrestricted net position, which represents the amount available to be used to meet ongoing obligations to citizens and creditors.

- Total net position increased by $1.78 billion (14.98 percent) in fiscal year 2021. Net position of governmental activities increased by $2.1 billion (20.46 percent), and net position of the business-type activities decreased $351.0 million (23.89 percent).

Fund highlights:

- For fiscal year 2021, the governmental funds reported a combined ending fund balance of $3.8 billion, an increase of $1.3 billion in comparison with the prior year. Of the total amount, $824.0 million represents the fund balance of the Non-Major Governmental funds. The General Fund reported an unassigned fund balance for fiscal year 2021 of a positive $1.7 billion, as compared to the prior year unassigned balance of a positive $550.9 million. See page 17 for additional information on the General Fund budget.

Long-term debt:

- The State's total long-term debt obligation (including bonds payable on demand) showed a net increase of $42.5 million (0.57 percent) during the current year. This net increase was primarily due to net decreases of $303.3 million and $43.6 million in bonds outstanding and capital leases payable, respectively, offset by increases of $356.9 million and $33.0 million due to net pension liability and claims and judgements, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State of Kansas basic financial statements. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the State – the ***Government-wide Financial Statements*** and the ***Fund Financial Statements.*** These financial statements also include the ***Notes to the Financial Statements*** that explain some of the information in the financial statements and provide more detail.

Government-wide Financial Statements

The *Government-wide Financial Statements* provide a broad view of operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the financial position to assist in assessing the State's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This method is similar to those used by most businesses and takes into account all revenues and expenses connected with the fiscal year, even if cash involved has not been received or paid. The government-wide financial statements include two statements:

The S*tatement of Net Position* presents all the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as "net position". Over time, increases or decreases in the State's net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The S*tatement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

Both of the above financial statements have separate sections for three different types of State programs or activities. These three types of activities are:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal grants). Most services normally associated with State government fall into this category, including education, general government, health services, judiciary services, museums, natural resources, public safety, defense, regulatory services, social services, and transportation.

Business-type Activities – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services.

Discretely Presented Component Units – These are operations for which the State has financial accountability but the component units or their entities have certain independent qualities as well. For the most part, these entities operate similar to private sector businesses and the business-type activities described above.

Financial statements of the individual component units can be found in the basic financial statements following the fund statements. Addresses and other additional information about component units are presented in the notes to the financial statements. The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the State government, reporting the operations in more detail than the government-wide statements. All of the funds can be divided into three categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The three categories of funds financial statements are:

Governmental Funds Financial Statements - Most of the basic services provided by the State are financed through governmental type funds. Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of expendable resources. They also focus on the balances of expendable resources available at the end of the fiscal year. This information may be helpful in evaluating the government's near-term financial requirements. This approach is known as the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of State finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The State has six governmental funds considered major funds for presentation purposes. Each major fund is presented in a separate column in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The six governmental funds are – the General Fund, the Social Services Fund, the Health and Environment Fund, the Education Fund, the Transportation Fund, and the Executive Fund. The basic governmental funds financial statements can be found immediately following the government-wide statements.

Proprietary Funds Financial Statements – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The State's major proprietary funds for presentation purposes are the Unemployment Insurance Fund (within the Department of Labor), the Water Pollution Control and Public Water Supply Revolving Loan Funds (within the Department of Health and Environment) and the Health Care Stabilization Fund.

The basic proprietary funds financial statements can be found immediately following the governmental fund financial statements.

Fiduciary Funds Financial Statements – These funds are used to account for resources held for the benefit of parties outside the State government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. They use the accrual basis of accounting.

The fiduciary funds are the Kansas Public Employees Retirement Fund, the Investment Trust Fund (which accounts for the transactions, assets, liabilities, and fund equity of the external investment pool), and the Custodial Fund (which account for the assets held for distribution by the State as an agent for other governmental units, other organizations, or individuals). Individual fund detail can be found in the combining financial statements described below.

The basic fiduciary funds financial statements can be found immediately following the proprietary funds financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparisons for the major funds. Comparisons can be made between the original budget, final budget, and actual revenues and expenditures. This section includes reconciliation between budgetary basis and the accrual basis for major funds as presented in the governmental funds financial statements. This section also includes Kansas Department of Transportation modified approach explanation for infrastructure, schedule of changes in the State's death & disability total other post-employment benefit (OPEB) liability and related ratios, schedule of the State's proportionate share of the net pension liability for the Kansas Pension Retirement Plan, and schedule of State contributions for the Kansas Pension Retirement Plan.

Other Supplementary Information

Combining Financial Statements

The combining financial statements are presented following the required supplementary information. The total columns of these combining financial statements carry to the applicable fund financial statement.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of the financial position of a government. The combined net position of the State (government and business-type activities) totaled $13.7 billion at the end of 2021, compared to $11.9 billion at the end of the previous year, an increase of 15.58 percent.

The largest portion of net position reflects investment in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges, and other immovable assets), less any related debt used to acquire those assets that are still outstanding. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

State of Kansas Net Position – Primary Government
(expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 7,626,227	$ 5,565,000	$ 1,704,849	$ 1,962,104	$ 9,331,076	$ 7,527,104
Capital assets	14,233,348	14,074,140	2,842	3,705	14,236,190	14,077,845
Total assets	21,859,575	19,639,140	1,707,691	1,965,809	23,567,266	21,604,949
Accumulated decrease in fair value hedging	4,784	7,239	0	0	4,784	7,239
Deferred amounts on refunding	12,321	19,994	471	1,175	12,792	21,169
Deferred outflows - pensions	627,018	355,610	1,872	1,184	628,890	356,794
Deferred outflows - OPEB	7,650	7,022	25	14	7,675	7,036
Total deferred outflows	651,773	389,865	2,368	2,373	654,141	392,238
Non-current liabilities	7,066,179	7,005,114	412,632	431,175	7,478,811	7,436,289
Other liabilities	2,808,948	2,477,177	179,058	67,536	2,988,006	2,544,713
Total liabilities	9,875,127	9,482,291	591,690	498,711	10,466,817	9,981,002
Deferred inflows - pensions	78,733	121,649	165	285	78,898	121,934
Deferred inflows - OPEB	9,132	7,990	16	19	9,148	8,009
Total deferred inflows	87,865	129,639	181	304	88,046	129,943
Net investment in capital assets	10,946,294	10,549,360	2,842	3,705	10,949,136	10,553,065
Restricted	1,754,262	1,973,947	1,121,025	1,477,151	2,875,287	3,451,098
Unrestricted	(152,200)	(2,106,232)	(5,679)	(11,689)	(157,879)	(2,117,921)
Total net position	$ 12,548,356	$ 10,417,075	$ 1,118,188	$ 1,469,167	$ 13,666,544	$ 11,886,242

An additional portion of net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the ongoing obligations to citizens and creditors. Internally imposed designations of resources are not represented as restricted net position.

At the end of the current fiscal year, the State is able to report positive balances in the net investment in capital assets and restricted categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. Negative unrestricted net position reported for the government as a whole and for its separate governmental and business-type activities is due in part to the reporting of the total OPEB liability under GASB 75 and the net pension liability under GASB 68. See Note IV Sections E. and F., respectively, for more information.

State of Kansas Net Position – Component Units
(expressed in thousands)

	Component Units	
	2021	2020
Current and other assets	$ 6,884,533	$ 5,446,757
Capital assets	4,530,949	4,477,833
Total assets	11,415,482	9,924,590
Deferred amounts on refunding	3,390	7,983
Deferred outflows - pensions	58,112	35,988
Deferred outflows - OPEB	5,428	5,109
Total deferred outflows	66,930	49,080
Non-current liabilities	2,170,176	2,093,069
Other liabilities	634,583	413,861
Total liabilities	2,804,759	2,506,930
Deferred inflows - pensions	34,960	40,805
Deferred inflows - OPEB	17,581	10,223
Deferred amount on refunding	6,928	2,405
Total deferred inflows	59,469	53,433
Net investment in capital assets	2,947,174	2,860,744
Restricted	4,321,446	3,638,332
Unrestricted	1,349,564	914,231
Total net position	$ 8,618,184	$ 7,413,307

Changes in Net Position – Primary Government

Net position increased by $1.78 billion. Approximately 50.2 percent of the total revenue came from taxes, while 29.7 percent resulted from grants and contributions (including federal aid). Charges for various goods and services provided 9.4 percent of the total revenues. Expenses cover a range of services. The largest expenses of total expenses were for education (32.1 percent), human resources (19.7 percent), and health and environment (15.8 percent).

State of Kansas Changes in Net Position – Primary Government
(expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 1,005,268	$ 1,019,771	$ 1,051,234	$ 926,171	$ 2,056,502	$ 1,945,942
Operating grants and contributions	6,363,298	4,751,331	24,598	1,489	6,387,896	4,752,820
Capital grants and contributions	89,458	40,983	23,699	26,733	113,157	67,716
General revenues:						
Taxes						
Property taxes	801,569	770,483	0	0	801,569	770,483
Income and inheritance taxes	5,009,366	4,165,859	0	0	5,009,366	4,165,859
Sales and excise taxes	4,715,498	3,988,320	0	0	4,715,498	3,988,320
Gross receipts taxes	477,916	423,398	0	0	477,916	423,398
Investment earnings	6,311	51,014	12,096	51,187	18,407	102,201
Other revenue	1,216,179	494,410	1,124,735	891,007	2,340,914	1,385,417
Total revenues	19,684,863	15,705,569	2,236,362	1,896,587	21,921,225	17,602,156
Expenses:						
General government	2,341,832	801,776	0	0	2,341,832	801,776
Human resources	4,047,796	3,254,522	0	0	4,047,796	3,254,522
Education	6,575,804	6,394,277	0	0	6,575,804	6,394,277
Public safety	723,621	706,925	0	0	723,621	706,925
Agriculture and natural resources	134,007	145,469	0	0	134,007	145,469
Highways and other transportation	979,687	815,065	0	0	979,687	815,065
Health and environment	3,234,708	2,968,528	0	0	3,234,708	2,968,528
Interest expense	177,799	183,730	0	0	177,799	183,730
Water pollution and safety	0	0	6,913	10,588	6,913	10,588
Health care stabilization	0	0	37,463	29,814	37,463	29,814
Unemployment insurance	0	0	1,715,376	1,372,249	1,715,376	1,372,249
Workers' compensation	0	0	809	4,113	809	4,113
Lottery	0	0	523,846	454,499	523,846	454,499
Intergovernmental transfer program	0	0	6	2	6	2
Transportation revolving fund	0	0	9	9	9	9
Total expenses	18,215,254	15,270,292	2,284,422	1,871,274	20,499,676	17,141,566
Increase (decrease) in net assets before transfers	1,469,609	435,277	(48,060)	25,313	1,421,549	460,590
Transfers	302,919	146,177	(302,919)	(146,177)	0	0
Change in net position	1,772,528	581,454	(350,979)	(120,864)	1,421,549	460,590
Net position, beginning of year	10,417,075	9,835,621	1,469,167	1,590,031	11,886,242	11,425,652
Revisions to beginning net position	358,753	0	0	0	358,753	0
Net position, beginning of year (restated)	10,775,828	9,835,621	1,469,167	1,590,031	12,244,995	11,425,652
Net position, end of year	$ 12,548,356	$ 10,417,075	$ 1,118,188	$ 1,469,167	$ 13,666,544	$ 11,886,242

Changes in Net Position – Component Units

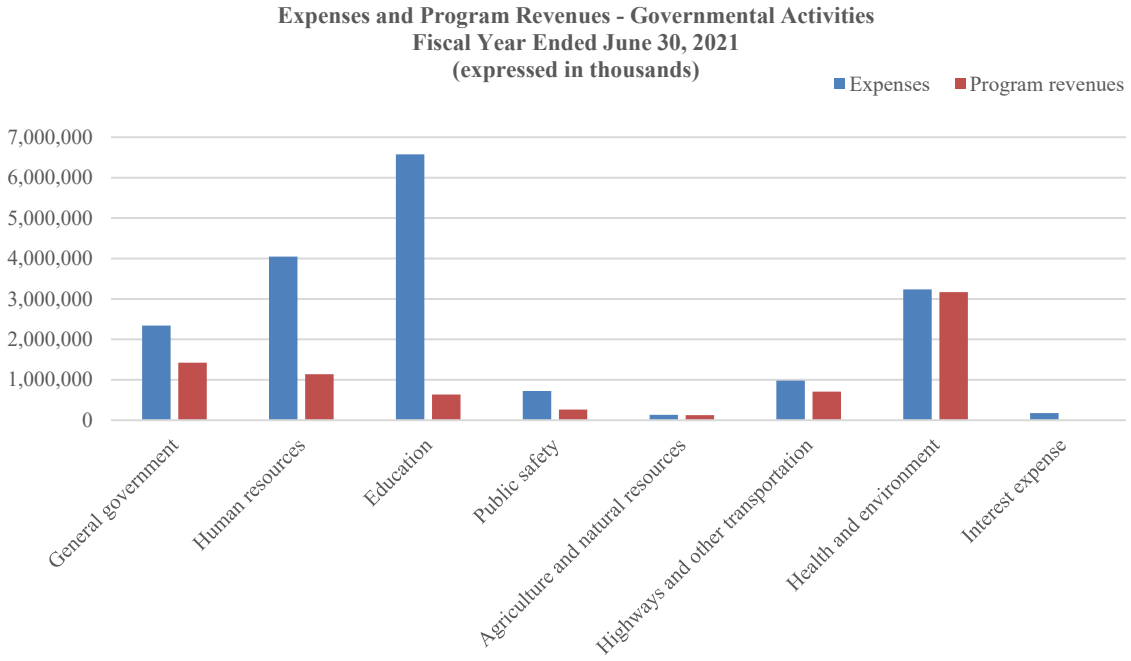
Component unit net position increased by $1.2 billion or 16.3 percent. Charges for various goods and services provided 30.06 percent of the total revenues. Approximately 26.3 percent of the total revenue came from other revenue, while 21.8 percent resulted from grants and contributions (including federal aid). Expenses cover a range of services and are shown below by component unit.

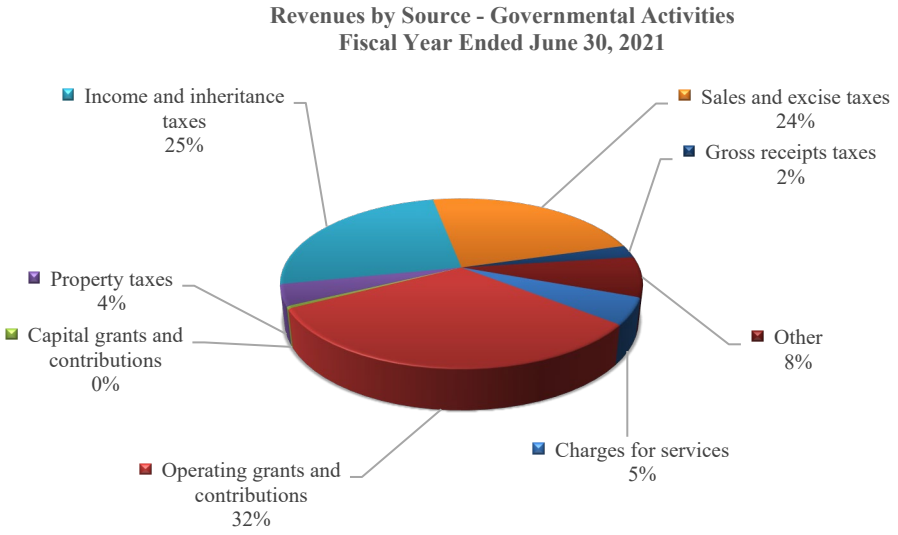
State of Kansas Changes in Net Position – Component Unit
(expressed in thousands)

	Component Units	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	$ 1,424,567	$ 1,511,265
Operating grants and contributions	995,227	796,839
Capital grants and contributions	40,010	75,480
General revenues:		
Taxes		
Property Tax	8,812	8,324
Sales & excise Tax	0	0
Gross receipts taxes	0	0
Investment earnings	1,024,738	92,999
Other revenue	1,246,355	1,189,973
Total revenues	4,739,709	3,674,880
Expenses:		
Kansas Turnpike Authority	102,995	102,551
Kansas Development Finance Authority	1,660	1,660
Information Network of Kansas, Inc.	451	316
State University System	3,295,571	3,244,022
Kansas Center for Entrepreneurship	3,446	3,054
Kansas Housing Resources Corp.	133,453	94,274
Total expenses	3,537,576	3,445,877
Change in net position	1,202,133	229,003
Net position, beginning of year	7,413,307	7,184,304
Revisions to beginning net position	2,744	0
Net position, beginning of year (restated)	7,416,051	7,184,304
Net position, end of year	$ 8,618,184	$ 7,413,307

Governmental Activities

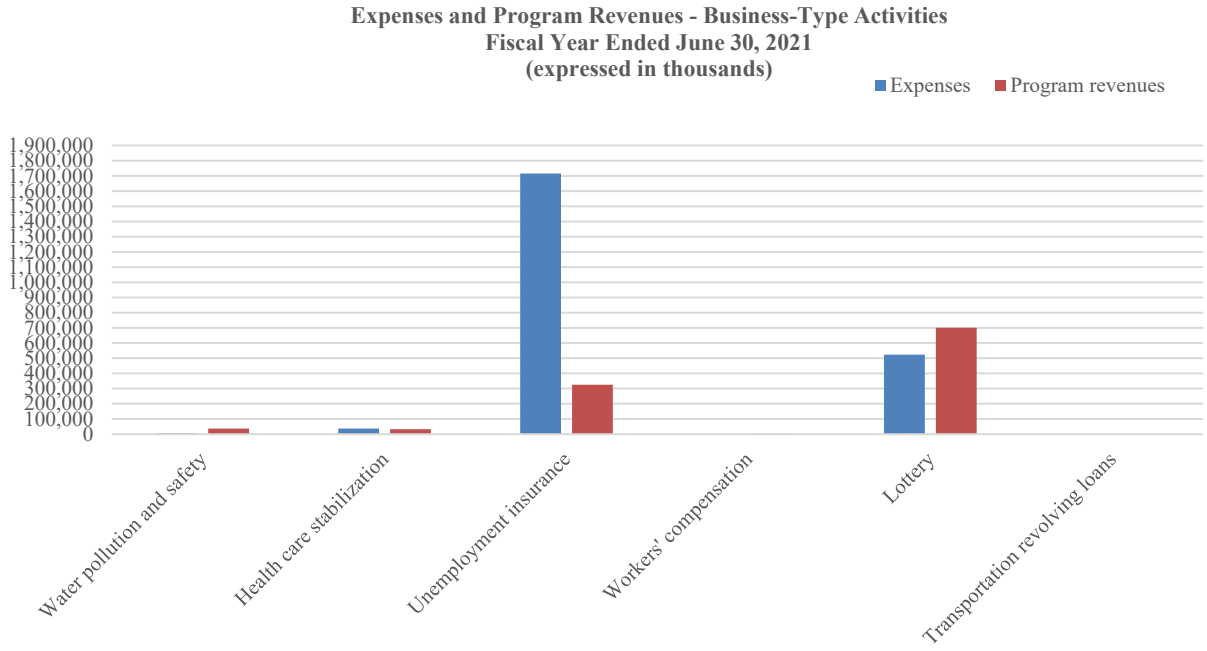
Governmental activities increased net position by $2.1 billion in fiscal year 2021. For the State's governmental activities, a comparison of the cost of services by function along with program revenues and a summary of revenues by source are shown below:

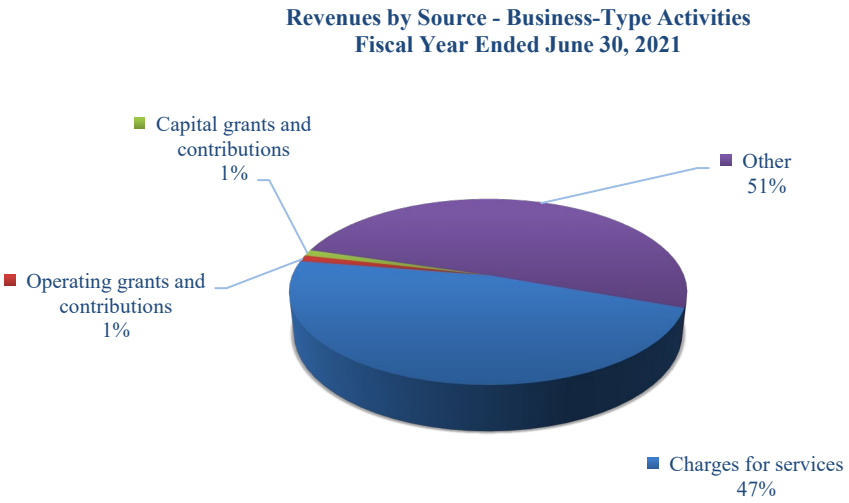




Business-Type Activities

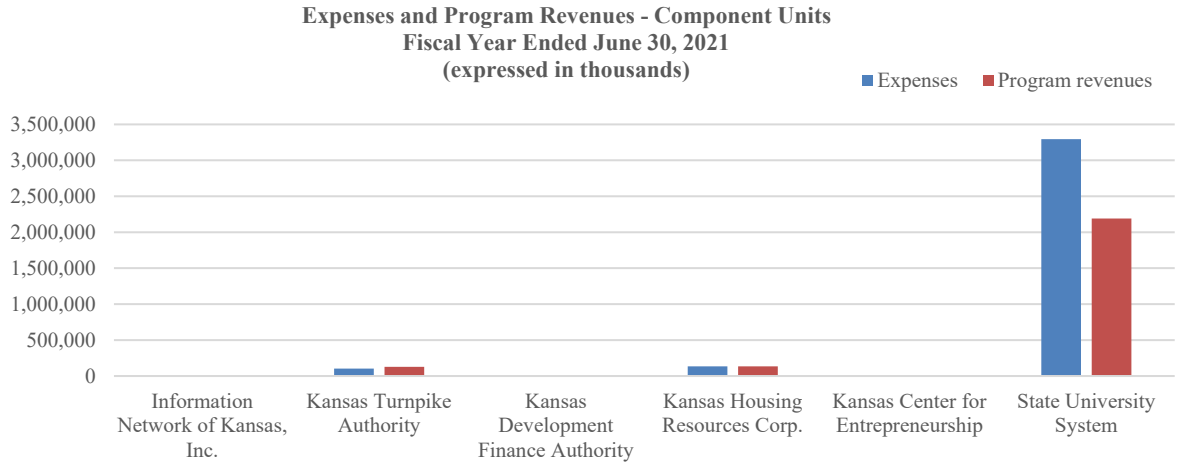
The State's business-type activities decreased the net position of the State by $351.0 million. For the State's business-type activities a comparison of the cost of services by function along with program revenues and a summary of revenues by source are shown below:

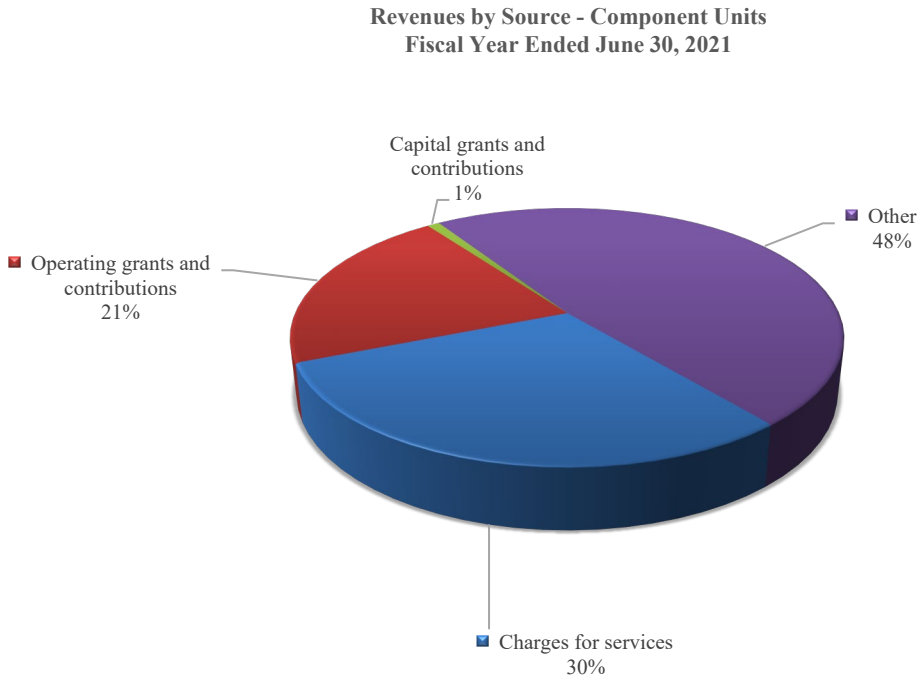




Component Units

The State's component units increased the net position of the State by $1.2 billion. For the State's component units, a comparison of the cost of services by function along with program revenues and a summary of revenues by source are shown below:





FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements.

For fiscal year 2021, the governmental funds reported a combined ending fund balance of $3.8 billion, an increase of $1.3 billion in comparison with the prior year. Part of this fund balance is nonspendable to indicate that it is not available for spending. The major portion of the Fund balance is restricted by the enabling legislation and purpose restricted grant funds.

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, unassigned fund balance of the General Fund was a positive $1.739 billion, while the total fund balance was a positive $1.744 billion. During fiscal year 2021, the State experienced increased revenue in income and inheritance tax, sales and excise taxes and gross receipts tax. The cash and investment balance is approximately $1.5 billion higher in fiscal year 2021 than it was in fiscal year 2020.

Proprietary Funds

Proprietary funds provide the same type of information found in the government-wide financial statements.

As discussed in the business-type activities previously, the State's net position decreased by $351.0 million as a result of operations in the proprietary funds. This decrease resulted from a $27.1 million increase in the Water Funds, a $380.0 million decrease in the Unemployment Insurance Fund and a $3.0 million decrease in the Health Care Stabilization Fund. There was an increase of $4.9 million in the Other Non-major Funds.

Component Unit Funds

Although legally separate from the State, component units are financially accountable to the State, or their relationships are such that exclusion would cause the State's financial statements to be misleading or incomplete. Component units are reported in its own column on the financial statements.

The State's component unit net position increased by $1.2 billion. The Kansas Turnpike accounted for $28.6 million of the increase in net position. The State University System accounted for an increase of $1.17 billion. The other four component units accounted for an increase in net position of approximately $4.8 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2021, differences existed between the original budget, the revised budget, and the actual budget at the close of the fiscal year. Revenue estimates were revised upward by approximately $869.4 million over the original estimate. Fiscal year 2021 ended with revenues $744.7 million above the revised estimate.

Original estimates for expenditures for fiscal year 2021 were decreased by $582.8 million in the revised budget for the fiscal year. Fiscal year 2021 ended with expenditures $201.6 million below the revised estimates.

The original budget estimate provided for revenues less than expenditures of $879.7 million. The final budget provided for $572.4 million of revenues more than expenditures. Subsequently, fiscal year 2021 was closed with revenues greater than expenditures of $1.5 billion.

Looking ahead to fiscal year 2022, one primary area that will affect budget outcomes is higher than previously estimated revenue collections and the new Consensus Revenue Estimate for higher revenue in FY 2022 and FY 2023 and whether future legislation affects the current estimates. In addition, the COVID-19 pandemic and federal relief efforts continue to have financial and economic impacts on the State of Kansas and local governments, residents, and businesses.

Kansas, including state and local governments, was allocated $2.6 billion in Coronavirus State and Local Fiscal Recovery Funds from the U.S. Department of the Treasury from the American Rescue Plan Act of 2021. Of this amount, state government has received $791.9 million from the first tranche of this allocation in FY 2021, with the remaining award coming in the second tranche expected in the last quarter of FY 2022. The five core areas identified by the U.S. Treasury for eligible uses of funds are: public health spending; economic impacts of the public health emergency; lost public sector revenue; premium pay for essential workers; and water, sewer, and broadband infrastructure.

Of the $1.6 billion award to state government, the 2021 Legislature approved up to $500.0 million for the Unemployment Insurance (UI) Trust Fund in the Kansas Department of Labor to assist replenishing the fund's balance. A transfer of $250.0 million was made to the UI Trust Fund in July 2021, with a second transfer conditionally approved in May 2022, which will be held in a suspense account until an audit of the UI Trust Fund is completed. The Legislative Coordinating Council will determine the final amount to be transferred and will approve the second transfer amount to the UI Trust Fund, with any remaining funds reverting back to the Strengthening People and Revitalizing Kansas (SPARK) Executive Committee for future project awards.

The SPARK Executive Committee, with approval of the State Finance Council, will award the remaining state allocation from the Coronavirus State and Local Fiscal Recovery Funds that is not already committed by prior Legislative action. All Coronavirus State and Local Fiscal Recovery Funds must be obligated by December 31, 2024 and expended by December 31, 2026.

The Consensus Revenue Estimating Group met on November 10, 2021, to revise State General Fund revenue estimates for fiscal year 2022 and make its first official assessment of fiscal year 2023.

For fiscal year 2022, the estimate was increased by $1.308 billion, or 17.3 percent, above the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The estimate for total taxes was increased by $1.298 billion, while the estimate for other revenues was increased by $10.1 million. The revised estimate of $8.870 billion represents a negligible increase above final fiscal year 2021 receipts. The fiscal year 2021 revenues included receipts shifted from fiscal year 2020 attributable to extensions of tax filing and payment deadlines.

The initial estimate for fiscal year 2023 is $9.048 billion, which is $177.9 million, or 2.0 percent, above the newly revised fiscal year 2022 figure. Various factors influencing this change in revenues in addition to the state of the economy include net change in transfers out of the State General Fund based on current statutory requirements for fiscal year 2023. The amount of total taxes is estimated to increase by 3.2 percent in fiscal year 2023, following a negligible increase in fiscal year 2022.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

State investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to $14.2 billion. This investment in capital assets includes land, buildings, improvements, equipment, intangible assets, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads and bridges.

The Kansas Department of Transportation (KDOT) used the modified approach for valuing their infrastructure. The roadways' conditions are assessed using a Pavement Management System. The bridges' conditions are assessed using the Pontis Bridge Management System. The conditions for the roadways and the bridges exceeded KDOT's policy for minimum condition levels.

The total increase in the investment in capital assets for governmental and business-type activities for the current fiscal year was 1.12 percent in terms of net book value. The majority of capital asset expenditures were used to construct or reconstruct roads and bridges. Depreciation charges for the year totaled $87.0 million. Additional information on the capital assets can be found in Note III of the notes to the financial statements of this report.

Debt Administration

The State does not have the statutory authority to issue general obligation bonds. The Legislature has authorized the issuance of specific purpose revenue bonds and other forms of long-term obligations.

Kansas Development Finance Authority (KDFA) is a public body politic and corporate, constituting an independent instrumentality of the State. It was created to enhance the ability of the State to finance capital improvements and improve access to long-term financing for State agencies, political subdivisions, public and private organizations, and businesses.

The total long-term debt obligations increased by $42.5 million during the current fiscal year. This net increase was primarily due to net decreases of $303.3 million and $43.6 million in bonds outstanding and capital leases payable, respectively, offset by increases of $356.9 million and $33.0 million due to net pension liability and claims and judgements, respectively.

Additional information on long-term debt obligations can be found in Note III of the notes to the financial statements of this report.

ECONOMIC FACTORS

The Kansas economy has been recovering from the severe contraction of the spring of 2020 and is expected to continue a relatively robust recovery through fiscal year 2023. The forecasted rates of growth in the Kansas economy have been increased for calendar year 2021, 2022, and 2023 Nominal Gross State Product is now expected to increase by 11.1 percent in calendar year 2021, up from the previous projected increase of 6.9 percent. Nominal Gross State Product is expected to grow by 7.3percent and 5.3 percent in calendar years 2022 and 2023, respectively. This represents increases from the previous estimates of 5.9 percent and 4.3 percent.

Current estimates indicate the overall Kansas unemployment rate, which was 5.9 percent in calendar year 2020, is expected to return to more normal levels in calendar year 2021 to 3.9 percent, which is slightly up from 3.8 percent at the April 2021 estimate. Kansas unemployment rates are now forecasted to drop to 3.5 percent in calendar year 2022, which is down from a forecast of 3.6 percent at the time of the previous estimate, and further recover to 3.4 percent in calendar year 2023. The Kansas unemployment rates are expected to remain below the National rates.

The number of unemployed Kansans and the number of unemployment insurance claims decreased from September 2020 to September 2021. There were 89,518 individuals receiving unemployment insurance benefits in September 2019 and 10,320 individuals receiving unemployment insurance benefits in October 2021. The September 2021 unemployment figures have fully recovered from declines throughout the pandemic and are down from the pre-pandemic January 2020 rate.

Between September 2020 and September 2021, Kansas seasonally adjusted total nonfarm jobs have increased by 32,200. This change is due to an increase of 28,000 private sector jobs and 4,200 government jobs. The labor force participation rate increased from 67.2 in January 2020 to 67.6 in September 2021.

The economic forecast does retain significant concern for the economy as a whole due to uncertainty related to the progression of the coronavirus disease (COVID-19) pandemic and the impacts of higher inflation, as well as more typical concerns related to costs of health care, volatility in energy prices, tariffs or possible trade war effects on commodity prices, and consumer demand for products and services subject to sales taxation.

Fiscal Year 2021 State General Fund Allotments

An executive branch allotment system to reduce expenditures is applicable to the expenditures by State agencies when under certain circumstances for any fiscal year the resources of the State General Fund or any special revenue fund appear likely to be insufficient to cover appropriations made against the State General Fund or such special revenue fund. Such determinations are to be made by the Director of the Budget.

Allotment authority was expanded in fiscal years 2015, 2016 and 2017. The expanded authority allowed State General Fund expenditure reductions and transfers from special revenue funds to the State General Fund whenever the estimated State General Fund ending balance is below $100.0 million.

There were no allotments enacted in fiscal years 2018, 2019, or 2020.

However, on June 29, 2020, Governor Kelly announced an allotment plan for fiscal year 2021 pursuant to K.S.A. 75-3722. The fiscal year 2021 Governor's State General Fund Allotment Plan dated July 2020 may be found on the State of Kansas, Division of the Budget website at http://budget.kansas.gov/budget-report/.

There has been no allotment plan announced for fiscal year 2022.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of State finances for all of Kansas's citizens, taxpayers, customers, investors and creditors. This financial report seeks to demonstrate State accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Jocelyn Gunter
Director of Accounts and Reports for the State of Kansas
Office of Accounts and Reports
700 SW Harrison, Suite 300
Topeka, KS 66603

Financial Statements

Government Wide - Statement of Net Position
June 30, 2021
(expressed in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals	Component Units
ASSETS				
Cash and cash equivalents	$ 4,882,433	$ 75,356	$ 4,957,789	$ 816,944
Investments	400,419	286,083	686,502	970,859
Receivables (net)	2,081,871	535,345	2,617,216	698,481
Due from primary government:				
Investment in direct financing leases, due within one year	0	0	0	3,815
Investment in direct financing leases, due in more than one year	0	0	0	30,364
Internal balances	4,857	(4,857)	0	0
Inventories	41,734	2,567	44,301	14,629
Other current assets	0	0	0	31,683
Restricted cash and cash equivalents	213,925	522,368	736,293	407,022
Restricted investments	0	287,987	287,987	3,850,148
Capital assets not being depreciated	13,023,384	0	13,023,384	940,628
Capital assets, net of accumulated depreciation	1,209,964	2,842	1,212,806	3,590,321
Other noncurrent assets	988	0	988	60,588
Total assets	21,859,575	1,707,691	23,567,266	11,415,482
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	4,784	0	4,784	0
Deferred amounts on refunding	12,321	471	12,792	3,390
Deferred outflows - pensions	627,018	1,872	628,890	58,112
Deferred outflows - OPEB	7,650	25	7,675	5,428
Total deferred outflows of resources	651,773	2,368	654,141	66,930
LIABILITIES				
Accounts payable and other current liabilities	1,859,678	41,944	1,901,622	317,814
Due to component unit:				
Lease revenue bonds payable, due within one year	3,815	0	3,815	0
Lease revenue bonds payable, due in more than one year	30,364	0	30,364	0
Unearned revenue	906,075	137,114	1,043,189	316,769
Derivative instrument - interest rate swap	9,016	0	9,016	0
Due to others	0	0	0	0
Noncurrent liabilities:				
Due within one year	370,933	64,379	435,312	158,663
Due in more than one year	6,695,246	348,253	7,043,499	2,011,513
Total liabilities	9,875,127	591,690	10,466,817	2,804,759
DEFFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	78,733	165	78,898	34,960
Deferred inflows - OPEB	9,132	16	9,148	17,581
Deferred amounts on refunding	0	0	0	6,928
Total deferred inflows of resources	87,865	181	88,046	59,469
NET POSITION				
Net investment in capital assets	10,946,294	2,842	10,949,136	2,947,174
Restricted for:				
Capital projects	70,431	0	70,431	227,377
Debt service	96,655	0	96,655	35,952
Nonexpendable	0	0	0	1,906,814
Other purposes	1,347,469	1,121,025	2,468,494	2,151,303
Highways and other transportation	239,707	0	239,707	0
Unrestricted	(152,200)	(5,679)	(157,879)	1,349,564
Total net position	$ 12,548,356	$ 1,118,188	$ 13,666,544	$ 8,618,184

The notes to the financial statements are an integral part of this statement.

Government Wide - Statement of Activities
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants
Primary government:				
Governmental activities:				
General government	$ 2,341,832	$ 355,269	$ 1,067,620	$ 0
Human resources	4,047,796	149,666	989,483	0
Education	6,575,804	5,926	628,602	0
Public safety	723,621	57,278	204,405	17
Agriculture and natural resources	134,007	84,233	40,972	128
Highways and other transportation	979,687	237,677	379,454	89,313
Health and environment	3,234,708	115,219	3,052,762	0
Interest expense	177,799	0	0	0
Total governmental activities	18,215,254	1,005,268	6,363,298	89,458
Business-type activities:				
Water pollution and safety	6,913	13,289	0	23,699
Health care stabilization	37,463	33,171	0	0
Unemployment insurance	1,715,376	301,074	24,598	0
Workers' compensation	809	2,801	0	0
Lottery	523,846	700,658	0	0
Intergovernmental transfer program	6	0	0	0
Transportation revolving loans	9	241	0	0
Total business-type activities	2,284,422	1,051,234	24,598	23,699
Total primary government	$ 20,499,676	$ 2,056,502	$ 6,387,896	$ 113,157
Component units:				
Kansas Turnpike Authority	$ 102,995	$ 126,956	$ 0	$ 0
Kansas Development Finance Authority	1,660	1,878	0	0
Kansas Center for Entrepreneurship	3,446	2,011	1,538	0
Information Network of Kansas, Inc.	451	1,250	0	0
State University System	3,295,571	1,287,007	864,734	40,010
Kansas Housing Resources Corporation	133,453	5,465	128,955	0
Total component units	$ 3,537,576	$ 1,424,567	$ 995,227	$ 40,010

The notes to the financial statements are an integral part of this statement.

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
	$ (918,943)	$ 0	$ (918,943)	$ 0
	(2,908,647)	0	(2,908,647)	0
	(5,941,276)	0	(5,941,276)	0
	(461,921)	0	(461,921)	0
	(8,674)	0	(8,674)	0
	(273,243)	0	(273,243)	0
	(66,727)	0	(66,727)	0
	(177,799)	0	(177,799)	0
	(10,757,230)	0	(10,757,230)	0
	0	30,075	30,075	0
	0	(4,292)	(4,292)	0
	0	(1,389,704)	(1,389,704)	0
	0	1,992	1,992	0
	0	176,812	176,812	0
	0	(6)	(6)	0
	0	232	232	0
	0	(1,184,891)	(1,184,891)	0
	$ (10,757,230)	$ (1,184,891)	$ (11,942,121)	$ 0
	$ 0	$ 0	$ 0	$ 23,961
	0	0	0	218
	0	0	0	103
	0	0	0	799
	0	0	0	(1,103,820)
	0	0	0	967
	0	0	0	(1,077,772)
General revenues:				
Taxes:				
Property tax	$ 801,569	$ 0	$ 801,569	$ 8,812
Income and inheritance tax	5,009,366	0	5,009,366	0
Sales and excise tax	4,715,498	0	4,715,498	0
Gross receipts tax	477,916	0	477,916	0
Investment earnings	6,311	12,096	18,407	1,024,738
Other revenue	1,216,179	1,124,735	2,340,914	1,246,355
Transfers	302,919	(302,919)	0	0
Total general revenues	12,529,758	833,912	13,363,670	2,279,905
Change in net position	1,772,528	(350,979)	1,421,549	1,202,133
Net position - beginning	10,417,075	1,469,167	11,886,242	7,413,307
Revisions to beginning net position	358,753	0	358,753	2,744
Net position - beginning (restated)	10,775,828	1,469,167	12,244,995	7,416,051
Net position - ending	$ 12,548,356	$ 1,118,188	$ 13,666,544	$ 8,618,184

Balance Sheet - Governmental Funds
June 30, 2021
(expressed in thousands)

	General	Social Services	Health and Environment	Education	Transporta-tion	Executive	Non-major Governmental	Total Governmental
ASSETS								
Cash and cash equivalents	$ 2,119,145	$ 129,464	$ 185,869	$ 17,845	$ 570,170	$ 883,183	$ 893,235	$ 4,798,911
Investments	0	0	0	0	279,668	0	120,751	400,419
Receivables, net	1,085,171	396,859	240,443	2,663	122,263	0	227,135	2,074,534
Due from other funds	84,471	583	25,000	0	0	0	71,366	181,420
Inventories	5,216	390	0	0	24,662	0	1,992	32,260
Advances to other funds	0	0	0	0	0	0	194,589	194,589
Restricted cash and cash equivalents	0	0	0	0	0	0	136,629	136,629
Total assets	$ 3,294,003	$ 527,296	$ 451,312	$ 20,508	$ 996,763	$ 883,183	$ 1,645,697	$ 7,818,762
LIABILITIES								
Accounts payable and other current liabilities	$ 758,090	$ 153,168	$ 272,972	$ 12,327	$ 70,874	$ 185	$ 540,419	$ 1,808,035
Due to other funds	91,831	13	0	0	0	0	84,699	176,543
Advances from other funds	193,987	33	0	0	0	0	562	194,582
Unearned revenue	0	1,836	0	0	15,564	878,144	10,531	906,075
Total liabilities	1,043,908	155,050	272,972	12,327	86,438	878,329	636,211	3,085,235
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - taxes	505,821	22	10	0	25,752	0	136	531,741
Unavailable revenue - other	0	232,733	23,137	0	0	0	185,315	441,185
Total deferred inflows of resources	505,821	232,755	23,147	0	25,752	0	185,451	972,926
FUND BALANCES								
Nonspendable:								
Long-term receivables	0	0	0	0	4,250	0	0	4,250
Inventory	5,216	390	0	0	24,662	0	1,992	32,260
Restricted for:								
Capital projects	0	0	0	0	0	0	70,431	70,431
Debt service	0	0	0	0	0	0	143,545	143,545
General government	0	0	0	0	0	0	357,929	357,929
Human resources	0	139,101	0	0	0	0	70,703	209,804
Education	0	0	0	8,181	0	4,854	6,494	19,529
Public safety	0	0	0	0	0	0	82,556	82,556
Agriculture and natural resources	0	0	0	0	0	0	106,857	106,857
Highways and other transportation	0	0	0	0	141,453	0	72,502	213,955
Health and environment	0	0	155,193	0	0	0	0	155,193
Assigned to:								
Next fiscal year budget deficit	0	0	0	0	714,208	0	0	714,208
Unassigned	1,739,058	0	0	0	0	0	(88,974)	1,650,084
Total fund balance	1,744,274	139,491	155,193	8,181	884,573	4,854	824,035	3,760,601
Total liabilities, deferred inflows of resources, and fund balance	$ 3,294,003	$ 527,296	$ 451,312	$ 20,508	$ 996,763	$ 883,183	$ 1,645,697	$ 7,818,762

The notes to the financial statements are an integral part of this statement.

