STATE OF KANSAS
Department of Administration
Office of Accounts and Reports



ANNUAL COMPREHENSIVE FINANCIAL REPORT

July 1, 2022 to June 30, 2023

Nancy Ruoff, Director
Office of Accounts and Reports



STATE OF KANSAS

Department of Administration

Nancy Ruoff, Director
Office of Accounts and Reports

State of Kansas
Fiscal Year 2023 Financial Report
June 30, 2023

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INTRODUCTORY SECTION

Office of Accounts and Reports
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Topeka, KS 66603

Kansas
Department of Administration

Nancy Ruoff, Director
Phone: 785 296-2311
Fax: 785 296-1477
https://admin.ks.gov/

Adam C. Proffitt, Secretary

Laura Kelly, Governor

November 30, 2023

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 69th Annual Financial Report of the State of Kansas for the fiscal year ended June 30, 2023, 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 provide 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, 2023, 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. In accordance with K.S.A. 75-3721, 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 eight 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 $2,000,000 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

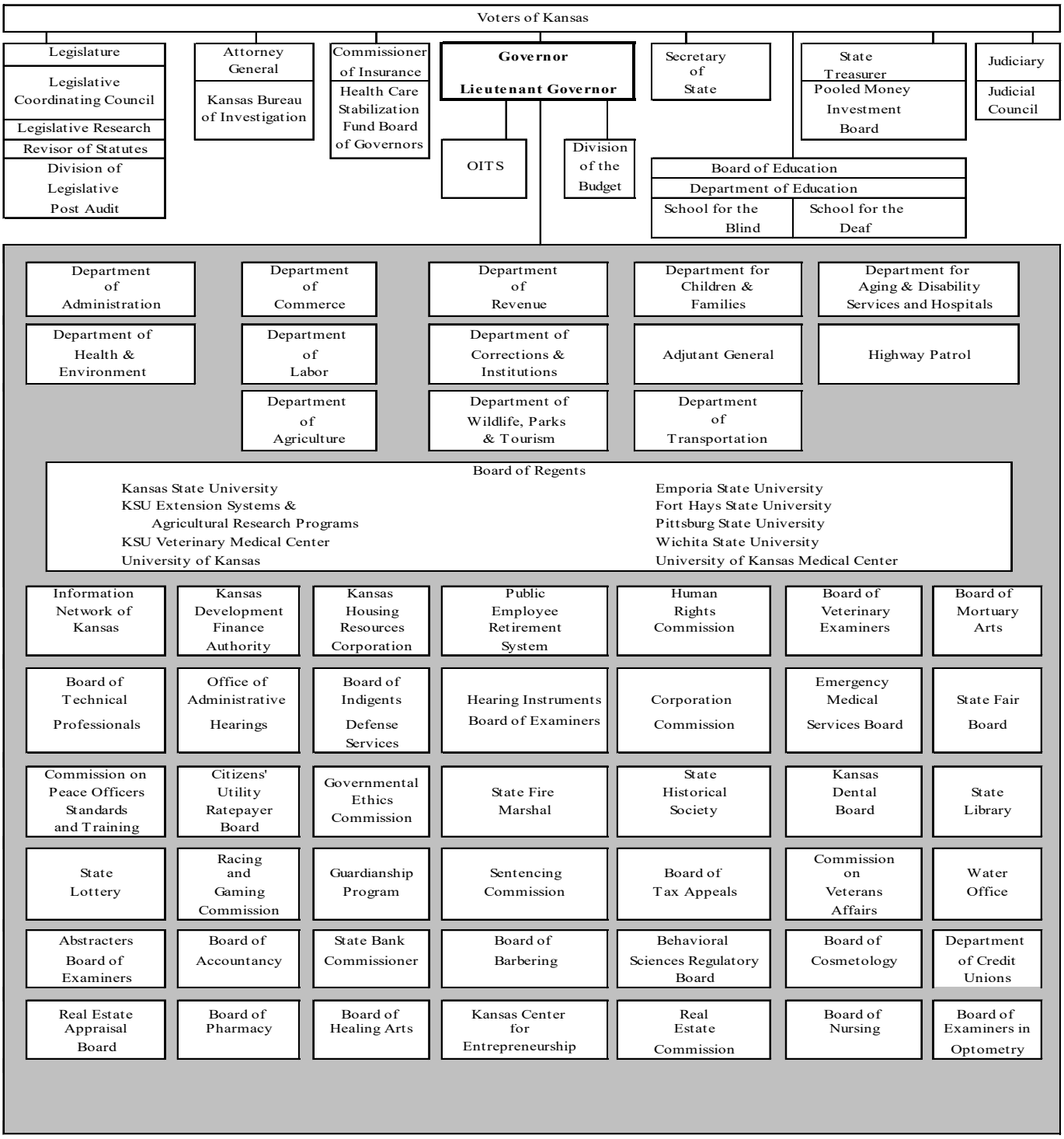
I wish to express my sincere thanks to the Office of Accounts and Reports Team. It is through their dedicated efforts that this report is possible. I would also like to acknowledge the many other individuals in the State agencies, universities, and component units whose work is reflected in this process. The teamwork from all parties represents a key factor in the implementation of the new GASB 91 and 96 standards this year and the hard work and contributions to the process are greatly appreciated.