(Continued)

Balance Sheet - Governmental Funds - Continued
June 30, 2020
(expressed in thousands)

	Total Governmental
Reconciliation to the Statement of Net Position:	
Total fund balance from previous page	$ 3,760,601
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds:	
Capital assets not being depreciated	13,023,384
Capital assets being depreciated	1,209,964
Internal service funds included in above	(59,107)
Other noncurrent assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Derivatives	4,784
Other noncurrent assets	988
Deferred refunding	12,321
Deferred outflows - pensions	627,018
Deferred outflows - OPEB	7,650
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Notes payable	(5,184)
Capital leases payable	(194,425)
Revenue bonds payable	(3,720,160)
Pollution remediation	(83,915)
Unamortized premium discount	(226,437)
Total OPEB liability	(51,151)
Net pension liability	(2,253,968)
Compensated absences	(120,110)
Claims and judgments	(167,925)
KPERS Employer liability	(242,904)
Due to component unit (lease revenue bonds payable)	(34,179)
Arbitrage and derivative liabilities	(9,016)
Accrued interest	(46,890)
Internal service funds included in above	116,779
Other deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds:	
Deferred inflows - pensions	(78,733)
Deferred inflows - OPEB	(9,132)
Deferred inflows of resources adjustment for revenue unavailable at the fund level	972,926
Internal service funds: the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	115,177
Net position of governmental activities	$ 12,548,356

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	General	Social Services	Health and Environment	Education	Transporta-tion	Executive	Non-major Governmental	Total Governmental
Revenues:								
Property tax	$ 47	$ 0	$ 0	$ 736,318	$ 0	$ 0	$ 65,204	$ 801,569
Income and inheritance tax	4,852,523	0	0	0	0	0	26,882	4,879,405
Sales and excise tax	3,445,273	3,546	776	8,576	910,527	0	348,025	4,716,723
Gross receipts tax	182,595	0	245,357	0	0	0	49,966	477,918
Charges for services	33,239	134,911	117,256	5,326	237,677	0	478,730	1,007,139
Operating grants	0	929,831	3,070,805	626,099	345,657	1,002,293	307,997	6,282,682
Capital grants	0	0	0	0	88,941	0	112	89,053
Investment earnings	(3,712)	62	60	1	1,258	1,126	4,486	3,281
Other revenues	23,104	211,702	299,496	60,780	4,580	79	615,803	1,215,544
Total revenues	8,533,069	1,280,052	3,733,750	1,437,100	1,588,640	1,003,498	1,897,205	19,473,314
Expenditures:								
Current:								
General government	229,380	0	0	0	0	502,484	1,549,926	2,281,790
Human resources	1,109,608	2,642,624	0	0	0	0	286,868	4,039,100
Education	4,846,637	0	0	1,649,034	0	0	78,949	6,574,620
Public safety	409,683	0	0	0	0	0	330,911	740,594
Agriculture and natural resources	12,901	0	0	0	0	0	126,090	138,991
Highways and other transportation	0	0	0	0	1,070,185	0	61,360	1,131,545
Health and environment	571,120	0	2,645,209	0	0	0	10,561	3,226,890
Debt service:								
Principal	17,447	1,422	185	0	0	0	414,258	433,312
Interest	25,932	749	84	0	0	0	182,409	209,174
Total expenditures	7,222,708	2,644,795	2,645,478	1,649,034	1,070,185	502,484	3,041,332	18,776,016
Excess of revenues over (under) expenditures	1,310,361	(1,364,743)	1,088,272	(211,934)	518,455	501,014	(1,144,127)	697,298
Other financing sources (uses):								
Sale of assets	0	0	0	0	0	0	3,219	3,219
Issuance of bonds	0	0	0	0	0	0	149,325	149,325
Issuance of capital leases	0	3,376	1,340	0	0	0	406	5,122
Premium on issuance of debt	0	0	0	0	0	0	18,096	18,096
Transfers, net	(122,199)	1,335,662	(1,098,582)	208,924	(509,613)	(508,623)	1,007,798	313,367
Total other financing sources (uses)	(122,199)	1,339,038	(1,097,242)	208,924	(509,613)	(508,623)	1,178,844	489,129
Net change in fund balances	1,188,162	(25,705)	(8,970)	(3,010)	8,842	(7,609)	34,717	1,186,427
Fund balances, beginning	556,112	123,411	159,096	11,191	875,731	12,454	718,361	2,456,356
Revisions to beginning fund balance	0	41,785	5,067	0	0	9	70,957	117,818
Fund balance - beginning	556,112	165,196	164,163	11,191	875,731	12,463	789,318	2,574,174
Change in reserves for inventory	0	0	0	0	0	0	0	0
Fund balances, end	$ 1,744,274	$ 139,491	$ 155,193	$ 8,181	$ 884,573	$ 4,854	$ 824,035	$ 3,760,601

The notes to the financial statements are an integral part of this statement.

(Continued)

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Total Governmental
Reconciliation to the Statement of Activities:	
Total net change in fund balance from previous page	$ 1,186,427
Governmental funds report capital asset acquisition as expenditures. However, in the statement of activities, the cost of assets capitalized is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized assets exceeded depreciation in the current period.	
Depreciation expense	(83,040)
Capitalized assets acquired	280,622
In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of capital assets sold.	(42,602)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	
Unavailable revenue	189,403
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position:	
Revenue bonds	(149,325)
Bond premiums and discounts	(18,096)
Deferred refundings	(7,673)
Other borrowings	(5,122)
Repayment of bond principal is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.	
Revenue bonds	407,265
Other borrowings	26,047
The amortization of bond premiums and discounts affects long-term liabilities on the statement of net position, but does not provide or use current financial resources to governmental funds.	36,793
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	(865)
Pollution remediation	(6,856)
Accrued interest	3,117
Claims and judgments	(22,724)
Total OPEB liability	(1,441)
Net pension liability	(355,853)
Derivatives (liability), due to component and accrued accounts payable	5,854
Derivatives (assets and deferred outflows)	(2,531)
The amortization of collective deferred outflows and inflows of resources related to pensions affects change in net position, but does not provide or use current financial resources to governmental funds.	
Deferred outflows - pensions	271,408
Deferred inflows - pensions	42,916
Deferred outflows - OPEB	628
Deferred inflows - OPEB	(1,142)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	19,318
Changes in Net Position of Governmental Activities	$ 1,772,528

The notes to the financial statements are an integral part of this statement.

Statement of Net Position - Proprietary Funds
June 30, 2021
(expressed in thousands)

	Business-Type Activities					
	Water Funds	Unemployment Insurance	Health Care Stabilization	Non-major Funds	Total	Governmental Activities - Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	$ 21,313	$ 17,165	$ 3,884	$ 32,994	$ 75,356	$ 83,522
Restricted cash and cash equivalents	1	514,441	0	0	514,442	77,296
Investments	238,430	0	38,119	0	276,549	0
Receivables, net	63,924	17,459	2,105	13,685	97,173	7,337
Inventories	0	0	0	2,567	2,567	9,474
Total current assets	323,668	549,065	44,108	49,246	966,087	177,629
Noncurrent assets:						
Restricted cash and cash equivalents	7,926	0	0	0	7,926	0
Investments	9,534	0	0	0	9,534	0
Investments, restricted	2,095	0	285,892	0	287,987	0
Receivables, net	427,577	0	0	10,595	438,172	0
Capital assets not being depreciated	0	0	0	0	0	2,516
Capital assets (net of accumulated depreciation)	17	0	1	2,824	2,842	56,591
Total noncurrent assets	447,149	0	285,893	13,419	746,461	59,107
Total assets	770,817	549,065	330,001	62,665	1,712,548	236,736
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts on refunding	471	0	0	0	471	0
Deferred outflows - pensions	0	0	0	1,872	1,872	0
Deferred outflows - OPEB	0	0	0	25	25	0
Total deferred outflows of resources	471	0	0	1,897	2,368	0
LIABILITIES						
Current liabilities:						
Accounts payable and other current liabilities	1,300	19,384	98	21,162	41,944	4,753
Unearned revenue	0	121,458	15,500	0	136,958	0
Due to other funds	0	0	0	4,857	4,857	20
Compensated absences	0	0	85	11	96	1,155
Portion of long-term liabilities	22,151	0	36,351	5,781	64,283	37,817
Total current liabilities	23,451	140,842	52,034	31,811	248,138	43,745
Noncurrent liabilities:						
Compensated absences	0	0	54	7	61	728
Claims and judgments	0	0	228,360	28,066	256,426	46,715
Bonds, notes and loans payable	75,603	0	0	0	75,603	30,364
Unearned lease revenue	0	0	0	156	156	0
Arbitrage rebate payable	0	0	0	0	0	0
Other noncurrent liabilities	8,967	0	0	7,106	16,073	0
Total OPEB liability	0	0	0	90	90	0
Advances from other funds	0	0	0	0	0	7
Total noncurrent liabilities	84,570	0	228,414	35,425	348,409	77,814
Total liabilities	108,021	140,842	280,448	67,236	596,547	121,559
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pensions	0	0	0	165	165	0
Deferred inflows - OPEB	0	0	0	16	16	0
Total deferred inflows of resources	0	0	0	181	181	0
NET POSITION						
Net investment in capital assets	17	0	1	2,824	2,842	25,328
Restricted for:						
Other purposes	663,250	408,223	49,552	0	1,121,025	0
Unrestricted	0	0	0	(5,679)	(5,679)	89,849
Total net position	$ 663,267	$ 408,223	$ 49,553	$ (2,855)	$ 1,118,188	$ 115,177

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Business-Type Activities					Governmental Activities - Internal Service Funds
	Water Funds	Unemployment Insurance	Health Care Stabilization	Non-major Funds	Total	
Operating revenues:						
Charges for services	$ 2,503	$ 301,074	$ 33,171	$ 703,700	$ 1,040,448	$ 100,099
Interest on loans	10,786	0	0	0	10,786	0
Other revenue	1,841	1,134,824	127	6,012	1,142,804	29,246
Total operating revenues	15,130	1,435,898	33,298	709,712	2,194,038	129,345
Operating expenses:						
Salaries and wages	0	0	1,856	7,008	8,864	29,471
Supplies and services	1,816	0	4,493	303,604	309,913	55,930
Lottery prize awards	0	0	0	200,187	200,187	0
Depreciation	3	0	1	995	999	2,991
Insurance claims and expenses	0	1,715,340	0	(1,402)	1,713,938	10,400
Program administration - Water Funds	1,266	0	0	0	1,266	0
Other expenses	1,409	36	31,113	14,278	46,836	33
Total operating expenses	4,494	1,715,376	37,463	524,670	2,282,003	98,825
Operating income (loss)	10,636	(279,478)	(4,165)	185,042	(87,965)	30,520
Nonoperating revenues (expenses):						
Operating grants	0	24,598	0	0	24,598	8
Capital grants	23,699	0	0	0	23,699	0
Investment earnings	896	11,982	(839)	57	12,096	28
Interest expense	(2,419)	0	0	0	(2,419)	(789)
Other revenues (expenses)	(5,695)	0	(1,135)	(11,239)	(18,069)	(1)
Total nonoperating revenues (expenses)	16,481	36,580	(1,974)	(11,182)	39,905	(754)
Income before transfers	27,117	(242,898)	(6,139)	173,860	(48,060)	29,766
Transfers in	0	1,935,346	3,329	0	1,938,675	5,531
Transfers out	0	(2,072,405)	(200)	(168,989)	(2,241,594)	(15,979)
Change in net position	27,117	(379,957)	(3,010)	4,871	(350,979)	19,318
Net position - beginning	636,150	788,180	52,563	(7,726)	1,469,167	95,859
Net position - ending	$ 663,267	$ 408,223	$ 49,553	$ (2,855)	$ 1,118,188	$ 115,177

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Water Funds	Unemployment Insurance	Health Care Stabilization	Non-major funds	Total	Governmental Activities - Internal Service Funds
Cash flows from operating activities:						
Cash receipts from customers	$ 11,715	$ 1,532,641	$ 35,149	$ 711,884	$ 2,291,389	$ 128,876
Cash payments to suppliers for goods and services	(1,786)	12,047	(6,190)	(1,067)	3,004	(57,101)
Cash payments to employees for services	0	0	(1,835)	(6,799)	(8,634)	(29,355)
Cash payments for lottery prizes	0	0	0	(514,132)	(514,132)	0
Claims paid	0	(1,715,340)	(21,453)	(960)	(1,737,753)	(7,385)
Other operating revenues	2,837	0	0	306	3,143	0
Other operating expenses	(1,314)	0	0	(899)	(2,213)	0
Net cash provided (used) by operating activities	11,452	(170,652)	5,671	188,333	34,804	35,035
Cash flows from noncapital financing activities:						
Operating grants receipts	0	24,598	0	0	24,598	8
Other non-operating expenses	0	0	(1,135)	0	(1,135)	(1)
Advances from other funds	0	0	0	0	0	(20)
Net transfers to other funds	0	(137,059)	3,129	0	(133,930)	(10,448)
Other cash inflows from noncapital financing activities	27,699	0	0	0	27,699	0
Other cash outflows from noncapital financing activities	(33,409)	0	0	(177,820)	(211,229)	0
Net cash provided (used) by noncapital financing activities	(5,710)	(112,461)	1,994	(177,820)	(293,997)	(10,461)
Cash flows from capital and related financing activities:						
Proceeds from issuance of long-term debt	0	0	0	0	0	37,152
Repayment of long-term debt	0	0	0	0	0	(35,595)
Interest payments	0	0	0	0	0	(789)
Proceeds from sale of fixed assets	0	0	0	33	33	0
Payments for purchase of fixed assets	0	0	0	(138)	(138)	(6,985)
Net cash provided (used) by capital and related financing activities	0	0	0	(105)	(105)	(6,217)
Cash flows from investing activities:						
Proceeds from sale and maturities of investment securities	618,394	0	38,785	0	657,179	0
Purchase of investments	(711,865)	0	(53,467)	0	(765,332)	0
Interest and dividends	828	11,982	8,384	58	21,252	28
Other investing revenues	147,850	0	0	0	147,850	0
Other investing expenses	(77,968)	0	0	0	(77,968)	0
Net cash provided (used) by investing activities	(22,761)	11,982	(6,298)	58	(17,019)	28
Net increase (decrease) in cash and cash equivalents	(17,019)	(271,131)	1,367	10,466	(276,317)	18,385
Cash and cash equivalents, beginning of year	46,259	802,737	2,517	22,528	874,041	142,433
Cash and cash equivalents, end of year	$ 29,240	$ 531,606	$ 3,884	$ 32,994	$ 597,724	$ 160,818
Reconciliation of operating income (loss) to net cash provided by operations:						
Operating income (loss)	$ 10,636	$ (279,478)	$ (4,165)	$ 185,042	$ (87,965)	$ 30,520
Adjustment to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	3	0	1	995	999	2,991
Loss on lease	0	0	0	(31)	(31)	0
Changes in assets and liabilities:						
Receivables	770	(1,764)	0	2,667	1,673	(469)
Inventories	0	0	0	202	202	(1,357)
Accounts payable	43	12,083	(1,697)	1,776	12,205	286
Payroll liabilities	0	0	21	2	23	116
Due to other funds	0	0	0	0	0	(67)
Claims and judgments	0	0	9,660	(2,362)	7,298	3,015
Unearned revenue	0	98,507	1,851	(149)	100,209	0
Net change in pension deferred outflows/inflows	0	0	0	(823)	(823)	0
Net pension liability	0	0	0	1,030	1,030	0
Lottery prize liability	0	0	0	(16)	(16)	0
Total adjustments	816	108,826	9,836	3,291	122,769	4,515
Net cash provided (used) by operating activities	$ 11,452	$ (170,652)	$ 5,671	$ 188,333	$ 34,804	$ 35,035

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Fiduciary Funds
June 30, 2021
(expressed in thousands)

	Pension Trust	Investment Trust	Custodial
ASSETS			
Cash and cash equivalents	$ 21,574	$ 1,149,446	$ 343,167
Investments:			
Domestic equities	7,709,569	0	0
International equities	5,737,807	0	0
Short term	265,754	0	86,529
Fixed income	5,830,762	0	0
Alternative investments	2,347,704	0	0
Real estate	2,926,556	0	0
Receivables, net	484,675	0	24,466
Capital assets	2,484	0	0
Total assets	25,326,885	1,149,446	454,162
LIABILITIES			
Accounts payable and other liabilities	72,290	0	269,533
Total liabilities	72,290	0	269,533
NET POSITION			
Restricted for:			
Pensions	25,254,595	0	0
Postemployment benefits other than pensions	0	0	506
Individuals, organizations, and other governments	0	1,149,446	184,123
Total net position	$ 25,254,595	$ 1,149,446	$ 184,629

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Pension Trust	Investment Trust	Custodial
ADDITIONS			
Contributions:			
Employer contributions	$ 1,007,571	$ 0	$ 29,955
Employee contributions	459,314	0	7,794
Total contributions	1,466,885	0	37,749
Investment earnings:			
Net appreciation (depreciation) in fair value in investments	4,865,678	252	0
Interest	133,832	0	65
Dividends	195,697	0	0
Real estate income	101,335	0	0
Other investment income	33,153	0	0
Total investment earnings	5,329,695	252	65
Less investment expense	144,661	0	0
Net investment earnings	5,185,034	252	65
MIP deposits	0	2,880,593	0
Other income	19,967	0	4
Total investment earnings	5,205,001	2,880,845	69
Collections for other governments	0	0	4,592,453
Total additions	6,671,886	2,880,845	4,630,271
DEDUCTIONS			
Benefits and refunds:			
Monthly benefits and refunds	1,916,524	0	0
Refunds of contributions	76,648	0	0
Death benefits	13,810	0	0
Insurance premiums and disability benefits	0	0	48,464
Distributions	0	3,009,450	0
Total benefits and refunds	2,006,982	3,009,450	48,464
Administrative expenses	17,183	0	674
Payments to other governments	0	0	4,582,849
Total deductions	2,024,165	3,009,450	4,631,987
Change in net position	4,647,721	(128,605)	(1,716)
Net position - beginning	20,606,874	1,278,051	0
Prior period adjustment	0	0	186,345
Net position - beginning (restated)	20,606,874	1,278,051	186,345
Net position - ending	$ 25,254,595	$ 1,149,446	$ 184,629

The notes to the financial statements are an integral part of this statement.

Combining Statement of Net Position - Component Units
June 30, 2021
(expressed in thousands)

	Information Network of Kansas, Inc.	Kansas Turnpike Authority	Kansas Development Finance Authority	Kansas Housing Resources Corporation	Kansas Center for Entrepren-eurship	State University System	Total
ASSETS							
Current assets:							
Cash and cash equivalents	$ 8,887	$ 46,407	$ 179	$ 4,338	$ 14,059	$ 743,074	$ 816,944
Restricted cash and cash equivalents	0	20,489	1	177,946	0	42,850	241,286
Investments	0	51,846	10,239	10,723	3,047	238,994	314,849
Restricted investments	0	0	2,953	0	0	388,783	391,736
Receivables, net	3,988	15,024	131	2,284	23,293	490,322	535,042
Due from primary government	0	0	3,815	0	0	0	3,815
Inventories	0	0	0	0	0	14,629	14,629
Other assets	39	2,905	72	573	129	27,965	31,683
Total current assets	12,914	136,671	17,390	195,864	40,528	1,946,617	2,349,984
Noncurrent assets:							
Restricted cash and cash equivalents	0	0	0	13	0	165,723	165,736
Investments	0	65,264	0	0	0	590,746	656,010
Restricted investments	0	0	0	0	0	3,458,412	3,458,412
Receivables, net	0	0	0	1,394	0	162,045	163,439
Due from primary government	0	0	30,364	0	0	0	30,364
Capital assets not being depreciated	0	676,043	0	0	0	264,585	940,628
Capital assets (net of accumulated depreciation)	1	38,507	271	631	0	3,550,911	3,590,321
Other noncurrent assets	0	0	0	0	0	60,588	60,588
Total noncurrent assets	1	779,814	30,635	2,038	0	8,253,010	9,065,498
Total assets	12,915	916,485	48,025	197,902	40,528	10,199,627	11,415,482
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts on refunding	0	1,653	0	0	0	1,737	3,390
Deferred outflows - pensions	0	4,511	306	1,467	0	51,828	58,112
Deferred outflows - OPEB	0	1,086	14	36	0	4,292	5,428
Total deferred outflows of resources	0	7,250	320	1,503	0	57,857	66,930
LIABILITIES							
Current liabilities:							
Accounts payable and other liabilities	6,156	13,220	602	1,985	2,614	293,237	317,814
Unearned revenue	0	2,563	376	174,030	0	139,800	316,769
Compensated absences	0	2,429	0	308	0	62,321	65,058
Portion of long-term liabilities	0	9,430	3,815	0	0	80,360	93,605
Total current liabilities	6,156	27,642	4,793	176,323	2,614	575,718	793,246
Noncurrent liabilities:							
Compensated absences	0	1,049	0	104	0	37,722	38,875
Bonds, notes and loans payable	0	119,361	30,364	0	0	1,494,548	1,644,273
Arbitrage rebate liability	0	0	0	0	0	1	1
Other noncurrent liabilities	0	0	2,577	0	0	63,134	65,711
Net pension liability	0	15,462	1,156	4,151	0	202,689	223,458
Total OPEB liability	0	6,942	8	49	0	32,196	39,195
Total noncurrent liabilities	0	142,814	34,105	4,304	0	1,830,290	2,011,513
Total liabilities	6,156	170,456	38,898	180,627	2,614	2,406,008	2,804,759
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - pensions	0	1,768	184	263	0	32,745	34,960
Deferred inflows - OPEB	0	909	21	47	0	16,604	17,581
Deferred amounts on refunding	0	2,526	0	0	0	4,402	6,928
Total deferred inflows of resources	0	5,203	205	310	0	53,751	59,469
NET POSITION							
Net investment in capital assets	1	584,886	271	631	0	2,361,385	2,947,174
Restricted for:							
Capital projects	0	0	0	0	0	227,377	227,377
Debt service	0	18,894	0	0	0	17,058	35,952
Nonexpendable	0	0	0	0	0	1,906,814	1,906,814
Other purposes	0	0	0	4,517	0	2,146,786	2,151,303
Unrestricted	6,758	144,296	8,971	13,320	37,914	1,138,305	1,349,564
Total net position	$ 6,759	$ 748,076	$ 9,242	$ 18,468	$ 37,914	$ 7,797,725	$ 8,618,184

The notes to the financial statements are an integral part of this statement.

Combining Statement of Activities-Component Units
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Information Network of Kansas, Inc.	Kansas Turnpike Authority	Kansas Development Finance Authority	Kansas Housing Resources Corporation	Kansas Center for Entrepren-eurship	State University System	Total
Expenses:							
Salaries and wages	$ 144	$ 17,752	$ 1,114	$ 6,625	$ 0	$ 1,892,397	$ 1,918,032
Supplies and services	306	77,503	471	3,604	518	809,362	891,764
Depreciation and amortization	1	4,346	75	149	0	205,737	210,308
Interest expense	0	3,394	0	0	0	54,507	57,901
Other expenses	0	0	0	123,075	2,928	333,568	459,571
Total expenses	451	102,995	1,660	133,453	3,446	3,295,571	3,537,576
Program Revenues:							
Charges for services	1,250	126,956	1,878	5,465	2,011	1,287,007	1,424,567
Operating grants	0	0	0	128,955	1,538	864,734	995,227
Capital grants	0	0	0	0	0	40,010	40,010
Total program revenues	1,250	126,956	1,878	134,420	3,549	2,191,751	2,459,804
Net (Expense) Revenue	799	23,961	218	967	103	(1,103,820)	(1,077,772)
General Revenues:							
Taxes:							
Property tax	0	0	0	0	0	8,812	8,812
Investment earnings	68	52	40	349	858	1,023,371	1,024,738
Other revenue (loss)	0	4,553	213	962	200	1,240,427	1,246,355
Total general revenues	68	4,605	253	1,311	1,058	2,272,610	2,279,905
Change in net position	867	28,566	471	2,278	1,161	1,168,790	1,202,133
Total net position - beginning	5,892	719,510	8,771	16,190	33,799	6,629,145	7,413,307
Revisions to beginning net position	0	0	0	0	2,954	(210)	2,744
Total net position - beginning (restated)	5,892	719,510	8,771	16,190	36,753	6,628,935	7,416,051
Total net position - ending	$ 6,759	$ 748,076	$ 9,242	$ 18,468	$ 37,914	$ 7,797,725	$ 8,618,184

The notes to the financial statements are an integral part of this statement.

I. Summary of Significant Accounting Policies

The accompanying financial statements of the State of Kansas (the "State") have been prepared in conformance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the standard setting body for governmental accounting and financial reporting principles.

A. Financial Reporting Entity

The accompanying financial statements present the financial position of the State and the various funds and fund types, the results of operations of the State and the various funds and types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2021, and for the year then ended. The financial statements include the various agencies, boards, commissions, public trusts and authorities and any other organizational units governed by the Kansas State Legislature and/or Constitutional Officers of the State.

The State has considered all potential component units for which it is financially accountable, organizations that raise and hold economic resources for the State, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete.

As required by generally accepted accounting principles, these financial statements present the State (the primary government) and its component units.

The accompanying financial statements present the activities of State government (the primary government), which is comprised of three branches: the Executive Branch, with the Governor as chief executive; the Legislative Branch, consisting of a Senate of 40 members and a House of Representatives of 125 members; and the Judicial Branch, which includes the Supreme Court, the Appeals Court, and the District Trial Courts.

Discrete Component Units

Discrete component units are entities that are legally separate from the State, but are financially accountable to the State, or whose relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The component units are reported in a separate column to emphasize that they are legally separate from the primary government and are governed by separate boards.

Fiduciary Component Unit (reported in fiduciary financial statements)

Fiduciary component units are those that meet certain criteria under GASB Statement No. 84. For the State, this includes a pension trust which reports fiduciary resources held in trust and the receipt, investment, and distribution of retirement contributions. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

Following is a table identifying each discretely presented and fiduciary component unit followed by a brief description of each component unit. Complete financial statements for each of the individual component units may be obtained from their respective administrative offices at the noted addresses.

I. Summary of Significant Accounting Policies

Component Unit	Description: Criteria for Inclusion	Reporting Method	For Separate Financial Statements
Kansas Turnpike Authority (KTA)	The State has oversight responsibility of day-to-day operations and administration of KTA. The State also has the power to impose its will on KTA.	Reported as a discrete component unit, because the board is not the same and services are provided to other entities.	Kansas Turnpike Authority 9401 E. Kellogg Wichita, Kansas 67207
Kansas Development Finance Authority (KDFA)	The State appoints a voting majority of the board of KDFA and has the power to impose its will on KDFA.	Reported as a discrete component unit, because the board is not the same and services are provided to other entities.	Kansas Development Finance Authority 534 S. Kansas Avenue, Suite 800 Topeka, Kansas 66603
Kansas Housing Resources Corporation (KHRC)	KHRC is a subsidiary corporation of KDFA and a legal entity separate and distinct from KDFA and the State.	Reported as a discrete component unit because the board is not the same and services are provided to other entities.	Kansas Housing Resources Corporation 611 S. Kansas Avenue, Suite 300 Topeka, Kansas 66603
Kansas Center for Entrepreneurship (KCE)	The State appoints a voting majority of the KCE board and has the power to impose its will on KCE.	Reported as a discrete component unit because the board is not the same and services are provided to other entities.	Kansas Center for Entrepreneurship P.O. Box 877 Andover, Kansas 67002
State University System	The State appoints a voting majority of the Kansas Board of Regents which controls the State universities, and has the power to impose its will on the State universities through the budgeting process.	Reported as a discrete component unit because the board is not the same and services are provided to other entities.	The Kansas Board of Regents does not issue separate financial statements. For separate financial statements of a university, contact the respective university or: Kansas Board of Regents 1000 SW Jackson St., Suite 520 Topeka, KS 66612-1368
Information Network of Kansas, Inc. (INK)	The State appoints a voting majority of the INK board and has the power to impose its will on INK.	Reported as a discrete component unit because the board is not the same and services are provided to other entities.	Information Network of Kansas, Inc. 300 SW 8th Ave, Suite 300 Topeka, KS 66603
Kansas Public Employees Retirement System (KPERS)	The State appoints a voting majority of the KPERS board and has the power to impose its will on KPERS.	Although KPERS is a component unit of the State of Kansas, it is reported as a fiduciary pension trust fund.	Kansas Public Employees Retirement System 611 S. Kansas Ave., Suite 100 Topeka, KS 66603-3803

I. Summary of Significant Accounting Policies

Kansas Turnpike Authority (KTA) was established as a public corporation in 1953 by the Kansas Legislature. Its enabling statutes are found in K.S.A. 68-2001 et seq., as amended and supplemented. K.S.A. 68-2003 was amended during the State of Kansas' 2013 and 2015 legislative sessions. The legislative amendment changed the reporting requirement for the State of Kansas. KTA is now reported as a discretely presented component unit. Prior to the 2013 legislative session KTA was not included as a State reporting entity. The amendment named the Secretary of Transportation of the State of Kansas as the director of KTA, effective July 1, 2013. The director is responsible for the daily administration of the toll roads, bridges, structures and facilities constructed, maintained or operated by KTA. While KTA retains its separate identity, powers and duties as an instrumentality of the State, the amendment requires duplication of effort, facilities, and equipment between the Kansas Department of Transportation and KTA be minimized in operation and maintenance of turnpikes and highways of the State.

KTA was created to construct, operate and maintain turnpike projects and to issue revenue bonds for any of its corporate purposes, payable solely from the tolls and revenue pledged for their payment.

Kansas Development Finance Authority (KDFA) was established by Chapter 57, 1987 Session Laws of Kansas. Its enabling statutes are found in K.S.A. 74-8901 et seq., as amended and supplemented. KDFA is a public body politic and corporate, constituting an independent instrumentality of the State. KDFA was created to enhance the ability of the State to finance capital improvements and improve access to long-term financing for State agencies, political subdivisions, public and private organizations, and businesses.

Kansas Housing Resources Corporation (KHRC) was formed pursuant to K.S.A. 74-8904(v) per the Governor's Executive Reorganization Order #30. KHRC is a subsidiary corporation of the Kansas Development Finance Authority. KHRC's mission is to enhance Kansas communities with housing opportunities. This goal is achieved through using a variety of strategies and approaches, including increasing homeownership opportunities, leveraging the construction of more affordable rental housing, promoting energy efficient improvements for owner-occupied and rental housing, providing affordable housing through rental assistance to low-income families and senior citizens, and creating housing opportunities for previously underserved persons and communities.

Kansas Center for Entrepreneurship (KCE) is an independent instrumentality of the State. Its enabling statutes are found in K.S.A. 74-99c-01 through 74-99c-11 et seq., as amended and supplemented. KCE was created with the passage of the Kansas Growth Act. KCE was created for the purpose of promoting an entrepreneurial environment in Kansas by providing expertise, education, and economic resources to small business owners. The economic resources are provided in the form of low interest and/or reduced collateral loans and grants. These funds may only be accessed by working with a local or regional non-profit business support provider, who partners with KCE in providing a local match to the funds being provided.

State University System The Kansas State Board of Regents, created in 1859 by adoption of the State Constitution, is responsible for control and supervision of public institutions of higher education which benefit the State. The Kansas Board of Regents is a legally separate body composed of nine members appointed by the Governor. The Board supervises all State universities while budgetary decisions are exercised at the State level. The State university system consists of the Board's administrative arm and six constituent universities. Funding for the State university system is accomplished primarily by State appropriations, tuition and fees, sales and services, federal and state grants, and private donations and grants.

In addition to the Kansas Board of Regents' administrative arm, the following universities and their respective component units make up the State university system for financial reporting purposes: University of Kansas, including the University of Kansas Medical Center; Kansas State University; Wichita State University; Emporia State University; Pittsburg State University; and Fort Hays State University. Each university issues its own complete unaudited financial statements which can be obtained from the respective university. The Kansas Board of Regents' administrative arm does not issue separate financial statements.

I. Summary of Significant Accounting Policies

Information Network of Kansas, Inc. (INK) was created by K.S.A. 74-9301 et seq. in 1990 by the State of Kansas legislature to provide electronic access for members of the public to public information of agencies by means of a centralized electronic information system, to develop and expand the system and to provide oversight of the network manager. INK is governed by a nine-member Board of Directors with membership on the board established by statute.

Kansas Public Employees Retirement System (KPERS) is a body corporate and an instrumentality of the State. KPERS is an umbrella organization administering the following three statewide pension groups under one plan, as provided by the Kansas Statutes Chapter 74, article 49:

- Kansas Public Employees Retirement System
- Kansas Police and Firemen's Retirement System
- Kansas Retirement System for Judges

All three systems are part of a tax-exempt, defined benefit, contributory plan covering substantially all public employees in Kansas. The Kansas Retirement System for Judges is a single employer group, while the other two are multi-employer, cost-sharing groups. State employees and Kansas schools are required to participate, while participation by local political subdivisions is optional but irrevocable once elected.

B. Government-wide and Fund Financial Statements

Government-wide Statements – The statement of net position and the statement of activities report information of the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the duplication of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the State and between its discretely presented component units. Governmental activities are generally supported by taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are supported in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the State and for each function of the State's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The State classifies spending by function of government and by category of expenditure. Function of government is a grouping of agencies, which make expenditures for similar programs and purposes. There are seven functions of government: (1) general government; (2) human resources; (3) education; (4) public safety; (5) agriculture and natural resources; (6) highways and other transportation; and (7) health and environment. *General Government* includes State agencies with both administrative and regulatory functions. These agencies include the State's elected officials and the Department of Administration. *Human Resources* agencies provide services to individuals. *Education* agencies provide various educational services to Kansans. *Public Safety* agencies ensure the safety and security of Kansas' citizens. *Agriculture and Natural Resources* agencies protect the natural and physical resources of the State and regulate the use of those resources. *Highways and other transportation* includes only the Department of Transportation. Responsibilities of this agency include maintenance and construction of highways in Kansas. The *Health and Environment* agency optimizes the promotion and protection of the health of Kansans through efficient and effective public health programs and services and through preservation, protection, and remediation.

I. Summary of Significant Accounting Policies

Net position is restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements – The fund financial statements provide information about State funds, including fiduciary funds. Separate statements for each fund category – *governmental, proprietary,* and *fiduciary* are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the State gives (or receives) value without directly receiving (or giving) equal value in exchange, include income and sales taxes, grants, entitlements, and donations. On an accrual basis, revenue from income and sales taxes is recognized in the fiscal year the underlying exchange occurred, while revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers all revenues reported in the governmental funds to be available if the revenues are due at year-end and collected within sixty days thereafter, except for the Kansas Department of Health and Environment Medicaid Drug Rebate Program which is considered to be available if collected within ninety days thereafter. Expenditures generally are recorded when the related liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the State funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the policy of the State to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

The financial statements of the proprietary funds, pension funds, investment funds, custodial funds, and component units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

D. Fund Accounting

The financial activities of the State are recorded in individual funds, each of which is deemed to be a separate accounting entity. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The financial activities of the State that are reported in the accompanying financial statements have been classified into the following major governmental and proprietary funds. In addition, a description of the internal service, fiduciary and component units follows:

I. Summary of Significant Accounting Policies

Governmental Funds:
These funds include the State's main operating fund, special revenue funds, capital projects funds, and debt service funds. The following are the State's major governmental funds:

General Fund – This is the primary operating fund of the State. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Social Services Fund – This special revenue fund accounts for the activities of the Department for Aging and Disability Services and the Department for Children and Families. Revenues into this special revenue fund include grants and special fee funded programs as authorized by legislation.

Health and Environment Fund – This special revenue fund includes all health insurance purchasing by the State, as well as federally funded programs (Medicaid, State Children's Health Insurance Program and Medikan) and the State Employee Health Insurance Program. Revenues into this special revenue fund include grants and special fee funded programs as authorized by legislation.

Education Fund – This special revenue fund accounts for the activities of the Department of Education, School for the Blind and School for the Deaf. Revenues into this fund include property taxes and grants as authorized by legislation.

Transportation Fund – This special revenue fund is the primary operating fund of the Kansas Department of Transportation (KDOT) and accounts for all KDOT financial resources except those required to be accounted for in another fund. KDOT has the statutory responsibility to coordinate planning, development and operation of the various modes and systems of transportation in the State.

Executive Fund – This special revenue fund includes funding available for the operation of the Governor's Office, including the Governor's Office of Recovery, Grants Office, and the Lt. Governor's Office. As a result of the public health emergency created by the COVID-19 pandemic, the Governor's Office was determined to be the designated Prime Recipient of the discretionary funds awarded by the U.S. Treasury under federal relief and recovery bills including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the American Rescue Plan Act (ARPA). As a result of the financial activities related to the $1.034 billion received in the fiscal year ended June 30, 2020 and the $848.1 million received in the fiscal year ended June 30, 2021, within the Governor's Office, the Executive Fund has now been determined to be a major governmental fund.

Proprietary Funds:
These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the general public, or where sound financial management dictates that periodic determinations of results of operations are appropriate. The State reports the following major enterprise funds and collective governmental internal service funds:

Water Funds – This fund accounts for the Water Pollution Control and Public Water Supply Revolving Loan funds controlled by the Department of Health and Environment.

Unemployment Insurance Fund – This fund accounts for unemployment insurance for the deposit of moneys requisitioned for the Kansas Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits.

Health Care Stabilization Fund – This fund accounts for moneys accumulated to pay damages for personal injury or death arising out of the rendering of or the failure to render professional services by a health care provider, self-insurer or inactive health care provider subsequent to the time that such health care provider or self-insurer qualified for coverage under the provisions of this program.

I. Summary of Significant Accounting Policies

Internal Service Funds - These funds account for printing, information technology, accounting, motor pool, aircraft, building maintenance, wildlife, architectural, personnel services, state workers compensation self-insurance, GIS services and capitol security services provided to other departments on a cost-reimbursement basis.

Fiduciary Funds:
The State presents as Fiduciary Funds those activities that account for assets held in a trustee capacity or as an agent for individuals, private organizations, or other governmental units.

Pension Trust Fund - This fund is used to account for the assets, liabilities, and fund equities held in trust for the Kansas Public Employees Retirement System.

Investment Trust Fund - This fund is used to account for the assets, liabilities, and fund equities held in trust for the Kansas Municipal Investment Pool.

Custodial Fund - These funds account for assets held by the State in a custodial capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. GASB Statement No. 84 defines fiduciary funds and changes the fund title from Agency Funds to Custodial Funds. The effects of the implementation of GASB Statement No. 84 are discussed in Note I Section G and Note III Section J.

The effect of interfund activity has generally been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes and internally dedicated resources.

Proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses are generated from providing services or products in connection with the enterprise operations of the funds.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity

***Cash and Investment*s**

Cash balances of funds in the State Treasury are pooled and are held in a general checking account and other special purpose bank accounts. The available cash balances beyond immediate need are pooled for short-term investment purposes by the Pooled Money Investment Board (PMIB) and are reported at fair value, based on quoted market prices.

For purposes of reporting cash flows, cash equivalents are defined as short-term, highly liquid investments that are readily convertible to cash.

The investment policies of the PMIB are governed by State statutes. The primary objectives are to attain safety, liquidity, and yield. Allowable investments for State pooled moneys not held in Kansas financial institutions are as follows:

- Direct obligations of, or obligations except mortgage backed securities, that are insured as to principal and interest by the U.S. Government, or any direct agency thereof, with maturities up to four years
- Repurchase agreements with Kansas banks or with primary government securities dealers
- Loans as mandated by the Kansas Legislature limited to not more than the greater of 10 percent or $140 million of total investments

I. Summary of Significant Accounting Policies

- Certain Kansas agency and IMPACT Act projects and bonds
- Linked deposit loans for agricultural production not to exceed $60 million
- Linked deposit loans for Kansas Housing Loan Deposit Program, Designated and Undesignated not to exceed $60 million
- Loans to Local Taxing Districts (K.S.A 79-2005) not to exceed $50 million
- High grade commercial paper
- High grade corporate bonds

Specific Fund Investments – State statutes permit investing cash balances not included in the PMIB in the following types of investments:

- U.S. Government obligations
- Mortgage backed securities
- Corporate securities
- U.S. Government agency securities
- Repurchase agreements
- Commercial paper not to exceed 270 days to maturity and rated within the two highest commercial paper ratings
- State of Kansas agency bonds, with maturities not to exceed four years

In addition to the above investments, short-term bond proceeds may be invested at the direction of KDFA through the PMIB.

Kansas Municipal Investment Pool - The Kansas Municipal Investment Pool (MIP) was created on July 1, 1992, as a voluntary, State-managed investment alternative for State and local funds. The Office of the Kansas State Treasurer (Treasurer) acts as the custodian for all moneys deposited. All Kansas governmental units, including cities, counties, school districts and other governmental entities holding public moneys are eligible to participate in the MIP. The deposits in the MIP are combined with State moneys to form the Pooled Money Investment Portfolio.

Kansas Public Employees Retirement System (KPERS) Investments - KPERS investment categories, as permitted by statute, include equities, fixed income securities, cash equivalents, real estate, derivative products and alternative investments. KPERS values its investments at fair value. In fulfilling its responsibilities, the Board of Trustees contracts with investment management firms and a master global custodian.

Fair Value of Investments –Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs.

Investment Income Allocation – State statutes require interest earned to be credited to the State General Fund unless required by law to be credited based on average daily balance to a specific fund.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Summary of Significant Accounting Policies

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Receivables are stated net of estimated allowance for uncollectible amounts, which are determined, based upon past collection experience and current economic conditions. Student tuition and fees receivables are recorded at rates established at the time a student registers classes. Provisions for uncollectable student accounts are recorded to maintain an adequate allowance for anticipated losses. Net realizable value (NRV) is the actuarial devaluation method of taxes receivable at the Kansas Department of Revenue. NRV is a complex algorithmic formula, based upon debt size, age, whether the debt is filed or assessed, and historical collections. As debts age, the ability to collect the debt at face value decreases exponentially. The application of NRV on taxes receivable uses the collectability of the debt over time to determine a realistic current value.