Sincerely,



Nancy Ruoff
Director, Office of Accounts and Reports

State of Kansas
June 30, 2023



Executive Branch

Governor
Laura Kelly

Lieutenant Governor
David Toland

Secretary of State
Scott Schwab

State Treasurer
Steven Johnson

Attorney General
Kris Kobach

Commissioner of Education
Randy Watson

Commissioner of Insurance
Vicki Schmidt

Legislative Branch

Speaker of the House of Representatives
Daniel Hawkins

Speaker Pro Tempore of the House of Representatives
Blake Carpenter

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
Ron Ryckman

Legislative Research Director
J.G. Scott

Judicial Branch

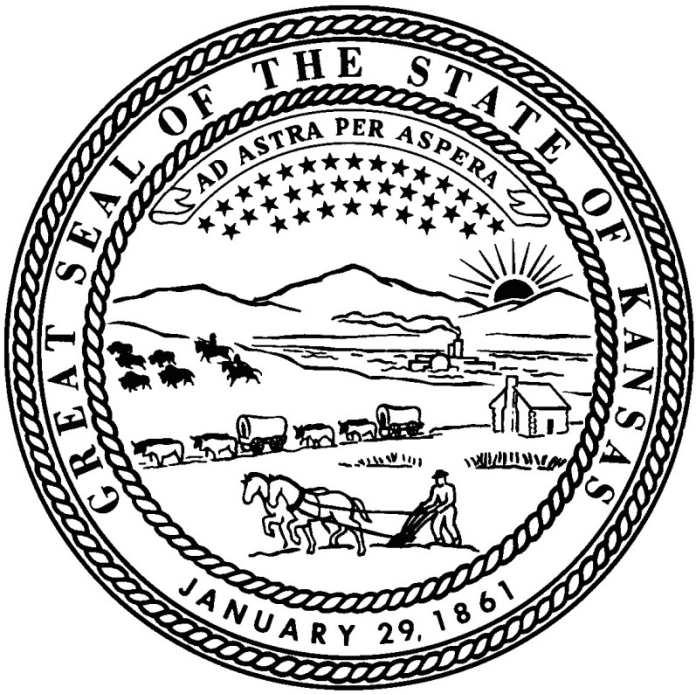
Supreme Court of Kansas Chief Justice
Marla J. Luckert

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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the State of Kansas' basic financial statements as listed in the table of contents.

In our opinion, 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, 2023, 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.

We did not audit the financial statements of the various component units of the six state universities, which represent 45 percent, 61 percent and 33 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 20 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, 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 7 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 5 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.

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Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. 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*.

We are required to be independent of the State of Kansas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, for the year ended June 30, 2023, the State of Kansas adopted Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result, certain restatements to beginning net position were required. Our opinions were not modified with respect to these matters.

Other Auditors' Reports on the Financial Statements of K-State Athletics, Inc. and KU Health Partners, Inc., Component Units of the State University System

The opinion of the other auditors on the June 30, 2023 financial statements of K-State Athletics, Inc. was qualified because the financial statements do not value life settlement contracts and donor pledges to continue payment at fair market value. The opinion of the other auditors on the June 30, 2023 financial statements of KU Health Partners, Inc. was qualified because the organization records its clinical revenues from its contracts with customers on the date services are rendered or equipment is provided. However, in our opinion, the impact of these qualifications are not material in relation to these financial statements. Accordingly, our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of State of Kansas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about State of Kansas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the information needed to support the modified approach for infrastructure reporting, the OPEB schedule of funding progress, the schedule of the State's proportionate share of the net pension liability and the schedule of state contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Kansas' 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

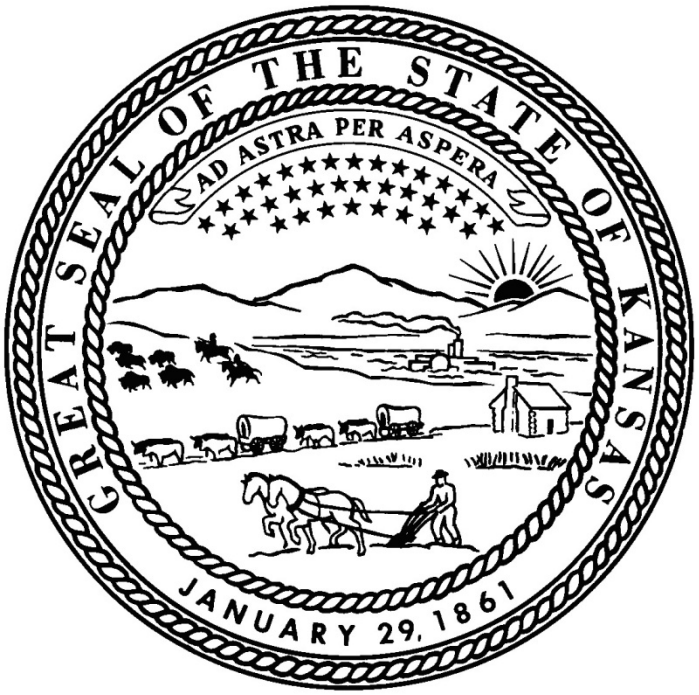
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the State of Kansas' 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 of Kansas' 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 of Kansas' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 30, 2023



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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, 2023. 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, 2023 by $18.69 billion (presented as "net position"). Of this amount a positive $1.85 billion 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 $2.48 billion (15.31 percent) in fiscal year 2023. Net position of governmental activities increased by $2.10 billion (14.47 percent), and net position of the business-type activities increased $380.4 million (22.56 percent).

Fund highlights:

- For fiscal year 2023, the governmental funds reported a combined ending fund balance of $5.99 billion, an increase of $1.27 billion in comparison with the prior year. Of the total amount, $0.83 billion represents the fund balance of the Non-Major Governmental funds. The General Fund reported an unassigned fund balance for fiscal year 2023 of a positive $4.05 billion, as compared to the prior year unassigned balance of a positive $2.49 billion. See page 18 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 decrease of $1.87 billion (27.55 percent) during the current year. This net decrease was primarily due to net decreases of $2.29 billion in bonds outstanding offset by an increase of $389.6 million due to net pension liability. The decrease in bonds outstanding was largely due to the implementation of GASB Statement No. 91 and the reclassification of this debt from the primary government to a component unit.