Inventories

Inventories are valued at cost using the first in/first out (FIFO) method. Inventories in the government-wide financial statements are accounted for using the consumption method. Inventories in the governmental funds financial statements are on the purchases method. The purchases method provides that inventory be treated as expenditure when purchased. Consumable supplies are reported only if over $200,000 per agency.

The governmental funds statements have a current financial resources focus. As a result, modified accrual adjustments to capitalize inventory at year-end, affect beginning fund balance rather than expenditures. The focus on current financial resources is better maintained by not adjusting the expenditures for the amount of inventory reclassified to the balance sheet. The government-wide statements, however, require the full accrual adjustment to expenses to properly reflect the amount of inventory consumed during the fiscal year.

Restricted Assets

Certain resources are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by bond requirements. The Unemployment Insurance Fund was established by law as a special fund separate and apart from all public money or funds of the State. The cash is maintained in a separate bank account with the U.S. Treasury.

Capital Assets

Capital assets are reported at actual or estimated historical cost. Contributed assets are reported at estimated acquisition value at the time received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Construction in process is capitalized. Capitalization policies (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

I. Summary of Significant Accounting Policies

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Land	$100,000	Not applicable	Not applicable
Buildings and leasehold improvements	100,000	Straight-line	40 years
Furnishings and equipment	5,000	Straight-line	8 years
Automobiles	5,000	Straight-line	5 years
Intangibles, software	250,000	Straight-line	8 years
Intangibles, other	250,000	Straight-line	50 years

The depreciation method is straight line with no salvage value. Accumulated depreciation is calculated in total by class of assets by year using the one half year convention in year of purchase. No depreciation is recorded for land and construction in progress.

Works of art and historical items are not capitalized. It is the intent of the State that all art works and historical objects be held for the purpose of exhibition to the public to further education and research. It is also the intent to preserve and protect such items to insure their availability to future generations. If any items are sold from any collection, the proceeds from such disposition are intended to be set aside for future acquisitions for the collections.

Infrastructure

The roadway system and bridge system are reported using the modified approach. Accordingly, depreciation is not reported for these systems, and all expenditures, except for additions and improvements are expensed.

Compensated Absences

State employees who are benefits eligible accrue vacation leave based on the number of years employed up to a maximum rate of 6.5 hours per pay period, and may accumulate a maximum of 240 hours. Upon retirement or termination, employees are paid for accrued vacation leave up to their maximum accumulation. State employees earn sick leave at the rate of 3.7 hours per pay period. Employees who terminate are not paid for unused sick leave. Employees who retire are paid a portion of their unused sick leave based on years of service and hours accumulated. The State uses the vesting method to compute the sick leave liability. The compensated absences liability will be liquidated by the State's governmental and internal service funds.

Legislative Branch employees may accrue vacation leave with no limit and are paid for all leave at separation. Sick leave accrual and payout at retirement follows the Executive Branch policy.

Judicial Branch employees accrue vacation under a different schedule from the Executive Branch but may not accrue more than 240 hours. Sick leave accrual and payout at retirement follows the Executive Branch policy. Judicial employees are paid for all accrued vacation at separation up to their maximum accumulation. Employees who terminate are not paid for their unused sick leave. Employees who retire are paid for 100% of accrued sick leave hours.

I. Summary of Significant Accounting Policies

Bonds and Notes Payable

Bonds and notes payable consist of notes and bonds issued to finance capital improvements for various projects. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are capitalized and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of bond debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures/expenses.

Other Long-term Obligations

Other long-term obligations consist of claims and judgments, capital leases payable, and other miscellaneous long-term obligations. In the government-wide financial statements and proprietary fund types in the fund financial statements, other long-term obligations are reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Pensions and Other Post-employment Benefits

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of employee service and the plan's fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liability.

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. Investments are reported at fair value.

The total other post-employment benefit (OPEB) liability is the portion of the actuarial present value of projected benefit payments that is attributable to past periods of member service using acceptable methods in accordance with GASB 75. Total OPEB liability is recognized on the Statement of Net Position while changes in the Total OPEB liability are immediately recognized as OPEB expense on the Statement of Activities or reported as deferred inflows/outflows of resources depending on the nature of the change. The total OPEB expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total OPEB liability, current year benefit changes, and other changes in plan fiduciary net position. Additionally, the total OPEB expense includes the annual recognition of outflows and inflows of resources due to other post-employment benefits.

Deferred Inflows of Resources/Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a

I. Summary of Significant Accounting Policies

consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The State has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the balance sheet. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Second is the accumulated decrease in fair value of hedging derivatives. The last two deferred outflows relate to other post-employment benefits (OPEB) and pensions, which is discussed in Note IV, Sections E and F, respectively.

In addition to liabilities, the statement of financial 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 State has four items that qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sales, income and excise taxes as well as collections from the KDHE Medicaid Drug Rebate Program and other sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Second is the deferred charge on refunding reported in the balance sheet. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The last two deferred inflows relate to other post-employment benefits (OPEB) and pensions, which is discussed in Note IV, Sections E and F, respectively.

Fund Equity

In accordance with GASB Statement No. 54, items that cannot be spent or are not in spendable form, such as inventories or prepaid amounts, in governmental funds, are shown as nonspendable fund balance. Most governmental funds balances are restricted externally by creditors (for example debt covenants), grantors, or are restricted by law through legislation, therefore the State reports the majority of the governmental fund balances as restricted fund balance. For assigned fund balance, the State is authorized to assign amounts to a specific purpose. The authorization to assign fund balances is delegated by the State legislature to each agency as appropriate. The State General Fund reports the fund balance amount that is not nonspendable, restricted or assigned as unassigned fund balance.

Per K.S.A. 75-6702(c), the provisions of subsection (b) are hereby suspended for the fiscal year ending June 30, 2021, and the fiscal year ending June 30, 2022, and shall not prescribe a maximum amount of expenditures and demand transfers from the state general fund that may be authorized by act of the legislature during the 2021 or 2022 regular session of the legislature.

For classification of fund balances, the State considers restricted amounts to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Expenditures are to be spent from restricted fund balance first, followed by assigned and lastly unassigned.

F. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used in preparing the financial statements.

I. Summary of Significant Accounting Policies

G. New Governmental Accounting Standards Board Statements

The State has implemented the following new pronouncements for fiscal year 2021:

GASB Statement No. 84, *Fiduciary Activities,* improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when demands for resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. The effects of the adoption of this statement are discussed in Note III Section J.

GASB Statement No. 90, *Major Equity Interests*, improves consistency and comparability of reporting a government's majority equity interest in a legally separate organization, and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The adoption of this statement has no significant impact on the State's financial position.

GASB Statement No. 98, *The Annual Comprehensive Financial Report,* establishes the term *annual comprehensive financial report* and its acronym ACFR. The new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles. This statement replaces an existing term but does not otherwise establish new accounting and financial reporting requirements, therefore there was no significant impact on the State's financial statements beyond the updated terminology.

At June 30, 2021, the Governmental Accounting Standards Board (GASB) had issued several statements not yet effective for or implemented by the State. The State plans to implement the provisions of these statements on or before their effective dates. Management has not yet determined the impact these new statements will have on the State's financial statements.

The State will implement the following new pronouncements for fiscal years ending after June 30, 2021:

GASB Statement No. 87, *Leases,* improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Provisions of this statement were originally effective for financial statements for the State's fiscal year ending June 30, 2021 and now are postponed until June 30, 2022 per GSB Statement No. 95.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Provisions of this statement were originally effective for financial statements for the State's year ending June 30, 2022 and now are postponed until June 30, 2023 per GASB Statement No. 95.

GASB Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and

I. Summary of Significant Accounting Policies

component unit pension or OPEB plans; applicability of Statements No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. Certain provisions of this statement were effective upon issuance and did not impact the State's financial reporting, other provisions of this statement are were originally effective for financial statements for the State's fiscal year ending June 30, 2021 and now postponed until June 30, 2022 per GASB Statement No. 95.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this statement were originally effective for financial statements for the State's fiscal year ending June 30, 2021 and now postponed until June 30, 2022 per GASB Statement No. 95.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for financial statements for the State's fiscal year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, Leases. The new statement defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The provisions of this statement will be effective for financial statements for the State's fiscal year ending June 30, 2023.

GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, provides the following guidance: 1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) addresses relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefit provided through those plans. The first two provisions of this statement are effective immediately. The last provision will be effective for financial statements for the State's fiscal year ending June 30, 2022.

II. Stewardship, Compliance, Accountability

A. Deficit Fund Equity

The Adjutant General fund had a deficit fund balance in fiscal year 2021 of $89.0 million because the expenditures paid out of the fund exceed revenues received due to the recorded $182.3 million in unavailable revenue. The unavailable revenue represents amounts drawn from federal grants but not received within 60 days after June 30, 2021. The additional activity in the Adjutant General fund is the result of the increased number of federally declared disasters during the fiscal year.

The Workers' Compensation Fund had a deficit net position in fiscal year 2021 of $27.1 million because historical claims and expenses paid out of the fund exceeded charges for services received. During 2021, charges for services exceeded expenses for claims and other operating expenses, decreasing the negative net position for fiscal year 2021. Future claims will be covered with future collection of assessments from insurance carriers, self-insurers, and group-funded workers compensation pools. The State will continue to monitor the activity of this fund.

The State Workers Compensation Self-Insurance Fund had a deficit net position in fiscal year 2021 of $23.9 million because the State recognizes the actuarial estimate of future loss and allocated adjustment payments on claims as a liability on the financial statements and chooses to operate this fund on a pay-as-you-go basis because future claims may take years to materialize. The Fund does maintain some reserves for the possibility of any claim fluctuations. The goal is to have enough reserves to pay out current claims plus a portion for any claim fluctuations. The claim fluctuation is approximately a quarter of the claim costs in the year. This has caused the negative net position in the past and will continue to future years. Current year total operating revenues exceeded claims paid, decreasing the negative net position. State agencies are charged a workers' compensation rate determined from the annual actuarial report to generate sufficient current year revenue to fund the required worker compensation payments.

III. Detailed Notes On All Funds

A. Deposits and Investments

A summary of deposits and investments at June 30, 2021, is as follows (expressed in thousands):

Investments:	Governmental & BTA	Weighted Average Duration	Fiduciary	Weighted Average Duration	Component Unit	Weighted Average Duration
US Treasury	$ 1,192,609	0.23	$ 2,615,195	2.61	$ 39,368	1.89
U.S Agencies securities	513,085	1.52	449,288	2.21	59,357	1.83
Asset Backed	0		0		0	
Repurchase Agreements	1,221,691		231,672	<1 yr	0	
Investment Agreement	2,095	2.50	0		0	
Mutual Fund-Fixed Income	0		0		12,119	<1yr
Mutual Fund-Equities	0		0		102,175	
Equity Securities	0		19,010,265		7,546	
Commercial Paper	3,761,300	0.25	621,294	0.22	19,092	0.70
Corporate Bonds	175,199	4.68	3,124,978	4.59	3,068	0.00
State or Local Debt Obligation	43,087	0.94	0		8,401	2.06
University assets reported under FASB*	0		0		4,377,486	
Other Investment	118,629		0		192,397	
Treasurer's pool	(721,004)		145,250		575,754	
Cash and cash equivalents	361,880		220,926		648,210	
	$ 6,668,571		$ 26,418,868		$ 6,044,973	

*The State University System's component unit investments minimize risks for credit, interest and concentration of credit per specific investment policies which include U.S. Treasury securities or obligations explicitly guaranteed by the U.S. government.

The State University System component unit also reports the investments related to each respective university's endowment, foundation and athletic association, as applicable. These organizations are considered discretely presented component units of the State University System, however they do not classify investments according to risk because they prepare their financial statements under standards set by the Financial Accounting Standards Board. Each component unit of the State University System has issued financial statements that are available by contacting each respective university within the System.

At June 30, 2021, the Kansas University Endowment Association held $2.58 billion of securities at fair value mainly in money markets, marketable domestic equities, U.S. Treasuries, mutual funds, common trust equity and fixed income funds, marketable alternatives and other LLCs and LLPs. The marketable alternatives, LLCs, and LLPs are accounted for at fair value using the net asset value (NAV) as the practical expedient.

At June 30, 2021, the Kansas State University Foundation held $1.15 billion of securities at fair value held mainly in equity securities, mutual funds (equity and fixed income), pooled separated funds (equity and fixed income), hedge funds, common stock, real estate, U.S. government obligations and various forms of private capital.

At June 30, 2021, the Wichita State University Foundation held $0.34 billion of securities at fair value held mainly in common and preferred stocks, foreign stocks, corporate bonds, mortgage-backed securities, U.S. government securities, commodities, hedged funds and foreign bonds.

III. Detailed Notes On All Funds

A reconciliation of deposits and investments to the financial statements at June 30, 2021, is as follows (expressed in thousands):

Disclosures Regarding Deposits and Investments:

Total investments and time deposits (includes demand deposits for Component Units)	$	39,132,364
Carrying amount of demand deposits for Governmental and Business-Type Activities		48
Total	$	39,132,412

Statement of Net Position

Governmental and Business-Type Activities		
Cash and cash equivalents	$	4,957,789
Investments at fair value		686,502
Restricted cash and cash equivalents		736,293
Restricted investments		287,987
Component Units		
Cash and cash equivalents		816,944
Investments at fair value		970,859
Restricted cash and cash equivalents		407,022
Restricted investments		3,850,148

Statement of Fiduciary Net Position

Cash and cash equivalents		1,514,187
Investments at fair value		24,904,681
Total	$	39,132,412

Deposits. At June 30, 2021, the carrying amount was $48.4 million for Governmental and Business-Type activities. For cash deposits with financial institutions, the State requires that its depository banks pledge collateral that has a market value equal to or greater than the deposits. Effective March 15, 2004, the Kansas State Treasurer's office, in its role as custodian for collateral pledged against the State deposits, agreed to follow the changes to the pledged collateral policy that the Pooled Money Investment Board has approved. The criteria for collateralizing Kansas Bank CDs are as follows:

- U.S. Treasury securities (T-Bills, T-Notes, and Treasury Strips) and Federal Agency securities (Discount Notes and Debentures) with a final maturity of five years and under must be pledged at 100 percent of the amount being collateralized (for any amount over the $250,000 FDIC coverage).
- Any other type of security (including CMOs and MBS), surety bonds, or letters of credit (regardless of the final maturity) must be pledged at 105 percent of the amount being collateralized.
- Any security with a final maturity longer than five years must be pledged at 105 percent of the amount being collateralized.

Securities pledged as collateral for demand deposit accounts will not be subject to the new pledged collateral policy. The State's deposits with financial institutions were fully collateralized at fiscal year-end by Federal Deposit Insurance Corporation (FDIC) insurance or pledged collateral (government securities, or FHLB letters of credit). The pledged securities and bonds are held in safekeeping for the State Treasurer at the Federal Reserve Bank of Boston or in approved custodial banks and are held in the name of the State.

III. Detailed Notes On All Funds

The cash balances in the State Treasury are included in the financial statements in the category of "Cash and cash equivalents." Also included in this category are amounts outside the State Treasury such as cash in agencies' imprest funds and authorized bank accounts, canteen, benefit and members' moneys in agencies' custody.

Fair value measurements. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs. The following table presents the State's recurring fair value measurements as of June 30, 2021.

III. Detailed Notes On All Funds

Investments and Derivative Instruments Measured at Fair Value (expressed in thousands)

	6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasury securities	$ 3,811,745	$ 1,982,986	$ 1,828,759	$ 0
U.S. Agency securities	995,077	38,903	956,174	0
Corporate bonds	237,129	162,679	74,450	0
Commercial Paper	4,401,686	0	4,401,686	0
Vanguard Short-term bond index	12,119	12,119	0	0
Yankees	354,355	0	354,355	0
International	486,217	0	486,217	0
Foreign bonds	2,083	1,866	217	0
US Corporate, Municipalities	2,219,085	0	2,219,085	0
GNMA	64,391	0	64,391	0
Debt securities	415	415	0	0
Mutual fund	24,603	24,603	0	0
State or Municipal bonds	47,671	0	47,671	0
Commercial mortgage-backed securities	5,353	0	5,353	0
Collateralized debt obligations	5,918	5,918	0	0
Other	14,843	14,843	0	0
Total debt securities	12,682,690	2,244,332	10,438,358	0
Equity securities				
Domestic Common stock	7,701,794	7,700,374	0	1,420
Domestic Preferred	7,775	7,775	0	0
International Common	5,681,928	5,681,928	0	0
International Preferred Stock	55,879	55,879	0	0
Consumer discretionary	1,569	1,569	0	0
Materials	189	189	0	0
Energy	117	117	0	0
Financials	1,315	1,315	0	0
Healthcare	817	817	0	0
Industrials	836	836	0	0
Information technology	2,261	2,261	0	0
Telcommunication services	224	224	0	0
Other	340,363	339,360	0	1,003
Total equity securities	13,795,067	13,792,644	0	2,423
Derivatives by Fair Value Level				
To-Be-Announced Agencies	50,883	0	50,883	0
Swap, credit default, Buy	1,658	0	1,658	0
Options	9	9	0	0
Total derivatives by Fair Value Level	52,550	9	52,541	0
Other				
Money Market Mutual fund	9,961	9,961	0	0
Repurchase agreements	1,453,363	0	1,453,363	0
Investment agreement	2,095	2,095	0	0
Certificate of Deposit	2,308	0	2,308	0
Closely held common stock	120,351	0	0	120,351
Real Estate held for Investment	147,357	0	0	147,357
Mutual Fund	102,175	102,175	0	0
External investment pools	565,809	508,186	56,457	1,166
Other	236,449	9,254	109,265	117,930
Total Other capital investments	2,639,868	631,671	1,621,393	386,804
Total investments by fair value level	$ 29,170,175	$ 16,668,656	$ 12,112,292	$ 389,227

III. Detailed Notes On All Funds

Investments measured at the net asset value (NAV)		
Private Equity Partnerships	$	2,347,564
Real Estate Partnership		1,005,323
Hedge Funds		99,291
Real Estate Core funds		1,770,900
Equity long/short hedge funds		494,751
Global Opportunities hedge fund		635,869
Event-driven hedge funds		134,506
Equity Securities		200,178
Venture Capital		143,778
Domestic private equity		80,887
International private equity		16,678
Private capital distressed debt		5,015
Natural Resources		21,211
Fixed Income		105,185
Multi-Strategy hedge funds		807,608
Other securities and investments		16
Real estate funds		230,548
Other		137,789
Total investments measured at the NAV		8,237,097
Total investments measured at fair value	$	37,407,272
Investment valued at amortized cost		
Money Market investment	$	298,716
Certificate of Deposit		6,063
Equity security		2,743
Other		186,602
Total investment valued at amortized cost	$	494,124

Debt, equity and other securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and other securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Debt securities classified as level 3 are those securities in inactive markets where prices have been determined to be stale otherwise do not meet observable level 2 criteria.

Marketable equity securities classified in Level 3 of the fair value hierarchy are valued using a market approach models including multiples of adjusted earning, guideline companies and market-based valuations.

Hedge funds, venture capital, and private equity limited partnership investments classified as level 3: Fair value is determined through consideration of the net asset values provided by the fund manager and other market factors. Other factors include, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment.

Other investments of $1.0 million classified as level 3 are equity security holdings which are not publicly traded or readily marketable so are therefore recorded at cost.

All currency forwards and other derivative instruments are used for investment activities. Level 1 options are traded on active exchanges. Currency forwards are included in payables and receivables on the Statement of Fiduciary Position. Fair value for these is reflected by adjusting those payable/receivable values for daily fluctuations in currency exchange rates. KPERS had $5.6 billion in outstanding currency forward contract payables and receivable at June 30, 2021. The net fluctuations in currency rates at that time increased the unrealized fair value of those contracts by $61.1 million.

III. Detailed Notes On All Funds

Other securities classified as level 3 are valued based on fair value estimates from investment managers or fair value specialist on a monthly, quarterly or annual basis. For real estate investments management obtains fair value estimates from both internal and external valuation sources, including county tax appraisals and historic comparable sales information. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

Investments Measured at the NAV (expressed in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity long/short hedge funds	$ 84,643	$ 0	monthly to annually	30-90 days
Common Trust Funds-Equities	410,108	0	daily,monthly	1-31 days
Common Trust Funds-Fixed Income	128,285	0	daily,monthly	1-10 days
Hedge Funds	731,138	3,400	none to annually	30-90 days
Multi-strategy hedge Funds	51,818	6,610	12.5%-25% quarterly	31-60 days
Global opportunities hedge Funds	4,022	0	12.5%-25% quarterly	90 days
Other LLC's & LLP's	82,121	0	monthly, quarterly	5-90 days
Equity securities	200,178	0	monthly	5-45 days
Venture Capital	143,778	22,998	None	None
Domestic private equity	80,887	35,252	None	None
International Private equity	16,678	23,678	None	None
Private Investments	755,790	247,480	N/A	N/A
Private capital distressed debt-Liquid	5,015	8,666	None	None
Natural Resources	21,211	5,183	None	None
Other securities and investments	16	0	None	None
Private Equity Partnerships	2,347,564	1,177,566	Quarterly	30 days
Private Equity and natural resource limited Partnerships	18,172	7,964	At fund discretion	N/A
Real Estate Partnership	1,005,323	345,153	Quarterly	30 days
Other	119,617	30,000	Iliquid Private equity, monthly	30-60 days
Event-driven hedge funds	6,220	0	12.5%-25% quarterly	67-90 days
Real Estate Fund	74,956	16,805	None	None
Real Estate Core Funds	1,770,900	100,000	Quarterly	30 days
Real Estate Other funds	73,472	0	N/A	N/A
Fixed Income	105,185	3,325	None	None
Total investments measured at the NAV	$ 8,237,097	$ 2,034,080		

III. Detailed Notes On All Funds

KPERS NAV Methodology. KPERS wholly owns three separate properties including timberland and its home office. These are valued according to annual independent professional appraisals and can be sold at any time. Appraisals utilize comparable sales, inventory estimates and present values of cash flows to determine respective property valuations. There are no unfunded commitments for these properties. The home office property is partially KPERS occupied and partially rentable space. This building was split into two units of account at purchase. KPERS' portion is included in capital assets. The alternatives distribution is valued based on general partner information that is unobservable.

For 82 private equity partnerships, 31 real estate partnerships and four infrastructure partnerships, the fair value of each investment has been determined using the NAV per share or its equivalent of KPERS' ownership interest in the partners' capital. All partnerships provided audited December 31, 2020 financial reports with unmodified opinions, along with unaudited quarterly reports. Net asset values one quarter in arrears plus current quarter cash flows are used when recent information is not available. These partnerships are diversified across types and vintage years. The expected term of each partnership is between seven to ten years. Any sales of these would be on an inefficient secondary market that could result in values above or below those listed. Transfers to buyers are restricted to quarter end dates. No sales or redemptions are contemplated.

Short Term Investment Funds (STIF) are open-end mutual fund provided and operated by the custodian bank, that serves the daily cash needs of specific investment managers. The STIF funds are not a 2a-7 like investment pool and are reported at amortized cost. There are no redemption restrictions and shares were redeemable at $1 per share as of June 30, 2021.

Money market investments are highly liquid debt instruments purchased within one year of maturity, including U.S. Treasury and Agency obligations. Asset-backed securities, derivatives and structured notes are not included in money market investments. The amortized cost of the money market investments is materially equivalent to fair value.

KSU NAV Methodology. Investments in common trust funds – equities includes investments in pooled separate accounts which hold exchange-traded equity securities and fixed income securities. While the underlying securities in these accounts are primarily highly liquid, exchange-traded securities, the nature of this type of account generally only allows for monthly liquidity at a month end net asset value.

Investments in private equity and venture capital funds are structured as closed-end, commitment-based investment funds where a specified amount of capital is committed upon inception of the fund which is then drawn down over a period of three to five years, and distributions are received through the liquidation of underlying assets of the fund. The typical term of these investments is 12-15 years. Such funds generally do not provide redemption options for investors.

Investments in event-driven hedge funds pursue multiple strategies to diversify risks and reduce volatility. The funds' composite portfolio includes investments in U.S. common stocks, global real estate projects and arbitrage investments. Certain funds may have the ability to impose a suspension or postponement of redemptions until further notice (a "Gate"). In addition, certain funds may delay payment of a portion of redemption proceeds (a "Holdback") until the annual audited financial statements are distributed.

Investments in equity long/short hedge funds take both long and short positions, primarily in U.S. common stocks. Management of the funds has the ability to shift investments among differing investment strategies. Certain funds may have the ability to impose a suspension or postponement of redemptions until further notice (a "Gate"). In addition certain funds may delay payment of a portion of redemption proceeds (a "Holdback") until the annual audited financial statements are distributed.

KU NAV Methodology. Investments in common trust funds – equities and fixed income are invested primarily in marketable common stocks and bonds. The fair values of these investments have been estimated using the NAV per share of the investments.

Hedge funds, private investments, and investments in other LLCSs and LLPs are also accounted for at fair value using the NAV as the practical expedient. The primary objectives for these investment types are to improve diversification and reduce volatility. These investments have various liquidity schedules, which are monitored on a continuous basis.

III. Detailed Notes On All Funds

Redemption frequency of hedge funds and other LLCs and LLPs can be subject to rolling lockups. Of the hedge funds and other LLCs and LLPS, approximately 83% is available for redemption within 12 months and 16.5% is available for redemption within three years. The remaining 0.5% is deemed to be illiquid due to special investments of the manager.

WSU NAV Methodology. Fair value for hedge funds and venture capital/private equity is determined through consideration of the net asset values provided by the fund manager and other market factors. Other factors include, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment.

ESU NAV Methodology. Investments in multi-strategy hedge funds pursue multiple strategies to diversify risks and reduce volatility. Some examples of the strategies hedge funds invest in include long/short equity, long/short credit, event driven, global macro and multi-strategy. Hedge funds have initial lock-up periods ranging from zero to one year, and thereafter require between 95 and 100 days of advance notice prior to quarterly redemption windows.

Investments in real estate partnerships consists of an open-end real estate product that invests across all major property types using public REITS, private open-end core real estate funds and a portfolio of directly held properties. This investment provides investors with quarterly redemptions. Redemption payments may be delayed in the event of extraordinary circumstances.

Other investments include private equity investments involved in acquiring stakes in private companies. Private debt involves providing debt capital to private investors. Natural resources include investments across a broad spectrum, including natural resources and energy-related investments and commodities. Fund of funds are utilized to access these investments since this provides diversification and reduces risk. These investments are considered to be long-term endeavors and have limited liquidity. Investments make a dollar commitment identifying how much they will invest. During the "drawdown" period (typically the first several years), committed capital is called from investors. Capital is returned to investors as investments are divested through sales or loan maturity.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The State minimizes the risk by structuring its investment so that securities mature to meet cash requirement for scheduled disbursement and ongoing operations, taking into account cash balances available or expected to be available for such requirements, thereby avoiding the need to sell securities on the open market prior to maturity. To limit risk, the State diversifies investments based on various benchmarks. In addition, some agencies utilize investment managers for input and advice as part of investment policy.

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Certain agencies adopt a policy of limiting the investments to only those allowed by State statute and minimize the credit risk through pre-qualifying institutions, diversifying their portfolios and maintaining a standard of quality of authorized eligible investments. The Primary Government, Component Units, and Fiduciary investments as of June 30, 2021 are presented below with applicable credit ratings (expressed in thousands):

Governmental and Business-Type Activities Investments at June 30, 2021

		Quality Ratings			
	Fair Value	AAA	AA	A	Unrated
U.S Treasury	$ 1,192,609	$ 2,121	$ 1,190,488	$ 0	$ 0
U.S Agencies Securities	513,085	0	513,085	0	0
Repurchase Agreements	1,221,691	0	0	0	1,221,691
Investment Contracts	2,095	2,095	0	0	0
Commercial paper	3,761,300	0	0	3,761,300	0
Corporate Securities	175,199	0	175,199	0	0
Other	161,716	0	0	0	161,716
	$ 7,027,695	$ 4,216	$ 1,878,772	$ 3,761,300	$ 1,383,407

III. Detailed Notes On All Funds

Component Units Investments at June 30, 2021

	Fair Value	Quality Ratings							
		AAA	AA	A	BBB	BB	B	C	Unrated
U.S Treasury	$ 39,368	$ 312	$ 39,056	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
U.S Agencies Securities	59,357	0	59,357	0	0	0	0	0	0
Mutual Fund -Fixed Income	12,119	0	0	12,119	0	0	0	0	0
Mutual Fund-Equities	102,175	0	0	0	0	0	0	0	102,175
Equity Securities	7,546	0	0	3,513	299	93	3,198	173	270
Corporate Bonds and Commercial paper	22,160	130	1,061	20,276	693	0	0	0	0
State or Local Debt Obligations	7,328	0	4,585	0	0	0	0	0	0
Municipal Securities	1,073	0	0	1,073	0	0	0	0	0
Unversity assets reported under FASB*	4,377,486	0	0	0	0	0	0	0	4,377,486
Other Investment	192,397	0	0	0	0	0	0	0	192,397
	$ 4,821,009	$ 442	$ 104,059	$ 36,981	$ 992	$ 93	$ 3,198	$ 173	$ 4,672,328

Fiduciary Fund Investments at June 30, 2021

	Fair Value	Quality Ratings								
		AAA	AA	A	BBB	BB	B	CCC	CC	C	Unrated
U.S Government	$ 2,615,195	$ 0	$ 2,615,195	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
U.S Agency	449,288	18,522	402,489	2,371	22,065	1,825	2,016	0	0	0	0
Repurchase Agreements	231,672	0	0	0	0	0	0	0	0	0	231,672
Equity Securities	19,010,265	0	0	0	0	0	0	0	0	0	19,010,265
Corporate Bonds and Commercial paper	3,746,272	381,609	1,043,196	380,059	964,018	307,452	368,072	141,068	5,948	2,989	151,861
	$ 26,052,692	$ 400,131	$ 4,060,880	$ 382,430	$ 986,083	$ 309,277	$ 370,088	$ 141,068	$ 5,948	$ 2,989	$ 19,393,798

Concentration risk. Concentration risk is the risk of loss resulting from an over concentration of assets in a specific maturity, specific user, or specific class of securities. Certain state agencies minimize this risk by requiring that no more than five percent of the investment portfolio be invested in the securities of a single issuer or business entity (excluding U.S. Treasury Securities and U.S. Government Agency Securities), and requiring that commercial paper and corporate bonds never exceed 60 percent of the investment portfolio. As of June 30, 2021, all investments, except for certificate of deposit (45.78%) are in the U.S. Government Instrumentality obligations, which include U.S. Treasury Securities, Federal National Mortgage Association, Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Banks Funding Corporation comprised 6.87%, 20.34%, 9.21%, 7.03% and 2.33% respectively of KHRC's investment portfolio. As of June 30, 2021, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Sumitomo Mitsui Trust NY Comm Paper, and Credit Agricole CIB NY Comm Paper comprised 42.83%, 12.73%, 7.53%, 6.58%, 5.44%, and 5.12% respective of KTA's investment portfolio. As of June 30, 2021, the remaining Component units and Fiduciary Funds held investments from no single issuer in excess of five percent of their total portfolio values. As of June 30, 2021, U.S Government Agency Securities, U.S. Treasuries, commercial paper, Corporate bonds, repurchases agreement and Kansas Bank CDs comprised 6.2%, 19.4%, 54.0%, 0%, 20.2% and 0.2%, respectively, of the Governmental and Business Type Activities investment portfolio.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of a failure of the financial institution or counterparty, the primary government, fiduciary, and/or component unit will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of the outside party. Any fixed income investment security purchased by the State of Kansas (PMIB) are safe kept until maturity at one of the two locations:

III. Detailed Notes On All Funds

- U.S. Government Securities: Includes U.S. Treasury Bills & Notes and Federal Agency securities (includes Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (Fannie Mae, FNMA), Federal Home Loan Mortgage Corporation (Freddie Mac, FHLMC) and others are "book-entry" securities and purchased on a "delivery versus payment" (DVP), the security settles (clears) through the State of Kansas correspondent bank (US Bank) and is then ultimately transferred to the State of Kansas "Fed Account" for safekeeping until maturity.

- Non-U.S. Government Securities: Includes highly-rated (A1/P1 or A1+/P1) Commercial Paper (matures within 270 days or less) and highly-rated (min. rating of AA-/Aa3) Corporate Bonds (maturing in 2-years or less by policy) are also purchased on a "delivery versus payment" (DVP) basis and settle via "DTC" (Depository Trust Company) by the State of Kansas correspondent bank (US Bank). The security is held in safekeeping at US Bank's DTC account on behalf of the State until maturity.

Many years ago, some fixed-income securities came in "physical form" (actual piece of paper identifying type, dollar amount, etc.) and would have been safe kept (held) by either the State (in the State Treasurer's Vault) or at the State's correspondent bank vault. The PMIB does not have any of these types of securities in the fixed-income investment portfolio known as the Pooled Money Investment Portfolio; a.k.a. the PMIP.

Other primary government Investment Funds such as the Treasurer's unclaimed property, one hundred percent of its investment are held in the Fund's name and are not subject to creditors of the custodial bank. At June 30, 2021, KPERS had US Dollar and foreign currency balances at custodial banks with a net value of $11.5 million. This is primarily foreign currency deposits facilitating international investments in the respective local markets. KPERS' deposits of $4.0 million held at the State Treasury were fully collateralized at fiscal year end by FDIC insurance or pledged collateral (government securities or FHLB letters of credit). The Kansas Development Financial Authority (KDFA) bank balances are backed by pledge collateral to a Federal Reserve account for amounts in excess of the Federal Deposit Insurance Corporation (FDIC) limits. The Kansas Housing Resource Corporation (KHRC) investment policy requires collateralization on all demand deposit accounts, and to secure investments in Certificates of Deposits and Repurchase Agreements. KHRC also minimizes custodial credit risk by pre-qualifying the custodial or depository institutions, brokers/dealers, intermediaries and advisors with which KHRC will do business. Investments held at June 30, 2021, including the underlying securities on the repurchase agreement, are held by the investment's counterparty. At June 30, 2021, none of KTA's bank balances were exposed to custodial credit risk. At June 30, 2021, KCE's deposits were fully insured or collateralized with securities held by KCE or by its agent in KCE's name. At June 30, 2021, INK's deposits were insured by the FDIC up to $250,000 per bank and at December 31, 2020, these balances were fully secured.

Foreign Currency Risk. Foreign Currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The primary government fund's investments at June 30, 2021, were distributed among currencies in the following list.

III. Detailed Notes On All Funds

Fiduciary Fund
Foreign Currency at June 30, 2021

USD Equivalent			
Equity	Fixed	Currency	Total
$ 91,364	$ 7,888	Australian Dollar	$ 99,252
31,157	0	Brazilian Real	31,157
611,670	261,245	British Pound Sterling	872,915
273,156	15,036	Canadian Dollar	288,192
163,402	1,831	Danish Krone	165,233
1,686,019	166,882	Euro Currency Unit	1,852,901
508,206	0	Hong Kong Dollar	508,206
15,677	0	Indonesian Rupiah	15,677
19,056	0	Israeli New Shekel	19,056
728,388	23,943	Japanese Yen	752,331
105,730	0	New Taiwan Dollar	105,730
171	4,135	New Zealand Dollar	4,306
13,069	0	Norwegian Krone	13,069
16,360	0	Singapore Dollar	16,360
16,576	0	S African Comm Rand	16,576
84,140	0	South Korean Won	84,140
99,458	5,257	Swedish Krona	104,715
292,109	0	Swiss Franc	292,109
8,343	0	Thailand Baht	8,343
$ 4,764,051	$ 486,217		$ 5,250,268

All foreign currency exposure for Fiduciary funds is held in KPERS. KPERS' asset allocation and investment policies include active and passive investments in international securities. KPERS target allocation is to have 24.5 percent of assets in dedicated international equities. KPERS utilizes two currency overlay managers to reduce risk by hedging up to 100 percent of the developed foreign currency market for international equity portfolios. At June 30, 2021, KPERS total foreign currency exposure was 57.5 percent hedged.

Investment Derivatives

Futures

Futures contracts are commitments for delayed delivery (liability) or receipt (asset) of securities in which the seller agrees to make delivery and the buyer agrees to take delivery at a specified future date, of a specified instrument, at a specified price. Market risk arises due to market price and interest rate fluctuations that may result in a decrease in the fair value of futures contracts. Futures contracts are traded on organized exchanges and require initial margin in the form of cash or marketable securities. Holders of futures contracts look to the exchange for performance under the contract. Accordingly, the credit risk due to nonperformance of counterparties to futures contracts is minimal. Daily, the net change in the futures contract value is settled in cash with the exchanges, making the fair values always equal to zero after the daily margin flow. At the close of business June 30, 2021, KPERS had total net margins receivable the next day of $0. Short-term investments in amounts necessary to settle the economic value of the futures contracts were held in the portfolio so that no leverage was employed in accordance with the Statement of Investment Policy. The daily margin flows affect cash assets held at the broker. Realized gains/losses are recognized at contract maturity and are included with underlying security type returns. Total gains of $38.6 million were associated with futures for the year ending June 30, 2021.

III. Detailed Notes On All Funds

Options
KPERS also participates in option contracts. These contractual agreements give the purchaser the right, but not the obligation, to purchase or sell a financial instrument at a specified price within a specified time. The option buyer has some counterparty risk in the event the seller cannot deliver when exercised. This involves opportunity cost and possible loss of option fees. The option seller holds the securities and has minimal counterparty risk. Option strategies used by KPERS are designed to provide exposures to positive market moves and limit exposures to interest rate and currency volatility.

Investment Derivative Summary at June 30, 2021
(expressed in thousands)

Derivative	Asset Class*	Notional Value	Fair Value
Domestic Equity Futures	Domestic Equities	$ 15,977	$ 0
International Equity Futures	International Equities	132,146	0
Credit Default Swaps	Fixed	16,250	1,658
Fixed Futures	Fixed	17,300	0
Foreign Currency Forwards	Fixed	5,628,728	61,125
Options	Fixed	25	9
TBA Agency Bonds**	Fixed	50,883	50,883

* The Asset Class that the Fair Values and Revenues are included in other schedules. Futures and Options reflect the summed aboslute values of the exposures.
** TBA Agency Bond notional values are equal to their fair values. KPERS investment policy allows managers to carry short TBA values as long as they have offsetting long holdings in similar securities with similar characteristics.

Swaps
Interest rate swaps are agreements between two counterparties to exchange future cash flows. These are generally fixed vs. variable flows, and can be either received or paid. These swaps are used to adjust interest rate and yield curve exposure and substitute for physical securities. Long swap positions (receive fixed) increase exposure to long-term interest rates; short positions (pay fixed) decrease exposure. Counterparty risk is limited to monthly exchanged or netted cash flows.

Credit default swaps are used to manage credit exposure without direct purchase or sale of securities. Written credit default swaps increase credit exposure (selling protection) obligating the seller to buy the bonds from the counterparty in the event of default. This creates credit risk, but has very little counterparty risk. Purchased credit default swaps decrease exposure (buying protection) providing the right to "put" bonds to the counterparty in the event of default. This decreases credit risk, and has counterparty risk in the event the seller of protection fails to cover the defaulting security. Controls are established by the investment managers to monitor the creditworthiness of the counterparties.

III. Detailed Notes On All Funds

TBA (To Be Announced) Agency Bonds
A TBA is a contract for the purchase or sale of agency mortgage-backed securities to be delivered at a future agreed-upon date; however, the actual pool identities or the number of pools that will be delivered to fulfill the trade obligation or terms of the contract are unknown at the time of the trade. A common practice is to buy a TBA security thirty to sixty days in advance of the issue date with the issue date as the trade settle date, then selling the security four days before issue date, with the same settle date. This allows the trader to realize a gain or loss on the security based on changes in interest rates, without taking possession of, or paying for, the security. The only cash cost is the broker cost of the trades. These have minimal credit risk, while this scenario is designed specifically to increase interest rate exposure.

Investment Derivative Fair Values
(expressed in thousands)

Derivative	June 30,2020	Increases	Decreases	June 30,2021
Credit Default Swaps	$ (77)	$ 64,884	$ 63,149	$ 1,658
TBA agency bonds*	0	1,954,794	1,903,911	50,883
Foreign currency forwards	10,679	80,151	29,705	61,125
Options purchased	0	711	701	10
Total	$ 10,602	$ 2,100,540	$ 1,997,466	$ 113,676

*TBA Agency Bond notional values are equal to their fair values

Foreign Currency Forwards
KPERS' international investment managers use forward contracts to obtain currencies necessary for trade execution and manage the exposure of the international investments to fluctuations in foreign currency. Active international investment managers use forward contracts to enhance returns or to control volatility. Currency risk arises due to foreign exchange rate fluctuations. Forward foreign exchange contracts are negotiated between two counterparties. KPERS could incur a loss if its counterparties failed to perform pursuant to the terms of their contractual obligations. Since KPERS holds the offsetting currency in the contract, and controls are established by the investment managers to monitor the creditworthiness of the counterparties, risk of actual loss is minimized. Fair value is reflected as unrealized gains or losses when currency rates fluctuate during the life of the contract.

KPERS utilizes two currency overlay managers to reduce, or partially hedge, KPERS' exposure to foreign currencies through the international equities portfolio. At June 30, 2021, the fair value of international equities was $5.7 billion. The overlay managers evaluate KPERS' international equities exposure to currencies, and buy/sell inverse currency forwards in relation to the overall currency exposures. The inverse relationship of these hedging investment forwards uses their exposure to currency risk to reduce overall KPERS exposure. KPERS' Statement of Investment Policy stipulates that the overlay manager should: "Take forward currency exchange contract positions which will have the intent and effect of hedging the currency exposure of the underlying international equity assets." KPERS' Statement of Investment Policy further states the forward currency exchange contract positions be used to "Maintain an acceptable risk level by reducing the negative volatility of the currency component of return."

The forward contracts are purchased as needs are determined by the hedge manager, and mature quarterly. Gains/losses are realized during those periods and the contracts are rolled over to the next period as appropriate. Through these processes, hedging contracts can adapt to any changes to portfolio currency exposures. Since the hedging currency forwards track to the overall exposure, and they reference the same foreign exchange rates as the underlying portfolio, this hedge is known to be effective through consistent critical terms. An investment portfolio hedge such as this does not match the hedging forwards to any specific hedged security. The accessibility and liquidity of the currency forwards market allows these hedging forwards to roll forward and seamlessly hedge the ongoing foreign currency exposures.

III. Detailed Notes On All Funds

Foreign Currency Forwards
(expressed in thousands)

Currency	Notional Cost (USD)	Pending Foreign Exchange Receivables	Pending Foreign Exchange Payables	Fair Value June 30, 2021
Investment Currency Forwards				
Australian Dollar	$ 376,646	$ 371,700	$ 372,628	$ (928)
British Pound Sterling	1,273,480	1,272,154	1,258,228	13,926
Canadian Dollar	197,552	196,587	196,016	571
Danish Krone	49,241	49,235	47,959	1,276
Euro Currency Unit	1,872,207	1,871,101	1,837,435	33,666
Hong Kong Dollar	290,415	290,412	290,207	205
Israeli New Shekel	5,525	5,525	5,503	22
Japanese Yen	872,554	871,167	862,084	9,083
New Zealand Dollar	106,520	104,046	105,899	(1,853)
Norwegian Krone	133,837	130,428	133,572	(3,144)
Singapore Dollar	103,759	102,500	103,436	(936)
Swedish Krona	83,268	83,104	81,257	1,847
Swiss Franc	263,724	263,637	256,247	7,390
Total	$ 5,628,728	$ 5,611,596	$ 5,550,471	$ 61,125

III. Detailed Notes On All Funds

Currency Forwards Counterparty Exposure
(expressed in thousands)

Counterparty Name	By Counterparty at June 30, 2021 Notional $USD	Fair Value	Lowest Long Term Rating
Investment forwards counterparty exposure			
Australia and New Zealand Banking Group	$ 105,821	$ 1,391	A+
Bank of America, N.A.	232,593	2,177	A+
Bank of New York Mellon	401	0	AA-
Barclays Bank PLC Wholesale	435,973	5,344	A
BNP Paribas SA	201,698	1,774	A+
Brown Brothers Harriman & Co.	134	0	A+
Citibank N.A.	48,030	223	A+
Credit Agricole CIB	399,579	5,124	A+
Deutsche Bank AG	216,076	1,640	BBB
Goldman Sachs International	210,018	1,758	A+
Goldman Sachs USA	1,176	(6)	A+
HSBC Bank PLC	497,900	10,117	A-
HSBC Bank USA	156,908	3,794	A+
Income Repatriation Boston IBS	1,027	(1)	NR
JP Morgan Chase Bank N.A. London	490,615	4,837	A+
Morgan Stanley & Co. International PLC	225,158	2,193	BBB+
Royal Bank of Canada (UK)	116,405	2,663	A
State Street Bank & Trust Company	14,085	(30)	AA-
State Street Bank London	494,553	3,728	A
Toronto Dominion Bank	791,646	14,396	AA-
UBS AG	330,627	3,160	A+
Westpac Banking Corporation	658,305	(3,157)	A+
Total	$ 5,628,728	$ 61,125	

III. Detailed Notes On All Funds

B. Receivables

Accounts receivable as of June 30, 2021, for the State's primary government and component units net of the applicable allowances for uncollectible accounts, are as follows (expressed in thousands):

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Taxes receivable	$ 1,096,657	$ 1,791	$1,098,448	$ 0
Intergovernmental receivable	45,124	0	45,124	0
Loan receivable	87,131	497,536	584,667	83,211
Accrued interest	109	5,707	5,816	450
Other receivables	852,850	30,311	883,161	614,820
Total	$ 2,081,871	$ 535,345	$2,617,216	$ 698,481

Taxes receivable and other receivables are shown net of allowances for uncollectible amounts of $240.6 million and $1.02 billion ($830.4 million governmental activities and $190.4 million business-type activities), respectively.

C. Investment in Direct Financing Leases

Component Units

The Kansas Development Finance Authority (KDFA) issues revenue bonds to facilitate construction of certain capital projects for various State agencies and other public and private entities. KDFA's interests in the projects have been assigned to various State government units through the use of financing lease transactions. Contained in the trust indenture or resolution and loan agreement for each series of bonds is a pledge of revenue agreement by which revenues paid by the various governmental units, as loan obligors to KDFA are pledged to pay bond debt service. Amounts are actually paid by the State agencies directly to the bond paying agents for the revenue bonds.

Net investment in direct financing obligations as of June 30, 2021, is as follows (expressed in thousands):

Total minimum lease payments to be received	$ 38,707
Less: unearned income	(4,528)
Net investment in direct financing leases	$ 34,179

The future minimum loan payments to be received by KDFA under the direct financing agreements mirror the payments to be made by KDFA under the revenue bonds payable.

D. Restricted Assets

Certain revenue bond proceeds and other resources set aside for bond repayment, capital projects, and other purposes are reported as restricted assets in the Statement of Net Position because their use is limited by applicable bond covenants or statutory provisions.

III. Detailed Notes On All Funds

Donor-Restricted Assets. Kansas' permanent endowment moneys are held primarily by State university foundations. Each university has a separate foundation, and each foundation has its own policies and procedures. Typically, the permanent endowment funds have a nonexpendable permanent corpus and an earnings reserve, which is used to receive earnings and pay expenses. The donor restrictions and the Uniform Prudent Management of Institutional Funds Act (K.S.A. 58-3601) provide guidance on how these funds can be invested, and also govern the spending of net appreciation from these investments. Net appreciation is reflected in restricted net position. The amount of net appreciation available to be spent can be found in the individual foundation annual financial reports.

E. Equity

Net investment in capital assets, restricted for capital projects, restricted for debt service, restricted for highways and other transportation and restricted for other purposes are each shown separately on the Statement of Net Position. Restricted for capital projects, restricted for debt service, restricted for highways and other transportation and restricted for other purposes are restricted for externally imposed constraints. In addition, $1.9 billion included in the State University System Component Units are restricted for other purposes category is nonexpendable. These restricted net assets represent donor amounts that have conditional requirements to hold funds for a specific period or perpetually.

III. Detailed Notes On All Funds

F. Capital Assets

Primary Government

(expressed in thousands)

	Beginning Balance	Prior Period Adjustment	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Construction in progress	$ 386,359	$ 0	$ 184,841	$ 66,448	$ 504,752
Infrastructure (including construction in progress)	12,147,666	0	60,846	3,356	12,205,156
Land	311,427	0	9,082	7,033	313,476
Total capital assets, not being depreciated	12,845,452	0	254,769	76,837	13,023,384
Capital assets, being depreciated:					
Buildings and improvements	1,771,890	96	49,969	59,241	1,762,714
Equipment and furnishings	587,898	178	27,897	15,224	600,749
Intangible-software	81,624	0	917	0	82,541
Land improvements	151,473	118	4,448	281	155,758
Vehicles	101,298	58	16,055	10,030	107,381
Water rights	32,131	0	0	0	32,131
Total	2,726,314	450	99,286	84,776	2,741,274
Less accumulated depreciation for:					
Buildings and improvements	860,548	37	36,835	32,205	865,215
Equipment and furnishings	394,093	96	33,662	13,510	414,341
Intangible-software	72,578	0	1,740	0	74,318
Land improvements	75,191	66	2,310	1	77,566
Vehicles	72,490	17	10,747	6,847	76,407
Water rights	22,726	0	737	0	23,463
Total	1,497,626	216	86,031	52,563	1,531,310
Total capital assets, being depreciated, net	1,228,688	234	13,255	32,213	1,209,964
Governmental activity capital assets, net	$ 14,074,140	$ 234	$ 268,024	$ 109,050	$ 14,233,348
Business-type activities					
Capital assets, being depreciated:					
Equipment and furnishings	$ 5,812	$ 0	$ 44	$ 1	$ 5,855
Vehicles	811	0	94	89	816
Total	6,623	0	138	90	6,671
Less accumulated depreciation for:					
Equipment and furnishings	2,435	0	876	0	3,311
Vehicles	483	0	123	88	518
Total	2,918	0	999	88	3,829
Business-type activity capital assets, net	$ 3,705	$ 0	$ (861)	$ 2	$ 2,842

III. Detailed Notes On All Funds

Depreciation expense was charged to functions/programs as follows (expressed in thousands):

Governmental activities		
General government	$	15,076
Human resources		8,451
Education		1,801
Public safety		24,916
Agriculture and natural resources		9,648
Highways and other transportation		24,664
Health and environment		1,475
Total depreciation expense – Government activities	$	86,031

Business-Type activities		
Health care stabilization	$	1
Lottery		995
State Revolving fund		3
Total depreciation expense – Business-type activities	$	999

III. Detailed Notes On All Funds

Component Units

(expressed in thousands)

	Beginning Balance	Increases	Decreases	Ending Balance
Information Network of Kansas, Inc.				
Capital assets, being depreciated				
Equipment and furnishings	$ 5	$ 0	$ 0	$ 5
Less accumulated depreciation	3	1	0	4
Total capital assets, being depreciated, net	$ 2	$ (1)	$ 0	$ 1
Kansas Development Finance Authority				
Capital assets, being depreciated				
Buildings and improvements	$ 586	$ 0	$ 0	$ 586
Equipment and furnishings	316	7	1	322
Less accumulated depreciation	563	75	1	637
Total capital assets, being depreciated, net	$ 339	$ (68)	$ 0	$ 271
Kansas Housing Resources Corporation				
Capital assets, being depreciated				
Buildings and improvements	$ 244	$ 475	$ 0	$ 719
Equipment and furnishings	1,283	98	0	1,381
Vehicles	39	0	0	39
Less accumulated depreciation	1,359	149	0	1,508
Total capital assets, being depreciated, net	$ 207	$ 424	$ 0	$ 631
Kansas Turnpike Association				
Capital assets, not being depreciated				
Land	$ 20,326	$ 23	$ 0	$ 20,349
Infrastructure, including CIP	649,984	19,047	13,337	655,694
Total capital assets, not being depreciated	670,310	19,070	13,337	676,043
Capital assets, being depreciated				
Buildings and improvements	42,045	433	0	42,478
Equipment and furnishings	35,435	3,436	1,855	37,016
Less accumulated depreciation	38,223	4,346	1,582	40,987
Total capital assets being depreciated, net	39,257	(477)	273	38,507
Total capital assets, net	$ 709,567	$ 18,593	$ 13,610	$ 714,550

III. Detailed Notes On All Funds

(expressed in thousands)

	Beginning Balance	Increases	Decreases	Ending Balance
University system				
Capital assets, not being depreciated				
Construction in progress	$ 169,497	$ 110,988	$ 109,664	$ 170,821
Land	91,930	2,683	849	93,764
Total capital assets, not being depreciated	261,427	113,671	110,513	264,585
Capital assets, being depreciated				
Buildings and improvements	5,271,566	189,925	1,359	5,460,132
Land improvements	66,918	3,004	354	69,568
Equipment and furnishings	787,652	55,685	26,734	816,603
Intangible, software	31,693	747	75	32,365
Vehicles	68,106	2,994	1,689	69,411
Total capital assets, being depreciated	6,225,935	252,355	30,211	6,448,079
Less accumulated depreciation for:				
Buildings and improvements	2,017,664	150,215	736	2,167,143
Land improvements	35,073	2,757	113	37,717
Equipment and furnishings	589,773	47,322	25,648	611,447
Intangible, software	23,671	2,095	53	25,713
Vehicles	53,463	3,348	1,663	55,148
Totals	2,719,644	205,737	28,213	2,897,168
Total capital assets, being depreciated, net	3,506,291	46,618	1,998	3,550,911
University system capital assets, net	$ 3,767,718	$ 160,289	$ 112,511	$3,815,496
All component units				
Capital assets, not being depreciated				
Construction in progress	$ 169,497	$ 110,988	$ 109,664	$ 170,821
Land	112,256	2,706	849	114,113
Infrastructure, including CIP	649,984	19,047	13,337	655,694
Total capital assets, not being depreciated	931,737	132,741	123,850	940,628
Capital assets, being depreciated				
Buildings and improvements	5,314,441	190,833	1,359	5,503,915
Land improvements	66,918	3,004	354	69,568
Equipment and furnishings	824,691	59,226	28,590	855,327
Intangible, software	31,693	747	75	32,365
Vehicles	68,145	2,994	1,689	69,450
Total capital assets, being depreciated	6,305,888	256,804	32,067	6,530,625
Less accumulated depreciation for:				
Buildings and improvements	2,035,481	151,412	782	2,186,111
Land improvements	35,073	2,757	113	37,717
Equipment and furnishings	612,079	50,692	27,180	635,591
Intangible, software	23,671	2,095	53	25,713
Vehicles	53,488	3,352	1,668	55,172
Totals	2,759,792	210,308	29,796	2,940,304
Total capital assets, being depreciated, net	3,546,096	46,496	2,271	3,590,321
All component units capital assets, net	$ 4,477,833	$ 179,237	$ 126,121	$4,530,949

III. Detailed Notes On All Funds

Construction Commitments

The State has active construction projects as of June 30, 2021. The projects include road projects, dam repair, building remodeling and restorations. At year-end, the State's commitments with contractors are as follows (expressed in thousands):

Agency - Project	Spent to Date	Remaining Commitment	Funding Source
Governmental:			
Adjutant General			
Ft. Leavenworth Mission Training Complex Barracks	$ 19,962	$ 328	Federal funds
Ft. Leavenworth Readiness Center	26,335	1,347	Federal funds
Department of Aging & Disability Services			
Electronic Health Record (EHR) System	2,830	3,300	State Institutional Building Fund
Department of Transportation			
Various roadway projects	704	1,200,210	Federal, State and Local Funds
Kansas Wildlife, Parks & Tourism			
North, East, West Hubs & Mitigation Marsh	1,177	12	Federal & State Funds
Flint Hills Trail	10,444	828	Federal & State Funds
West Hub New Pump Station	42	1,508	Federal & State Funds
Hillsdale Campsite Electrical Renovation	587	529	State Funds
Meade Walleye Building	647	380	Federal & State Funds
Fancy Creek Shooting Range	219	2,640	Federal & State Funds
Component Units:			
Fort Hays State University			
Center for Student Success - Private Gift	1,462	1,538	Restricted Fees
Center for Student Success - Bond Funds	9,030	1,220	General Fees - Tuition
Rarick Hall - Private Gift	1,910	90	Renovation & Restoration
Rarick Hall - Bond Funds	2,983	5,117	General Fees - Tuition
ERP - Student	6,090	506	Restricted Fees
800 KW Diesel Generators	3	976	Renovation & Restoration
800 KW Diesel Generators	3	976	Renovation & Restoration
Emporia State University			
Kossover Tennis Project	3,096	939	Private Funds
Pittsburg State University			
Heckert Wells New HVAC and Lab	4,435	7	State R& R
Weede Fieldhouse HVAC	1,700	1,700	Private Funding
Kansas State University			
Hale Library Reconstruction	32,866	384	Bonds and Restricted Fee Fund
Hale Library Reconstruction	3,241	72	Restricted Fee Fund
Mosier Hall Pet Health/Auditorium	6,372	335	Sponsored Research, Restricted Fee Fund
Derby Dining Hall Renovation	11,983	649	Bonds
Wichita State University			
Convergence Sciences	762	10,738	Bond Proceeds
Woolsey Hall	5,335	22,665	Bond Proceeds
Total	$ 154,218	$ 1,258,994	

III. Detailed Notes On All Funds

Other Commitments

As of June 30, 2021, the State, through the activities of the former Kansas Bioscience Authority, had agreed to $1.3 million in approved unfunded commitments to Kansas bioscience companies and research institutions. Commitments to companies are generally contingent upon the grantee meeting various performance or other contingencies to achieve actual funding.

Significant encumbrances at June 30, 2021 *(amounts in thousands)*

Fund	**Amount**
General	$ 81,492
Social Services	92,462
Education	29,338
Health and Environment	287,657
Transportation	1,136,425
Other Governmental Funds	213,276
Total	$ 1,840,650

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

III. Detailed Notes On All Funds

G. Interfund Receivables, Payables, and Transfers

Due from/to other funds

Due from/to other funds represent interfund accounts receivable and payable. The total of due from/to other funds at June 30, 2021, is as follows (expressed in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Non-major Governmental Funds	$ 84,471
Social Services Fund	General Fund	583
Health and Environment Fund	General Fund	25,000
Non-major Governmental Funds	General Fund	66,248
	Social Services Fund	13
	Non-major Governmental Funds	228
	Non-major Enterprise Funds	4,857
	Internal Service Funds	20
		$181,420

The interfund balances designated as due from/to other funds are short-term receivables and payables resulting from the time lag between the dates that a) interfund goods and services are provided or reimbursable expenditures occur; b) transactions are recorded in the accounting system; and c) payments between funds are made.

Advances to/from other funds

Advances to/from other funds represent long-term loans from one fund to another fund. Advances at June 30, 2021, were as follows (expressed in thousands):

Receivable Fund	Payable Fund	Amount
Non-major Governmental Funds	General Fund	$193,987
	Social Services Fund	33
	Non-major Governmental Funds	562
	Internal Service Funds	7
		$194,589

The 2017 legislature passed, and the governor signed into law, Senate Substitute for Substitute House Bill 2052, Section 45(m) of House Bill 2052 which authorized internal borrowing from the Pooled Money Investment Board idle funds pool for deposit to the State General Fund. The authorized internal borrowing and repayment has since been amended with Senate Bill 25, Section 172 of 2019 Session and HB 2007, Sec. 179 amends KSA 75-4209 (m)(2)C) and (m)(4)(C) of 2021 Session. The borrowing has been recorded as advances to and from other funds. Internal loan payment schedule is as follows (expressed in thousands):

III. Detailed Notes On All Funds

	Beginning Balance	Increases	Decreases	Balance
June 2017	$ 0	$ 198,400	$ 0	$ 198,400
July 2018	198,400	118,800	0	317,200
June 2019	317,200	0	52,900	264,300
June 2020	264,300	0	132,200	132,100
June 2021	132,100	0	66,050	66,050
June 2022	66,050	0	66,050	0
Total		$ 317,200	$ 317,200	

The amounts payable from the General Fund and owed to the Social Services Fund, Health and Environment Fund and Non-major Government Funds mostly relate to the above transaction. The remaining amount payable to the Non-major Governmental Funds relate to expected claims from escheated property, see Note IV, Section C, Contingencies and Commitments for further information. The remainder of the advance to/from have to do with the Master Lease Purchase Program, see Note III, Section I, Master Lease Purchase Program for further information.

Transfers

Net transfers by major funds are as follows (expressed in thousands):

Fund	Net Transfers In	Net Transfers Out
General	$ 0	$ 122,199
Social Services	1,335,662	0
Health & Environment	0	1,098,582
Education	208,924	0
Transportation	0	509,613
Executive	0	508,623
Non-major Governmental	1,007,798	0
Unemployment Insurance	0	137,059
Health Care Stabilization	3,129	0
Non-major Enterprise	0	168,989
Internal Service Funds	0	10,448
Total	$ 2,555,513	$ 2,555,513

Transfers are used to (1) move revenues from fund that the statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts and (3) use unrestricted revenues collected in a fund that is used to finance various programs and capital outlay projects accounted for in another fund in accordance with budgetary authorizations. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the Government-Wide Statement of Activities.

III. Detailed Notes On All Funds

H. Short-term Obligations

Short-term obligations at June 30, 2021, and changes for the fiscal year then ended (expressed in thousands) are as follows:

	6/30/2020 Beginning Balance	Additions	Deletions	6/30/2021 Ending Balance
Governmental Activities				
Certificates of Indebtedness	$ 0	$ 900,000	$ 900,000	$ 0
Accrued receivables:				
Expanded Lottery Act Revenues Fund	0	88,694	88,694	0
Children's Initiatives Fund	0	37,500	37,500	0
Correctional Institutions Building Fund	0	3,994	3,994	0
State Economic Development Initiatives Fund	0	31,937	31,937	0
Kansas Endowment for Youth Fund	0	195	195	0
Kansas Educational Building Fund	0	36,074	36,074	0
State Institutions Building Fund	0	18,011	18,011	0
Total short-term obligations	$ 0	$ 1,116,405	$ 1,116,405	$ 0

A Certificate of Indebtedness may be written and issued by the Pooled Money Investment Board (PMIB), an agency of the State, per K.S.A. 75-3725a. This occurs when it appears estimated resources are sufficient in the State General Fund (SGF) to meet the State's expenditures and obligations for that fiscal year but may not be sufficient to do so in a particular month(s) when obligations are due. Once approval has been granted as prescribed in K.S.A. 75-3725a, the written Certificate of Indebtedness is issued by the PMIB subject to redemption from the SGF not later than June 30, immediately following the issuance of the indebtedness. No interest is accrued or paid. A Certificate of Indebtedness of $900 million was issued on July 1, 2020, and redeemed on June 1, 2021.

Per Senate Bill 66, Section 50(p) of the 2020 Session, on July 15, 2020, receivables are to be posted to the State Treasurer's receivables for the Expanded Lottery Act Revenues Fund. The receivable amount is reduced as moneys are received into the fund. In fiscal year 2021, a receivable was posted for $88.7 million and was reduced to zero in June 2021.

Per Senate Bill 66, Section 50(q) of the 2020 Session, on July 15, 2020, receivables are to be posted to the State Treasurer's receivables for the Children's Initiatives Fund by an amount certified by the director of budget which is to be 50 percent of the estimated receipts during the year. The receivable amount is reduced as moneys are received into the fund. In fiscal year 2021 a receivable was posted for $37.5 million and was reduced to zero in May 2021.

Per Senate Bill 66, Section 50(i) of the 2020 Session, on July 15, 2020, receivables are to be posted to the State Treasurer's receivables for the Correctional Institutions Building Fund by an amount certified by the director of budget which is to be 80 percent of the estimated receipts during the year. The receivable amount is reduced as moneys are received into the fund. In fiscal year 2021, a receivable was posted for $4.0 million and was reduced to zero in February 2021.

Per Senate Bill 66, Section 50(h) of the 2020 Session, on July 15, 2020, receivables are to be posted to the State Treasurer's receivables for the State Economic Development Initiatives Fund by an amount certified by the director of budget which is to be 75 percent of the estimated receipts during the year. The receivable amount is reduced as moneys are received into the fund. In fiscal year 2021, a receivable was posted for $31.9 million and was reduced to zero in February 2021.

Per Senate Bill 66, Section 50(r) of the 2020 Session, on July 15, 2020, receivables are to be posted to the State Treasurer's receivables for the Kansas Endowment for Youth Fund by an amount certified by the director of budget which is to be 75 percent of the amount approved for expenditure during the fiscal year. The receivable amount is

III. Detailed Notes On All Funds

reduced as moneys are received into the fund. In fiscal year 2021, a receivable was posted for $195,401 and was reduced to zero in May 2021.

Per K.S.A. 76-6b11, on July 1 of each year ad valorem tax and receivables are posted to the State Treasurer's receivables for Kansas Education Building Fund. The receivable is reduced as the ad valorem taxes are received. In fiscal year 2021, $36.1 million was posted to the Kansas Educational Building Fund. The receivables were reduced to zero in June 2021.

Per K.S.A. 76-6b11, on July 1 of each year ad valorem tax and receivables are posted to the State Treasurer's receivables for State Institutions Building Fund. The receivable is reduced as the ad valorem taxes are received. In fiscal year 2021, $18.0 million was posted to the State Institutions Building Fund. The receivables were reduced to zero in June 2021.

III. Detailed Notes On All Funds

I. Long-term Obligations

A summary of long-term obligations at June 30, 2021, for the fiscal year then ended is as follows (expressed in thousands):

	Governmental Activities	Business-type Activities	Component Units	Total
Revenue bonds payable	$ 3,946,597	$ 97,754	$ 912,812	$ 4,957,163
Notes payable	5,184	0	0	5,184
Other component units of university system	0	0	675,614	675,614
Capital leases payable	194,425	0	100,003	294,428
Arbitrage rebate payable	0	0	1	1
Claims	167,925	298,558	0	466,483
Judgments	0	0	0	0
Special assessment payable	0	0	0	0
KPERS Employer liability	242,904	0	0	242,904
Compensated absences	120,110	157	103,933	224,200
Total OPEB liability	51,151	90	39,195	90,436
Net pension liability	2,253,968	7,106	223,458	2,484,532
Pollution remediation	83,915	0	0	83,915
Other	0	8,967	115,160	124,127
Total long-term obligations	$ 7,066,179	$ 412,632	$ 2,170,176	$ 9,648,987

III. Detailed Notes On All Funds

Long-term obligations at June 30, 2021, and changes for the fiscal year then ended are as follows (expressed in thousands):

	Issue Dates	Interest Rates	Maturity Through	Original Amount of Debt	June 30, 2020 Beginning Balance	Additions	Deletions	June 30, 2021 Ending Balance	Amounts Due In One Year
Governmental Activities									
Revenue bonds payable:									
KDFA series 2004 C	2004	3.43 - 5.50%	2034	$ 500,000	$ 346,440	$ 0	$ 17,215	$ 329,225	$ 18,135
KDFA series 2010 E-1 & E-2	2010	2.00 - 6.12%	2035	84,160	39,925	0	39,925	0	0
KDFA series 2010 F	2010	1.58 - 6.25%	2032	10,580	7,835	0	7,835	0	0
KDFA series 2010 O-2	2011	2.70 - 6.10%	2030	39,945	26,030	0	26,030	0	0
KDFA series 2011 B	2012	2.00 - 4.13%	2031	53,780	33,790	0	33,790	0	0
KDFA series 2011 K	2012	3.00 - 5.00%	2023	109,135	68,995	0	68,995	0	0
KDFA series 2013 A-1, 2 & 3	2014	4.00 - 5.00%	2033	71,885	48,395	0	4,195	44,200	4,400
KDFA Series 2013 B	2014	3.00 - 5.00%	2024	40,555	7,280	0	2,225	5,055	2,340
KDFA Series 2015 A	2015	3.20 - 5.00%	2035	230,475	189,575	0	18,560	171,015	18,200
KDFA Series 2015 G	2015	4.84 - 5.00%	2035	203,585	180,755	0	8,380	172,375	8,795
KDFA Series 2015 H	2016	1.44 - 4.927%	2045	1,005,180	924,665	0	21,730	902,935	22,365
KDFA Series 2016 H	2017	2.00 - 5.00%	2029	51,500	46,215	0	4,695	41,520	4,935
KDFA Series 2019 F-1, 2 & 3	2020	3.00 - 5.00%	2035	68,980	68,600	0	4,710	63,890	4,265
KDFA Series 2019 G	2020	2.00 - 2.15%	2025	5,470	5,340	0	1,025	4,315	1,045
KDFA Series 2020 RS	2021	2.00 - 5.00%	2035	87,930	0	87,930	4,915	83,015	12,490
KDFA Series 2020 T	2021	2.00%	2023	61,395	0	61,395	21,575	39,820	21,745
KDOT series 2004 C*	2005	Variable	2025	147,000	147,000	0	0	147,000	32,010
KDOT series 2009 A	2010	2.25 - 5.00%	2021	176,680	23,000	0	23,000	0	0
KDOT series 2010 A	2011	4.60%	2036	325,000	325,000	0	0	325,000	0
KDOT series 2012 B	2013	5.00%	2023	144,885	113,885	0	38,000	75,885	36,000
KDOT series 2012 C	2013	4.00 - 5.00%	2033	200,000	163,000	0	50,000	113,000	7,600
KDOT series 2014 A	2015	5.00%	2031	250,000	250,000	0	0	250,000	0
KDOT series 2015 A	2016	2.75 - 5.00%	2025	190,875	190,875	0	0	190,875	47,845
KDOT series 2015 B	2016	5.00%	2036	400,000	400,000	0	0	400,000	0
KDOT series 2017 A	2018	5.00%	2038	200,000	199,000	0	8,945	190,055	2,515
KDOT series 2018 A	2019	5.00%	2038	173,035	172,385	0	1,405	170,980	1,415
				4,832,030	3,977,985	149,325	407,150	3,720,160	246,100
Plus deferred amounts:									
Net unamortized premium (discount)				0	245,134	18,096	36,793	226,437	0
Total revenue bonds payable				$ 9,664,060	4,223,119	167,421	443,943	3,946,597	246,100
Notes payable:									
Water supply storage in federal reservoirs				29,189	8,314	0	3,130	5,184	431
Total notes payable				$ 29,189	8,314	0	3,130	5,184	431
Capital leases payable					238,007	5,122	48,704	194,425	11,408
Claims					142,186	422,945	397,206	167,925	34,402
Special assessment payable					115	0	115	0	0
KPERS Employer liability					249,339	0	6,435	242,904	6,942
Compensated absences					119,150	56,621	55,661	120,110	54,977
Total OPEB liability					49,710	13,082	11,641	51,151	0
Net pension liability					1,898,115	585,486	229,633	2,253,968	0
Pollution remediation					77,059	6,856	0	83,915	16,673
Total governmental activities					$ 7,005,114	$ 1,257,533	$ 1,196,468	$ 7,066,179	$ 370,933

III. Detailed Notes On All Funds

	Issue Dates	Interest Rates	Maturity Through	Original Amount of Debt	June 30, 2020 Beginning Balance	Additions	Deletions	June 30, 2021 Ending Balance	Amounts Due In One Year
Business-type Activities									
Revenue bonds payable:									
KDFA series 2019 SRF-1	2019	5.00%	2031	$ 47,445	$ 41,510	$ 0	$ 0	$ 41,510	$ 0
KDFA series 2019 SRF (CW&DW)	2020	5.00%	2030	68,730	68,730	0	27,245	41,485	15,580
KDFA series 2020 SRF (CW&DW)	2021	0.17%	2022	4,000	0	4,000	0	4,000	4,000
Plus deferred amounts:									
Net unamortized premium (discount)				0	14,333	0	3,574	10,759	2,571
Total revenue bonds payable				$ 120,175	124,573	4,000	30,819	97,754	22,151
Arbitrage rebate payable					63	0	63	0	0
Claims and judgments					291,260	9,659	2,361	298,558	42,132
Compensated absences					137	112	92	157	96
Other					8,977	120	130	8,967	0
Total OPEB liability					114	40	64	90	0
Net pension liability					6,051	2,927	1,872	7,106	0
Total business-type activities					$ 431,175	$ 16,858	$ 35,401	$ 412,632	$ 64,379

	Issue Dates	Interest Rates	Maturity Through	Original Amount of Debt	June 30, 2020 Beginning Balance	Additions	Deletions	June 30, 2021 Ending Balance	Amounts Due In One Year
Component Units									
Revenue bonds payable:									
KDFA series 2001 W-1	2002	3.00 - 5.00%	2022	$ 1,720	$ 255	$ 0	$ 125	$ 130	$ 130
KDFA series 2002 H	2003	2.50 - 4.70%	2022	3,765	520	0	250	270	270
KDFA series 2005 D	2005	3.79 - 5.18%	2022	20,980	2,820	0	1,405	1,415	1,415
KDFA series 2008 D	2008	5.10%	2038	1,600	1,600	0	0	1,600	0
KDFA series 2009 G	2009	2.50 - 4.75%	2024	825	265	0	265	0	0
KDFA series 2009 K-1 & K-2	2010	2.63 - 5.63%	2040	6,140	500	0	160	340	170
KDFA series 2010 G-1 & G-2	2010	2.00 - 6.60%	2040	20,050	17,860	0	17,860	0	0
KDFA series 2010 P-1 & P-2	2011	2.00 - 5.00%	2031	11,980	9,760	0	9,760	0	0
KDFA series 2010 U-1 & U-2	2011	1.80 - 6.20%	2029	25,180	11,025	0	9,860	1,165	1,165
KDFA series 2011 C	2011	2.00 - 4.50%	2036	13,450	9,850	0	9,850	0	0
KDFA series 2011 D-1, 2 & 3	2011	2.00 - 4.40%	2024	7,725	2,470	0	685	1,785	715
KDFA series 2012 A	2012	3.00 - 5.00%	2024	27,610	9,455	0	9,455	0	0
KDFA series 2012 F	2013	2.00 - 5.00%	2033	17,205	12,470	0	12,470	0	0
KDFA series 2012 H	2012	2.00 - 5.00%	2034	35,970	27,540	0	27,540	0	0
KDFA series 2014 A-1 & 2	2014	3.00 - 4.25%	2035	35,175	27,885	0	1,495	26,390	1,545
KDFA series 2014 C-1, 2, 3, 4 & 5	2014	3.00 - 5.00%	2039	56,655	47,355	0	2,670	44,685	2,110
KDFA seres 2014 D-1, 2, 3 & 4	2014	3.00 - 5.00%	2035	133,550	112,895	0	4,900	107,995	5,135
KDFA series 2013 G-1 & 2	2014	4.00 - 5.00%	2038	74,370	63,845	0	63,845	0	0
KDFA series 2015 B-1, 2 & 3	2015	3.00 - 5.00%	2037	61,865	51,645	0	2,205	49,440	2,320
KDFA series 2016 A	2016	2.00 - 4.00%	2040	97,815	84,820	0	3,580	81,240	3,690
KDFA series 2016 B-1, 2 & 3	2016	2.00 - 4.00%	2041	30,860	26,890	0	1,275	25,615	1,325
KDFA series 2016 C	2016	2.00 - 4.00%	2041	45,330	41,405	0	1,385	40,020	1,445
Series 2015 K	2016	0.61%	2021	1,500	506	0	252	254	254
2015 M FCIP	2016	0.75%	2023	2,136	929	0	307	622	310
KDFA series 2016 J	2017	2.00 - 5.00%	2036	9,245	8,300	0	290	8,010	605
KDFA series 2017 A	2017	3.00 - 5.00%	2042	67,510	57,350	0	2,320	55,030	1,980
KDFA series 2017 B	2017	2.52%	2032	2,884	2,440	0	92	2,348	188
KDFA series 2017 D	2018	3.00 - 5.50%	2038	36,075	33,295	0	1,700	31,595	1,790
KDFA series 2017 E	2018	1.97%	2025	8,100	5,530	0	1,065	4,465	1,085
KDFA series 2019 C-1, 2 & 3	2020	3.00 - 5.00%	2041	31,155	30,165	0	715	29,450	755
KDFA series 2020 A	2020	2.02%	2026	8,440	8,440	0	1,540	6,900	1,565
KDFA series 2020 B-1, 2, 3, 4, 5, 6 & 7	2020	2.00 - 5.00%	2035	76,525	76,380	0	8,635	67,745	9,810
KDFA series 2020 C	2020	3.125 - 5.00%	2039	10,480	10,480	0	370	10,110	380
KDFA series 2020 F	2020	2.00 - 4.00%	2030	8,270	8,270	0	720	7,550	720
KDFA series 2020 H-1 & 2	2020	2.125 - 5.00%	2034	11,220	11,220	0	740	10,480	760
KDFA series 2020 K	2021	2.24%	2030	37,152	0	37,152	3,373	33,779	3,415
KDFA series 2020 P	2021	2.00 - 5.00%	2050	79,465	0	79,465	2,530	76,935	1,760
KDFA series 2020 W	2021	1.38%	2031	8,410	0	8,410	0	8,410	790
KDFA series 2021 A	2021	2.00 - 5.00%	2040	57,110	0	57,110	0	57,110	2,710
KDFA series 2021 D	2021	2.00 - 5.00%	2038	63,795	0	63,795	0	63,795	2,620
Plus deferred amounts:									
Net unamortized premium (discount)				0	55,860	11,018	10,744	56,134	0
Total revenue bonds payable				$ 1,249,292	872,295	256,950	216,433	912,812	52,932
Other component units of university system					688,015	61,987	74,388	675,614	23,094
Arbitrage rebate payable					6	0	5	1	0
Capital leases					58,000	47,475	5,472	100,003	8,149
Compensated absences					100,416	70,760	67,243	103,933	65,058
Other					131,817	50,323	66,980	115,160	9,430
Total OPEB liability					41,429	10,390	12,624	39,195	0
Net pension liability					201,091	48,102	25,735	223,458	0
Total component units					$ 2,093,069	$ 545,987	$ 468,880	$ 2,170,176	$ 158,663

III. Detailed Notes On All Funds

The following table presents annual debt service requirements for those long-term debts outstanding, including bonds payable on demand, at June 30, 2021, which have scheduled debt service amounts (expressed in thousands):

	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
Revenue bonds:						
2022	$ 246,100	$ 168,979	$ 19,580	$ 4,271	$ 52,931	$ 30,588
2023	250,980	157,398	11,815	3,371	57,458	28,675
2024	208,970	146,765	13,105	2,780	56,862	26,122
2025	217,380	137,438	5,795	2,125	52,544	23,690
2026	222,110	127,469	5,330	1,835	50,123	21,545
2027-2031	1,078,810	478,420	31,370	4,780	240,612	78,846
2032-2036	983,005	234,494	0	0	192,762	41,713
2037-2041	285,465	93,708	0	0	116,190	15,903
2042-2046	227,340	28,675	0	0	32,610	2,771
2047-2051	0	0	0	0	4,586	290
Unamortized premium	226,437	0	10,759	0	56,134	0
Totals	3,946,597	1,573,346	97,754	19,162	912,812	270,143
Notes payable:						
2022	431	208	0	0	0	0
2023	449	191	0	0	0	0
2024	467	173	0	0	0	0
2025	486	154	0	0	0	0
2026	505	134	0	0	0	0
2027-2031	2,846	348	0	0	0	0
2032-2036	0	0	0	0	0	0
Totals	5,184	1,208	0	0	0	0
KPERS Employer liability						
2022	6,942	18,858	0	0	0	0
2023	7,489	18,311	0	0	0	0
2024	8,079	17,721	0	0	0	0
2025	8,715	17,085	0	0	0	0
2026	9,401	16,399	0	0	0	0
2027-2031	59,355	69,645	0	0	0	0
2032-2036	86,730	42,270	0	0	0	0
2037-2041	56,193	8,204				
Totals	242,904	208,493	0	0	0	0
Capital leases payable	194,425	95,987	0	0	100,003	246,357
Long-term debt without scheduled payments:						
Debt service:						
Arbitrage rebate payable	0	0	0	0	1	0
Claims and judgments	167,925	0	298,558	0	0	0
Special Assessments Payable	0	0	0	0	0	0
Compensated absences	120,110	0	157	0	103,933	0
Other post employment benefits	51,151	0	90	0	39,195	0
Net pension liability	2,253,968	0	7,106	0	223,458	0
Pollution remediation	83,915	0	0	0	0	0
Component units of university system	0	0	0	0	675,614	0
Other	0	0	8,967	0	115,160	0
Total long-term obligations	$ 7,066,179	$ 1,879,034	$ 412,632	$ 19,162	$ 2,170,176	$ 516,500

III. Detailed Notes On All Funds

Included in the debt service requirements to maturity table above are variable rate debt maturities for the Kansas Department of Transportation. For those variable rate bonds the following table represents the aggregate debt service requirements and net receipts/payments on associated hedging derivative instruments as of June 30, 2021. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their entire term. However, these rates will vary. This will require interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments to also vary.

(expressed in thousands)

Fiscal Year Ended June 30	Principal	Interest	Hedging Derivative Instruments (Net)	Total
2022	$ 32,010	$ 585	$ 2,078	$ 34,673
2023	33,315	450	1,564	35,329
2024	34,675	294	1,029	35,998
2025	47,000	46	390	47,436
Total	$ 147,000	$ 1,375	$ 5,061	$ 153,436

General Obligation Bonds

The State does not have the statutory authority to issue general obligation bonds. However, the Legislature has authorized the issuance of specific purpose revenue bonds and other forms of long-term obligations.

Revenue Bonds

Kansas Turnpike Authority (KTA) has two outstanding series of Turnpike Revenue Bonds to finance part of the costs of construction, reconstruction, maintenance or improvement of the Kansas Turnpike. Principal and interest payments on these bond issues are paid from revenues collected from the operations of KTA, including toll revenues. Please reference Note III, Section I, Long-term Obligations, for KTA revenue bonds and future principal and interest payments.

Kansas Development Finance Authority (KDFA) was created to enhance the ability of the State to finance capital improvements and improve access to long-term financing for State agencies, political subdivisions, public and private organizations, and businesses. The KDFA has issued numerous outstanding series of bonds. These revenue bonds are secured by and payable from various pledged revenues, which include selected tax receipts such as withholding taxes, fees for services such as parking and residential halls, and appropriations. Please reference Note III, Section I, Long-term Obligations, for KDFA revenue bonds and future principal and interest payments.

Kansas Department of Transportation (KDOT) has nine outstanding series of Highway Revenue Bonds to finance part of the costs of construction, reconstruction, maintenance or improvement of highways in the State as part of the State's Transportation Works for Kansas (T-Works) Program. The State's T-Works Program was developed by KDOT after extensive study of the transportation needs in the State and was implemented by the 2010 Kansas Legislature. Principal and interest payments on these bond issues are paid from revenues collected in the State Highway Fund, which include motor fuels taxes, state sales taxes, compensating use taxes, and drivers' license and vehicle registration fees. Please reference Note III Section I, Long-term Obligations, above for KDOT revenue bonds and future principal and interest payments.

III. Detailed Notes On All Funds

The coupon interest rate on outstanding fixed rate bonds varies from 3.00 percent to 5.50 percent. In addition, various bonds were issued as variable rate instruments whose rates change on a monthly basis. During the year, interest rates ranged from 0.364 percent to 0.620 percent on the monthly adjustable bonds.

Sales Tax Limited Obligation Bonds

Sales tax limited obligation bonds (STAR bonds) have been issued for various local governments throughout the state. Pursuant to issuance of the STAR bonds, the State and local governments have entered into Redevelopment District Tax Distribution Agreements. The agreements provide that the principal of, accreted value, and interest on the STAR bonds will be paid proportionally from the State's and the local governments' respective share of sales taxes generated within the related Districts. These bonds are special limited obligations of the State, where neither the principal of, redemption premium, if any, nor interest on these bonds constitutes a general obligation or indebtedness of, nor is the payment thereof guaranteed by the State. Accordingly, such STAR bonds are not included in the State's June 30, 2021 balance sheet. The State's portion of the STAR bonds at June 30, 2021 total $318.3 million.

Special Obligation and Private Activity Bonds

Special obligation bonds have various revenue streams that are pledged for repayment of principal and interest. These bonds are special limited obligations of KDFA, where neither the principal of, redemption premium, if any, nor interest on these bonds constitutes a general obligation or indebtedness of, nor is the payment thereof guaranteed by KDFA or the State. Accordingly, such special obligation bonds are not included in KDFA's June 30, 2021, balance sheet. KDFA's special obligation bonds at June 30, 2021, total $2.8 billion.

Private activity bonds are special limited obligations of KDFA and are made payable solely from a pledge of the applicable trust estate that is comprised of a particular designated revenue stream of the borrower. Accordingly, such private activity bonds are not included on KDFA's June 30, 2021, balance sheet. KDFA's private activity bonds at June 30, 2021, total $1.1 billion.

Notes Payable

The Pooled Money Investment Board is authorized as directed by statute to loan funds from the State treasury to State agencies for various capital projects, the Unemployment Insurance Fund and finance the Expanded Lottery operations. These internal loans are recorded as loans receivable in the State treasury's cash balance in Note III, Section A, Deposits and Investments, and in corresponding amounts of notes payable in Note III, Section I, Long-term Obligations.

The Kansas Water Office is charged by statute to meet, as nearly as possible, the anticipated future water supply needs of the citizens of Kansas. The agency has executed several water supply storage agreements with the Federal Government over the past 45 years for water supply storage capacity in large Federal multipurpose lakes under the provisions of the 1958 Federal Water Supply Act. Four of these agreements provide for long-term (fifty-year) repayment with interest of the costs incurred by the Federal Government in construction of the water supply storage space. The Kansas Water Office is authorized by K.S.A. 82a-934 to enter into such agreements, subject to legislative approval through appropriations. Generally, however, receipts from the sale of water to local municipal and industrial water supply users are adequate to make the annual payments due under the long-term contracts with the Federal Government. Portions of the storage in some reservoirs have been designated as "future use" storage, and as such; the State is not required to make payments on that portion of storage until it is needed by users. The State has not recorded a liability at June 30, 2021, for portions of the storage designated as "future use" storage.

Lease Commitments

The State leases office buildings, space, and equipment. Although the lease terms vary under a variety of agreements, most leases are subject to annual appropriations from the State Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, leases are considered non-cancelable for financial

III. Detailed Notes On All Funds

reporting purposes. Any escalation clauses, sublease rentals, and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures.