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 seven 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 seven governmental funds are – the General Fund, the Social Services Fund, the Health and Environment Fund, the Education Fund, the Transportation Fund, the Executive Fund, and the Commerce 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 $18.69 billion at the end of 2023, compared to $16.21 billion at the end of the previous year, an increase of 15.31 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 9,990,453	$ 9,187,422	$ 2,790,677	$ 2,253,884	$ 12,781,130	$ 11,441,306
Capital assets	15,269,770	14,838,953	14,487	4,102	15,284,257	14,843,055
Total assets	25,260,223	24,026,375	2,805,164	2,257,986	28,065,387	26,284,361
Accumulated decrease in fair value hedging	310	1,548	0	0	310	1,548
Deferred amounts on refunding	2,285	4,999	0	0	2,285	4,999
Deferred outflows - pensions	786,613	523,261	2,333	1,574	788,946	524,835
Deferred outflows - OPEB	8,752	8,807	19	22	8,771	8,829
Total deferred outflows	797,960	538,615	2,352	1,596	800,312	540,211
Non-current liabilities	4,614,626	6,397,266	315,158	407,045	4,929,784	6,804,311
Other liabilities	4,712,314	3,158,791	425,233	164,841	5,137,547	3,323,632
Total liabilities	9,326,940	9,556,057	740,391	571,886	10,067,331	10,127,943
Deferred inflows - pensions	91,034	476,920	380	1,416	91,414	478,336
Deferred inflows - OPEB	18,302	8,776	84	34	18,386	8,810
Deferred inflows - leases	243	262	0	0	243	262
Deferred amounts on refunding	0	1,919	0	0	0	1,919
Total deferred inflows	109,579	487,877	464	1,450	110,043	489,327
Net investment in capital assets	12,503,059	11,791,207	2,508	3,248	12,505,567	11,794,455
Restricted	2,267,047	2,707,292	2,066,646	1,688,421	4,333,693	4,395,713
Unrestricted	1,851,558	22,557	(2,493)	(5,423)	1,849,065	17,134
Total net position	$ 16,621,664	$ 14,521,056	$ 2,066,661	$ 1,686,246	$ 18,688,325	$ 16,207,302

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 government's separate business-type activities in the current and prior year is due in part to the reporting of the total OPEB liability under GASB 75 and the net pension liability under GASB 68. Governmental activities unrestricted net position is a positive $1.85 billion in 2023.

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

	Component Units	
	2023	2022
Current and other assets	$ 10,499,119	$ 7,035,056
Capital assets	4,884,790	4,687,501
Total assets	15,383,909	11,722,557
Deferred amounts on refunding	3,782	1,557
Deferred outflows - pensions	74,543	47,239
Deferred outflows - OPEB	5,613	6,320
Total deferred outflows	83,938	55,116
Non-current liabilities	4,316,965	2,116,257
Other liabilities	1,551,969	576,268
Total liabilities	5,868,934	2,692,525
Deferred inflows - pensions	31,394	71,121
Deferred inflows - OPEB	33,606	21,331
Deferred inflows - leases	84,260	73,017
Deferred amount on refunding	1,707	6,827
Total deferred inflows	150,967	172,296
Net investment in capital assets	3,146,896	3,002,996
Restricted	4,796,934	4,510,913
Unrestricted	1,504,116	1,398,943
Total net position	$ 9,447,946	$ 8,912,852

Changes in Net Position – Primary Government

Net position increased by $2.48 billion. Approximately 52.8 percent of the total revenue came from taxes, while 30.9 percent resulted from grants and contributions (including federal aid). Charges for various goods and services provided 9.5 percent of the total revenues. Expenses cover a range of services. The largest expenses of total expenses were for education (34.4 percent), human resources (21.5 percent), and health and environment (18.0 percent).

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 1,182,344	$ 923,395	$ 1,125,321	$ 1,083,796	$ 2,307,665	$ 2,007,191
Operating grants and contributions	7,081,933	7,455,983	108,936	4,636	7,190,869	7,460,619
Capital grants and contributions	253,171	123,466	48,943	26,262	302,114	149,728
General revenues:						
Taxes						
Property taxes	869,162	828,387	0	0	869,162	828,387
Income and inheritance taxes	5,840,676	5,903,944	0	0	5,840,676	5,903,944
Sales and excise taxes	5,529,270	5,220,141	0	0	5,529,270	5,220,141
Gross receipts taxes	557,214	518,785	0	0	557,214	518,785
Investment earnings	269,202	14,873	34,567	(10,899)	303,769	3,974
Other revenue	1,337,773	1,210,221	12,972	342,207	1,350,745	1,552,428
Total revenues	22,920,745	22,199,195	1,330,739	1,446,002	24,251,484	23,645,197
Expenses:						
General government	2,433,026	3,431,899	0	0	2,433,026	3,431,899
Human resources	4,681,842	4,319,344	0	0	4,681,842	4,319,344
Education	7,494,453	6,859,021	0	0	7,494,453	6,859,021
Public safety	812,456	643,333	0	0	812,456	643,333
Agriculture and natural resources	149,470	220,570	0	0	149,470	220,570
Highways and other transportation	1,391,287	991,019	0	0	1,391,287	991,019
Health and environment	3,913,252	3,539,627	0	0	3,913,252	3,539,627
Interest expense	131,372	142,678	0	0	131,372	142,678
Water pollution and safety	0	0	8,525	6,283	8,525	6,283
Health care stabilization	0	0	38,273	43,599	38,273	43,599
Unemployment insurance	0	0	107,310	361,495	107,310	361,495
Workers' compensation	0	0	2,574	3,199	2,574	3,199
Lottery	0	0	606,612	532,625	606,612	532,625
Intergovernmental transfer program	0	0	0	0	0	0
Transportation revolving fund	0	0	9	9	9	9
Total expenses	21,007,158	20,147,491	763,303	947,210	21,770,461	21,094,701
Increase (decrease) in net assets before transfers	1,913,587	2,051,704	567,436	498,792	2,481,023	2,550,496
Transfers	187,021	(69,266)	(187,021)	69,266	0	0
Change in net position	2,100,608	1,982,438	380,415	568,058	2,481,023	2,550,496
Net position, beginning of year	14,521,056	12,548,356	1,686,246	1,118,188	16,207,302	13,666,544
Revisions to beginning net position	0	(9,738)	0	0	0	(9,738)
Net position, beginning of year (restated)	14,521,056	12,538,618	1,686,246	1,118,188	16,207,302	13,656,806
Net position, end of year	$ 16,621,664	$ 14,521,056	$ 2,066,661	$ 1,686,246	$ 18,688,325	$ 16,207,302