Operating Leases

The State has commitments with non-state entities to lease certain buildings and equipment. Future minimum rental commitments for building and equipment operating leases as of June 30, 2021 are as follows (expressed in thousands):

Fiscal Year		
2022	$	8,176
2023		7,762
2024		7,065
2025		5,997
2026		5,502
2027-2031		17,327
2032-2037		10,921
2037-2041		4,820
Total future minimum lease payments	$	67,570
Rent expenditures/expenses for operating leases for the year ended June 30, 2021	$	8,375

Capital Leases

The State has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases and are reported as capital lease obligations. At the date of acquisition, the assets are valued on the Statement of Net Position at the present value of the future minimum lease payments. Interest expense for capital leases is not capitalized.

The following schedule presents future minimum lease payments as of June 30, 2021 (expressed in thousands):

	Governmental Activities	
Year Ending June 30	Principal	Interest
2022	$ 11,408	$ 10,449
2023	11,727	9,906
2024	9,470	9,237
2025	9,678	8,689
2026	10,038	8,118
2027-2031	56,122	30,926
2032-2036	54,246	15,465
2037-2044	31,736	3,197
Total	$ 194,425	$ 95,987

III. Detailed Notes On All Funds

Leased land, buildings, and equipment under capital leases in capital assets at June 30, 2021, include the following (expressed in thousands):

	Governmental Activities
Land (non-depreciable)	$ 10,608
Buildings	204,569
Equipment	7,645
Less: Accumulated depreciation	(16,763)
Total	$ 206,059

KPERS Employer Liability

The 2017 Kansas Legislature passed Senate Substitute for House Bill 2052 which authorized a delay of $64.1 in fiscal year 2017 employer contributions. Section 43 of House Bill 2052 directs payment of the delayed employer contribution to be made in level annual amounts of $6.4 million at an interest rate of 7.75% over 20 years beginning in fiscal year 2018. As of June 30, 2021 the unpaid balance is $57.9 million.

The 2017 Kansas Legislature passed Senate Substitute for House Bill 2002 which directed the lapse of appropriation to the Kansas Department of Education and authorized the delay of $194.0 million is fiscal year 2019 employer contributions. House Bill 2002, Section 232, amended K.S.A. 74-4920, authorizing repayment of the delayed contributions to be amortized over twenty years at a level annual amount commencing in fiscal year 2020. The level annual amount was computed to be $19.4 million at an interest rate of 8.0%. As of June 30, 2021, the unpaid balance is $184.7 million.

Master Lease Purchase Program

The Master Lease Purchase Program, administered by the Department of Administration, provides low interest, equipment lease purchase financing and energy conservation project financing to State agencies. The Program began in 1985 with the issuance of Certificates of Participation and evolved into the current Program, which utilizes lines of credit. Lease purchase obligations under the Program are not general obligations of the State, but are payable from appropriations of State agencies participating in the Program, subject to annual appropriation. Financing terms of two years through fifteen years are available. The financing term should not exceed the useful life of the purchased item. The interest component of each lease/purchase payment is subject to a separate determination.

Defeasance of Debt

Primary Government

For financial reporting purposes, the State has in substance defeased certain bonds by issuing additional debt. Thus, the related liability and trust assets to pay the defeased bonds have been removed from the financial statements in the year of defeasance. Defeased debt at June 30, 2021, and changes for the fiscal year then ended are as follows (expressed in thousands):

III. Detailed Notes On All Funds

Bond Issue	6/30/2020 Beginning Balance	Current Year Defeased	Payments	6/30/2021 Ending Balance
Governmental Activities				
KDFA Series 2010 E-1	$ 0	$ 7,350	$ 7,350	$ 0
KDFA Series 2010 E-1 (SGF)	0	3,925	3,925	0
KDFA Series 2010 E-1 (01W)	0	3,040	3,040	0
KDFA Series 2010 E-2	0	17,765	17,765	0
KDFA Series 2010 F	0	7,310	7,310	0
Total governmental activities	$ 0	$ 39,390	$ 39,390	$ 0

Arbitrage Rebate Payable

Estimated arbitrage rebate payables have been calculated and liabilities recorded of $0 for Governmental Activities, $0 for Business-type Activities, and $1 thousand for Component Units.

Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2021, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2021 financial statements are as follows debit (credit) (expressed in thousands):

	Change in Fair Value		Fair Value at June 30, 2021		
	Classification	Amount	Classification	Amount	Notional
Governmental activities					
Cash flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow of resources	$ 2,455	Debt	$ (4,784)	$ 72,000
Investment derivative instruments:					
Pay-fixed interest rate swaps	Investment revenue	3,002	Investment	(4,232)	75,000

KDOT engaged an independent party to perform the valuations and required tests on the swaps. Of the swaps that qualify for hedge accounting under GASB 53, the changes in fair value for this period are to be offset by a corresponding deferred inflow/outflow account on the statement of net position.

All pay-fixed swap transactions are associated with variable debt. Combining a pay-fixed receive-variable rate swap with variable debt results in what is termed synthetic fixed rate debt. It is called synthetic because the economics are similar to fixed rate debt, but another instrument is involved unlike regular fixed rate debt. Each time KDOT created synthetic fixed rate debt, a comparison and determination was made that the fixed rate on regular debt would have been higher than the fixed rate on the swap.

For all swaps, there are three main strategies KDOT pursues with respect to each transaction. Each swap can achieve one or more of these strategies. Then as a result of execution of the derivative instrument, its value will change with respect to how prevailing rates on each reporting period compare to when the derivative instrument was put in place. The accumulated changes in fair value, or total fair value of all the derivative instruments, are a function of how prevailing interest rates and other market factors affect each transaction at each reporting period. Pursuant to GASB 53, each swap transaction is then evaluated to determine what type of accounting treatment to apply.

III. Detailed Notes On All Funds

(i) Mitigate the effect of fluctuations in variable interest rates. This is the primary function of the swaps. KDOT pays a fixed rate and receives a floating rate. In an interest rate environment whose level is generally higher than the rate at which KDOT is fixed, the swap would result in a positive value to KDOT. Correspondingly, a lower rate environment than the fixed rate would result in a negative value to KDOT. The value primarily depends on the overall level of interest rates on the reporting date compared to what KDOT pays. The overall level of long-term interest rates from period to period is the primary driver of changes in value recorded from the investment derivative instruments where KDOT pays fixed and receives a floating rate. Interest rates have trended lower since inception of the pay fixed swaps. Therefore, the mark-to-market value is generally more negative to KDOT.

(ii) Reduce interest expense from expected benefit resulting from the difference between short-term and long-term rates. This is the function of a swap where KDOT receives floating amounts based on a longer term index with the expectation of receiving an ongoing net benefit compared to short-term rates paid on the variable bonds being hedged. Longer term interest rates, such as the 10-Year Constant Maturity Swap (CMS) Index, are generally higher than shorter term interest rates, such as a weekly rate, which KDOT pays on the variable bonds. Therefore, when shorter term interest rates came close to, or exceeded longer term rates, KDOT entered into a swap whose receipts on the floating leg are based on a longer term index that is expected to outperform the payments on KDOT's variable debt. Part of the fair value of this swap is determined by the prevailing level of short-term versus long-term rates or the steepness of the yield curve. The higher the level of long-term rates compared to shorter term rates, the higher the expected benefit to KDOT. Therefore, the higher the mark-to-market value of the swap. KDOT pays a fixed rate on one part of the swap transaction and the other part of the value of this swap is determined by the prevailing level of interest rates compared to when KDOT entered into the swap transaction. Since interest rates have trended lower since inception, the mark-to-market value will be more negative to KDOT, even though KDOT may be receiving a net benefit from the receipts based on the 10-Year CMS Index. Since the long-term index is expected to out-perform the short-term variable rate, the tests under GASB 53 deem such transactions investment instruments.

(iii) Reduce interest expense from expected benefit resulting from the difference between tax-exempt and taxable rates. This is a function of swaps where KDOT receives a percentage of 1-Month LIBOR when hedging tax-exempt variable debt, with the expectation of receiving an ongoing net benefit from paying a lower fixed rate at the time of putting on the swap transaction. The historical average ratio of 1-Month LIBOR (short-term taxable rates) versus tax-exempt rates (a direct function of tax rates) is approximately 67 percent, but the ratio of long-term taxable rates and long-term tax-exempt rates is normally significantly higher than 67 percent. Therefore, the fixed rate payable in exchange for a smaller percentage of LIBOR will be significantly less than a long-term tax-exempt fixed rate. This reduction in fixed rate is the value of the benefit, the risk being tax rates change over the life of the percentage of LIBOR swap, or the variable rates on KDOT's hedged bonds do not closely match the percentage of LIBOR variable rate on the swap. The value of such a swap is determined by the prevailing level of taxable interest rates, with no reference to tax-exempt interest rates.

The following table provides a summary of the basic terms of the swap agreements as of June 30, 2021 (expressed in thousands):

Associated KDOT Bonds	Initial Notional	Current Notional	Effective Date	Maturity Date	Rate Paid	Rate Received	Fair Value	Bank Counterparty	Counterparty Rating
* Series 2004 C	$ 147,000	$ 72,000	11/23/2004	9/1/2024	3.571%	63.5% of USD-LIBOR + 0.29%	$ (4,784)	Goldman Sachs Bank USA	A1/A+/A+
**Series 2004 C	75,000	75,000	7/1/2007	9/1/2024	3.571%	62.329% of 10 Year CMS	(4,232)	Goldman Sachs Bank USA	A1/A+/A+
						Total Fair Value	$ (9,016)		

* - Considered fair value hedge
** - Considered investment derivative

III. Detailed Notes On All Funds

KDOT derivative instruments detailed discussion

Objective of the swaps. In order to protect against the potential of rising interest rates, KDOT has entered into four separate pay-fixed, receive-variable interest rate swaps at a cost less than what KDOT would have paid to issue fixed-rate debt.

Terms, fair values, and credit risk. The terms, including the fair values and credit ratings of the outstanding swaps as of June 30, 2021, are shown above. KDOT's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled or anticipated reductions in the associated bonds payable.

KDOT Series 2004C Swaps - In connection with the issuance of $147 million of variable-rate KDOT Series 2004B and 2004C Highway Revenue Bonds, on November 12, 2004, KDOT competitively bid a floating-to-fixed interest rate swap. The executed transaction consisted of a $147 million 20-year amortizing floating-to-fixed interest rate swap whereby KDOT pays the counterparty a fixed rate of 3.571 percent and receives 63.5 percent of LIBOR plus 29 basis points. KDOT was able to take advantage of market conditions and effectively create fixed-rate debt at a rate lower than available in the traditional tax-exempt cash market.

Since many tax-exempt and municipal issuers fund capital projects with long-term traditional or synthetic fixed-rate debt, but are constrained to investing short-term for liquidity reasons, in a normal or upwardly sloped yield curve they incur "negative carry" (cost of borrowing exceeds investment rate). KDOT determined that it could mitigate this imbalance by executing the Constant Maturity Swap (CMS). On June 15, 2007, based on the results of a previously distributed competitively bid request for quotes for a swap provider, effective July 1, 2007, KDOT amended the floating index from 63.5 percent plus 29 basis points to 62.329 percent of the 10-year LIBOR CMS rate on $75 million of the existing $147 million swap.

Fair value. These fair values take into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. Fair values reflect the effect of non-performance risk, which includes KDOT's credit risk.

Credit risk. As of June 30, 2021, KDOT has no credit risk exposure on the swap transactions. This is due to the swaps having negative mark-to-market values, meaning the counterparties are exposed to KDOT in the amount of the derivatives' mark-to-market values. However, should interest rates change and the mark-to-market values of the swaps become positive, KDOT would be exposed to credit risk.

The swap agreements contain varying collateral agreements with the counterparties. The swaps require collateralization of the mark-to-market value of the swap should the counterparty's credit rating fall below the applicable thresholds.

Basis risk. Basis risk is the risk that the interest rate paid by KDOT on underlying variable rate bonds to bondholders differs from the variable swap rate received from the applicable counterparty. KDOT bears basis risk on each of its swaps. The swaps have basis risk since KDOT receives a percentage of LIBOR to offset the actual variable bond rate KDOT pays on its bonds. KDOT is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate KDOT pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost savings from the swap may not be realized.

Termination risk. KDOT or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the respective contracts. If any of the swaps are terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap had a negative mark-to-market value, KDOT would be liable to the counterparty for a payment equal to the swap's mark-to-market value.

III. Detailed Notes On All Funds

J. Revisions to Beginning Net Position

Various adjustments were made to the beginning net positions to correct errors in the prior year financial statements.

For fiscal year 2021, the governmental activities beginning net position was $10.42 billion. During the year, the State implemented the provisions of GASB 84 resulting in an increase to beginning net position of $354.3 million. For more information on this revision, see Note I Section G. Additionally, in fiscal year 2021, the State moved the Kansas 911 Coordinating Council (911) to calendar year so State data would be consistent with 911 financial reporting. This resulted in an increase to beginning net position of $4.43 million.

For fiscal year 2021, the component unit beginning net position was $7.41 billion. Revisions were made to component units for the implementation of GASB 84 which resulted in a decrease to net position to the State University System for $0.21 million. Additionally, KCE became the sole corporate member of an entity and its subsidiary, requiring a change to the reporting entity. This resulted in an increase to beginning net position of $2.95 million.

For fiscal year 2021, the fiduciary beginning net position was $21.88 billion. Revisions were made to the Custodial fund for the implementation of GASB 84 which resulted in an increase to net position to the Custodial fund for $186.3 million. For more information on this revision, see Note I Section G.

	Governmental	Business-type	Total	Component
June 30, 2020 net position as previously reported	$ 10,417,075	$ 1,469,167	$ 11,886,242	$ 7,413,307
Revisions				
GASB 84 Fiduciary Activities	354,316	0	354,316	2,954
Change in reporting entity	0	0	0	(210)
Kansas 911 Coordinating Council	4,437	0	4,437	0
June 30, 2020 net position as restated	$ 10,775,828	$ 1,469,167	$ 12,244,995	$ 7,416,051

	Fiduciary
June 30, 2020 net position as previously reported	$ 21,884,925
Revisions	
GASB 84 Fiduciary Activities	186,345
June 30, 2020 net position as restated	$ 22,071,270

IV. Other Information

A. Tax Abatements

Local Municipalities

Local municipalities within the State of Kansas have entered into various tax abatement agreements to encourage economic development impacting the State's tax revenue. Kansas statutes provide a process for municipalities to abate property tax on qualifying property. GASB 77 also requires disclosure information about tax abatements entered into by other governments affecting revenues of the State. These agreements are disclosed individually and the State has set a threshold of one million dollars or above for disclosure purposes.

Following are the current tax abatement programs affecting State revenues that have been entered into by local municipalities within the State of Kansas as of June 30, 2021:

Other government tax abatement programs affecting the State of Kansas revenues entered into as of June 30, 2021

Name of government	Tax being abated	Dollar amount of taxes abated for fiscal year 2021	Name of abatement	Dollar amount(s) received from or due from other governments in association with (and offsetting) abated taxes	Information not reported due to legal prohibition
Brown County	Ad Valorem Property Tax	$2.6 million	IRB	N/A	N/A
Brown County	Ad Valorem Property Tax	$4.4 million	Economic Development	N/A	N/A
Johnson County	Ad Valorem Property Tax	$4.0 million	IRB	N/A	N/A
Pottawatomie County	Ad Valorem Property Tax	$4.0 million	IRB	N/A	N/A
Riley County	Ad Valorem Property Tax	$6.9 million	IRB	N/A	N/A
Saline County	Ad Valorem Property Tax	$10.8 million	IRB	N/A	N/A
Saline County	Ad Valorem Property Tax	$1.2 million	Economic Development	N/A	N/A
Sedgwick County	Ad Valorem Property Tax	$114.1 million	IRB	N/A	N/A
Sedgwick County	Ad Valorem Property Tax	$17.1 million	Economic Development	N/A	N/A

STAR Bonds

Per State statutes K.S.A. 12-17,160 through 12-17,179, sales tax limited obligation bonds (STAR bonds) have been issued for various local governments throughout the state to promote, stimulate and develop the general and economic welfare of the state of Kansas and its communities and to assist in the development and redevelopment of eligible areas within and without a city thereby promoting the general welfare of the citizens of the state. Pursuant to issuance of the STAR bonds, the State and local governments have entered into Redevelopment District Tax Distribution Agreements. The agreements provide that the principal of, accreted value, and interest on the STAR bonds will be paid proportionally from the State's and local governments' respective share of sales taxes generated within the related Districts. Recipients of the agreement make commitments to promote economic development by engaging in qualified activities as outlined in K.S.A. 12-17,162. Eligibility for one or more projects may be undertaken by a city or county within an established STAR bond project district per the rules and guidelines established in K.S.A. 12-17,166. The State's portion of foregone sales taxes for fiscal 2021 was $40.5 million.

IV. Other Information

B. Risk Management

The State maintains a combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished through risk management and various outside entity commercial insurance providers. It is the policy of the State to cover the risk of certain losses to which it may be exposed through risk management activities. In general, the State is self-insured for certain health care claims (five of the nine medical health plans options, prescription drug and dental), State employee workers' compensation, long-term disability, tort liability, and personal and real property losses up to the applicable deductibles (except where separate coverage is required by bond covenant). The State has commercial vehicle liability coverage on all vehicles with no deductible, and a statewide commercial policy on personal and real property with $5,000,000 deductibles generally, and $2,000,000 on four specified properties in the Capitol Complex (except where separate coverage is required by bond covenant). Insurance settlements have not exceeded insurance coverage for the past three fiscal years.

Coverage for health care claims for prescription drugs and dental claims plus five of the nine medical health plan options is provided by the Health Benefits Administration Clearing Fund for all active employees, as well as for the post-employment populations (retirees). Risk is managed by the performance of experience studies throughout the year. The liability for unpaid claims is the plan reimbursement for services rendered or prescriptions received where the payment to the provider, the member, or the claims administrator has not occurred. These liabilities are estimated by analyzing the prior payment patterns for the same coverage or medical option and are recorded with the cash reserves to pay these claims in the accounting services fund.

The State Workers Compensation Self-Insurance Fund ((State Self-insurance Fund (SSIF)) is self-insured and self-administered for providing workers' compensation coverage to the State's employees. The agencies make contributions to the SSIF to cover projected losses and net expenses. The SSIF also maintains a partial reserve to reduce the likelihood of additional required contributions due to adverse loss experience. The liability represents results from an annual actuarial study for claims reported but unpaid plus an estimate for claims incurred but not reported.

The remaining risk management activities of the State are included in the State General Fund. The State has not encountered difficulty in resolving past losses by using resources available at the time the loss occurred.

The Tort Claims Fund (TCF) provides payment of compromises, settlements, and final judgments arising from claims against the State or an employee of the State under the Kansas Tort Claims Act, and costs of defending the State or an employee. When the balance in the TCF is insufficient to pay a claim, a transfer is made from the State General Fund to the TCF. The maximum claim liability allowed under the Kansas Tort Claims Act is $500,000 per occurrence or accident. At June 30, 2021, there were no material claims incurred but unpaid.

The statewide policy has a limit of $100,000,000 per occurrence for most buildings except flood and earthquake, which are applied as annual aggregates separately to each peril, and a deductible of $5,000,000 per occurrence for most buildings. For the four buildings in the Capitol Complex, the limit is $200,000,000 per occurrence. The self-insurance program for personal and real estate property loss represents an estimate of amounts to be paid from currently expendable available financial resources.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payments), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

IV. Other Information

The following table presents the changes in claims liability balances (both current and non-current) during the current fiscal year ended June 30, 2021 (expressed in thousands):

	Claims Liability Beginning balance	Plus: Current Year Claims and Changes Estimate	Less: Claim Payments	Claims Liability Ending balance	Non-Current - Liability	Current Liability
Current Fiscal Year						
State Self-Insurance Fund	$ 56,702	$ 7,402	$ (10,397)	$ 53,707	$ 46,669	$ 7,038
Health and Dental Care Claims	21,097	383,569	(377,687)	26,979	46	26,933
Post Employment Health and Dental Claims	301	8,659	(8,529)	431	0	431
Total	$ 78,100	$ 399,630	$ (396,613)	$ 81,117	$ 46,715	$ 34,402
Prior Fiscal Year						
State Self-Insurance Fund	$ 59,188	$ 10,734	$ (13,220)	$ 56,702	$ 48,302	$ 8,400
Health and Dental Care Claims	24,992	355,662	(359,557)	21,097	64	21,034
Post Employment Health and Dental Claims	404	8,006	(8,109)	301	3	299
Total	$ 84,584	$ 374,402	$ (380,886)	$ 78,100	$ 48,369	$ 29,733

Notes:

1. Claims liability ending balance is based on Actuary IBNR modeling estimates using claims lag data through June 30, 2021.
2. Future projections of claims liabilities are only estimates. All estimates, based upon the information available at a point in time to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate.
3. IBNR includes 2% expense load and 3.5% margin for State Self Insurance Fund. The IBNR for Medical Plan uses trend at 5.5% for medical, 3% for Dental and 8.5% for prescription drugs.
4. Non-current liability represents the remaining IBNR reserve for the prior fiscal year.

C. Contingencies and Commitments

Litigation

The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings and other alleged violations of State and Federal laws. Known claims, asserted and unasserted, have been evaluated for the likelihood of an unfavorable outcome and estimates have been made regarding the amount or range of potential loss in the event of an unfavorable outcome. After review, it is the State's opinion that its ultimate liability in these cases, if any, is not expected to have a material adverse effect on the financial position of the State, except for cases below.

Bicknell v. KDOR. This is an individual income tax case pending before the Kansas Court of Appeals in which Kansas Department of Revenue (KDOR) is seeking reversal of a decision by the District Court of Crawford County. The taxpayer had filed suit in that court seeking to overturn a decision of the Board of Tax Appeals in which the Board had upheld a decision of the Department of Revenue that the taxpayer was a resident of the state of Kansas for tax years 2005 and 2006 and therefore subject to Kansas individual income tax. KDOR had assessed the taxpayer after it determined that the taxpayer was a resident of Kansas for those years, which were the two tax years involved in that particular audit period. The taxpayer claimed Florida residency, a state with no income tax and maintained he was not a Kansas resident during that audit period, and therefore not subject to Kansas individual income tax.

The Court of Tax Appeals upheld KDOR's assessment, and the taxpayer appealed to the Kansas Court of Appeals. The Kansas Court of Appeals vacated the decision of the Court of Tax Appeals (the name was later changed to the Board of Tax Appeals) and remanded the case back to the Board for further findings. As stated above, the Board of Tax Appeals upheld the assessment, and the taxpayer then appealed that decision to the District Court of Crawford

IV. Other Information

County, where he prevailed. KDOR appealed to the Kansas Court of Appeals, where the case awaits oral arguments. Following a decision by the Kansas Court of Appeals, the matter is likely to be appealed to the Kansas Supreme Court.

The taxpayer had remitted $48.5 million in tax, interest and penalty. If the taxpayer ultimately prevails in this matter, he would be entitled to a refund of that amount, plus accrued interest and possibly attorney fees. Currently, the tax and interest refund total would be approximately $65.4 million. The taxpayer's chances of success are reasonably possible. The State has recorded a liability for $65.4 million related to this case.

Kansas SAFE Act, Kansas Secretary of State, The State is currently involved in two cases that challenge the Kansas SAFE Act. The cases are currently through the appeals process. A liability of $1.9 million has been recorded by the state.

Thomas Edward Blumer v. State of Kansas, Case 2019-CV-720, District Court of Shawnee County, Kansas. The plaintiff claims that the end of the fiscal year fee sweep of the Kansas Securities Fee Fund in excess of the costs of operating the Kansas Securities Commission is a violation of both Article 11 of the Kansas Constitution and the commerce clause and the Fourteenth Amendment of the United States Constitution. The suit seeks termination of future excess fee sweeps from the Fund as well as repayment to the fund of the excess fee sweeps for fiscal year 2017, fiscal year 2018, and fiscal year 2019 plus prejudgment interest and attorney fees. A settlement of the case has been reached and received preliminary approval by the court on June 21, 2021. Settlement calls for internal reassignment of $3 million and an agreement not to contest the attorney fee of $3 million. K.S.A. 17-12a-601 was amended to reflect no money shall be transferred from securities act fee fund to SGF. The resulting reduction in SGF revenue from transfers was $13.5 million in fiscal year 21 and will be $12.99 million in fiscal year 22. A $3 million liability has been recorded by the state.

Samuel Lee Dartez II v. Rick Peters, et al., US District Court for the District of Kansas. This is a federal civil rights lawsuit filed pursuant to 42 U.S.C. § 1983 against 14 employees of the Kansas Highway Patrol who are alleged to have violated the plaintiff's constitutional right under the 4th Amendment. No settlement has been reached in the case and the allegations made by the plaintiff are being vigorously defended. It is reasonably possible that some amount over $1,000,000 could be awarded.

Kansas Board of Regents, Kansas State University, University of Kansas, and Wichita State University – multiple cases,

Clingan v. Kansas Board of Regents and Wichita State University, in the District Court of Shawnee County, Kansas, Case No. 2020-CV-000290.

Neff v. University of Kansas, in the District Court of Douglas County, Kansas, Case No. 2020-CV-144.

Honeychurch v. University of Kansas and Kansas Board of Regents in the District Court of Douglas County Kansas, Case No. 2020-CV-243.

Minjarez-Almeida et al. v. Kansas Board of Regents and Kansas State University, in the District Court of Shawnee County, Kansas, Case No. 2020-CV-000378 consolidated with Plank v. Kansas State University and Kansas Board of Regents, in the United States District Court for the District of Kansas, Case No. 2020-CV-2335.

In these cases, plaintiffs seek injunctive relief and damages for a pro-rated portion of tuition and fees proportionate to the amount of time that remained in the Spring Semester 2020, or a pro-rated refund of dining plan fees and other university fees proportionate to the amount of time that remained in the Spring Semester 2020, when classes moved online and utilization of campus services was restricted because of COVID-19. The Office of Attorney General has retained outside counsel and intends to vigorously defend the cases. At the present time the chance of loss is uncertain.

IV. Other Information

BlueMark energy, LLC ("BlueMark") v. University of Kansas School of Medicine and University of Kansas Medical Center, Case No. 2021-CV-000183. KUMC and the Wichita campus have not paid $1.3 million due from the February 2021 bills on the basis that the prices were above the price caps imposed by the Kansas Anti-Profiteering Statute, K.S.A. 50-6,108. No trial date has been set. The likely outcome and damages cannot be estimated at the time.

BlueMark energy, LLC ("BlueMark") v. Kansas State University. KSU has not paid $3.7 million due from the February 2021 bills on the basis that the prices were above the price caps imposed by the Kansas Anti-Profiteering Statute, K.S.A. 50-6,108. No trial date has been set. The likely outcome and damages cannot be estimated at this time.

Navigate Marketing, Inc. v. University of Kansas, Case No. 2020-CV-000281. Plaintiff claims breach of contract for unpaid invoices and claims commissions totaling $3.1 million. The University intends to vigorously contest the allegations. This case is in the early stages of litigation. The likely outcome and damages cannot be estimated at this time.

M.B. and S.E., et al. v. Laura Kelly, et al., in the United States District Court for the District of Kansas, Case No. 18-CV-2617-JWL-GEB. This case involves a federal civil rights action against the Governor, Secretary of the Department for Children and Families, Secretary of the Department of Health and Environment, and the Secretary of the Department for Aging and Disability Services alleging the improper care and treatment of children who have been or will be placed into foster care in the protective custody of the Department for Children and Families (DCF). The Office of the Attorney General retained outside counsel, and through counsel has vigorously defended the case. Upon a Motion to Dismiss, Governor Kelly was dismissed as a defendant by the Court in June 2020. Later in June the parties reached a mediated settlement that does not require the expenditure of material funds other than what DCF has budgeted for in its current budget. The plaintiffs have requested nearly $4 million in attorney fees and expenses. The state defendants have vigorously contested the request and are awaiting decision of the court. The State has recorded a liability for $4 million related to this case.

Floyd Bledsoe v. Jefferson County, et al., in the United States District Court for the District of Kansas, Case No. 16-CV-2296-DDC-GLR. This case alleges Kansas Bureau of Investigation conspired to fabricate evidence and deliberately conceal evidence in a murder case. The Office of the Attorney General continues to vigorously defend the case. It is unlikely that there will be any potential for loss for the remainder of the Fiscal Year 2022.

Department of Administration and Internal Revenue Service, Department of the Treasury. The Internal Revenue Service notified that State of Kansas-Payroll Services owes a penalty for failure to timely make federal tax deposits and filings that were due in the first calendar quarter of 2021 (January 1, 2021 through March 31, 2021). The payments were 3 to 11 days late. The payment has not been paid and continues to accrue interest. It is anticipated that the State will receive additional penalty notices from the IRS for last three calendar quarters of 2020. In addition, an abatement is being processed for the 2021 first quarter, however, the exact amount of penalties and abatements are not known at this time. The state has recorded a liability of $8.0 million related to these penalties.

Unclaimed Property

Unclaimed property is remitted to the General Fund where it can be used by the State until it is claimed. The State Treasurer has the authority to take possession of specified types of abandoned personal property and become custodian in perpetuity which preserves the right of the original owner or other persons to claim the property. The Unclaimed Property Division of the Kansas State Treasurer's office seeks to return various forms of unclaimed property to the rightful owner or heirs. In the current year, a liability in the amount of $219.7 million has been recorded for estimated claims.

IV. Other Information

Federal Financial Assistance

The State receives significant financial assistance from the Federal government in the form of grants and entitlements, including several non-cash programs. The receipt of grants is generally dependent upon compliance with terms and conditions of the grant agreements and applicable Federal regulations. Grants are subject to the Federal Single Audit Act or to financial and compliance audits by grantor agencies. Disallowances by Federal officials as a result of these audits may become liabilities of the State.

D. Pollution Remediation

The Governmental Accounting Standards Board Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations" requires the State to record any known pollution remediation for which it is legally responsible. When the State has not been able to reasonably estimate the liability amount, a disclosure has been made.

Oil Well Plugging

Legislation requires the Kansas Corporation Commission (KCC) to prepare and maintain an inventory of all abandoned wells with a special focus on wells which, (1) the State has assumed the plugging liability because of the lack of a potentially responsible party; and (2) pose either an ongoing or potential threat to the environment. The number of known wells needing to be plugged in the future is expected to increase as more wells are discovered in remote areas and also as KCC develops a more refined well inventory process. The fiscal year 2021 pollution remediation liability is estimated at $43.12 million. No recoveries for these well pluggings are expected.

Superfund Program Obligations

The Kansas Department of Health and Environment (KDHE) is contractually obligated to perform or fund remediation within the Superfund Program. A number of sites in the State fall within the jurisdiction of the U.S. Environmental Protection Agency (EPA) under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), also known as Superfund. These sites have been scored and placed on the National Priority List (NPL). The NPL is the listing of the most severely contaminated sites in the nation that have been identified for possible long-term cleanup.

The NPL sites are addressed through a lengthy process, generally under the direct supervision of the EPA with active State participation. Some of these sites are "orphan" sites, that is, there is not an identified responsible party. Remedial activities at these orphan sites are funded with Federal Superfund monies. Two of the CERCLA requirements have significant impact on the State financial obligations. One is the ten percent State cost share of remedial design and remedial action at Superfund financed sites. The other is the requirement that the State assume responsibility and financial burden for the long-term operation and maintenance (O&M) of the site.

After the formal process to list a site on the NPL is completed, the EPA develops a design for remediation of the site that provides the proposed costs of implementation of the remedial action including the long-term O&M for the site. The State has signed a contract with EPA obligating the State to provide the ten percent match and perform the long-term O&M for the site. While the actual cost is somewhat hard to anticipate, a cost schedule is projected with the proposed cost share and O&M estimates. The State has estimated $28.27 million in liabilities for the Superfund Program over the next ten years for known pending remedial action and O&M. The State currently does not have any current state match liabilities associated with existing contracts for expenses incurred prior to state fiscal year 2022.

IV. Other Information

State Water Plan Orphan Sites Program

KDHE also operates an orphan sites program to perform remedial activities at sites where a responsible party cannot be identified and other State or Federal programs are not available to fund those remedial activities. There are approximately 133 contaminated sites across the State included in this orphan sites program. Due to limited funding, KDHE has prioritized the sites that pose the greatest threat to the public health and/or the environment. Prioritization was historically necessary because of limited funding for the program. Historically, the State Water Plan (SWP) – Contamination Remediation Fund was the primary source of funding allocated to address environmental contamination issues at these orphaned sites. Kansas passed legislation in 2015 that created the Environmental Stewardship Fund (ESF). The ESF will also be used to address sites in the Orphan Sites Program. While most of these sites are not Superfund-caliber sites that could be worked by the EPA, many still pose a substantial risk to the water supplies and/or public health of many Kansas communities.

The State Water Plan and Environmental Stewardship Fund will be the primary source of funding to provide the ten percent State cost share and perform O&M requirements for NPL sites as well as to address environmental contamination issues identified at orphan sites. The annual budget for the SWP fund contains funding for both agency costs, payments to EPA for state cost share and contractual cost. It is difficult to predict what the future costs for the State Water Plan will be, however, the State has recorded a liability for $0.84 million which is the amount known to be budgeted in fiscal year 2022 for this program.

State Fee Funded Programs

KDHE obtains State and Federal funds for regulatory programs to address corrective action from specific types of pollution sources. While some of these programs provide funding to reimburse responsible parties for their approved cost of corrective action, the State is only obligated to reimburse costs if prior approval is obtained and the State program has funding available.

The Storage Tank Act establishes two separate Trust Funds to assist owners and operators of storage tanks with the cost of remedial actions. Both funds are designed to provide financial assistance to owners and operators of facilities where contamination from petroleum storage tanks has occurred. The Trust Funds are financed from a $.01 fee placed on each gallon of petroleum (except aviation fuel) product manufactured in or imported into the State. The funds will be abolished on July 1, 2034, by the sunset provision unless reenacted by the Legislature.

To date, 2,282 sites have been approved to receive reimbursement of approved costs under the Underground Storage Tank (UST) fund identified in K.S.A. 65-34,114.

In addition to providing reimbursements of approved cost, the statute contains a provision that allows KDHE's secretary to take whatever emergency action is necessary or appropriate to assure that the public health or safety is not threatened whenever there is a release or potential release from an underground petroleum storage tank and to permit the secretary to take corrective action where the release or potential release presents an actual or potential threat to human health or the environment, if the owner or operator has not been identified or is unable or unwilling to perform corrective action, including but not limited to providing for alternative water supplies.

IV. Other Information

The annual budget for the UST fund contains funding for both agency costs and contractual cost which include funding for reimbursements of applicants and the direct payment of contractors who perform both emergency response activities and corrective actions at the sites. The exact amount of future costs is unknown. The State has recorded a liability of $10.1 million for UST fund activities which represents the amount budgeted for fiscal year 2021. A similar reimbursement fund has been created for Aboveground Petroleum Storage Tanks (AST). To date, 203 sites have been approved to receive reimbursement of approved costs under the AST fund identified in K.S.A. 65-34,129.

The annual budget for the AST fund contains funding for both agency costs and contractual cost which include funding for reimbursements of applicants and the direct payment of contractors who perform both emergency response activities and corrective actions at the sites. The exact amount of future costs is unknown. The State has recorded a liability of $0.86 million for AST fund activities which represents the amount budgeted for fiscal year 2021.

Kansas Drycleaner Environmental Response Act

The Kansas Drycleaner Environmental Response Act established a trust fund described in K.S.A. 65-34,146. The Kansas Dry Cleaning Trust Fund (KDTF) is a State-led corrective action program to provide funding for implementation of the Kansas Drycleaner Environmental Response Act. Money in the KDTF is expended for direct costs for administration and enforcement of the Kansas Drycleaner Environmental Response Act and corrective action at contaminated retail dry cleaning facilities.

There are currently 186 sites approved for corrective action under the KDTF. The corrective action at these sites is performed based on a site prioritization system and the agency is not liable for costs of corrective action in excess of the $5 million cap at each site or in excess of the funding available to the program. The annual budget for the KDTF contains funding for agency and contractual cost. An estimate of future costs is unknown, however, the State has recorded a liability of $0.40 million for the Drycleaner Environmental Response Program. This amount represents the amount currently budgeted for future corrective action.

Kansas State University – Old Chemical Waste Landfill

A chemical waste landfill was created with approval of the U.S. Atomic Energy Commission and utilized from the mid-1960's to 1987 as a burying ground for tritium, carbon-14 and other short-lived radioactive elements. The university also disposed of some chemicals at the site from 1979 to 1983. The Kansas Board of Regents approved the plan to clean up the site, which commenced in fiscal year 2011 and was completed as of July 2012. Monitoring groundwater, sampling and reporting will continue as mandated by KDHE.

Kansas State University – Ashland Bottoms

Seven monitoring wells have been installed and a quarterly sampling schedule is in effect related to the removal of diesel and gasoline underground storage tanks at the Ashland Bottoms Agronomy farm in Riley County. All remediation costs are covered by the State through the KDHE Petroleum Storage Tank Trust Fund, less a $4,000 deductible which has been paid by the University.

IV. Other Information

E. Other Post-Employment Benefits

*Plan Description***.** The State participates in an agent multiple-employer defined benefit other post-employment benefit (OPEB) plan which is administered by KPERS. The Plan provides long-term disability benefits and life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-4927. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. Because the trust's assets are used to pay employee benefits other than OPEB, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the plan.

Benefits provided:

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver premium provision.

Long-term disability benefit: Monthly benefit is 60 percent of the member's monthly compensation, with a minimum of $100 and 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, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability occurs after age 60, benefits are payable while disability continues, for a period of 5 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 term of the disability or 24 months per lifetime, whichever is less. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of living increase.

Group life waiver of premium benefit: Upon the death of an employee who is receiving monthly disability benefits, the plan will pay a lump-sum benefit to eligible beneficiaries. The benefit amount will be 150 percent of the greater of the member's annual rate of compensation at the time of disability of the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for 5 or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price before the life insurance benefit is computed. The indexing is based on 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 percent 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 life insurance plan.

Members covered by benefit terms. At June 30, 2021, the following members were covered by the benefit terms:

	Primary Government		
	Employer	Nonemployer	Component Units
Inactive employees or beneficiaries currently receiving benefit payments	390	98	166
Active employees	17,914	12,250	16,015
	18,304	12,348	16,181

IV. Other Information

Total OPEB Liability

At June 30, 2021, the State reported a total OPEB liability as follows (in thousands):

	Primary Government		Component
Total OPEB liability	**Employer**	**Nonemployer**	**Units**
	$ 40,209	$ 11,032	$ 32,775

The total OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise noted:

Price inflation	2.75 percent
Payroll growth	3 percent
Salary increases, including inflation	3.50 to 10 percent, including price inflation
Discount Rate	2.21 percent
Healthcare cost trend rates	Not applicable for the coverage in this plan
Retiree share of benefit cost	Not applicable for the coverage in this plan

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

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustment for mortality improvements based on Scale MP-2020.

The actuarial assumptions used in the June 30, 2020 valuation were based on actuarial experience study for the three-year period beginning January 1, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2019 KPERS pension valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability		
	Primary Government		
	Employer	**Nonemployer**	**Component Units**
Balance at fiscal year-end 6/30/20	$ 39,169	$ 10,655	$ 34,250
Changes for the year:			
Service cost	3,965	1,115	6,886
Interest	1,438	390	1,405
Effect of economic/demographic gains or losses	(2,064)	(318)	(8,636)
Effect of assumptions changes or inputs	1,857	470	889
Benefit payments	(4,156)	(1,280)	(2,019)
Net changes	1,040	377	(1,475)
Balance at fiscal year-end 6/30/21	$ 40,209	$ 11,032	$ 32,775

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate decreased from 3.50 percent on June 30, 2019 to 2.21 percent on June 30, 2020.

IV. Other Information

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Primary Government:			
Employer's total OPEB liability	$ 41,511	$ 40,209	$ 38,805
Nonemployer's total OPEB liabilty	11,403	11,032	10,647
Component Unit:			
Component Unit's total OPEB liability	33,404	32,775	31,867

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS. Therefore, there is no sensitivity to a change in healthcare trend rates.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the State recognized OPEB expense as follows (in thousands):

	Primary Government		Component Units
	Employer	Nonemployer	
OPEB expense	$ 4,615	$ 1,348	$ 6,366

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Primary Government				Component Units	
	Employer		Nonemployer			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 25	$ 6,461	$ 0	$ 1,308	$ 1,180	$ 16,276
Changes in assumptions	2,114	1,086	538	293	1,165	748
Benefit payments subsequent to the measurement date	3,718	0	1,280	0	2,054	0
Total	$ 5,857	$ 7,547	$ 1,818	$ 1,601	$ 4,399	$ 17,024

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling $7.1 million consist of payments made to KPERS for benefits and administrative costs, and will be recognized as a reduction in the total OPEB liability during the year ended June 30, 2022. Other amounts reported as deferred outflows of sources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

IV. Other Information

Year ended June 30:	Primary Government		Component Units
	Employer	Nonemployer	
2022	$ (788)	$ (157)	$ (1,878)
2023	(788)	(157)	(1,878)
2024	(788)	(157)	(1,878)
2025	(788)	(157)	(1,878)
2026	(788)	(157)	(1,878)
Thereafter	(1,468)	(278)	(5,289)
	$ (5,408)	$ (1,063)	$ (14,679)

Summary of Component Unit OPEB Plans

Certain component units have their own individual OPEB plans. Details on these plans can be found in their separately issued financial statements by contact information located in Note I. As of June 30, 20121, the combined component unit OPEB plans total OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense associated with these plans are summarized below:

	2021
Total OPEB liability	$ 39,195
Deferred outflows of resources	5,428
Deferred inflows of resources	17,581
OPEB expense	6,833

F. Employee Retirement Systems and Pension Plans

Special Funding Situation

The employer contributions for non-public school district schools, as defined in K.S.A. 74-4931 (2) and (3), are funded by the State on behalf of these employers. Therefore, these employers, area vocational-technical schools and community junior colleges, are considered to be in a special funding situation as defined by GASB 68. The State is treated as a nonemployer contributing entity in the Kansas Public Employees Retirement system (KPERS). As a result, the State reports a liability, deferred outflows of resources and deferred inflows of resources, and expenses as a result of its statutory requirement to contribute to KPERS. Amounts disclosed below for "Nonemployer" are associated with this special funding situation.

General Information about the Pension Plan

Plan description: The State participates in 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 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

IV. Other Information

Benefits provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), 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" (Police and Firemen' normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

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. 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 percent 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 member employees and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 years 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 contributions 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 percent of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15 percent of covered salary. 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, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.00 percent contribution rate for the Death and Disability Program) and the statutory contribution rates for Fiscal Year 2020 are as follows:

IV. Other Information

	Actuarial employer rate	Statutory employer capped rate
State employees	9.49%	14.41%
School employees	16.15	14.41
State/School employees (combined rate)	14.74	14.41
Local government employees	8.61	8.61
Police and Firemen	21.93	21.93
Judges	18.65	18.65

The actuarially determined employer contribution rate (not including the one percent contribution rate for the Death and Disability Program) and the statutory contribution rates for Fiscal Year 2021 are as follows:

	Actuarial employer rate	Statutory employer capped rate
State employees	9.22%	14.23%
School employees	15.59	14.23
State/School employees (combined rate)	14.23	14.23
Local government employees	8.87	8.87
Police and Firemen	21.93	21.93
Judges	17.26	17.26

Contributions to the pension plan from the State were as follows (in thousands):

	Primary Government		Component Units
Year Ended June 30:	Employer	Nonemployer	
2021	$ 140,969	$ 72,864	$ 19,922
2020	142,035	74,432	21,242

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the State reported a liability for its proportionate share of the KPERS' collective net pension liability as follows (in thousands):

	Primary Government		Component Units
	Employer	Nonemployer	
Net pension liability	$ 1,480,651	$ 780,423	$ 223,458

IV. Other Information

The collective net pension liability was measured by KPERS as of June 30, 2020, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The State's proportion of the collective net pension liability was based on the ratio of the State's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the respective subgroup within KPERS for the fiscal year ended June 30, 2020. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2020, the State's proportion and increase (decrease) from its proportion measured as of June 30, 2019 were as follows:

	Proportion as of June 30, 2020	Increase (decrease) in proportion from June 30, 2019
Primary Government Employer:		
State/School group	17.995%	0.727
KP&F	8.184	0.379
Judges	100.000	0.000
Nonemployer	10.445	(0.136)
Component Units		
State/School group	2.517	(0.154)
KP&F	1.622	0.121
Local group	0.892	(0.050)

For the year ended June 30, 2021, the State recognized pension expense as follows (in thousands):

	Primary Government		
	Employer	Nonemployer	Component Units
Pension expense	$ 168,801	$ 88,038	$ 13,920

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Primary Government					
	Employer		Nonemployer		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 21,677	$ 18,756	$ 10,868	$ 8,578	$ 3,461	$ 2,266
Net difference between projected and actual earnings on pension plan investments	137,057	0	69,145	0	20,403	0
Changes in proportionate share	50,450	39,082	5,151	12,482	2,410	32,694
Changes in assumptions	80,857	0	39,852	0	11,916	0
Contributions subsequent to measurement date	140,969	0	72,864	0	19,922	0
Total	$ 431,010	$ 57,838	$ 197,880	$ 21,060	$ 58,112	$ 34,960

IV. Other Information

The $233.8 million reported as deferred outflows of resources related to pensions resulting from the State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Primary Government		
Year ended June 30:	**Employer**	**Nonemployer**	**Component Units**
2022	$ 39,063	$ 20,711	$ (5,163)
2023	59,455	27,976	(750)
2024	69,893	29,967	3,409
2025	60,676	24,464	5,523
2026	3,116	838	211
	$ 232,203	$ 103,956	$ 3,230

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Wage inflation	3.25 percent
Salary increases, including wage increases	3.25 to 11.75 percent, including inflation
Long-term rate of return net of investment expense, and including price inflation	7.50 percent

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted for the three year period beginning January 1, 2016.

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study were as follows:

- Investment return assumption was lowered from 7.75 percent to 7.50 percent
- General wage growth assumption was lowered from 3.50 to 3.25 percent
- Payroll growth assumption was lowered from 3.00 percent to 2.75 percent

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 and by adding expected inflation. 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:

IV. Other Information

Asset Class	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	9.50
Private Real Estate	11	4.45
Yield Driven	8	4.70
Real Return	11	3.25
Fixed Income	11	1.55
Short Term Investments	4	0.25
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.50 percent. 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 State/School employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The statutory cap for the State fiscal year 2020 was 1.2 percent. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in the future. 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 State's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the State's proportionate share of the collective net pension liability calculated using the discount rate of 7.50 percent, as well as what the State's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Primary Government:			
Employer's proportionate share of the collective net pension liability	$ 1,974,526	$ 1,480,651	$ 1,064,145
Nonemployer's proportionate share of the collective net pension liability	1,034,790	780,423	565,971
Component Unit:			
Component Unit's proportionate share of the collective net pension liability	298,406	223,458	160,343

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

IV. Other Information

Other Retirement Plans

Faculty and other eligible unclassified professional employees of the Board of Regents (Regents) office and State universities must participate in the Regents' mandatory retirement plan. Authorized by statute, this 403(b) defined contribution plan is funded through contributions by the employees and the employer (the Regents office or the State University). Employees are required to serve a one-year waiting period before becoming eligible to participate in the plan, but participation can begin earlier if certain waiver provisions are met. The contributions and earnings are fully vested with the first contribution.

Employees participating in the Regents' mandatory retirement plan are required to contribute 5.5 percent of their salary, up to the maximum dollar amount permitted by the Internal Revenue Code. During fiscal year 2021, employees contributed approximately $53.42 million. During fiscal year 2021, the 8.5 percent employer contribution totaled approximately $83.16 million, representing covered wages of approximately $970 million. These employees, along with employees who participate in the KPERS retirement program, may also elect to participate, up to the maximum dollar amount permitted by the Internal Revenue Code, in the Regents' voluntary retirement plan, which allows the member to purchase a 403(b) contract to supplement the mandatory retirement plan. All employees, as well as student employees, also may elect to participate, up to the maximum dollar amount permitted by the Internal Revenue Code, in the State's 457 deferred compensation program, to supplement their retirement savings.

The retirement plan for the School for the Blind and the School for the Deaf are also covered by KPERS in the 401(a) defined benefit plan. The KPERS employee rate is 6 percent for Tier I, Tier II and III members. The employer rate is 14.23 percent.

G. Related Party Transactions

The Kansas Legislature annually appropriates state general fund dollars to the Regent Institutions comprising the State University System (University of Kansas, including the University of Kansas Medical School, Kansas State University, Wichita State University, Emporia State University, Pittsburg State University, and Fort Hays State University). During fiscal year 2021 expenditures from these appropriations amounted to $823.0 million and are recorded within the General fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.

These expenditures, along with a corresponding recognition of revenue, are also reported within the State University System in order to accurately reflect all financial activity of the Combining Statement of Activities - Component Units.

H. Subsequent Events

Bonds and Notes

Short-term Debt

Accrued Receivables for Children's Initiatives Fund – In July 2021, receivables were posted to the State Treasurer's receivables for the Children's Initiatives Fund in the amount of $25.9 million per House Bill No. 2007, Section 56(q), Session of 2021. See Note III, Section H, Short-term Obligations, for additional information.

Accrued Receivables for Economic Development Initiatives Fund – In July 2021, receivables were posted to the State Treasurer's receivables for the Economic Development Initiatives Fund in the amount of $31.9 million per House Bill No. 2007, Section 56(h), Session 2021. See Note III, Section H, Short-term Obligations, for additional information.

IV. Other Information

Accrued Receivables for Correctional Institutions' Building Fund – In July 2021, receivables were posted to the State Treasurer's receivables for the Correctional Institutions' Building Fund in the amount of $4.0 million per House Bill No. 2007, Section 56(i), Session 2021. See Note III, Section H, Short-term Obligations, for additional information.

Accrued Receivables for Kansas Endowment for Youth Fund – In July 2021, receivables were posted to the State Treasurer's receivables for the Kansas Endowment for Youth Fund in the amount of $0.19 million per House Bill No. 2007, Section 56(r), Session 2021. See Note III, Section H, Short-term Obligations for additional information.

Accrued Receivables for Expanded Lottery Act Revenues Fund – In July 2021, receivables were posted to the State Treasurer's receivables for the Expanded Lottery Act Revenues Fund in the amount of $87.8 million per House Bill No. 2007, Section 56(p), Session 2021. See Note III, Section H, Short-term Obligations for additional information.

Accrued Receivables for Ad Valorem Taxes – In July 2021, receivables were posted to the State Treasurer's receivables in the amount of $37.6 million for the Kansas Educational Building Fund per K.S.A. 76-6b11. See Note III Section H, Short-term Obligations, for additional information.

Accrued Receivables for Ad Valorem Taxes – In July 2021, receivables were posted to the State Treasurer's receivables in the amount of $18.5 million for the State Institutions Building Fund per K.S.A. 76-6b11. See Note III Section H, Short-term Obligations, for additional information.

Revenue Bonds – In July 2021, the Kansas Development Finance Authority issued its Series 2021L bonds for Wichita State University in the amount of $65.2 million for the purpose of refunding 2013F and new money for the construction and equipping of a new convergence science building. The bonds were issued with interest rates ranging from 2.00% to 5.00% and a maturity date of June 1, 2051.

In August 2021, the Kansas Development Finance Authority issued its Series 2021J bonds for the Kansas State Fair Expo Center Renovation in the amount of $1.2 million. The bonds were issued with interest rates of 1.75 % and a maturity date of May 1, 2028.

In August 2021, the Kansas Development Finance Authority issued its Series 2021K bonds for $505 million for the purpose of providing a deposit in the amount of $500 million to the Kansas Public Employees Retirement System for funding a portion of the unfunded actuarial pension liability of KPERS. The bonds were issued with interest rates ranging from .21% to 2.77%. and a maturity date of May 1, 2051.

In August 2021, the Kansas Development Finance Authority issued its Series 2021P bonds for $38.9 million for the purpose of refunding Series 2013A bonds. The bonds were issued with interest rates ranging from 2.00% to 5.00% and a maturity date of May 1, 2033.

IV. Other Information

I. Economic Condition

The Consensus Revenue Estimating Group met on November 10, 2021, to revise State General Fund revenue estimates for fiscal year 2022 and make its first official assessment of fiscal year 2023.

For fiscal year 2022, the estimate was increased by $1.308 billion, or 17.3 percent, above the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The estimate for total taxes was increased by $1.298 billion, while the estimate for other revenues was increased by $10.1 million. The revised estimate of $8.870 billion represents a negligible increase above final fiscal year 2021 receipts. The fiscal year 2021 revenues included receipts shifted from fiscal year 2020 attributable to extensions of tax filing and payment deadlines.

The initial estimate for fiscal year 2023 is $9.048 billion, which is $177.9 million, or 2.0 percent, above the newly revised fiscal year 2022 figure. Various factors influencing this change in revenues in addition to the state of the economy include net change in transfers out of the State General Fund based on current statutory requirements for fiscal year 2023. The amount of total taxes is estimated to increase by 3.2 percent in fiscal year 2023, following a negligible increase in fiscal year 2022.

***The tool used by both the Governor and the Legislature to determine State General Fund revenue is the "consensus revenue estimate" prepared by the Consensus Revenue Estimating Group. This group is composed of representatives of the Division of the Budget, Department of Revenue, Legislative Research Department, and one consulting economist each from the University of Kansas, Kansas State University, and Wichita State University. This group meets each spring and fall. Before December 4th, the group makes its initial estimate for the budget year and revises the estimate for the current year. By April 20th, the fall estimate is reviewed, along with any additional data. A revised estimate is published, which the Legislature may use in adjusting expenditures, if necessary.

J. COVID-19

In December 2019, a novel strain of coronavirus (which leads to the disease known as “COVID-19”) was discovered in Wuhan, China. Since that date, the virus has spread throughout the world and has been characterized by the World Health Organization as a pandemic. The impact of the COVID-19 pandemic on the U.S. economy is expected to be broad-based and to negatively impact national, state and local economies. In response to such expectations, President Trump on March 13, 2020 declared a “national emergency,” which among other effects allows the Executive Branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic impacts. A variety of federal, state and local government efforts have been initiated in response to the COVID-19 outbreak.

On March 6, 2020, Congress enacted the Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 (the “CPRSAA”). The CPRSAA provides $8.3 billion in emergency funding for federal agencies to respond to the COVID-19 outbreak. On March 18, 2020, the Families First Coronavirus Response Act (the “FFCRA”) was enacted to provide additional support for the domestic COVID-19 response. The FFCRA includes provisions for establishing a federal emergency paid leave program for individuals unable to work as a result of the COVID-19 outbreak, expanding state unemployment benefits, requiring employers to provide paid sick leave, providing diagnostic testing for COVID-19 free of charge to consumers, and providing liability protection for “respiratory protective devices” used as part of the COVID-19 response. On March 27, 2020, Congress enacted the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) to provide $2.2 trillion in emergency assistance to individuals and various businesses.

The State has taken various steps intended to respond to COVID-19, provide assistance to citizens, safeguard communities and protect public health. The spread of COVID-19 is unprecedented as it relates to the world economy, leading to increased uncertainty. As more accurate information on the nature and impact of COVID-19 becomes available, State economic forecasts will be adjusted to take into account current immediate trends to enable the State to anticipate the effects on the State economy.

IV. Other Information

On March 28, 2020, Governor Kelly issued Executive Order 20-16, making Kansas the 22nd state in the nation to institute a temporary, statewide stay-home order. The stay-home order expired on May 3, 2020 and Phase One of the State's reopening plan began on May 4, 2020.

Governor Kelly has taken several measures aimed at providing relief to individuals and businesses affected by the COVID-19 pandemic, including:

- Establishing the Strengthening People and Revitalizing Kansas ("SPARK") Taskforce and the Office of Recovery to coordinate disbursement of CARES Act moneys, including the State's $1.0 billion Coronavirus Relief Fund.

- Announcing the State Finance Council's approval of the SPARK Taskforce recommendation to distribute $400 million in funding from the Coronavirus Relief Fund to local Kansas governments. Under the first round of funding, each county receives resources based on their population, case rates, and unemployment rates. Funds will be provided to counties for both reimbursement and direct aid for eligible expenditures under the CARES Act.

- Announcing the State Finance Council's approval of the SPARK Taskforce recommendation of $254 million from the Coronavirus Relief Fund for public health, education and economic development proposals.

- Announcing the State Finance Council's approval of the SPARK Taskforce recommendation of $69 million from the Coronavirus Relief Fund to expand broadband access, provide reimbursements to state agencies for COVID-19 related operating expenses, and procure consulting services for meeting the accounting and compliance requirements of the Coronavirus Relief Fund.

- Announcing the State Finance Council's approval of a reimbursement for COVID-19-related costs for state agencies totaling $16.7 million, as well as fiscal year 2020 expenditures for the Office of Recovery.

- Calling for a Special Session to convene on June 3, 2020, to address certain emergency powers of the Governor during the COVID-19 pandemic. The Legislature did not take up the fiscal year 2021 budget during the Special Session. As a result, on June 29, 2020, Governor Kelly announced an allotment plan for fiscal year 2021. The plan included expenditure reductions totaling $437.5 million and revenue adjustments of $266.8 million for a total budget impact of $704.3 million. Of the total plan, $374.5 million in expenditure reductions were enacted on July 1, 2020. Of the expenditure and revenue adjustments proposed in the Governor's allotment plan that needed legislative approval, the 2021 Legislature approved expenditure and revenue adjustments totaling $107.0 million for fiscal year 2021 and paying $66.1 million in fiscal year 2022 for the Pooled Money Investment Board ("PMIB") bridge loan.

- Issuing a state disaster declaration to enable Kansas to provide certain services through the Kansas Division of Emergency Management, the Kansas Department of Health and Environment ("KDHE"), the Kansas National Guard and the federal government, including providing community-based testing under the State Emergency Response Plan, non-congregate shelters for positive and exposed persons who are essential workers, and delivering Personal Protective Equipment to hospitals, first responders and many more to combat the imminent threat of COVID-19 surges.

- Signing a compromise COVID-19 response bill, House Bill 2016, which amends the Governor's state of disaster emergency powers and allows the Legislature, through the State Finance Council, to engage in oversight of the pandemic response while not in session.

- Temporarily prohibiting certain foreclosures and evictions and prohibiting landlords from evicting residential tenants when defaults or violations of a rental agreement are caused by financial hardships due to COVID-19.

IV. Other Information

- Extending renewal deadlines for any occupational or professional license that has expired or will expire during the COVID-19 pandemic.

The State Finance Council has provided relief to the State during the COVID-19 pandemic in fulfillment of its responsibilities under House Bill 2016. In addition to the items listed above, the Council approved allocation of the Governor's Emergency Education Relief Fund to the Kansas Board of Regents and approved expenditures from other agency federal funds that receive grants for the purpose of federal COVID-19 relief.

Congress later passed two additional relief packages to battle the impacts of the COVID-19 pandemic; the Consolidated Appropriations Act was signed into law on December 27, 2020 (the "Consolidated Appropriations Act"), and the American Rescue Plan Act ("ARPA") was signed into law on March 11, 2021. While both packages extended many of the enhanced benefits created under earlier relief packages (i.e. enhanced unemployment, eviction moratoriums, etc.), ARPA had additional funding that was given directly to state and local governments as discretionary funds, giving states broad discretion over the use of the funds. Kansas anticipates receiving approximately $1.6 billion in direct funding at the state level, with an additional $1.0 billion being allocated to the local units of government within the state. Additionally, approximately $2.3 billion will be directly allocated to state agencies to assist in funding specific programs.

The 2021 Legislature created a new SPARK Executive Committee to oversee the disbursement of the $1.6 billion in direct state aid that was allocated to Kansas under ARPA. This committee is comprised of seven members, and has representation from the Legislature, the private sector, and the public sector. The SPARK Executive Committee will develop recommendations for how to best allocate these funds and will forward their final recommendations to the State Finance Council, who has the authority to approve all expenditures. Of the $1.6 billion in direct state aid, the Legislature has already committed up to $500 million to be deposited into the unemployment insurance trust fund, as a way to replenish that account and to mitigate the impact to the calendar year 2022 rate structure for businesses.

On November 10, 2021, the State's Consensus Revenue Estimating Group ("Consensus Revenue Group") increased the overall estimate for fiscal year 2022 to $8.9 billion, which is $1.3 billion, or 17.3%, above the fiscal year 2022 estimate made last April. For fiscal year 2023, total receipts of $9.0 billion are estimated.

Real Kansas Gross State Product ("GSP"), which measures the cumulative economic output of the State's economy, is estimated to increase by 5.7% in calendar year 2021, increase by 3.6% in calendar year 2022, and increase by 2.5% in calendar year 2023. By comparison, the April estimate showed the GSP increasing by 4.7% in calendar year 2021, 3.7% in calendar year 2022, and 2.1 % in calendar year 2023. Real Kansas Personal Income ("KPI"), a measure of the economic well-being of Kansas residents from all income that they receive, is expected to increase by 5.7% in calendar year 2021, increase by 3.6% in calendar year 2022, and increase by 2.5% in calendar year 2023. By comparison, the April estimate showed KPI increasing by 5.5% in calendar year 2021, increasing by 3.7% in calendar year 2022, and increasing by 2.1% in calendar year 2023.

Current estimates indicate that the overall Kansas unemployment rate which was 5.9% in calendar year 2020, is expected to decrease to 3.9% in calendar year 2021, decrease to 3.5% in calendar year 2022, and decrease to 3.4% in calendar year 2023.

According to the October labor market report, which is the most recent report from the Kansas Department of Labor, the unemployment rate was 3.9%, which is unchanged from 3.9% in September. For the week ending November 13, there were 5,506 continued claims for regular state benefits. The federal unemployment programs ended on September 4, 2021, and the Kansas Department of Labor was required to accept applications for the federal unemployment programs until October 6, 2021. The Department stopped the reporting of the federal unemployment programs after the week ending October 9, 2021, because that was the last week that the Department accepted new applications. As

IV. Other Information

of the week ending November 13, the established cumulative benefit liability exceeded $2.5 billion and for the week ending November 13, the Kansas Unemployment Insurance Trust Fund balance was $687.1million compared to approximately $1.0 billion at the beginning of 2020. The Kansas Department of Labor, like other states, may borrow from the U.S. Department of Labor in the event the Kansas Unemployment Insurance Trust Fund becomes depleted.

The estimates for fiscal year 2022 and fiscal year 2023 include the state fiscal effect of the federal tax law changes from the Consolidated Appropriations Act and the ARPA. Several federal tax provisions from these acts will flow through by way of conformity and have an impact on Kansas individual and corporation income tax receipts, including changes to the Paycheck Protection Program (PPP), exempting the first $10,200 of unemployment benefits in tax year 2020, expanding the federal Child and Dependent Care Tax Credit, expanding the federal Earned Income Tax Credit, temporarily allowing all business meals to be fully deducted, and changing certain rules related to charitable deductions. The Department of Revenue estimates that the federal provisions will reduce SGF receipts by a total of $101.7 million in fiscal year 2021 ($75.6 million for individual income taxes and $26.1 million for corporation income taxes) and $282.2 million in fiscal year 2022 ($154.4 million for individual income taxes and $127.8 million for corporation income taxes).

The majority of the state impact of the federal tax provisions are related to the changes to PPP as a result of the Consolidated Appropriations Act. This Act authorizes additional PPP loans and allows taxpayers to deduct expenses paid for from forgiven PPP loans, including PPP loans previously authorized under the federal CARES Act passed in March 2020. Forgiven loans are typically included as income; however, Congress explicitly stated that the forgiven loans would not be considered taxable income if the businesses receiving them met certain criteria. The U.S. Department of the Treasury and Internal Revenue Service provided guidance throughout 2020 that taxpayers could not deduct the expenses related to forgiven PPP loans, which was overturned by language in the Consolidated Appropriations Act. The state fiscal effect specifically related to the PPP changes in the Consolidated Appropriations Act are estimated to reduce SGF receipts by $52.1 million in fiscal year 2021 and $209.5 million in fiscal year 2022.

Another key component of both federal acts are stimulus payments that were sent to individuals and families under certain income levels. The stimulus payments are not subject to state income taxes but are intended to increase household spending and to prevent larger immediate declines in the economy as a result of the pandemic. The Consensus Revenue Group will review the estimated state impact of the federal tax legislation throughout fiscal year 2022.

COVID-19 developments and related governmental and regulatory responses are rapidly changing. Because of the evolving nature of the COVID-19 outbreak and the uncertainty of its duration, the cumulative impact of the crises on the State cannot be fully determined at this time. On June 14, 2021 all State government offices returned to in-person operations. While the Legislature allowed the state of emergency declaration to expire on June 15, 2021, the State is closely monitoring the impact of COVID-19 on its operations and ultimately, the underlying financial impact. On July 28, 2021, Governor Kelly announced that state employees and members of the public will have to wear a face covering, regardless of vaccination status when entering a state building if social distancing cannot occur in certain affected Kansas counties in accordance with recommendations from the federal Centers for Disease Control and Prevention. On August 25, 2021, the Governor directed Executive Branch state agencies to resume remote work operations where possible through October 4, 2021. On September 23, 2021, remote work operations were extended through October 29, 2021 and on October 28, 2021 remote work operations were extended through January 1, 2022.

The Kansas labor force participation rate was 67.6% in September 2021, fully recovering from declines throughout the pandemic and exceeding the January 2020 rate of 67.2%. The number of individuals receiving unemployment insurance benefits in Kansas was 10,320 in October 2021, the lowest number since the COVID-19 pandemic began, as all special federal unemployment compensation programs expired on or before September 4, 2021.

Ongoing uncertainty about inflation, the future of the COVID-19 pandemic, U.S. foreign policy, trade policy, health policy, and tax policy has the potential to increase volatility in global and domestic markets. The impact of any such increased volatility on confidence as well as consumption and investment decisions by consumers and businesses will be monitored by the Consensus Group over the winter prior to the next meeting in April 2022.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Information

Annual budgets are adopted on a cash basis with encumbrance modifications for all governmental funds. Appropriations may be re-appropriated if the balance is greater than $100, or lapsed at fiscal year end.

On or before October 1 of each year, agencies are required to submit annual budget estimates for the next fiscal year or biennial budget estimates for the next fiscal year and the ensuing fiscal year to the Division of the Budget, in accordance with K.S.A. 75-3717. These estimates are used in preparing the Governor's budget report. On or before the eighth calendar day of each regular legislative session, the Governor is required to submit the budget report to the Legislature. However, in the case of the regular legislative session immediately following the election of a governor who was elected to the Office of Governor for the first time, that governor must submit the budget report to the legislature on or before the 21st calendar day of that regular session.

The State maintains budgetary restrictions and controls, imposed through annual appropriations and limitations, approved by the Legislature. Agency, fund, and budget unit usually establish the level of budgetary control in the central accounting system. Budgetary control is maintained by mechanisms in the accounting system that prevent expenditures and encumbrances in excess of appropriations or limitations and prevent expenditures in excess of available cash. Encumbrances are reported as expenditures for budgetary purposes and as reserved fund balances in the governmental financial statements in this report. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the budget unit level. The supplemental budgetary appropriations made in the General Fund were not material. Due to the volume of data, the detailed budget information at the budget unit level is not presented here.

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and other financing sources:				
Property tax	$ 12,700	$ 12,900	$ 22	$ (12,878)
Income and inheritance tax	4,188,000	4,688,300	5,317,696	629,396
State sales tax	2,320,000	2,444,868	2,522,553	77,685
Consumer's and retailer's compensating use tax	450,000	565,000	602,967	37,967
Tobacco and liquor taxes	222,000	234,400	242,361	7,961
Severance taxes	7,100	15,200	16,841	1,641
Insurance premiums taxes	172,500	178,200	181,941	3,741
Other taxes	11,200	11,600	14,370	2,770
Operating grants	0	0	0	0
Investment earnings	500	8,000	5,665	(2,335)
Transfers	(201,200)	(115,900)	(132,771)	(16,871)
Charges for services, other revenues and financing sources	47,700	57,300	72,947	15,647
Total revenues and other financing sources	7,230,500	8,099,868	8,844,592	744,724
Expenditures and other financing uses:				
Current:				
General government	396,684	422,511	395,407	(27,104)
Human resources	1,363,102	1,198,267	1,113,619	(84,648)
Education	5,038,567	4,837,269	4,820,772	(16,497)
Public safety	482,300	465,660	414,286	(51,374)
Agriculture and natural resources	12,914	14,712	13,171	(1,541)
Health and environment	816,640	589,027	568,597	(20,430)
Total expenditures and other financing uses	8,110,207	7,527,446	7,325,852	(201,594)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(879,707)	572,422	1,518,740	$ 946,318
Fund balances, beginning of year	(619,886)	(682,987)	(588,293)	
Fund balances, end of year	$ (1,499,593)	$ (110,565)	$ 930,447	

Reconciliation of the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual with the Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds for the *General Fund*

For the Fiscal Year Ended June 30, 2021

(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	1,518,740
Current year encumbrances are reported as expenditures for budgetary reporting purposes		68,657
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(29,443)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		63,930
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		(433,722)
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	1,188,162

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Social Services
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and other financing sources:				
Tobacco and liquor taxes	$ 3,235	$ 3,235	$ 3,451	$ 216
Operating grants	502,799	503,003	895,187	392,184
Investment earnings	497	497	62	(435)
Transfers	1,293,868	1,477,667	1,333,099	(144,568)
Charges for services, other revenues and financing sources	109,517	109,971	328,758	218,787
Total revenues and other financing sources	1,909,916	2,094,373	2,560,557	466,184
Expenditures and other financing uses:				
Current:				
Human resources	1,862,235	2,432,722	2,432,722	0
Total expenditures and other financing uses	1,862,235	2,432,722	2,432,722	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ 47,681	$ (338,349)	$ 127,835	$ 466,184

Reconciliation of the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual with the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for
Social Services
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	127,835
Current year encumbrances are reported as expenditures for budgetary reporting purposes		78,863
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(28,995)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		(261,941)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		58,533
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	(25,705)

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Health and Environment
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and Other Financing Sources:				
Insurance premiums taxes	$ 206,500	$ 232,000	$ 244,929	$ 12,929
Other taxes	0	0	1,132	1,132
Operating grants	2,071,881	2,071,881	3,062,473	990,592
Investment earnings	276	276	60	(216)
Transfers	32,254	109,637	(1,163,502)	(1,273,139)
Charges for services, other revenues & financing sources	372,510	372,510	393,625	21,115
Total revenues and other financing sources	2,683,421	2,786,304	2,538,717	(247,587)
Expenditures and Other Financing Uses:				
Current:				
Health and environment	2,648,465	2,738,142	2,738,142	0
Total expenditures and other financing uses	2,648,465	2,738,142	2,738,142	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ 34,956	$ 48,162	$ (199,425)	$ (247,587)

Reconciliation of the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual with the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for *Health and Environment*
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	(199,425)
Current year encumbrances are reported as expenditures for budgetary reporting purposes		188,807
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(55,395)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		(40,748)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		97,791
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	(8,970)

State of Kansas

Required Supplementary Information

June 30, 2021

Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Education
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and Other Financing Sources:				
Property tax	$ 732,981	$ 732,667	$ 736,318	$ 3,651
Severance taxes	8,203	8,581	8,576	(5)
Operating grants	599,169	599,169	624,031	24,862
Investment earnings	6	6	0	(6)
Transfers	216,828	251,369	208,506	(42,863)
Charges for services, other revenues & financing sources	60,865	60,865	66,016	5,151
Total revenues and other financing sources	1,618,052	1,652,657	1,643,447	(9,210)
Expenditures and Other Financing Uses:				
Current:				
Education	1,602,639	1,664,364	1,664,364	0
Total expenditures and other financing uses	1,602,639	1,664,364	1,664,364	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ 15,413	$ (11,707)	$ (20,917)	$ (9,210)

Reconciliation of the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual with the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for *Education*
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	(20,917)
Current year encumbrances are reported as expenditures for budgetary reporting purposes		32,075
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(6,494)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		(10,251)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		2,577
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	(3,010)

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Transportation Fund
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Motor fuel taxes	$ 309,595	$ 288,748	$ 295,447	$ 6,699
Vehicle registrations and permits	226,371	224,680	238,032	13,352
Intergovernmental	442,869	425,879	426,595	716
Sales and use taxes	533,818	580,142	602,385	22,243
Investment earnings	10,428	2,788	4,443	1,655
Other	5,044	5,436	4,261	(1,175)
Transfers from other state funds	1,072	1,199	2,787	1,588
Total revenues	1,529,197	1,528,872	1,573,950	45,078
Expenditures, with legal limits:				
Current operating:				
Maintenance	161,147	156,204	159,964	3,760
Construction	73,652	73,718	65,742	(7,976)
Local support	2,031	1,827	1,735	(92)
Transportation planning and modal support	13,832	18,445	22,620	4,175
Administration	53,245	53,712	46,156	(7,556)
Expenditures with legal limits	303,907	303,906	296,217	(7,689)
Expenditures, without legal limits:				
Current operating:				
Maintenance	475	475	696	221
Construction	824,083	1,049,518	1,015,000	(34,518)
Local support	28,000	28,000	22,591	(5,409)
Transportation planning and modal support	38,521	21,662	10,318	(11,344)
Administration	1,053	1,053	823	(230)
Transfers to other state funds	265,149	267,126	267,821	695
Contributions to custodial funds	0	12,500	12,500	0
Expenditures without legal limits	1,157,281	1,380,334	1,329,749	(50,585)
Total expenditures	1,461,188	1,684,240	1,625,966	(58,274)
Excess of revenues over expenditures	68,009	(155,368)	(52,016)	103,352
Other financing sources (uses):				
Transfers-in	0	0	7	7
Transfers-out	(241,758)	(243,494)	(244,586)	(1,092)
Total other financing sources (uses)	(241,758)	(243,494)	(244,579)	(1,085)
Excess of revenues and other sources over expenditures and other uses	$ (173,749)	$ (398,862)	$ (296,595)	$ 102,267

Reconciliation of the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual with the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for the *Transportation Fund*

For the Fiscal Year Ended June 30, 2021

(expressed in thousands)

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	(296,595)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		17,478
Current year encumbrances are reported as expenditures for budgetary reporting purposes		212,400
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		75,559
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	8,842

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Executive
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and Other Financing Sources:				
Operating grants	$ 30,957	$ 30,957	$ 957,931	$ 926,974
Investment earnings	443	507	510	3
Transfers	895	1,162	(590,015)	(591,177)
Charges for services, other revenues & financing sources	84	84	76	(8)
Total revenues and other financing sources	32,379	32,710	368,502	335,792
Expenditures and Other Financing Uses:				
Current:				
General government	437,677	438,182	438,182	0
Total expenditures and other financing uses	437,677	438,182	438,182	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ (405,298)	$ (405,472)	$ (69,680)	$ 335,792

Reconciliation of the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual with the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for *Executive*
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	(69,680)
Current year encumbrances are reported as expenditures for budgetary reporting purposes		1,443
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(2)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		(65,743)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		126,373
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	(7,609)

Support of Modified Approach for Kansas Department of Transportation Infrastructure Reporting

Roadway Pavement

The highway pavement in the State is made up of two systems: Interstate Highways and Non-interstate Highways. Roadway Pavement is also referred to as Roadways. Federal regulations 23 CFR 490 and 23 CFR 515 are used to report pavement condition.

The condition of these systems is assessed annually using a Pavement Management System that measures the condition of the pavement surface. The Pavement condition is a combined score based on three factors: roughness (measured as International Roughness Index, or IRI), percent cracking (number of transverse cracked slabs per total slabs in concrete or percent of the wheelpath area with longitudinal or fatigue type cracking in asphalt surfaces), and faulting in concrete or rutting in asphalt. Each factor is converted to a Good, Fair, Poor (GFP) designation. For instance, the International Roughness Index values for each 0.1 mile are used to assign that mile's roughness GFP based on <95 in/mile, 95-170 in/mile or >170 in/mile. Federal criteria are also used to generate GFP for cracking, rutting, and faulting on each 0.1 mile of highway pavement. Federal criteria are also used to generate GFP for cracking, rutting, and faulting on each 0.1 mile of highway pavement. Each 0.1 mile segment's ratings for the factors are combined by requiring that all three must be "Good" for an overall rating of "Good" or if any two are "Poor" the overall rating is "Poor". Every other combination becomes "Fair".

KDOT has targets to maintain these systems at levels higher than the minimum acceptable condition. The cost to repair or replace deteriorated pavement far exceeds the cost to maintain pavement that is already in good condition; so maintaining our pavement at levels above our minimum acceptable condition requires a pavement management strategy that accounts for life-cycle costs. KDOT has defined the minimum acceptable condition level as having at least 60 percent of the Interstate miles in "Good" and at least 50 percent of the Non-interstate miles in "Good". The table on the following page compares the minimum acceptable condition level with the actual condition for the current and prior years.

Data collected in Spring and Summer 2021 is still being processed to produce the Federal method's condition measures. It is consistent with Federal reporting regulations since data collected in calendar year 2021 is reported in April of the following year for Interstates and June for Non-interstates. Since 2021 data is not available and the table was updated to show what the Federal method conditions would have been in prior years, the 2018 row was retained to maintain three years in the series.

	Interstate Miles		Non-interstate Miles	
Fiscal Year	Minimum Acceptable Condition Level*	Actual Condition Level*	Minimum Acceptable Condition Level*	Actual Condition Level*
2018	≥ 60	63.2	≥ 50	61.2
2019	≥ 60	60.0	≥ 50	58.3
2020	≥ 60	58.1**	≥ 50	58.5
2021	≥ 60	N/A	≥ 50	N/A

* Percent of miles in "Good" N/A – Not Available

** Fiscal year 2020 ended T-WORKS program. Fiscal year 2021 starts the IKE program. KDOT expects to see a trend back up.

KDOT's target is to continually maintain and improve the condition of the State Highway System. To achieve this target it is necessary to perform maintenance activities and replace those assets that can no longer be economically maintained. KDOT concentrates resources on items that are measured. As noted above, the Actual Condition Level did not meet the Minimum Acceptable Condition Level. Fiscal year 2020 is the final year of the 10-year T-WORKS program. Fiscal year 2021 begins the new 10-year IKE program. KDOT is working to slow the decline in pavement condition and start to turn it around. In fiscal year 2021, KDOT expects to see a trend back up.

To maintain the Interstate Highways at or above the stated minimum condition level, it was estimated that annual preservation and replacement expenditures must be approximately $52 million in fiscal year 2021. To maintain the Non-interstate Highways at or above the stated minimum condition level, it was estimated that annual preservation and replacement expenditures must be approximately $426 million in fiscal year 2021. The estimated expenditure amounts are based on the projected T-WORKS program funding levels for preservation that are anticipated to be needed to maintain the system. The actual expenses are based on project expenditures for preservation and some capacity and modernization costs that improve the roadway surface. The following table compares the estimated expenditures needed to maintain the system at a minimum acceptable condition level with actual amounts spent for the current and prior years (expressed in thousands).

	Interstate Miles		Non-interstate Miles	
Fiscal Year	Minimum Acceptable Condition Level	Actual Expenses	Minimum Acceptable Condition Level	Actual Expenses
2017	$ 83,000	$ 137,753	$ 242,000	$ 332,824
2018	87,000	35,529	253,000	230,637
2019	92,000	29,463	265,000	238,410
2020	97,000	54,530	277,000	234,198
2021	52,000	94,582	426,000	392,362

Bridges

Federal law (23 CFR 650) requires that each bridge be inspected at least every 24 months. Each major structural bridge component (deck, superstructure, and substructure or the overall culvert) is evaluated during detailed bridge inspections. A condition rating value which ranges from 0 (failed) to 9 (excellent) is assigned to each component. All bridge condition data is compiled in the field by the inspectors, reviewed in the office, and then entered into a bridge management system.

The Performance Measures are the percent of state-owned bridge deck area in "Good" and "Poor" Condition, with the minimum condition rating of each bridge being defined as follows:

- Good Condition: 7, 8 or 9
- Fair Condition: 5 or 6
- Deteriorated Condition: 0, 1, 2, 3 or 4

The table below compares the actual percentage of state-owned bridge deck area in "Good" and "Poor" condition to KDOT's Performance Measures for the current and prior years. KDOT's Performance Measure targets are to have more than 70% of state-owned bridge deck area in "Good" condition and less than 3% of state-owned bridge deck area in "Poor" condition.

Current State Bridge Performance Measures

Fiscal Year	Minimum Percentage of "Good" Deck Area	Actual Percentage of "Good" Deck Area	Minimum Percentage of "Poor" Deck Area	Actual Percentage of "Poor" Deck Area
2019	>70	72	<3	1
2020	>70	72	<3	1.5
2021	>70	71	<3	2.0

KDOT's target is to continually improve the condition of the State's bridge system. To achieve this target it is necessary to perform maintenance activities and to replace those bridges that can no longer be economically maintained. To maintain the State's bridges at or better than the stated acceptable percentages of bridge deck area in "Good" and "Poor" condition, it is estimated that annual preservation and replacement expenditures must be approximately $171 million for fiscal year 2021.

The following table compares the estimated annual expenditures needed to maintain the bridges system with the actual expenditures for the current and prior years (expressed in thousands).

Fiscal Year	Estimated Expenditures Needed to Maintain the System at the Minimum Acceptable Percentages	Actual Expenses
2017	$ 77,000	$100,122
2018	81,000	56,463
2019	85,000	76,931
2020	90,000	112,884
2021	171,000	143,721

Note: the estimates in this table are to maintain the bridges at the minimum percentage of "good" deck area.

State of Kansas

Required Supplementary Information

June 30, 2021

Schedule of Changes in the State's
Death & Disability Total OPEB Liability and Related Ratios
Last Four Fiscal Years*

	2021	2020	2019	2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Primary Government: Employer				
Total OPEB liability				
Service cost	$ 3,965	$ 3,743	$ 3,711	$ 3,971
Interest	1,438	1,621	1,617	1,312
Effect of economic/demographic gains or losses	(2,064)	(2,627)	(3,614)	0
Effect of assumptions changes or inputs	1,857	564	(470)	(1,299)
Benefit payments	(4,156)	(4,496)	(4,635)	(4,609)
Net change in total OPEB liability	1,040	(1,195)	(3,391)	(625)
Total OPEB liability - beginning	39,169	40,364	43,755	44,380
Total OPEB liability - ending	$ 40,209	$ 39,169	$ 40,364	$ 43,755
Covered payroll	$ 948,418	$ 900,487	$ 871,681	$ 884,494
Total OPEB liability as a percentage of covered payroll	4.24%	4.35%	4.63%	4.95%
Primary Government: Nonemployer				
Total OPEB liability				
Service cost	$ 1,115	$ 1,050	$ 1,040	$ 1,102
Interest	390	450	435	360
Effect of economic/demographic gains or losses	(318)	(942)	(395)	0
Effect of assumptions changes or inputs	470	146	(127)	(353)
Benefit payments	(1,280)	(1,245)	(1,713)	(1,375)
Net change in total OPEB liability	377	(541)	(760)	(266)
Total OPEB liability - beginning	10,655	11,196	11,956	12,222
Total OPEB liability - ending	$ 11,032	$ 10,655	$ 11,196	$ 11,956
Component Units				
Total OPEB liability				
Service cost	$ 6,886	$ 6,464	$ 6,374	$ 6,525
Interest	1,405	1,490	1,379	994
Effect of economic/demographic gains or losses	(8,636)	(4,927)	(4,904)	0
Effect of assumptions changes or inputs	889	459	(356)	(848)
Benefit payments	(2,019)	(2,528)	(2,677)	(2,988)
Net change in total OPEB liability	(1,475)	958	(184)	3,683
Total OPEB liability - beginning	34,250	33,292	33,476	29,793
Total OPEB liability - ending	$ 32,775	$ 34,250	$ 33,292	$ 33,476
Covered payroll	$ 155,663	$ 160,988	$ 167,017	$ 176,609
Total OPEB liability as a percentage of covered payroll	21.06%	21.27%	19.93%	18.95%

* GASB 75 requires presentation of ten years. As of June 30, 2021, only four years of information is available.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period:

June 30, 2021: 2.21%
June 30, 2020: 3.50%
June 30, 2019: 3.87%
June 30, 2018: 3.58%
June 30, 2017: 2.85%

State of Kansas

Required Supplementary Information

June 30, 2021

Schedule of the State's Proportionate Share of the Net Pension Liability
Kansas Pension Retirement Plan
Last 8 Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Primary Government: Employer								
Proportion of the net pension liability								
State/School employees	17.995%	17.274%	17.053%	17.976%	18.384%	18.702%	18.323%	18.936%
Police and Firemen	8.184%	7.805%	8.176%	8.745%	7.805%	7.446%	7.451%	7.90%
Judges	100%	100%	100%	100%	100%	100%	100%	100%
Proportionate share of the collective net pension liability	$ 1,480,651	$ 1,219,856	$ 1,211,979	$ 1,313,129	$ 1,329,325	$ 1,364,406	$ 1,234,936	$ 1,469,597
Covered payroll	$ 948,418	$ 900,487	$ 871,681	$ 884,494	$ 839,583	$ 858,466	$ 859,799	$ 876,152
Proportionate share of the collective net pension liability as a percentage of its covered payroll	156.12%	135.47%	139.04%	148.46%	158.33%	158.94%	143.63%	167.73%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%
Primary Government: Nonemployer								
State's proportion of the net pension liability of the special funding group	97.825%	97.817%	97.485%	96.545%	96.710%	96.390%	100.000%	100.000%
State's proportionate share of the collective net pension liability	$ 780,423	$ 684,310	$ 686,084	$ 714,775	$ 723,745	$ 720,205	$ 676,508	$ 774,047
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%
Component Units								
Proportion of the net pension liability								
State/School employees	2.517%	2.671%	2.884%	3.218%	3.410%	3.516%	3.407%	3.587%
Police and Firemen	1.622%	1.502%	1.552%	1.568%	1.434%	1.345%	1.215%	1.775%
Local	0.892%	0.942%	1.007%	1.079%	1.082%	1.123%	1.169%	1.279%
Proportionate share of the collective net pension liability	$ 223,458	$ 201,091	$ 217,080	$ 246,569	$ 259,191	$ 268,020	$ 240,024	$ 288,521
Covered payroll	$ 155,663	$ 160,988	$ 167,017	$ 176,609	$ 174,256	$ 199,807	$ 153,190	$ 187,276
Proportionate share of the collective net pension liability as a percentage of its covered payroll	143.55%	124.91%	129.97%	139.61%	148.74%	134.14%	156.68%	154.06%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%

* GASB 68 requires a presentation of 10 years. As of June 30, 2021 only eight years of information is available

Note: Information on this schedule is measured as of the measurement date.