Changes in Net Position – Component Units

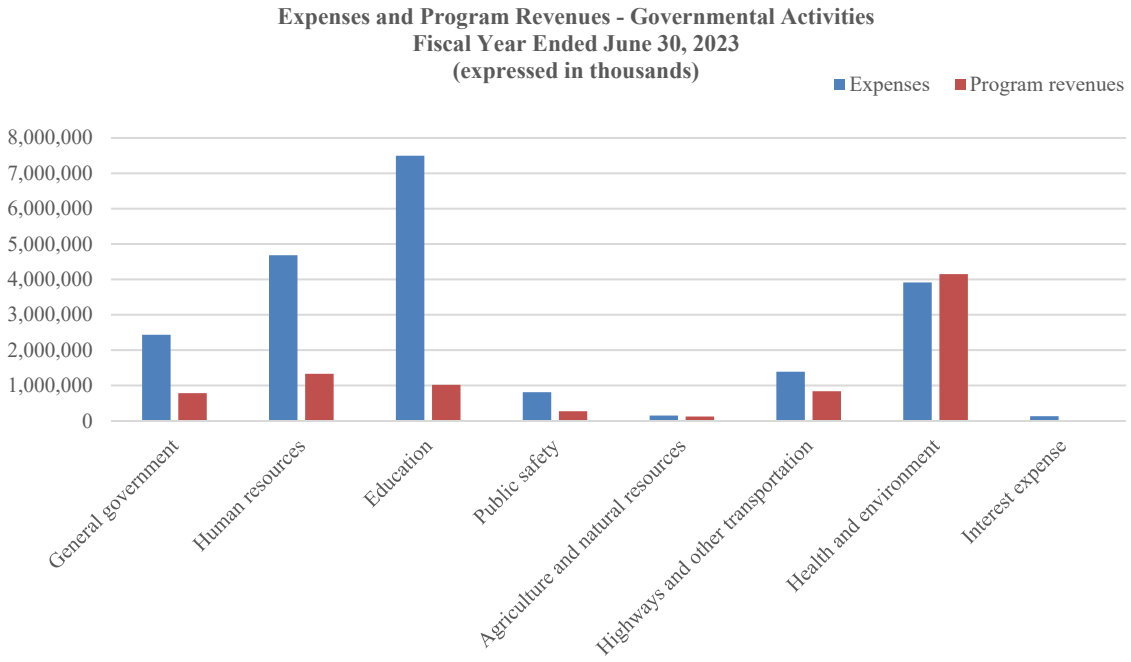
Component unit net position increased by $535.1 million or 6.0 percent. Charges for various goods and services provided 35.07 percent of the total revenues. Approximately 31.0 percent of the total revenue came from other revenue, while 29.6 percent resulted from grants and contributions (including federal aid). Expenses cover a range of services and are shown below by component unit.

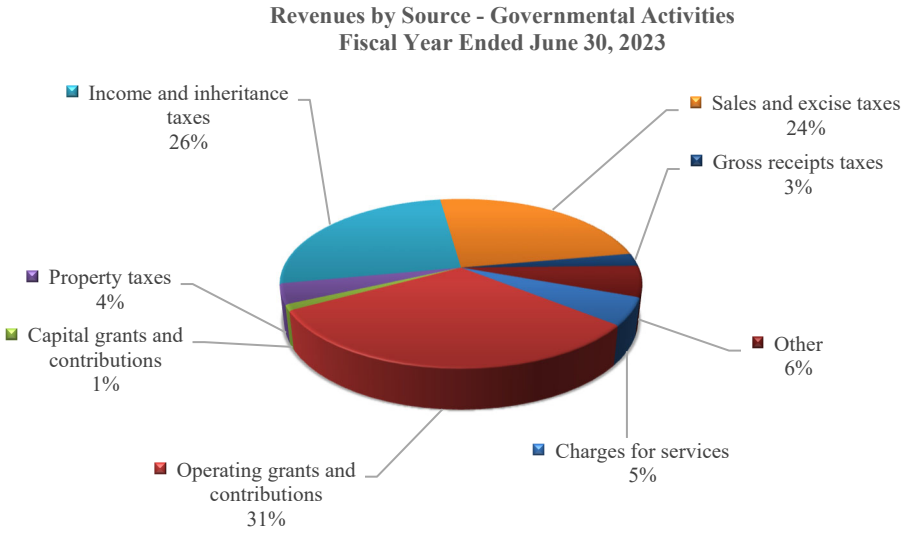
State of Kansas Changes in Net Position – Component Unit
(expressed in thousands)

	Component Units	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	$ 1,625,254	$ 1,563,033
Operating grants and contributions	1,247,666	1,174,065
Capital grants and contributions	122,431	62,057
General revenues:		
Taxes		
Property Tax	10,725	8,967
Investment earnings	190,537	(116,030)
Other revenue	1,437,686	1,451,807
Total revenues	4,634,299	4,143,899
Expenses:		
Kansas Turnpike Authority	97,863	91,887
Kansas Development Finance Authority	1,612	1,656
Information Network of Kansas, Inc.	544	294
State University System	3,730,378	3,433,972
Kansas Center for Entrepreneurship	5,556	4,897
Kansas Housing Resources Corp.	263,698	323,003
Total expenses	4,099,651	3,855,709
Change in net position	534,648	288,190
Net position, beginning of year	8,912,852	8,618,184
Revisions to beginning net position	446	6,478
Net position, beginning of year (restated)	8,913,298	8,624,662
Net position, end of year	$ 9,447,946	$ 8,912,852