Schedule of State Contributions
Kansas Pension Retirement Plan
Last 8 Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Primary Government: Employer								
Contractually required contribution	$ 140,969	$ 142,035	$ 122,627	$ 109,001	$ 103,241	$ 102,593	$ 94,083	$ 84,107
Contributions in relation to the contractually required contribution	(140,969)	(142,035)	(122,627)	(109,001)	(103,241)	(222,790)	(94,083)	(84,107)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ (120,197)	$ 0	$ 0
Covered payroll	$ 961,259	$ 948,418	$ 900,487	$ 871,681	$ 884,494	$ 839,583	$ 858,466	$ 859,799
Contributions as a percentage of covered payroll	14.67%	14.98%	13.62%	12.50%	11.67%	12.22%	10.96%	9.78%
Primary Government: Nonemployer								
Contractually required contribution	$ 72,864	$ 74,432	$ 68,116	$ 60,231	$ 52,748	$ 50,323	$ 45,182	$ 47,738
Contributions in relation to the contractually required contribution	(72,864)	(74,432)	(68,116)	(60,231)	(52,748)	(165,443)	(45,182)	(47,738)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ (115,120)	$ 0	$ 0
Component Units								
Contractually required contribution	$ 19,922	$ 21,242	$ 20,326	$ 19,466	$ 18,861	$ 19,062	$ 18,256	$ 17,974
Contributions in relation to the contractually required contribution	(19,922)	(21,242)	(20,326)	(19,466)	(18,861)	(19,062)	(18,256)	(17,974)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 145,158	$ 155,663	$ 160,988	$ 167,017	$ 176,609	$ 174,256	$ 199,807	$ 153,190
Contributions as a percentage of covered payroll	13.72%	13.65%	12.63%	11.66%	10.68%	10.94%	9.14%	11.73%

* GASB 68 requires a presentation of 10 years. As of June 30, 2021 only eight years of information is available

Note: Covered payroll is measured as of the fiscal year end, the most recent of which is June 30, 2021

Changes in benefit terms for KPERS. In the state fiscal year 2014, the KP&F group had a change in benefit terms. The Legislature increased this group's employee contributions to 7.15 percent and eliminated the reduction of employee contributions to 2.0 percent after 32 years of service. In addition, the maximum retirement benefit increased to 90 percent of final average salary (reached at 36 years of service). Before this change the maximum retirement benefit was limited to 80 percent of final average salary (reached at 32 years of service).

Effective January 1, 2014, KPERS 1 member's employee contribution rate increased to 5.0 percent and then on January 1, 2015, increase to 6.0 percent, with an increase in benefit multiplier to 1.85 percent for future years of service. For KPERS 2 members retired after July 1, 2012, the cost of living adjustment (COLA) is eliminated, but members will receive a 1.85 percent multiplier for all years of service.

January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan are ones first employed in a KPERS covered position on or after January 1, 2015, or KPERS 1 or KPERS 2 members who left employment before vesting and returned to employment on or after January 1, 2015. The retirement benefit is an annuity based on the account balance at retirement.

For the state fiscal year 2017, the KP&F group had a change in benefit terms. The Legislature changed the duty-related death benefit for KP&F members to the greater of 50% of Final Average Salary and member's accrued retirement benefit under the 100% joint and survivor option, payable to the member's spouse. Including any benefits that may be due to child beneficiaries, the total monthly benefits may not exceed 90% of the member's Final Average Salary. Prior to this bill, the duty-related spousal death benefit for KP&F member was 50% of the Final Average Salary, and the maximum available to the family was 75% of the member's Final Average Salary.

For the state fiscal year 2017, the Legislature changed the working after retirement rules for members who retire on or after January 1, 2018. The key changes to the working after retirement rules were to lengthen the waiting period for KPERS members to return to work from 60 days to 180 days for members who retire before attaining age 62, remove the earnings limitation for all retirees and establish a single-employer contribution schedule for all retirees.

Changes in assumptions for KPERS. As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2016 and include:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.

Changes from the November 2016 experience study that impacted individual groups are listed below:

KPERS:

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups
- The termination of employment assumption was increased for all three groups
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

KP&F:

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table with 1-year age set forward and the MP-2016, is used to anticipate future mortality improvements.
- The mortality assumption for disabled members was changed to the RP-2014 Disabled Lives Table (generational using MP-2016) with a 1-year age set forward.
- The active member mortality assumption was modified to the RP-2014 Employee Mortality Table with a 1-year age set forward with a 90% scaling factor.
- The retirement rates for Tier 1 were lowered and the ultimate assumed retirement age was changed from 63 to 65 for Tier 2.
- The termination of employment rates for Tier 2 were increased to better match the observed experience.

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2019 and include:

- The investment return assumption was lowered from 7.75% to 7.50%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3.00% to 2.75%.

Changes from the January 2020 experience study that impacted individual groups are listed below:

KPERS:

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

KP&F:

- Retirement rates were adjusted to partially reflect observed experience.
- Factors for the KP&F group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

OTHER SUPPLEMENTARY INFORMATION

Listing of Non-Major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes:

State Regulatory Boards and Commissions
Correctional Facilities
Tobacco Settlement for Children's Initiatives
Adjutant General
Agriculture
Attorney General
Administration
Highway Patrol
Historical Society
Labor
Commerce
Insurance
Judicial
State Library
Revenue
Secretary of State
State Treasurer
Wildlife, Parks and Tourism
Legislative
Transportation Special Revenue
State Water Plan
Peace Officer Training

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds:

Transportation - Capital Projects
State Buildings (Appropriated)
Capitol Complex Buildings

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principle and interest:

Master Lease Program
Corrections
Pooled Fund
Armories
Labor
Bond and Interest
Highway Debt Service

Combining Balance Sheet - Non-major Governmental Funds
June 30, 2021
(expressed in thousands)

	Special Revenue Funds			
	State Regulatory Boards and Commissions	Correctional Facilities	Tobacco Settlement for Children's Initiative	Adjutant General
ASSETS				
Cash and cash equivalents	$ 103,694	$ 54,269	$ 34,008	$ 0
Investments	10,233	0	0	0
Receivables, net	12,956	1,223	0	187,850
Due from other funds	0	214	0	0
Due from component units	0	0	0	0
Inventories	130	1,447	0	0
Advances to other funds	0	0	0	0
Other assets	0	0	0	0
Restricted cash and cash equivalents	0	0	0	0
Restricted investments	0	0	0	0
Total assets	$ 127,013	$ 57,153	$ 34,008	$ 187,850
LIABILITIES				
Accounts payable and other liabilities	$ 13,055	$ 21,983	$ 3,864	$ 4,844
Due to other funds	0	0	0	84,471
Advances from other funds	0	0	0	0
Unearned revenue	238	0	0	5,224
Total liabilities	13,293	21,983	3,864	94,539
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	0
Unavailable revenue - other	2,306	201	0	182,285
Total deferred inflows of resources	2,306	201	0	182,285
FUND BALANCES				
Nonspendable:				
Inventories	130	1,447	0	0
Restricted for:				
Capital Projects	0	0	0	0
Debt Service	0	0	0	0
General government	83,373	0	0	0
Human Resources	3,515	0	30,144	0
Education	0	0	0	0
Public Safety	11,357	33,522	0	0
Agriculture and natural resources	13,039	0	0	0
Highways and other transportation	0	0	0	0
Unassigned	0	0	0	(88,974)
Total fund balance	111,414	34,969	30,144	(88,974)
Total liabilities, deferred inflows of resources, and fund balance	$ 127,013	$ 57,153	$ 34,008	$ 187,850

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2021
(expressed in thousands)

	Special Revenue Funds			
	Agriculture	Attorney General	Administration	Highway Patrol
ASSETS				
Cash and cash equivalents	$ 13,405	$ 32,165	$ 111,317	$ 37,312
Investments	0	0	0	0
Receivables, net	1,553	358	39	330
Due from other funds	0	0	0	0
Due from component units	0	0	0	0
Inventories	0	0	0	415
Advances to other funds	0	0	0	0
Other assets	0	0	0	0
Restricted cash and cash equivalents	0	0	1	0
Restricted investments	0	0	0	0
Total assets	$ 14,958	$ 32,523	$ 111,357	$ 38,057
LIABILITIES				
Accounts payable and other liabilities	$ 2,481	$ 2,491	$ 97,705	$ 4,674
Due to other funds	226	0	2	0
Advances from other funds	562	0	0	0
Unearned revenue	0	0	206	1,291
Total liabilities	3,269	2,491	97,913	5,965
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	0
Unavailable revenue - other	0	0	0	0
Total deferred inflows of resources	0	0	0	0
FUND BALANCES				
Nonspendable:				
Inventories	0	0	0	415
Restricted for:				
Capital Projects	0	0	0	0
Debt Service	0	0	0	0
General government	0	25,615	13,444	0
Human Resources	0	0	0	0
Education	0	0	0	0
Public Safety	0	4,417	0	31,677
Agriculture and natural resources	11,689	0	0	0
Highways and other transportation	0	0	0	0
Unassigned	0	0	0	0
Total fund balance	11,689	30,032	13,444	32,092
Total liabilities, deferred inflows of resources, and fund balance	$ 14,958	$ 32,523	$ 111,357	$ 38,057

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2021
(expressed in thousands)

	Special Revenue Funds			
	Historical Society	Labor	Commerce	Insurance
ASSETS				
Cash and cash equivalents	$ 5,823	$ 38,273	$ 66,630	$ 74,063
Investments	0	0	40	110,478
Receivables, net	422	2,769	1,903	29
Due from other funds	0	0	3,633	0
Due from component units	0	0	0	0
Inventories	0	0	0	0
Advances to other funds	0	0	0	0
Other assets	0	0	0	0
Restricted cash and cash equivalents	0	0	0	0
Restricted investments	0	0	0	0
Total assets	$ 6,245	$ 41,042	$ 72,206	$ 184,570
LIABILITIES				
Accounts payable and other liabilities	$ 142	$ 3,292	$ 8,201	$ 111,205
Due to other funds	0	0	0	0
Advances from other funds	0	0	0	0
Unearned revenue	0	183	2,975	0
Total liabilities	142	3,475	11,176	111,205
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	0
Unavailable revenue - other	0	523	0	0
Total deferred inflows of resources	0	523	0	0
FUND BALANCES				
Nonspendable:				
Inventories	0	0	0	0
Restricted for:			0	0
Capital Projects	0	0	0	0
Debt Service	0	0	0	0
General government	0	0	61,030	73,365
Human Resources	0	37,044	0	0
Education	6,103	0	0	0
Public Safety	0	0	0	0
Agriculture and natural resources	0	0	0	0
Highways and other transportation	0	0	0	0
Unassigned	0	0	0	0
Total fund balance	6,103	37,044	61,030	73,365
Total liabilities, deferred inflows of resources, and fund balance	$ 6,245	$ 41,042	$ 72,206	$ 184,570

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2021
(expressed in thousands)

	Special Revenue Funds		
	Judicial	State Library	Revenue
ASSETS			
Cash and cash equivalents	$ 21,253	$ 865	$ 27,020
Investments	0	0	0
Receivables, net	201	0	18
Due from other funds	0	0	0
Due from component units	0	0	0
Inventories	0	0	0
Advances to other funds	0	0	0
Other assets	0	0	0
Restricted cash and cash equivalents	0	0	0
Restricted investments	0	0	0
Total assets	$ 21,454	$ 865	$ 27,038
LIABILITIES			
Accounts payable and other liabilities	$ 2,792	$ 474	$ 7,170
Due to other funds	0	0	0
Advances from other funds	0	0	0
Unearned revenue	0	0	0
Total liabilities	2,792	474	7,170
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	0	0	0
Unavailable revenue - other	0	0	0
Total deferred inflows of resources	0	0	0
FUND BALANCES			
Nonspendable:			
Inventories	0	0	0
Restricted for:			
Capital Projects	0	0	0
Debt Service	0	0	0
General government	18,662	0	19,868
Human Resources	0	0	0
Education	0	391	0
Public Safety	0	0	0
Agriculture and natural resources	0	0	0
Highways and other transportation	0	0	0
Unassigned	0	0	0
Total fund balance	18,662	391	19,868
Total liabilities, deferred inflows of resources, and fund balance	$ 21,454	$ 865	$ 27,038

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2021
(expressed in thousands)

	Special Revenue Funds			
	Secretary of State	State Treasurer	Wildlife, Parks and Tourism	Legislative
ASSETS				
Cash and cash equivalents	$ 17,856	$ 64,370	$ 67,348	$ 643
Investments	0	0	0	0
Receivables, net	10	3	7,014	0
Due from other funds	0	25,750	0	0
Due from component units	0	0	0	0
Inventories	0	0	0	0
Advances to other funds	0	193,987	0	0
Other assets	0	0	0	0
Restricted cash and cash equivalents	0	0	0	0
Restricted investments	0	0	0	0
Total assets	$ 17,866	$ 284,110	$ 74,362	$ 643
LIABILITIES				
Accounts payable and other liabilities	$ 164	$ 239,469	$ 7,840	$ 0
Due to other funds	0	0	0	0
Advances from other funds	0	0	0	0
Unearned revenue	1	0	0	413
Total liabilities	165	239,469	7,840	413
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	0
Unavailable revenue - other	0	0	0	0
Total deferred inflows of resources	0	0	0	0
FUND BALANCES				
Nonspendable:				
Inventories	0	0	0	0
Restricted for:				
Capital Projects	0	0	0	0
Debt Service	0	0	0	0
General government	17,701	44,641	0	230
Human Resources	0	0	0	0
Education	0	0	0	0
Public Safety	0	0	0	0
Agriculture and natural resources	0	0	66,522	0
Highways and other transportation	0	0	0	0
Unassigned	0	0	0	0
Total fund balance	17,701	44,641	66,522	230
Total liabilities, deferred inflows of resources, and fund balance	$ 17,866	$ 284,110	$ 74,362	$ 643

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2021
(expressed in thousands)

	Special Revenue Funds			Capital Projects Funds
	Transportation-Special Revenue	State Water Plan	Peace Officer Training	Transportation-Capital Projects
ASSETS				
Cash and cash equivalents	$ 73,262	$ 5,870	$ 1,617	$ 0
Investments	0	0	0	0
Receivables, net	4,290	2,563	0	0
Due from other funds	0	8,734	0	0
Due from component units	0	0	0	
Inventories	0	0	0	0
Advances to other funds	0	0	0	0
Other assets	0	0	0	0
Restricted cash and cash equivalents	0	0	0	0
Restricted investments	0	0	0	0
Total assets	$ 77,552	$ 17,167	$ 1,617	$ 0
LIABILITIES				
Accounts payable and other liabilities	$ 5,050	$ 1,424	$ 34	$ 0
Due to other funds	0	0	0	0
Advances from other funds	0	0	0	0
Unearned revenue	0	0	0	0
Total liabilities	5,050	1,424	34	0
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	136	0	0
Unavailable revenue - other	0	0	0	0
Total deferred inflows of resources	0	136	0	0
FUND BALANCES				
Nonspendable:				
Inventories	0	0	0	0
Restricted for:				
Capital Projects	0	0	0	0
Debt Service	0	0	0	0
General government	0	0	0	0
Human Resources	0	0	0	0
Education	0	0	0	0
Public Safety	0	0	1,583	0
Agriculture and natural resources	0	15,607	0	0
Highways and other transportation	72,502	0	0	0
Unassigned	0	0	0	0
Total fund balance	72,502	15,607	1,583	0
Total liabilities, deferred inflows of resources, and fund balance	$ 77,552	$ 17,167	$ 1,617	$ 0

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2021
(expressed in thousands)

	Capital Projects Funds		Debt Service Funds
	State Buildings (Appropriated)	Capitol Complex Buildings	Master Lease Program
ASSETS			
Cash and cash equivalents	$ 36,942	$ 2,342	$ 2,542
Investments	0	0	0
Receivables, net	0	0	3,517
Due from other funds	32,776	0	259
Due from component units	0	0	0
Inventories	0	0	0
Advances to other funds	0	0	602
Other assets	0	0	0
Restricted cash and cash equivalents	0	2	0
Restricted investments	0	0	0
Total assets	$ 69,718	$ 2,344	$ 6,920
LIABILITIES			
Accounts payable and other liabilities	$ 1,631	$ 0	$ 111
Due to other funds	0	0	0
Advances from other funds	0	0	0
Unearned revenue	0	0	0
Total liabilities	1,631	0	111
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	0	0	0
Unavailable revenue - other	0	0	0
Total deferred inflows of resources	0	0	0
FUND BALANCES			
Nonspendable:			
Inventories	0	0	0
Restricted for:			
Capital Projects	68,087	2,344	0
Debt Service	0	0	6,809
General government	0	0	0
Human Resources	0	0	0
Education	0	0	0
Public Safety	0	0	0
Agriculture and natural resources	0	0	0
Highways and other transportation	0	0	0
Unassigned	0	0	0
Total fund balance	68,087	2,344	6,809
Total liabilities, deferred inflows of resources, and fund balance	$ 69,718	$ 2,344	$ 6,920

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2021
(expressed in thousands)

	Debt Service Funds		
	Corrections	Pooled Funds	Armories
ASSETS			
Cash and cash equivalents	$ 0	$ 0	$ 0
Investments	0	0	0
Receivables, net	0	0	0
Due from other funds	0	0	0
Due from component units	0	0	0
Inventories	0	0	0
Advances to other funds	0	0	0
Other assets	0	0	0
Restricted cash and cash equivalents	7	0	268
Restricted investments	0	0	0
Total assets	$ 7	$ 0	$ 268
LIABILITIES			
Accounts payable and other liabilities	$ 0	$ 0	$ 0
Due to other funds	0	0	0
Advances from other funds	0	0	0
Unearned revenue	0	0	0
Total liabilities	0	0	0
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	0	0	0
Unavailable revenue - other	0	0	0
Total deferred inflows of resources	0	0	0
FUND BALANCES			
Nonspendable:			
Inventories	0	0	0
Restricted for:			
Capital Projects	0	0	0
Debt Service	7	0	268
General government	0	0	0
Human Resources	0	0	0
Education	0	0	0
Public Safety	0	0	0
Agriculture and natural resources	0	0	0
Highways and other transportation	0	0	0
Unassigned	0	0	0
Total fund balance	7	0	268
Total liabilities, deferred inflows of resources, and fund balance	$ 7	$ 0	$ 268

Combining Balance Sheet - Non-major Governmental Funds - Concluded
June 30, 2021
(expressed in thousands)

	Debt Service Funds			
	Labor	Bond and Interest	Highway Debt Service	Total Non-major Governmental
ASSETS				
Cash and cash equivalents	$ 0	$ 346	$ 0	$ 893,235
Investments	0	0	0	120,751
Receivables, net	0	0	87	227,135
Due from other funds	0	0	0	71,366
Due from component units	0	0	0	0
Inventories	0	0	0	1,992
Advances to other funds	0	0	0	194,589
Other assets	0	0	0	0
Restricted cash and cash equivalents	0	815	135,536	136,629
Restricted investments	0	0	0	0
Total assets	$ 0	$ 1,161	$ 135,623	$ 1,645,697
LIABILITIES				
Accounts payable and other liabilities	$ 0	$ 323	$ 0	$ 540,419
Due to other funds	0	0	0	84,699
Advances from other funds	0	0	0	562
Unearned revenue	0	0	0	10,531
Total liabilities	0	323	0	636,211
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	136
Unavailable revenue - other	0	0	0	185,315
Total deferred inflows of resources	0	0	0	185,451
FUND BALANCES				
Nonspendable:				
Inventories	0	0	0	1,992
Restricted for:				
Capital Projects	0	0	0	70,431
Debt Service	0	838	135,623	143,545
General government	0	0	0	357,929
Human Resources	0	0	0	70,703
Education	0	0	0	6,494
Public Safety	0	0	0	82,556
Agriculture and natural resources	0	0	0	106,857
Highways and other transportation	0	0	0	72,502
Unassigned	0	0	0	(88,974)
Total fund balance	0	838	135,623	824,035
Total liabilities, deferred inflows of resources, and fund balance	$ 0	$ 1,161	$ 135,623	$ 1,645,697

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Special Revenue Funds			
	State Regulatory Boards and Commission	Correctional Facilities	Tobacco Settlement for Children's Initiative	Adjutant General
Revenues:				
Property tax	$ 0	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	0	0
Sales and excise tax	105	0	0	0
Gross receipts tax	8,043	0	0	0
Charges for services	163,682	25,153	59,778	2,500
Operating grants	4,656	488	0	76,268
Capital grants	112	0	0	0
Investment earnings (loss)	433	14	47	0
Other revenues	2,528	4,223	15	123
Total revenues	179,559	29,878	59,840	78,891
Expenditures:				
Current:				
General government	140,829	0	0	0
Human resources	19,579	0	12,213	0
Education	0	0	32,614	0
Public safety	7,718	65,958	0	137,110
Agriculture and natural resources	5,135	0	0	0
Highways and other transportation	0	0	0	0
Health and environment	0	0	7,191	0
Debt service:				
Principal	3,156	92	0	0
Interest	411	56	0	0
Total expenditures	176,828	66,106	52,018	137,110
Excess of revenues over (under) expenditures	2,731	(36,228)	7,822	(58,219)
Other financing sources (uses):				
Sale of assets	0	0	0	0
Issuance of bonds	0	0	0	0
Issuance of capital leases	0	0	0	0
Premium on issuance of debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers, net	2,256	38,490	(1,881)	5,547
Total other financing sources (uses)	2,256	38,490	(1,881)	5,547
Net change in fund balances	4,987	2,262	5,941	(52,672)
Fund balances, beginning of year	101,990	29,801	24,203	(36,302)
Revisions to beginning fund balances	4,437	2,906	0	0
Fund balances, beginning of year (restated)	106,427	32,707	24,203	(36,302)
Fund balances, end of year	$ 111,414	$ 34,969	$ 30,144	$ (88,974)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Special Revenue Funds			
	Agriculture	Attorney General	Administration	Highway Patrol
Revenues:				
Property tax	$ 0	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	0	0
Sales and excise tax	0	1,000	0	3,077
Gross receipts tax	0	0	0	0
Charges for services	16,490	15,886	2,560	17,469
Operating grants	10,971	7,957	176	13,229
Capital grants	0	0	0	0
Investment earnings (loss)	1	3	79	4
Other revenues	971	10,528	533,475	571
Total revenues	28,433	35,374	536,290	34,350
Expenditures:				
Current:				
General government	0	20,081	547,750	0
Human resources	0	0	0	0
Education	0	0	0	0
Public safety	0	18,064	0	96,183
Agriculture and natural resources	31,081	0	0	0
Highways and other transportation	0	0	0	0
Health and environment	0	0	0	0
Debt service:				
Principal	370	0	38,945	80
Interest	367	0	61,179	0
Total expenditures	31,818	38,145	647,874	96,263
Excess of revenues over (under) expenditures	(3,385)	(2,771)	(111,584)	(61,913)
Other financing sources (uses):				
Sale of assets	0	0	0	0
Issuance of bonds	0	0	0	0
Issuance of capital leases	0	0	0	0
Premium on issuance of debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers, net	4,322	5,681	112,489	62,834
Total other financing sources (uses)	4,322	5,681	112,489	62,834
Net change in fund balances	937	2,910	905	921
Fund balances, beginning of year	17,470	27,122	8,553	31,113
Revisions to beginning fund balances	(6,718)	0	3,986	58
Fund balances, beginning of year (restated)	10,752	27,122	12,539	31,171
Fund balances, end of year	$ 11,689	$ 30,032	$ 13,444	$ 32,092

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Special Revenue Funds			
	Historical Society	Labor	Commerce	Insurance
Revenues:				
Property tax	$ 0	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	3,500	0
Sales and excise tax	1,113	0	0	0
Gross receipts tax	0	0	7	14,296
Charges for services	401	31	6,960	37,608
Operating grants	721	70,989	59,151	0
Capital grants	0	0	0	0
Investment earnings (loss)	3	0	18	0
Other revenues	32	19,351	1,736	3,118
Total revenues	2,270	90,371	71,372	55,022
Expenditures:				
Current:				
General government	0	0	266,763	27,674
Human resources	0	247,313	0	0
Education	2,435	0	4,210	0
Public safety	0	0	0	0
Agriculture and natural resources	0	0	0	0
Highways and other transportation	0	0	0	0
Health and environment	0	0	0	0
Debt service:				
Principal	0	0	69,110	0
Interest	0	0	777	0
Total expenditures	2,435	247,313	340,860	27,674
Excess of revenues over (under) expenditures	(165)	(156,942)	(269,488)	27,348
Other financing sources (uses):				
Sale of assets	0	0	0	0
Issuance of bonds	0	0	0	0
Issuance of capital leases	0	0	0	0
Premium on issuance of debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers, net	5	165,846	269,630	5,230
Total other financing sources (uses)	5	165,846	269,630	5,230
Net change in fund balances	(160)	8,904	142	32,578
Fund balances, beginning of year	6,263	28,089	54,106	34,971
Revisions to beginning fund balances	0	51	6,782	5,816
Fund balances, beginning of year (restated)	6,263	28,140	60,888	40,787
Fund balances, end of year	$ 6,103	$ 37,044	$ 61,030	$ 73,365

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Special Revenue Funds		
	Judicial	State Library	Revenue
Revenues:			
Property tax	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	0
Sales and excise tax	0	0	7,111
Gross receipts tax	0	0	575
Charges for services	32,546	0	30,070
Operating grants	902	1,782	0
Capital grants	0	0	0
Investment earnings (loss)	3	0	0
Other revenues	1,202	0	0
Total revenues	34,653	1,782	37,756
Expenditures:			
Current:			
General government	42,555	0	91,779
Human resources	0	0	0
Education	0	2,368	0
Public safety	0	0	0
Agriculture and natural resources	0	0	0
Highways and other transportation	0	0	0
Health and environment	0	0	0
Debt service:			
Principal	0	0	350
Interest	0	0	708
Total expenditures	42,555	2,368	92,837
Excess of revenues over (under) expenditures	(7,902)	(586)	(55,081)
Other financing sources (uses):			
Sale of assets	0	0	0
Issuance of bonds	0	0	0
Issuance of capital leases	0	0	0
Premium on issuance of debt	0	0	0
Payment to refunded bond escrow agent	0	0	0
Transfers, net	6,697	0	49,584
Total other financing sources (uses)	6,697	0	49,584
Net change in fund balances	(1,205)	(586)	(5,497)
Fund balances, beginning of year	19,867	977	14,328
Revisions to beginning fund balances	0	0	11,037
Fund balances, beginning of year (restated)	19,867	977	25,365
Fund balances, end of year	$ 18,662	$ 391	$ 19,868

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Special Revenue Funds			
	Secretary of State	State Treasurer	Wildlife, Parks and Tourism	Legislative
Revenues:				
Property tax	$ 0	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	0	0
Sales and excise tax	0	331,506	1,319	0
Gross receipts tax	0	27,045	0	0
Charges for services	5,803	1,164	54,099	15
Operating grants	0	0	29,596	0
Capital grants	0	0	0	0
Investment earnings (loss)	16	3,643	29	0
Other revenues	0	20,783	142	0
Total revenues	5,819	384,141	85,185	15
Expenditures:				
Current:				
General government	10,702	385,600	0	5,068
Human resources	0	0	0	0
Education	0	0	0	0
Public safety	0	0	0	0
Agriculture and natural resources	0	0	78,167	0
Highways and other transportation	0	0	0	0
Health and environment	0	0	0	0
Debt service:				
Principal	0	0	0	0
Interest	0	0	0	0
Total expenditures	10,702	385,600	78,167	5,068
Excess of revenues over (under) expenditures	(4,883)	(1,459)	7,018	(5,053)
Other financing sources (uses):				
Sale of assets	0	0	0	0
Issuance of bonds	0	0	0	0
Issuance of capital leases	0	0	0	0
Premium on issuance of debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers, net	982	135	4,889	5,068
Total other financing sources (uses)	982	135	4,889	5,068
Net change in fund balances	(3,901)	(1,324)	11,907	15
Fund balances, beginning of year	21,084	3,819	54,679	213
Revisions to beginning fund balances	518	42,146	(64)	2
Fund balances, beginning of year (restated)	21,602	45,965	54,615	215
Fund balances, end of year	$ 17,701	$ 44,641	$ 66,522	$ 230

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Special Revenue Funds			Capital Projects Funds
	Transportation-Special Revenue	State Water Plan	Peace Officer Training	Transportation-Capital Projects
Revenues:				
Property tax	$ 0	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	0	0
Sales and excise tax	0	2,794	0	0
Gross receipts tax	0	0	0	0
Charges for services	0	5,819	696	0
Operating grants	31,111	0	0	0
Capital grants	0	0	0	0
Investment earnings (loss)	114	0	0	0
Other revenues	2,149	4,822	142	0
Total revenues	33,374	13,435	838	0
Expenditures:				
Current:				
General government	0	0	0	0
Human resources	0	0	0	0
Education	0	27	0	0
Public safety	0	0	772	0
Agriculture and natural resources	0	10,905	0	0
Highways and other transportation	61,360	0	0	0
Health and environment	0	3,370	0	0
Debt service:				
Principal	0	0	0	0
Interest	0	0	0	0
Total expenditures	61,360	14,302	772	0
Excess of revenues over (under) expenditures	(27,986)	(867)	66	0
Other financing sources (uses):				
Sale of assets	3,219	0	0	0
Issuance of bonds	0	0	0	0
Issuance of capital leases	0	0	0	0
Premium on issuance of debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers, net	34,100	3,712	0	0
Total other financing sources (uses)	37,319	3,712	0	0
Net change in fund balances	9,333	2,845	66	0
Fund balances, beginning of year	63,169	12,762	1,517	0
Revisions to beginning fund balances	0	0	0	0
Fund balances, beginning of year (restated)	63,169	12,762	1,517	0
Fund balances, end of year	$ 72,502	$ 15,607	$ 1,583	$ 0

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Capital Projects Funds		Debt Service Funds
	State Buildings (Appropriated)	Capitol Complex Buildings	Master Lease Program
Revenues:			
Property tax	$ 65,204	$ 0	$ 0
Income and inheritance tax	0	0	0
Sales and excise tax	0	0	0
Gross receipts tax	0	0	0
Charges for services	0	0	0
Operating grants	0	0	0
Capital grants	0	0	0
Investment earnings (loss)	0	0	2
Other revenues	427	0	0
Total revenues	65,631	0	2
Expenditures:			
Current:			
General government	606	1,946	49
Human resources	7,513	0	0
Education	37,295	0	0
Public safety	5,106	0	0
Agriculture and natural resources	0	0	0
Highways and other transportation	0	0	0
Health and environment	0	0	0
Debt service:			
Principal	0	57,915	2,945
Interest	0	983	216
Total expenditures	50,520	60,844	3,210
Excess of revenues over (under) expenditures	15,111	(60,844)	(3,208)
Other financing sources (uses):			
Sale of assets	0	0	0
Issuance of bonds	0	0	0
Issuance of capital leases	0	0	406
Premium on issuance of debt	0	0	0
Payment to refunded bond escrow agent	0	0	0
Transfers, net	(1,052)	62,214	(1)
Total other financing sources (uses)	(1,052)	62,214	405
Net change in fund balances	14,059	1,370	(2,803)
Fund balances, beginning of year	54,028	974	9,612
Revisions to beginning fund balances	0	0	0
Fund balances, beginning of year (restated)	54,028	974	9,612
Fund balances, end of year	$ 68,087	$ 2,344	$ 6,809

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Debt Service Funds		
	Corrections	Pooled Funds	Armories
Revenues:			
Property tax	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	0
Sales and excise tax	0	0	0
Gross receipts tax	0	0	0
Charges for services	0	0	0
Operating grants	0	0	0
Capital grants	0	0	0
Investment earnings (loss)	0	0	0
Other revenues	0	0	1,946
Total revenues	0	0	1,946
Expenditures:			
Current:			
General government	0	7,516	0
Human resources	0	0	0
Education	0	0	0
Public safety	0	0	0
Agriculture and natural resources	0	0	0
Highways and other transportation	0	0	0
Health and environment	0	0	0
Debt service:			
Principal	0	36,975	1,905
Interest	0	975	41
Total expenditures	0	45,466	1,946
Excess of revenues over (under) expenditures	0	(45,466)	0
Other financing sources (uses):			
Sale of assets	0	0	0
Issuance of bonds	0	0	0
Issuance of capital leases	0	0	0
Premium on issuance of debt	0	0	0
Payment to refunded bond escrow agent	0	0	0
Transfers, net	0	45,466	267
Total other financing sources (uses)	0	45,466	267
Net change in fund balances	0	0	267
Fund balances, beginning of year	7	0	1
Revisions to beginning fund balances	0	0	0
Fund balances, beginning of year (restated)	7	0	1
Fund balances, end of year	$ 7	$ 0	$ 268

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Concluded
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Debt Service Funds			
	Labor	Bond and Interest	Highway Debt Service	Total Non-major Governmental
Revenues:				
Property tax	$ 0	$ 0	$ 0	$ 65,204
Income and inheritance tax	0	23,382	0	26,882
Sales and excise tax	0	0	0	348,025
Gross receipts tax	0	0	0	49,966
Charges for services	0	0	0	478,730
Operating grants	0	0	0	307,997
Capital grants	0	0	0	112
Investment earnings (loss)	0	5	72	4,486
Other revenues	0	7,519	0	615,803
Total revenues	0	30,906	72	1,897,205
Expenditures:				
Current:				
General government	0	1,008	0	1,549,926
Human resources	250	0	0	286,868
Education	0	0	0	78,949
Public safety	0	0	0	330,911
Agriculture and natural resources	0	802	0	126,090
Highways and other transportation	0	0	0	61,360
Health and environment	0	0	0	10,561
Debt service:				
Principal	0	81,065	121,350	414,258
Interest	24	30,507	86,165	182,409
Total expenditures	274	113,382	207,515	3,041,332
Excess of revenues over (under) expenditures	(274)	(82,476)	(207,443)	(1,144,127)
Other financing sources (uses):				
Sale of assets	0	0	0	3,219
Issuance of bonds	0	149,325	0	149,325
Issuance of capital leases	0	0	0	406
Premium on issuance of debt	0	18,096	0	18,096
Payment to refunded bond escrow agent	0	0	0	0
Transfers, net	274	(85,465)	210,479	1,007,798
Total other financing sources (uses)	274	81,956	210,479	1,178,844
Net change in fund balances	0	(520)	3,036	34,717
Fund balances, beginning of year	0	1,358	132,587	718,361
Revisions to beginning fund balances	0	0	0	70,957
Fund balances, beginning of year (restated)	0	1,358	132,587	789,318
Fund balances, end of year	$ 0	$ 838	$ 135,623	$ 824,035

Listing of Non-Major Proprietary Funds

Enterprise Funds

Enterprise funds may be used to report any activity for which a fee for goods or services is charged external users. Enterprise funds are (1) required for any activity that operates under laws or regulations that its costs be recovered with fees and charges, rather than with taxes or similar revenues, (2) required for any activity for which management establishes fees, pursuant to its pricing policy, designed to recover its costs of providing services, and (3) required for activity that is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity:

Workers' Compensation
Lottery
Intergovernmental Transfer Program
Transportation Revolving Fund
Communication Systems Revolving Fund

Combining Statement of Net Position - Non-major Proprietary Funds
June 30, 2021
(expressed in thousands)

	Business-Type Activities					
	Workers Compensation	Lottery	Intergovern-mental Transfer Program	Transporta-tion Revolving Fund	Communication Systems Revolving Fund	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 6,781	$ 15,321	$ 398	$ 6,185	$ 4,309	$ 32,994
Restricted cash and cash equivalents	0	0	0	0	0	0
Receivables,net	30	11,667	0	1,898	90	13,685
Inventories	0	2,567	0	0	0	2,567
Total current assets	6,811	29,555	398	8,083	4,399	49,246
Noncurrent assets:						
Investments	0	0	0	0	0	0
Receivables, net	0	0	0	10,533	62	10,595
Capital assets (net of accumulated depreciation)	0	2,824	0	0	0	2,824
Total noncurrent assets	0	2,824	0	10,533	62	13,419
Total assets	6,811	32,379	398	18,616	4,461	62,665
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows - pensions	0	1,872	0	0	0	1,872
Deferred outflows - OPEB	0	25	0	0	0	25
Total deferred outflows of resources	0	1,897	0	0	0	1,897
LIABILITIES						
Current liabilities:						
Accounts payable and other liabilities	$ 23	$ 21,139	$ 0	$ 0	$ 0	$ 21,162
Due to other funds	0	4,857	0	0	0	4,857
Short-term compensated absences	11	0	0	0	0	11
Short-term portion of long-term liabilities	5,781	0	0	0	0	5,781
Total current liabilities	5,815	25,996	0	0	0	31,811
Noncurrent liabilities:						
Compensated absences	7	0	0	0	0	7
Claims and judgments	28,066	0	0	0	0	28,066
Bonds, notes and loans payable	0	0	0	0	0	0
Unearned lease revenue	0	0	0	0	156	156
Arbitrage rebate payable	0	0	0	0	0	0
Net pension liability	0	7,106	0	0	0	7,106
Total OPEB liability	0	90	0	0	0	90
Total noncurrent liabilities	28,073	7,196	0	0	156	35,425
Total liabilities	33,888	33,192	0	0	156	67,236
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pensions	0	165	0	0	0	165
Deferred inflows - OPEB	0	16	0	0	0	16
Total deferred inflows of resources	0	181	0	0	0	181
NET POSITION						
Net investment in capital assets	0	2,824	0	0	0	2,824
Restricted for:						
Debt service	0	0	0	0	0	0
Unrestricted	(27,077)	(1,921)	398	18,616	4,305	(5,679)
Total net position	$ (27,077)	$ 903	$ 398	$ 18,616	$ 4,305	$ (2,855)

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Non-major Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Business-Type Activities					
	Workers Compensation	Lottery	Intergovernmental Transfer Program	Transportation Revolving Fund	Communication Systems Revolving Fund	Total
Operating revenues:						
Charges for services	$ 2,801	$ 700,658	$ 0	$ 31	$ 210	$ 703,700
Other revenue	251	5,252	55	454	0	6,012
Total operating revenues	3,052	705,910	55	485	210	709,712
Operating expenses:						
Personal services	245	6,763	0	0	0	7,008
Supplies and services	1,067	302,522	6	0	9	303,604
Lottery prize awards	0	200,187	0	0	0	200,187
Depreciation	0	995	0	0	0	995
Insurance claims and expenses	(1,402)	0	0	0	0	(1,402)
Other expenses	899	13,379	0	0	0	14,278
Total operating expenses	809	523,846	6	0	9	524,670
Operating income (loss)	2,243	182,064	49	485	201	185,042
Nonoperating revenues (expenses):						
Investment earnings	0	0	49	5	3	57
Interest expense	0	0	0	0	0	0
Other revenues (expenses)	0	(11,208)	0	0	(31)	(11,239)
Total nonoperating revenues (expenses)	0	(11,208)	49	5	(28)	(11,182)
Net income (loss)	2,243	170,856	98	490	173	173,860
Transfers in	0	0	0	0	0	0
Transfers out	0	(168,989)	0	0	0	(168,989)
Change in net position	2,243	1,867	98	490	173	4,871
Net position - beginning	(29,320)	(964)	300	18,126	4,132	(7,726)
Net position - ending	$ (27,077)	$ 903	$ 398	$ 18,616	$ 4,305	$ (2,855)

Listing of Internal Service Funds

Internal Service Funds

Internal Service Funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis:

Printing
Accounting Services
Motor Pool
Information Technology
Aircraft
Building Maintenance
Architectural Services
State Workers Compensation Self-Insurance
Capitol Security
Wildlife
Personnel Services
GIS Services

Combining Statement of Net Position - Internal Service Funds
June 30, 2021
(expressed in thousands)

	Printing	Accounting Services	Motor Pool	Information Technology	Aircraft	Building Maintenance	Architectural Services
ASSETS							
Current assets:							
Cash and cash equivalents	$ 3,252	$ 14,678	$ 599	$ 22,005	$ 107	$ 9,988	$ 620
Cash and cash equivalents, restricted	0	77,296	0	0	0	0	0
Receivables, net	2	9	0	6,840	0	88	327
Inventories	0	0	1,282	8,192	0	0	0
Total current assets	3,254	91,983	1,881	37,037	107	10,076	947
Noncurrent assets:							
Capital assets not being depreciated	0	0	0	0	0	2,516	0
Capital assets (net of accumulated depreciation)	1,476	0	171	1,655	0	53,026	259
Total noncurrent assets	1,476	0	171	1,655	0	55,542	259
Total assets	4,730	91,983	2,052	38,692	107	65,618	1,206
LIABILITIES							
Current liabilities:							
Accounts payable and other liabilities	350	366	20	2,759	0	923	173
Due to other funds	0	0	20	0	0	0	0
Short-term compensated absences	101	270	0	370	0	281	67
Short-term portion of long-term liabilities	0	27,364	0	0	0	3,415	0
Total current liabilities	451	28,000	40	3,129	0	4,619	240
Noncurrent liabilities:							
Compensated absences	63	171	0	233	0	177	42
Claims and judgments	0	46	0	0	0	0	0
Bonds, notes and loans payable	0	0	0	0	0	30,364	0
Advances from other funds	0	0	7	0	0	0	0
Total noncurrent liabilities	63	217	7	233	0	30,541	42
Total liabilities	514	28,217	47	3,362	0	35,160	282
NET POSITION							
Net investment in capital assets	1,476	0	171	1,655	0	21,763	259
Unrestricted	2,740	63,766	1,834	33,675	107	8,695	665
Total net position	$ 4,216	$ 63,766	$ 2,005	$ 35,330	$ 107	$ 30,458	$ 924

Combining Statement of Net Position - Internal Service Funds - Concluded
June 30, 2021
(expressed in thousands)

	State Workers Compensation Self-Insurance	Capitol Security	Wildlife	Personnel Services	GIS Services	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 30,092	$ 250	$ 189	$ 47	$ 1,695	$ 83,522
Cash and cash equivalents, restricted	0	0	0	0	0	77,296
Receivables,net	0	0	0	0	71	7,337
Inventories	0	0	0	0	0	9,474
Total current assets	30,092	250	189	47	1,766	177,629
Noncurrent assets:						
Infrastructure	0	0	0	0	0	2,516
Capital assets (net of accumulated depreciation)	0	0	4	0	0	56,591
Total noncurrent assets	0	0	4	0	0	59,107
Total assets	30,092	250	193	47	1,766	236,736
LIABILITIES						
Current liabilities:						
Accounts payable and other liabilities	147	15	0	0	0	4,753
Due to other funds	0	0	0	0	0	20
Short-term compensated absences	60	6	0	0	0	1,155
Short-term portion of long-term liabilities	7,038	0	0	0	0	37,817
Total current liabilities	7,245	21	0	0	0	43,745
Noncurrent liabilities:						
Compensated absences	38	4	0	0	0	728
Claims and judgements	46,669	0	0	0	0	46,715
Bonds, notes and loans payable	0	0	0	0	0	30,364
Advances from other funds	0	0	0	0	0	7
Total noncurrent liabilities	46,707	4	0	0	0	77,814
Total liabilities	53,952	25	0	0	0	121,559
NET POSITION						
Net investment in capital assets	0	0	4	0	0	25,328
Unrestricted	(23,860)	225	189	47	1,766	89,849
Total net position	$ (23,860)	$ 225	$ 193	$ 47	$ 1,766	$ 115,177

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Printing	Accounting Services	Motor Pool	Information Technology	Aircraft	Building Maintenance	Architectural Services
Operating revenues:							
Charges for services	$ 9,258	$ 9,515	$ 139	$ 54,327	$ 64	$ 24,592	$ 1,319
Other revenue	0	7,247	1,083	0	0	189	0
Total operating revenues	9,258	16,762	1,222	54,327	64	24,781	1,319
Operating expenses:							
Salaries and wages	2,308	5,740	0	9,864	0	8,153	1,444
Supplies and services	7,107	5,795	623	38,508	93	1,644	115
Depreciation	258	0	32	768	0	1,904	28
Insurance claims and expenses	0	0	0	0	0	0	0
Other expenses	0	8	0	22	0	2	0
Total operating expenses	9,673	11,543	655	49,162	93	11,703	1,587
Operating income (loss)	(415)	5,219	567	5,165	(29)	13,078	(268)
Nonoperating revenues (expenses):							
Operating grants	0	0	0	8	0	0	0
Investment earnings	0	0	0	0	0	1	0
Interest expense	0	0	0	0	0	(789)	0
Other expenses	0	0	0	0	0	(1)	0
Total nonoperating revenues (expenses)	0	0	0	8	0	(789)	0
Net income (loss)	(415)	5,219	567	5,173	(29)	12,289	(268)
Transfers in	0	1,408	0	0	0	4,123	0
Transfers out	(188)	(77)	(2,208)	(270)	0	(12,388)	(70)
Change in net position	(603)	6,550	(1,641)	4,903	(29)	4,024	(338)
Net position - beginning	4,819	57,216	3,646	30,427	136	26,434	1,262
Net position - ending	$ 4,216	$ 63,766	$ 2,005	$ 35,330	$ 107	$ 30,458	$ 924

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds - Concluded
For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	State Workers Compensation Self-Insurance	Capitol Security	Wildlife	Personnel Services	GIS Services	Total
Operating revenues:						
Charges for services	$ 0	$ 346	$ 0	$ 16	$ 523	$ 100,099
Other revenue	20,227	0	0	0	500	29,246
Total operating revenues	20,227	346	0	16	1,023	129,345
Operating expenses:						
Salaries and wages	1,614	348	0	0	0	29,471
Supplies and services	1,319	9	0	0	717	55,930
Depreciation	0	0	1	0	0	2,991
Insurance claims and expenses	10,400	0	0	0	0	10,400
Other expenses	0	0	1	0	0	33
Total operating expenses	13,333	357	2	0	717	98,825
Operating income (loss)	6,894	(11)	(2)	16	306	30,520
Nonoperating revenues (expenses):						
Operating grants	0	0	0	0	0	8
Investment earnings	27	0	0	0	0	28
Interest expense	0	0	0	0	0	(789)
Other expenses	0	0	0	0	0	(1)
Total nonoperating revenues (expenses)	27	0	0	0	0	(754)
Net income (loss)	6,921	(11)	(2)	16	306	29,766
Transfers in	0	0	0	0	0	5,531
Transfers out	0	0	0	0	(778)	(15,979)
Change in net position	6,921	(11)	(2)	16	(472)	19,318
Net position - beginning	(30,781)	236	195	31	2,238	95,859
Net position - ending	$ (23,860)	$ 225	$ 193	$ 47	$ 1,766	$ 115,177

STATISTICAL

SECTION

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Financial Trends 166

These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

Revenue Capacity 171

These schedules contain information to help the reader assess the state's most significant revenue source, the income and sales taxes.