Governmental Activities

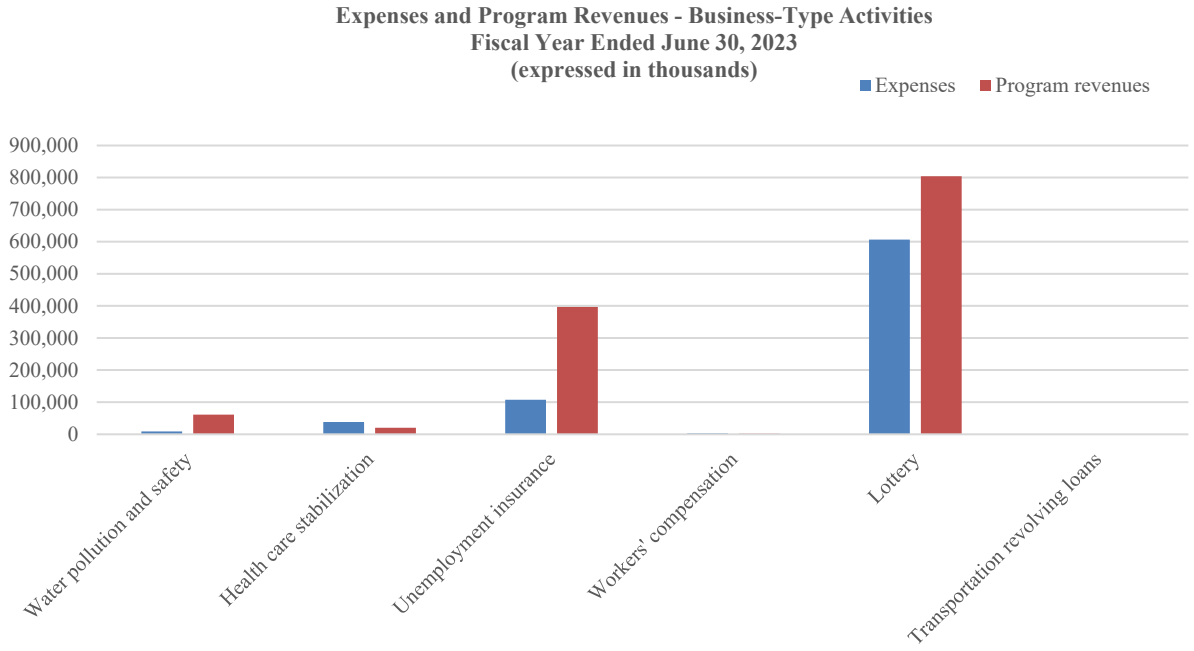
Governmental activities increased net position by $2.10 billion in fiscal year 2023. For the State's governmental activities, a comparison of the cost of services by function along with program revenues and a summary of revenues by source are shown below:

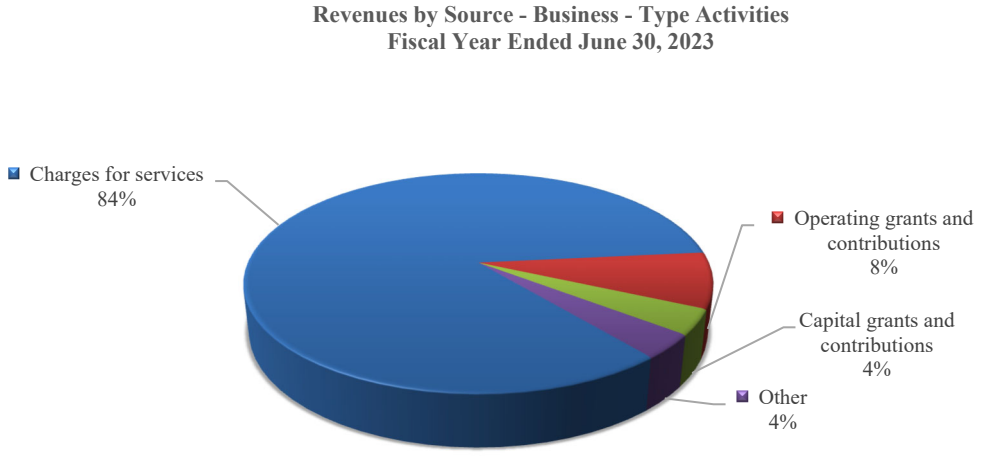




Business-Type Activities

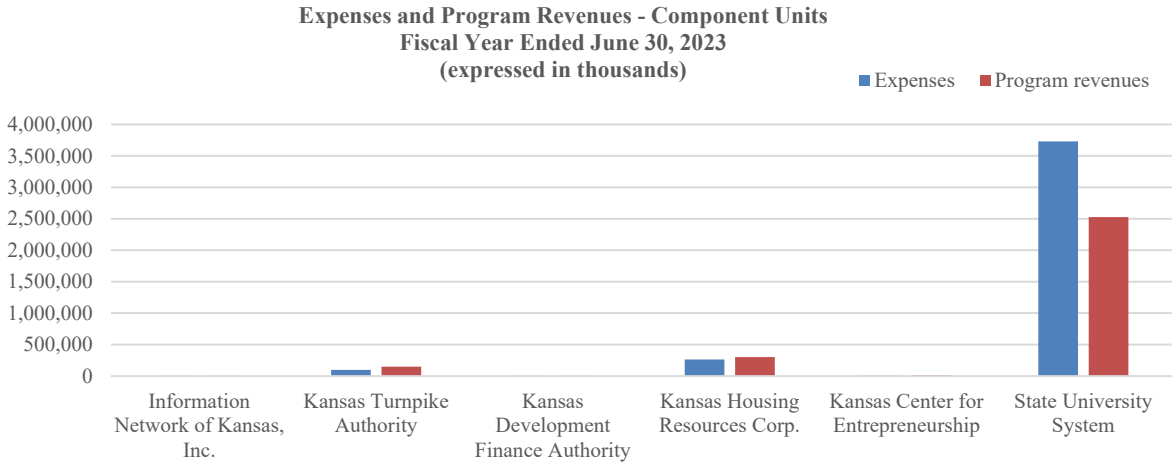
The State's business-type activities increased the net position of the State by $380.4 million. For the State's business-type activities a comparison of the cost of services by function along with program revenues and a summary of revenues by source are shown below:

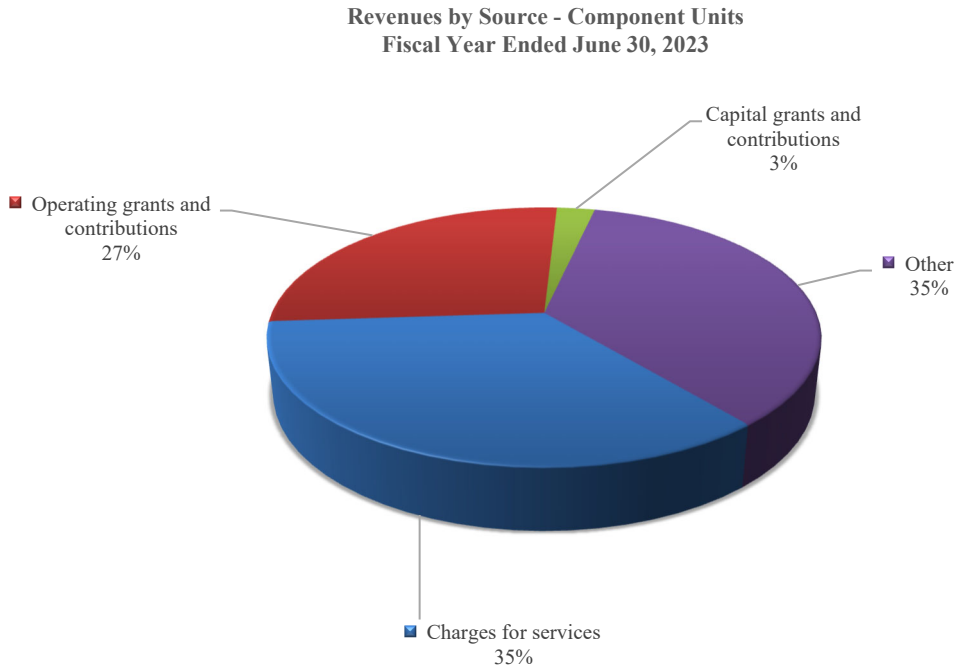




Component Units

The State's component units increased the net position of the State by $535.1 million. 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 2023, the governmental funds reported a combined ending fund balance of $5.99 billion, an increase of $1.27 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 $4.051 billion, while the total fund balance was a positive $4.056 billion. During fiscal year 2023, the State experienced increased revenue in property tax, income and inheritance tax, sales and excise taxes, gross receipts tax, charges for services, investment earnings, capital grants, and other revenues. The cash and investment balance is approximately $0.86 billion higher in fiscal year 2023 than it was in fiscal year 2022.

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 increased by $380.4 million as a result of operations in the proprietary funds. This increase resulted from a $62.1 million increase in the Water Funds, a $330.4 million increase in the Unemployment Insurance Fund and a $14.3 million decrease in the Health Care Stabilization Fund. There was an increase of $2.2 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 $535.1 billion. The Kansas Turnpike accounted for $59.2 million of the increase in net position. The Kansas Housing Resources Corporation accounted for $42.4 million of the increase in net position. The State University System accounted for an increase of $419.9 million. The other three component units accounted for an increase in net position of approximately $13.7 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2023, budget numbers were revised three times, once in November 2022, once in April 2023 and a final revision in May 2023. Differences existed between the original budget, the revised budgets, and the actual budget at the close of the fiscal year. Final revenue estimates were revised upward by approximately $323.1 million over the original estimate. Fiscal year 2023 ended with revenues $613.8 million above the final revised estimate.

Original estimates for expenditures for fiscal year 2023 were increased by $100.9 million in the final revised budget for the fiscal year. Fiscal year 2023 ended with expenditures $599.3 million below the final revised estimate.

The original budget estimate provided for revenues less than expenditures of $394.1 million. The final revised budget provided for $171.9 million of revenues less than expenditures. Subsequently, fiscal year 2023 was closed with revenues greater than expenditures of $1.04 billion.

Looking ahead to fiscal year 2024, the Kansas economy is expected to experience modest real growth throughout the forecast period. Persistent elevated levels of inflation are forecast to largely offset the relatively strong nominal growth of the Kansas economy. The consensus forecast does retain concern for the overall economy due to the impacts of sustained elevated interest rates and lingering high inflation, as well as more typical concerns related to multiple geopolitical conflicts, 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. Ongoing uncertainty about inflation, monetary policy, international conflicts, 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 Revenue Estimating Group over the winter prior to the next revenue estimating meeting in April 2024.

The Consensus Revenue Estimating Group met on November 9, 2023, to revise State General Fund revenue estimates for fiscal year 2024 and make its first official assessment of fiscal year 2025.

For FY 2024, the estimate was decreased by $67.7 million, or 0.7 percent, below the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The estimate for total taxes was decreased by $65.0 million, while the estimate for other revenues was decreased by $2.7 million. The revised estimate of $10.284 billion represents a 10.8 percent increase above final FY 2023 receipts.