Debt Capacity 172

These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

Demographic and Economic Information 173

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Information 175

These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Financial Trends
Net Position by Fund Type
Last Ten Fiscal Years
(expressed in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	$ 9,279,477	$ 9,323,734	$ 9,791,994	$ 9,664,367	$ 9,683,734	$ 10,103,755	$ 10,188,970	$ 10,262,233	$ 10,549,360	$ 10,946,294
Restricted	920,031	1,162,509	1,238,216	1,110,905	1,123,007	952,208	1,269,556	1,642,511	1,973,947	1,754,262
Unrestricted	286,900	512,524	(45,468)	(2,041,601)	(3,127,429)	(3,205,914)	(2,617,412)	(2,069,123)	(2,106,232)	(152,200)
Total governmental activities net position	$ 10,486,408	$ 10,998,767	$ 10,984,742	$ 8,733,671	$ 7,679,312	$ 7,850,049	$ 8,841,114	$ 9,835,621	$ 10,417,075	$ 12,548,356
Business-type activities										
Net investment in capital assets	$ 54,273	$ 43,844	$ 299	$ 320	$ 675	$ 580	$ 528	$ 4,555	$ 3,705	$ 2,842
Restricted	474,957	496,714	536,957	1,021,260	1,168,392	1,264,332	1,395,748	1,599,217	1,477,151	1,121,025
Unrestricted	171,381	215,568	331,144	(6,523)	(8,024)	(8,839)	(11,033)	(13,741)	(11,689)	(5,679)
Total business-type activities net position	$ 700,611	$ 756,126	$ 868,400	$ 1,015,057	$ 1,161,043	$ 1,256,073	$ 1,385,243	$ 1,590,031	$ 1,469,167	$ 1,118,188
Primary government										
Net investment in capital assets	$ 9,333,750	$ 9,367,578	$ 9,792,293	$ 9,664,687	$ 9,684,409	$ 10,104,335	$ 10,189,498	$ 10,266,788	$ 10,553,065	$ 10,949,136
Restricted	1,394,988	1,659,223	1,775,173	2,132,165	2,291,399	2,216,540	2,665,304	3,241,728	3,451,098	2,875,287
Unrestricted	458,281	728,092	285,676	(2,048,124)	(3,135,453)	(3,214,753)	(2,628,445)	(2,082,864)	(2,117,921)	(157,879)
Total primary government net position	$ 11,187,019	$ 11,754,893	$ 11,853,142	$ 9,748,728	$ 8,840,355	$ 9,106,122	$ 10,226,357	$ 11,425,652	$ 11,886,242	$ 13,666,544

Financial Trends
Changes in Net Position Last Ten Fiscal Years
(expressed in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	$ 1,199,474	$ 822,456	$ 778,620	$ 898,782	$ 729,837	$ 678,024	$ 799,293	$ 738,005	$ 801,776	$ 2,341,832
Human resources	2,736,768	2,702,954	2,614,673	2,660,656	2,648,404	2,683,036	2,800,874	2,970,240	3,254,522	4,047,796
Education	5,014,709	5,130,332	5,209,211	5,364,450	6,095,595	5,410,778	5,754,793	6,146,720	6,394,277	6,575,804
Public safety	589,676	610,878	589,939	576,079	582,235	573,067	608,472	613,587	706,925	723,621
Agriculture and natural resources	120,242	124,244	122,995	119,297	131,105	133,706	144,841	136,345	145,469	134,007
Highways and other transportation	1,006,995	928,140	863,577	887,297	824,742	729,852	625,195	749,537	815,065	979,687
Health and environment	1,425,544	2,129,953	2,285,022	2,358,837	2,566,146	2,593,728	2,725,566	2,824,494	2,968,528	3,234,708
Interest expense	152,361	139,500	138,718	123,273	146,939	179,304	172,560	200,355	183,730	177,799
Total governmental activities expenses	12,245,769	12,588,457	12,602,755	12,988,671	13,725,003	12,981,495	13,631,594	14,379,283	15,270,292	18,215,254
Business-type activities:										
Water pollution and safety	59,646	36,301	26,955	26,434	28,036	30,608	16,003	16,321	10,588	6,913
Health care stabilization	6,442	37,160	29,729	88,338	38,675	38,878	41,576	52,468	29,814	37,463
Employment security	736,736	527,345	369,720	292,794	239,649	194,032	163,254	132,918	1,372,249	1,715,376
Workers' compensation	4,718	3,723	6,734	6,946	3,725	3,710	5,502	3,956	4,113	809
Lottery	335,018	465,555	444,796	459,748	475,860	473,074	496,065	518,400	454,499	523,846
Intergovernmental transfer program	695	0	1,271	80	346	267	219	2	2	6
Transportation revolving loans	3,488	3,908	2,883	2,052	1,182	812	47	9	9	9
Total business-type activities expenses	1,146,743	1,073,992	882,088	876,392	787,473	741,381	722,666	724,074	1,871,274	2,284,422
Total primary government expenses	$ 13,392,512	$ 13,662,449	$ 13,484,843	$ 13,865,063	$ 14,512,476	$ 13,722,876	$ 14,354,260	$ 15,103,357	$ 17,141,566	$ 20,499,676
Program Revenues										
Governmental activities:										
General government	$ 446,341	$ 327,902	$ 379,499	$ 356,922	$ 357,970	$ 369,458	$ 353,800	$ 401,430	$ 453,064	$ 1,422,889
Human resources	983,660	1,003,914	933,347	829,528	847,019	837,023	839,476	816,232	904,248	1,139,149
Education	484,634	488,135	480,375	484,378	477,369	487,926	484,530	492,063	492,101	634,528
Public safety	175,242	173,663	142,821	115,526	127,485	128,689	133,543	133,095	218,868	261,700
Agriculture and natural resources	92,906	103,625	90,502	96,057	105,772	106,658	127,643	121,811	128,701	125,333
Highways and other transportation	672,116	639,443	730,609	618,334	574,560	643,674	622,867	675,790	668,431	706,444
Health and environment	1,939,093	1,911,061	2,115,889	2,135,875	2,258,274	2,299,910	2,347,914	2,511,826	2,946,672	3,167,981
Total governmental activities revenues	4,793,992	4,647,743	4,873,042	4,636,620	4,748,449	4,873,338	4,909,773	5,152,247	5,812,085	7,458,024
Business-type activities:										
Water pollution and safety	36,902	51,651	64,757	51,531	33,847	36,523	34,879	41,375	41,551	36,988
Health care stabilization	29,350	27,027	25,348	27,372	27,575	28,463	28,121	26,441	28,554	33,171
Employment security	435,729	422,553	409,368	426,989	345,567	262,321	283,318	285,224	272,460	325,672
Workers' compensation	4,932	1,779	5,016	7,613	3,647	3,756	2,583	586	2,578	2,801
Lottery	499,479	610,317	598,731	615,051	636,389	629,148	673,457	706,310	609,054	700,658
Intergovernmental transfer program	0	0	0	0	0	0	50	42	37	0
Transportation revolving fund	815	2,214	497	326	308	281	224	180	159	241
Total business-type activities revenues	1,007,207	1,115,541	1,103,717	1,128,882	1,047,333	960,492	1,022,632	1,060,158	954,393	1,099,531
Total primary government revenues	$ 5,801,199	$ 5,763,284	$ 5,976,759	$ 5,765,502	$ 5,795,782	$ 5,833,830	$ 5,932,405	$ 6,212,405	$ 6,766,478	$ 8,557,555
Net (Expense) Revenue										
Government activities	$ (7,451,777)	$ (7,940,714)	$ (7,729,713)	$ (8,352,051)	$ (8,976,554)	$ (8,108,157)	$ (8,721,821)	$ (9,227,036)	$ (9,458,207)	$ (10,757,230)
Business-type activities	(139,536)	41,549	221,629	252,490	259,860	219,111	299,966	336,084	(916,881)	(1,184,891)
Total primary net (expense) revenue	$ (7,591,313)	$ (7,899,165)	$ (7,508,084)	$ (8,099,561)	$ (8,716,694)	$ (7,889,046)	$ (8,421,855)	$ (8,890,952)	$ (10,375,088)	$ (11,942,121)

Financial Trends
Revenues and Other Changes in Net Position
Last Ten Fiscal Years
(Expressed in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Taxes										
Property tax	$ 626,121	$ 641,553	$ 623,983	$ 644,964	$ 646,985	$ 669,275	$ 698,404	$ 739,403	$ 770,483	$ 801,569
Income and inheritance tax	3,203,760	3,382,048	2,610,490	2,864,790	2,633,381	2,719,177	3,996,581	4,387,339	4,165,859	5,009,366
Sales and excise tax	3,424,419	3,510,478	3,599,390	3,607,478	3,758,095	3,810,037	3,901,264	3,920,659	3,988,320	4,715,498
Gross receipts tax	163,862	177,215	198,479	215,145	299,421	311,858	407,329	400,594	423,398	477,916
Investment earnings	(19,548)	58,671	42,199	7,805	15,855	23,896	32,232	52,635	51,014	6,311
Other revenue	313,929	489,719	402,911	474,171	484,227	540,855	521,597	545,993	494,410	1,216,179
Transfers	122,855	165,514	171,891	164,266	169,929	160,358	206,487	174,920	146,177	302,919
Total governmental activities revenues	7,835,398	8,425,198	7,649,343	7,978,619	8,007,893	8,235,456	9,763,894	10,221,543	10,039,661	12,529,758
Business-type activities:[1]										
Investment earnings	21,265	6,298	12,681	14,731	29,373	14,769	17,862	44,699	51,187	12,096
Other revenue	378,400	188,955	96,708	49,973	26,682	21,508	17,885	(1,075)	891,007	1,124,735
Transfers	(122,855)	(165,514)	(171,891)	(164,266)	(169,929)	(160,358)	(206,487)	(174,920)	(146,177)	(302,919)
Total business-type activities revenues	276,810	29,739	(62,502)	(99,562)	(113,874)	(124,081)	(170,740)	(131,296)	796,017	833,912
Total primary government revenues	$ 8,112,208	$ 8,454,937	$ 7,586,841	$ 7,879,057	$ 7,894,019	$ 8,111,375	$ 9,593,154	$ 10,090,247	$ 10,835,678	$ 13,363,670
Change in Net Position										
Governmental activities	$ 383,621	$ 484,484	$ (80,370)	$ (373,432)	$ (968,661)	$ 127,299	$ 1,042,073	$ 994,507	$ 581,454	$ 1,772,528
Business-type activities	137,274	71,288	159,127	152,928	145,986	95,030	129,226	204,788	(120,864)	(350,979)
Total primary government	$ 520,895	$ 555,772	$ 78,757	$ (220,504)	$ (822,675)	$ 222,329	$ 1,171,299	$ 1,199,295	$ 460,590	$ 1,421,549

Financial Trends
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(expressed in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable:										
Inventory	$ 7,593	$ 7,446	$ 7,851	$ 5,308	$ 4,754	$ 4,154	$ 4,958	$ 5,274	$ 5,196	$ 5,216
Unassigned	207,530	390,890	(5,376)	(285,048)	(509,152)	(518,746)	59,068	447,554	550,916	1,739,058
Total General Fund	$ 215,123	$ 398,336	$ 2,475	$ (279,740)	$ (504,398)	$ (514,592)	$ 64,026	$ 452,828	$ 556,112	$ 1,744,274
Social Services Fund										
Nonspendable:										
Inventory	$ 0	$ 0	$ 23	$ 1,346	$ 1,320	$ 1,404	$ 307	$ 234	$ 306	$ 390
Restricted for:										
Human resources	56,773	61,041	58,794	22,029	55,090	50,526	64,640	66,371	123,105	139,101
Total Social Services Fund	$ 56,773	$ 61,041	$ 58,817	$ 23,375	$ 56,410	$ 51,930	$ 64,947	$ 66,605	$ 123,411	$ 139,491
Health and Environment Fund										
Restricted for:										
Health and Environment	$ 101,844	$ 138,777	$ 187,268	$ 198,181	$ 186,382	$ 102,385	$ 104,438	$ 137,996	$ 159,096	$ 155,193
Total Health and Environment Fund	$ 101,844	$ 138,777	$ 187,268	$ 198,181	$ 186,382	$ 102,385	$ 104,438	$ 137,996	$ 159,096	$ 155,193
Education Fund[1]										
Restricted for:										
Education	$ 0	$ 0	$ 0	$ 11,568	$ 5,688	$ 10,434	$ 8,097	$ 8,619	$ 11,191	$ 8,181
Total Education Fund	$ 0	$ 0	$ 0	$ 11,568	$ 5,688	$ 10,434	$ 8,097	$ 8,619	$ 11,191	$ 8,181
Transportation Fund										
Nonspendable:										
Inventory	$ 24,940	$ 24,363	$ 23,983	$ 23,465	$ 24,598	$ 25,615	$ 24,266	$ 23,095	$ 24,320	$ 24,662
Long-term receivable	0	0	0	1,495	9,721	8,597	7,572	6,348	5,224	4,250
Prepaid Insurance	0	0	1,096	391	27	0	0	0	0	0
Restricted for:										
Highways and other transportation	102,629	292,903	432,854	387,128	423,250	203,607	457,590	674,053	846,187	141,453
Assigned to:										
Next fiscal year budget deficit	0	0	0	0	0	0	0	0	0	714,208
Total Transportation Fund	$ 127,569	$ 317,266	$ 457,933	$ 412,479	$ 457,596	$ 237,819	$ 489,428	$ 703,496	$ 875,731	$ 884,573
Executive Fund[3]										
Restricted for:										
Education	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 12,454	$ 4,854
Total Executive Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 12,454	$ 4,854
Transportation-Capital Projects Fund[2]										
Unassigned	$ (504,312)	$ (321,812)	$ (383,215)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total Transportation - Capital Projects Fund	$ (504,312)	$ (321,812)	$ (383,215)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Governmental Funds										
Nonspendable:										
Long-Term Receivables	$ 6,275	$ 4,487	$ 4,153	$ 4,085	$ 4,493	$ 0	$ 0	$ 0	$ 0	$ 0
Inventory	4	0	3,613	4,121	3,254	3,408	4,281	3,794	4,457	1,992
Restricted for:										
Capital projects	67,654	52,789	43,137	44,972	39,338	42,666	54,207	53,786	55,002	70,431
Debt Service	82,836	60,756	59,912	158,784	154,852	125,371	127,401	143,804	143,565	143,545
General government	350,578	355,907	309,541	221,805	190,921	227,228	235,985	248,428	252,143	357,929
Human resources	24,698	34,929	51,847	51,649	35,123	40,078	56,614	58,716	55,263	70,703
Education	15,669	17,837	16,255	7,531	7,032	7,106	6,595	7,194	7,243	6,494
Public safety	44,056	61,931	68,200	67,616	69,307	77,103	71,910	70,072	74,875	82,556
Agriculture and natural resources	53,988	56,521	41,306	62,678	67,970	68,108	79,132	93,795	98,946	106,857
Highways and other transportation	19,306	19,348	29,014	35,748	42,906	48,874	55,217	132,344	63,169	72,502
Health and environment	0	0	0	0	0	0	0	0	0	0
Assigned to:										
Debt Service	113,867	109,231	121,317	0	0	0	0	0	0	0
Unassigned	0	0	0	(147,000)	(147,004)	0	0	(4,711)	(36,302)	(88,974)
Total All Other Governmental Funds	$ 778,931	$ 773,736	$ 748,295	$ 511,989	$ 468,192	$ 639,942	$ 691,342	$ 807,222	$ 718,361	$ 824,035

[1] This fund is a major fund starting in fiscal year 2015, all prior years is included in All Other Government Funds.

[2] This fund is not a major fund starting in fiscal year 2015, starting in 2015 included in All Other Governmental Funds.

Financial Trends
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(expressed in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	$ 7,474,894	$ 7,637,721	$ 7,144,913	$ 7,269,247	$ 7,373,018	$ 7,518,125	$ 8,904,737	$ 9,326,991	$ 9,432,852	$ 10,875,615
Charges for services	758,369	871,562	922,162	829,508	871,358	892,647	921,792	931,421	1,042,309	1,007,139
Intergovernmental (operating and capital grants)	3,955,974	3,780,418	3,955,175	3,807,458	3,867,624	3,983,564	3,958,728	4,184,075	4,745,955	6,371,735
Investment earnings	9,394	31,200	47,697	8,689	19,127	20,207	29,588	52,908	51,115	3,281
Other revenues (includes extraordinary items)	319,926	435,276	382,441	464,638	432,119	520,482	507,340	493,038	449,608	1,215,544
Total revenues	12,518,557	12,756,177	12,452,388	12,379,540	12,563,246	12,935,025	14,322,185	14,988,433	15,721,839	19,473,314
Expenditures										
General government	1,120,050	668,180	743,637	895,287	961,724	656,778	682,412	867,297	790,580	2,281,790
Human resources	2,741,155	2,697,933	2,632,279	2,678,419	2,657,162	2,689,000	2,786,742	2,981,296	3,246,897	4,039,100
Education	5,015,177	5,132,786	5,207,568	5,363,336	6,097,651	5,409,503	5,755,270	5,888,957	6,393,261	6,574,620
Public safety	614,237	631,164	635,851	583,720	642,870	573,356	598,532	615,749	837,319	740,594
Agriculture and natural resources	124,041	130,156	128,294	131,411	132,893	136,421	145,712	142,213	155,062	138,991
Highways and other transportation	1,101,841	1,042,855	1,026,126	1,158,149	1,123,268	1,002,043	765,556	791,171	863,014	1,131,545
Health and environment	1,426,387	2,134,837	2,286,017	2,359,955	2,565,616	2,587,752	2,723,561	2,828,041	2,968,703	3,226,890
Debt service:										
Principal	204,455	238,498	222,209	170,094	199,563	211,470	226,792	244,316	254,876	433,312
Interest	146,679	140,544	139,887	135,803	183,145	206,814	203,537	229,138	213,415	209,174
Total expenditures	12,494,022	12,816,953	13,021,868	13,476,174	14,563,892	13,473,137	13,888,114	14,588,178	15,723,127	18,776,016
Excess of revenues over (under) expenditures	24,535	(60,776)	(569,480)	(1,096,634)	(2,000,646)	(538,112)	434,071	400,255	(1,288)	697,298
Other Financing Sources (Uses)										
Issuance of bonds	178,448	554,016	59,963	705,645	1,421,780	147,000	200,000	173,035	74,450	149,325
Issuance of notes payable	0	0	0	3,858	0	0	0	0	0	0
Issuance of capital leases	0	0	11,777	12,550	66,961	9,944	8,038	12,403	110,575	5,122
Premium on issuance of debt	0	0	5,644	83,565	122,880	51,500	42,212	26,962	11,318	18,096
Issuance of refunding bonds	0	0	58,550	191,290	190,875	5,890	0	0	0	0
Premium on issuance of refunding debt	0	0	7,909	32,882	0	0	0	0	0	0
Payment to refunded bonds escrow agent	0	0	(53,095)	(223,238)	(223,778)	(30,298)	0	0	(66,194)	0
Transfers, net	129,104	170,825	177,054	161,739	181,453	166,526	211,387	180,136	148,630	313,367
Other financing sources (uses)	0	(100,489)	0	0	0	0	0	1,982	874	3,219
Extraordinary items	0	0	0	0	0	0	0	0	0	0
Total other financing sources (uses)	307,552	624,352	267,802	968,291	1,760,171	350,562	461,637	394,518	279,653	489,129
Net change in fund balances	$ 332,087	$ 563,576	$ (301,678)	$ (128,343)	$ (240,475)	$ (187,550)	$ 895,708	$ 794,773	$ 278,365	$ 1,186,427
Debt service as a percentage of noncapital expenditures	2.81%	3.02%	2.85%	2.35%	2.71%	3.19%	3.18%	3.28%	3.03%	3.47%

Revenue Capacity

Personal Income by Industry, Last Ten Calendar Years

(expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Private Earning										
Agricultural, Forestry, Fishing and Hunting	$ 476,468	$ 424,247	$ 509,533	$ 566,214	$ 704,803	$ 459,943	$ 427,448	$ 526,194	$ 638,012	$ 554,860
Mining	1,312,659	2,450,391	2,363,628	2,250,743	2,367,335	1,969,502	1,227,827	1,596,513	1,320,499	1,055,600
Utilities	1,019,849	1,072,857	1,038,267	1,035,120	963,811	892,628	854,969	916,780	905,723	1,016,747
Construction	4,295,913	4,584,441	4,927,057	5,155,475	5,316,772	5,386,163	5,667,795	5,877,665	6,277,104	6,472,897
Manufacturing	12,245,199	12,858,450	12,975,820	12,586,349	12,716,447	12,139,158	12,460,616	13,021,664	13,149,161	13,667,104
Wholesale trade	4,622,713	4,804,592	4,893,810	5,129,704	5,111,042	5,075,305	5,092,875	5,316,181	5,479,665	5,926,535
Retail trade	5,070,180	5,137,811	5,276,719	5,306,422	5,511,376	5,584,989	5,492,437	5,572,337	5,676,796	5,896,055
Transportation and warehousing	3,035,855	3,383,190	3,471,380	3,527,677	3,628,316	4,304,914	4,951,775	5,632,640	5,192,729	5,089,694
Information	2,282,041	2,393,542	2,442,177	2,579,813	1,669,187	1,951,470	2,836,196	3,439,311	3,758,941	1,909,982
Finance and insurance	4,847,908	5,012,431	5,362,230	5,520,793	5,747,020	5,749,575	6,259,213	6,400,498	6,348,630	6,762,459
Real estate and rental and leasing	965,612	1,040,947	1,244,046	1,258,576	1,368,350	3,075,124	3,281,897	3,928,362	4,109,827	6,121,349
Professional, scientific, and technical services	5,437,098	5,606,490	5,966,214	6,190,944	6,638,906	7,255,278	7,446,156	7,698,632	7,910,024	8,174,977
Management of companies and enterprises	1,384,309	1,474,957	1,624,865	1,979,648	3,373,787	2,842,291	2,472,038	2,892,415	3,402,562	3,477,708
Administrative and waste management services	3,511,110	3,702,063	3,939,882	4,002,036	3,937,420	3,835,490	4,072,608	4,335,055	4,335,074	4,398,552
Educational services	720,020	761,842	785,353	823,275	860,898	839,841	882,978	908,191	929,806	923,001
Health care and social assistance	9,226,828	9,466,219	9,667,124	9,832,906	10,244,837	10,706,593	11,180,382	11,504,842	11,926,378	12,817,398
Arts, entertainment, and recreation	356,520	424,011	461,991	481,064	489,989	486,506	581,530	608,089	607,522	498,862
Accommodation and food services	2,158,100	2,318,669	2,364,565	2,496,760	2,659,544	2,776,777	2,718,521	2,811,075	2,870,081	2,443,769
Other services, except public administration	3,151,597	3,199,920	3,377,835	3,464,098	3,536,207	3,411,910	3,807,073	3,955,406	4,182,994	4,081,719
Government										
Federal, civilian	2,628,836	2,344,005	2,250,015	2,275,401	2,368,551	2,382,658	2,435,334	2,537,806	2,612,308	2,716,872
Military	3,739,591	2,886,228	2,761,891	2,712,249	2,609,762	2,510,669	2,484,301	2,521,941	2,581,203	2,715,440
State and local	10,961,004	11,282,155	11,309,364	11,633,575	11,695,808	12,278,513	12,416,135	12,838,865	13,063,582	12,797,526

Source: U.S. Department of Commerce, Bureau of Economic Analysis at: http://www.bea.gov/

Debt Capacity
Long Term Obligations
Last Ten Fiscal Years
(Expressed in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government Activities										
Revenue bonds payable (includes demand bonds)	$ 3,066,913	$ 2,726,723	$ 2,681,470	$ 3,292,111	$ 4,603,952	$ 4,554,120	$ 4,543,721	$ 4,475,048	$ 4,223,119	$ 3,946,597
Sales tax limited obligation	192,045	139,662	105,033	0	0	0	0	0	0	0
Note payable	18,399	63,100	15,350	18,093	17,047	13,722	11,932	10,685	8,314	5,184
Capital leases payable	114,926	97,515	91,027	80,809	137,708	138,422	136,728	139,206	238,007	194,425
Arbitrage rebate payable	136	136	190	184	237	23	23	1	0	0
Claims and judgements	88,501	102,385	154,457	148,976	119,145	117,482	110,980	92,814	142,186	162,391
Special assessment payable	0	0	0	0	0	2,342	2,341	115	115	0
KPERS Employer liability	0	0	0	0	0	0	0	255,304	249,339	242,904
Compensated absences	120,131	118,656	120,831	113,015	112,219	109,073	109,249	111,381	119,150	120,110
Other post employment benefits	51,998	55,079	58,631	59,504	4,266	0	55,638	51,485	49,710	51,151
Net pension liability	0	0	0	1,750,877	2,078,136	2,046,598	2,021,444	1,891,987	1,898,115	2,253,968
Pollution remediation	69,152	63,575	65,678	48,747	63,053	78,256	91,863	76,320	77,059	83,915
Total governmental activities	3,722,201	3,366,831	3,292,667	5,512,316	7,135,763	7,060,038	7,083,919	7,104,346	7,005,114	7,060,645
Business-Type Activities										
Revenue bonds payable	620,153	474,771	452,317	407,056	327,577	238,594	213,799	189,009	124,573	97,754
Arbitrage rebate payable	176	196	190	237	340	295	56	40	63	0
Unemployment benefits loan	4,602	50,209	0	0	0	0	0	0	0	0
Claims and judgements	199,234	200,180	198,631	258,093	263,484	271,907	279,873	296,058	291,260	298,558
Compensated absences	68	75	89	92	92	95	105	109	137	157
Other post employment benefits	343	378	412	424	26	0	73	74	114	90
Net pension liability	0	0	0	5,520	6,475	6,472	6,459	6,076	6,051	7,106
Other	17,093	12,992	11,965	11,680	11,732	11,222	10,407	9,174	8,977	8,967
Total business-type activities	841,669	738,801	663,604	683,102	609,726	528,585	510,772	500,540	431,175	412,632
Component Units										
Revenue bonds payable	667,137	619,256	809,260	825,775	941,839	939,823	930,425	894,094	872,295	912,812
Other component units of university system	263,592	262,421	333,000	406,927	790,803	750,454	752,267	729,963	688,013	675,614
Capital leases payable	11,761	11,991	9,380	7,752	6,500	7,125	70,145	66,233	58,000	100,003
Arbitrage rebate payable	46	49	51	404	29	39	20	20	6	1
Compensated absences	73,516	68,897	78,918	78,459	84,423	79,588	85,404	88,648	100,416	103,933
Other post employment benefits	48,078	56,415	64,993	71,015	1,816	508	40,023	39,508	41,430	39,195
Net pension liability	0	0	0	240,024	268,020	259,191	246,569	217,080	201,092	223,458
Pollution remediation	1,200	0	0	0	0	0	0	0	0	0
Other	54,711	48,676	252,759	221,062	208,246	184,423	170,567	142,520	131,817	115,160
Total component units	1,120,041	1,067,705	1,548,361	1,851,418	2,301,676	2,221,151	2,295,420	2,178,066	2,093,069	2,170,176
Total	$ 5,683,911	$ 5,173,337	$ 5,504,632	$ 8,046,836	$ 10,047,165	$ 9,809,774	$ 9,890,111	$ 9,782,952	$ 9,529,358	$ 9,643,453

Demographic and Economic Information
Kansas Demographic Statistics
Last Ten Fiscal Years

Year	Population (1)	Per Capita Personal Income (2)	Median Age (3)	Education Level in Years of Formal Schooling (4)	K to 12 Public School Enrollment (4)	Unemployment Rate (5)
2012	2,886,281	40,883	36.1	-	482,798	6.0%
2013	2,894,630	43,916	36.0	-	485,147	5.8%
2014	2,902,507	45,546	36.1	-	492,301	4.9%
2015	2,911,641	45,876	36.1	-	492,905	4.6%
2016	2,907,289	47,228	36.5	-	491,577	4.5%
2017	2,913,123	48,559	36.6	-	499,651	3.6%
2018	2,911,505	51,471	36.9	-	500,383	3.6%
2019	2,913,314	53,426	37.1	-	499,445	3.4%
2020	2,913,805	56,099	(6)	-	499,240	5.90%
2021	(6)	(6)	(6)	-	486,112	3.80%

Data Sources:

(1) U.S. Department of Commerce, BEA Web Site:
https://www.bea.gov/regional/bearfacts/action.cfm
(2) U.S. Department of Commerce, BEA Web Site:
https://www.bea.gov/regional/bearfacts/action.cfm
(3) State Department of Health and Environment:
http://www.kdheks.gov/phi/as/2019_Annual_Summary.pdf
(4) State Department of Education Web Site:
http://www.ksde.org
(5) State Department of Labor, Kansas Labor Market Information Services Web Site:
https://klic.dol.ks.gov/vosnet/analyzer/trend.aspx?session=labforce
(6) Information is not available at this time.

Demographic and Economic Information
Principal Employers in Kansas
Current Year and Ten Years Ago

2021	2012
Employer	**Employer**
Amazon.com Services, Inc.	Performance Contracting, Inc.
Dillon Companies, Inc.	Sprint Corporation
Federal Government	The Boeing Company
Olathe School District / USD 233	The Kroger Company
Spirit Aerosystems	Raytheon Aircraft
State Government	Tyson Foods/IBP Inc.
Textron Aviation Inc.	KUMC
University of Kansas Hospital Authority	Via Christi Regional Medical Ctr.
Wal-mart Associates Inc.	United Parcel Service
Wichita Public Schools / USD 259	Burlington Northern Santa Fe

Source:
2021 from Kansas Department of Labor, Labor Market Information Services and the Bureau of Labor Statistics; Quarterly Census of Employment and Wages (QCEW)
2012 from State of Kansas, Comprehensive Annual Financial Report for Fiscal Year 2012

Operating Information
Full-time Equivalent State Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	5,490	5,275	5,287	5,275	5,433	5,468	4,798	5,294	5,289	5,477
Public Safety	5,415	5,445	5,400	5,426	5,253	5,225	4,706	5,234	5,244	4,962
Education	18,446	18,402	18,400	18,388	18,874	18,877	19,369	19,191	19,623	19,658
Transportation	2,968	2,880	2,737	2,737	2,516	2,516	1,846	2,355	2,351	2,351
Agriculture and Natural Resources	1,412	1,301	1,302	1,303	1,272	1,265	783	1,282	1,275	1,261
Human Resources	7,470	7,058	7,001	6,643	6,754	6,592	5,671	6,747	7,085	7,011
Total	41,201	40,361	40,127	39,772	40,102	39,943	37,173	40,103	40,867	40,720

Source: http://www.kslegresearch.org/KLRD-web/Publications.html



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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*

Secretary of the Department of Administration
Kansas Department of Administration
State of 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Kansas (the State), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated November 15, 2021. Our report includes a reference to other auditors who audited the financial statements of the various component units of the six state universities, the Kansas Development Finance Authority (KDFA), the Kansas Center for Entrepreneurship (KCE), the Kansas Turnpike Authority (KTA), the Information Network of Kansas, Inc. (INK), and the Kansas Lottery (Non-major enterprise fund of the State) as described in our report on the State's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the various component units of the six state universities, KCE and INK were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State'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.

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Secretary of the Department of Administration
Kansas Department of Administration
State of Kansas

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying financial statement schedule of findings listed as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State'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*.

State of Kansas' Response to Findings

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 15, 2021

Section II – Financial Statement Findings

2021 – 001 – Financial Statement Adjustment

Type of Finding:

- **Material Weakness in Internal Control over Financial Reporting**

Condition: In fiscal year 2021, the State implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. An audit adjustment was made to move approximately $3.3 billion in fiduciary activity from the State Treasurer Fund to the Custodial Fund as of and for the year-ended June 30, 2021.

Criteria or specific requirement: The Department of Administration (DOA) 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 (U.S. GAAP): this includes 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. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements or errors occurring and not being detected and corrected.

Cause: Per review of the GASB Statement No. 84 fund level analysis prepared by the State, fund 7754, Fiscal Agency Fund, met the criteria of a fiduciary activity based on the provisions of GASB Statement No. 84. However, the State improperly recorded all activity from Fund 7754 in the State Treasurer Fund, a nonmajor governmental fund of the State, rather than the Custodial Fund.

Recommendation: We recommend the State improve its comprehensive review processes within the Annual Comprehensive Financial Report (ACFR) preparation process, specifically over its review of new GASB statements, to ensure the financial statements are prepared in accordance with U.S. GAAP.

Views of responsible officials and planned corrective actions:

Actions planned in response to finding: The State of Kansas is committed to continuous improvements in our financial reporting. As error or omissions are discovered the State will implement process changes to ensure accurate reporting of those areas. Going forward, as part of the ACFR preparation process, there will be a review of fund classification documentation and verification the funds are being accurately reported in the appropriate classification.

The Office of Accounts and Reports (OAR) will also add an additional level of review surrounding new GASB statements and changes consequently made to the ACFR from those GASB statements.

Responsible party: Kansas Department of Administration, Office of Accounts and Reports

Planned completion date for corrective action plan: Will be implemented during fiscal year ending June 30, 2022

Plan to monitor completion of corrective action plan: Ongoing; permanent part of process

2021 – 002 – Department of Labor Unemployment Insurance Program

Type of Finding:

- **Material Weakness in Internal Control over Financial Reporting**

Condition: The Regular Unemployment Insurance program is administered by the Kansas Department of Labor (KDOL) and gives financial aid to unemployed individuals. In 2020, the federal government created new temporary unemployment insurance programs, including the Pandemic Unemployment Assistance (PUA) program, the Pandemic Emergency Unemployment Insurance (PEUC), and the Federal Pandemic Unemployment Compensation (FPUC) program, to further help individuals who lost their jobs due to COVID-19. The COVID-19 pandemic significantly increased the unemployment rate nationally and in Kansas. Before the pandemic, the national unemployment rate was about 4% in January 2020 (about 3% in Kansas). By April 2020, the national unemployment rate rose to about 15% (about 12% in Kansas). The estimated fraudulent claims and payments from these programs are significant to the State of Kansas.

Criteria or specific requirement: The Regular Unemployment Insurance program is a joint program between federal and state governments. In Kansas, individuals must meet several criteria to qualify for Regular Unemployment benefits. State law requires individuals to be monetarily entitled to receive unemployment insurance, meaning they must have received wages from insured employment in two or more quarters of their base period, and have total base period wages equaling at least 30 times their calculated weekly benefit amount. The new federal programs established during the pandemic had fewer verification requirements than the State's Regular Unemployment Insurance program. For example, in April 2020, the United States Department of Labor (USDOL) stated that PUA claimants did not need to provide proof of employment or self-employment to qualify for PUA, nor did PUA consider the individual's principal source of income as part of the self-certification process. On December 27, 2020, Congress amended the law to require claimants to provide documentation to substantiate their employment or self-employment to be eligible to receive PUA. KDOL now requires all PUA claimants, those who previously received PUA payments and those who will file new PUA claims, to provide employment/self-employment documentation.

Effect: KDOL paid a significant amount of fraudulent claims through the unemployment insurance program as a result of the COVID-19 pandemic.

Cause: KDOL was unable to respond in a timely and effective manner to address the significant increase in claims and federal funds received in Fiscal Year 2021. KDOL relied on an inadequate computer system during the pandemic to manage the program, resulting in various system errors and processing delays.

Recommendation: We recommend the State and KDOL perform a thorough risk assessment over the unemployment insurance program and design controls and processes to address identified risks. Seeking continuous improvement to your risk assessment and internal processes is key to strengthening governance, risk management, internal controls, program management and overall operations within the program.

Views of responsible officials and planned corrective actions:

Actions planned in response to finding: The State of Kansas is committed to continuous improvements in our financial reporting. As errors or omissions are discovered, the State will implement process changes to ensure accurate reporting of those areas. Going forward, KDOL will continue its ongoing risk assessment of all current unemployment insurance programs and any new programs that may be implemented. Based on the results of the risk assessment, KDOL will continue to update design controls and implement processes to safeguard the assets of the unemployment insurance fund.

Responsible party: Kansas Department of Labor

Planned completion date for corrective action plan: Ongoing

Plan to monitor completion of corrective action plan: Ongoing; permanent part of process

Section III – Prior Year Financial Statement Findings

2020 – 001 – Unemployment Insurance Fund

Condition: The Department of Administration (DOA) 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: this includes 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. The Kansas Department of Labor is responsible for reconciling the Unemployment Insurance Fund bank accounts and providing accurate information to the DOA for preparation of the financial statements. During the cash and investments reconciliation and review process, it was determined that the State materially misstated the following balances in the Unemployment Insurance Fund: restricted cash, unearned revenue, other revenue, and insurance claims and expenses.

Recommendation: We recommend the State expand their comprehensive review stage within the ACFR preparation process, specifically dedicated to the review of cash reconciliations related to the Unemployment Insurance Trust Fund to ensure information received is accurate and materially reasonable.

Current Year Status: Through work performed during fiscal year 2021, prior year material weakness appears to be mitigated.

2020 – 002 – Tax Revenue and Accounts Receivable

Condition: Throughout the year, the State collects tax payments from various tax types, including individual income, corporate income, withholding, sales taxes, and others. Subsequent to year-end, the Department of Revenue submits reports to the DOA to calculate the year-end taxes receivable, unearned revenue, and revenue adjustments for the current fiscal year. A passed adjustment was reflected to revenue and accounts receivable in the General Fund and Transportation Fund. This was a result of incomplete information provided to the DOA by the Kansas Department of Revenue during the fiscal year-end close process.

Recommendation: We recommend the State review the current methodology used in determining the taxes receivable. The State should use the actual figure for the month immediately subsequent to fiscal year-end. Using the most recent and actual information will help to ensure the State's taxes receivable balances measured at the end of the fiscal year are as accurate as possible.

Current Year Status: Through work performed during fiscal year 2021, prior year significant deficiency appears to be mitigated.

Section III – Prior Year Financial Statement Findings

2020 – 003 – Capital Asset Calculations – Universities

Condition: Certain errors occurred within the University of Kansas Medical Center's (KUMC) capital asset module including incorrect useful lives, duplicate assets within the depreciation module, and assets being depreciated beyond their useful lives.

Recommendation: We recommend all Universities apply consistent asset lives to various classes within the capital asset module in accordance with capitalization policies. Asset lives should be reviewed, at minimum annually, to confirm proper application. The Depreciation Module (and related reports) should be reconciled to the total balance of depreciable assets in the respective trial balance, which would detect duplicate capital assets as an example. It would be appropriate for these reviews to be documented.

Current Year Status: Through work performed during fiscal year 2021, prior year significant deficiency appears to be mitigated.