The initial estimate for FY 2025 is $10.257 billion, which is $26.2 million, or 0.3 percent, below the newly revised FY 2024 figure. Various factors influencing this change in revenues in addition to the state of the economy include net change in transfers out of the SGF based on current statutory requirements for FY 2024 and FY 2025. The amount of total taxes is estimated to decrease by 0.6 percent in FY 2025, following a 0.3 percent increase in FY 2024.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

State investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to $15.3 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 2.97 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 $144.0 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 decreased by $1.87 billion during the current fiscal year. This net decrease was primarily due to net decreases of $2.29 billion in bonds outstanding, offset by an increase of $389.6 million due to net pension liability. The decrease in bonds outstanding was largely due to the implementation of GASB Statement No. 91 and the reclassification of this debt from the primary government to a component unit, KDFA.

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 is expected to experience modest real growth throughout the forecast period. Persistent elevated levels of inflation are forecast to largely offset the relatively strong nominal growth of the Kansas economy. Major economic variables have been adjusted since the Consensus Group last convened in April 2023, including Gross State Product (GSP) and Kansas Personal Income (KPI). The forecasted rates of nominal growth in the national and Kansas economies have been increased for calendar year (CY) 2023, CY 2024, and CY 2025. Nominal U.S. Gross Domestic Product (GDP) is now expected to increase by 6.3 percent in CY 2023, up from the previous forecast of 5.8 percent, and nominal U.S. GDP growth in CY 2024 and CY 2025 is now forecasted to be 4.7 percent and 4.6 percent, respectively, up from the previous estimates of 4.55 percent in each year. Nominal Kansas GSP is now expected to increase by 6.4 percent in CY 2023, up from a previous projected increase of 5.8 percent. Additionally, nominal Kansas GSP is expected to grow by 4.7 percent and 4.6 percent in CY 2024 and CY 2025, respectively, up from the previous estimates of 4.55 percent in each year.

The overall Kansas unemployment rate is expected to increase from 2.7 percent experienced in CY 2022 to 2.9 percent in CY 2023, which is down from 3.3 percent at the time of the previous estimate. Kansas unemployment rates are now forecasted to rise to 3.4 percent in CY 2024, which is down from a forecast of 3.8 percent at the time of the previous estimate and remain steady at 3.4 percent in CY 2025. The national unemployment rate is projected to remain above the Kansas rate, with the U.S. rate now expected to be 3.8 percent in CY 2023 and 4.1 percent in both CY 2024 and CY 2025. Previous expectations were for a 4.5 percent national unemployment rate in CY 2023 and 4.6 percent in both CY 2024 and CY 2025.

The number of unemployed Kansans and the number of unemployment insurance claims increased from September 2022 to September 2023. There were 4,402 individuals receiving unemployment insurance benefits in September 2022 and 6,105 individuals receiving unemployment insurance benefits in September 2023.

Between September 2022 and September 2023, Kansas seasonally adjusted total nonfarm jobs have increased by 22,200. This change is due to an increase of 16,000 private sector jobs and 6,200 government jobs. The labor force participation rate increased from 66.3% in September 2022 to 66.7% in September 2023.

Fiscal Year 2023 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 year 2023 and there has been no allotment plan announced for fiscal year 2024.

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:

Nancy Ruoff
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, 2023
(expressed in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals	Component Units
ASSETS				
Cash and cash equivalents	$ 7,011,320	$ 111,241	$ 7,122,561	$ 991,513
Investments	549,554	361,461	911,015	918,821
Receivables (net)	2,185,422	663,481	2,848,903	1,003,456
Due from primary government:				
Revenue bonds payable, due within one year	0	0	0	104,093
Revenue bonds payable, due in more than one year	0	0	0	1,977,556
Lease revenue bond, due within one year	0	0	0	3,735
Lease revenue bond, due in more than one year	0	0	0	23,055
Due from component units:				
Revenue bonds payable, due within one year	0	0	0	64,532
Revenue bonds payable, due in more than one year	0	0	0	929,629
Internal balances	10,822	(10,822)	0	0
Inventories	47,825	2,496	50,321	14,141
Other current assets	0	0	0	29,948
Restricted cash and cash equivalents	185,510	1,441,492	1,627,002	152,892
Restricted investments	0	221,328	221,328	4,269,051
Capital assets not being depreciated	13,570,124	0	13,570,124	1,006,590
Capital assets, net of accumulated depreciation / amortization	1,699,646	14,487	1,714,133	3,878,200
Other noncurrent assets	0	0	0	16,697
Total assets	25,260,223	2,805,164	28,065,387	15,383,909
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	310	0	310	0
Deferred amounts on refunding	2,285	0	2,285	3,782
Deferred outflows - pensions	786,613	2,333	788,946	74,543
Deferred outflows - OPEB	8,752	19	8,771	5,613
Total deferred outflows of resources	797,960	2,352	800,312	83,938
LIABILITIES				
Accounts payable and other current liabilities	1,787,704	36,858	1,824,562	363,197
Due to component unit:				
Revenue bonds payable, due within one year	80,319	23,774	104,093	64,532
Revenue bonds payable, due in more than one year	1,745,559	231,997	1,977,556	929,629
Lease revenue bond, due within one year	3,735	0	3,735	0
Lease revenue bond, due in more than one year	23,055	0	23,055	0
Unearned revenue	1,070,880	132,604	1,203,484	194,611
Derivative instrument - interest rate swap	1,062	0	1,062	0
Noncurrent liabilities:				
Due within one year	282,667	44,294	326,961	340,899
Due in more than one year	4,331,959	270,864	4,602,823	3,976,066
Total liabilities	9,326,940	740,391	10,067,331	5,868,934
DEFFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	91,034	380	91,414	31,394
Deferred inflows - OPEB	18,302	84	18,386	33,606
Deferred inflows - leases	243	0	243	84,260
Deferred amounts on refunding	0	0	0	1,707
Total deferred inflows of resources	109,579	464	110,043	150,967
NET POSITION				
Net investment in capital assets	12,503,059	2,508	12,505,567	3,146,896
Restricted for:				
Capital projects	102,296	0	102,296	515,061
Debt service	93,947	0	93,947	32,281
Nonexpendable	0	0	0	1,444,781
Other purposes	1,523,431	2,070,479	3,593,910	2,804,811
Highways and other transportation	547,373	0	547,373	0
Unrestricted	1,851,558	(6,326)	1,845,232	1,504,116
Total net position	$ 16,621,664	$ 2,066,661	$ 18,688,325	$ 9,447,946

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, 2023
(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	$ 2,433,026	$ 365,982	$ 419,103	$ 55
Human resources	4,681,842	146,808	1,185,692	0
Education	7,494,453	7,217	1,011,426	0
Public safety	812,456	79,518	193,025	7
Agriculture and natural resources	149,470	82,672	39,497	11
Highways and other transportation	1,391,287	247,560	339,024	253,098
Health and environment	3,913,252	252,587	3,894,166	0
Interest expense	131,372	0	0	0
Total governmental activities	21,007,158	1,182,344	7,081,933	253,171
Business-type activities:				
Water funds	8,525	12,018	0	48,943
Health care stabilization	38,273	19,951	0	0
Unemployment insurance	107,310	287,721	108,936	0
Workers' compensation	2,574	1,539	0	0
Lottery	606,612	804,031	0	0
Intergovernmental transfer program	0	0	0	0
Transportation revolving loans	9	61	0	0
Total business-type activities	763,303	1,125,321	108,936	48,943
Total primary government	$ 21,770,461	$ 2,307,665	$ 7,190,869	$ 302,114
Component units:				
Kansas Turnpike Authority	$ 97,863	$ 148,051	$ 0	$ 0
Kansas Development Finance Authority	1,612	1,196	0	0
Kansas Center for Entrepreneurship	5,556	2,931	13,115	0
Information Network of Kansas, Inc.	544	1,624	0	0
State University System	3,730,378	1,465,742	939,361	122,431
Kansas Housing Resources Corporation	263,698	5,710	295,190	0
Total component units	$ 4,099,651	$ 1,625,254	$ 1,247,666	$ 122,431

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
	$ (1,647,886)	$ 0	$ (1,647,886)	$ 0
	(3,349,342)	0	(3,349,342)	0
	(6,475,810)	0	(6,475,810)	0
	(539,906)	0	(539,906)	0
	(27,290)	0	(27,290)	0
	(551,605)	0	(551,605)	0
	233,501	0	233,501	0
	(131,372)	0	(131,372)	0
	(12,489,710)	0	(12,489,710)	0
	0	52,436	52,436	0
	0	(18,322)	(18,322)	0
	0	289,347	289,347	0
	0	(1,035)	(1,035)	0
	0	197,419	197,419	0
	0	0	0	0
	0	52	52	0
	0	519,897	519,897	0
	$ (12,489,710)	$ 519,897	$ (11,969,813)	$ 0
	$ 0	$ 0	$ 0	$ 50,188
	0	0	0	(416)
	0	0	0	10,490
	0	0	0	1,080
	0	0	0	(1,202,844)
	0	0	0	37,202
	0	0	0	(1,104,300)
General revenues:				
Taxes:				
Property tax	$ 869,162	$ 0	$ 869,162	$ 10,725
Income and inheritance tax	5,840,676	0	5,840,676	0
Sales and excise tax	5,529,270	0	5,529,270	0
Gross receipts tax	557,214	0	557,214	0
Investment earnings	269,202	34,567	303,769	190,537
Other revenue	1,337,773	12,972	1,350,745	1,437,686
Transfers	187,021	(187,021)	0	0
Total general revenues	14,590,318	(139,482)	14,450,836	1,638,948
Change in net position	2,100,608	380,415	2,481,023	534,648
Net position - beginning	14,521,056	1,686,246	16,207,302	8,912,852
Revisions to beginning net position	0	0	0	446
Net position - beginning (restated)	14,521,056	1,686,246	16,207,302	8,913,298
Net position - ending	$ 16,621,664	$ 2,066,661	$ 18,688,325	$ 9,447,946

Balance Sheet - Governmental Funds
June 30, 2023
(expressed in thousands)

	General	Social Services	Health and Environment	Education	Transporta-tion	Executive	Commerce	Non-major Governmental	Total Governmental
ASSETS									
Cash and cash equivalents	$ 4,122,576	$ 228,146	$ 282,057	$ 50,679	$ 369,157	$ 153,710	$ 538,919	$ 1,184,791	$ 6,930,035
Investments	0	0	0	0	424,540	0	0	125,014	549,554
Receivables, net	1,057,680	379,614	282,339	1,004	127,038	0	8,527	320,912	2,177,114
Due from other funds	127,864	977	0	0	0	750	4,098	36,158	169,847
Inventories	5,884	200	0	0	28,433	0	0	2,184	36,701
Advances to other funds	0	0	0	0	0	0	0	233,331	233,331
Restricted cash and cash equivalents	0	0	0	0	0	0	0	110,718	110,718
Total assets	$ 5,314,004	$ 608,937	$ 564,396	$ 51,683	$ 949,168	$ 154,460	$ 551,544	$ 2,013,108	$ 10,207,300
LIABILITIES									
Accounts payable and other current liabilities	$ 579,407	$ 153,251	$ 322,412	$ 14,855	$ 133,641	$ 231	$ 25,935	$ 513,638	$ 1,743,370
Due to other funds	29,918	13	0	0	0	0	0	128,042	157,973
Advances from other funds	232,750	7	0	0	0	0	0	162	232,919
Unearned revenue	0	92,557	57,356	30,186	23,351	142,155	448,151	277,124	1,070,880
Total liabilities	842,075	245,828	379,768	45,041	156,992	142,386	474,086	918,966	3,205,142
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue - taxes	415,474	29	14	0	26,245	0	0	85	441,847
Unavailable revenue - leases	0	237	0	0	0	0	0	6	243
Unavailable revenue - other	0	254,159	49,155	0	0	0	0	264,398	567,712
Total deferred inflows of resources	415,474	254,425	49,169	0	26,245	0	0	264,489	1,009,802
FUND BALANCES									
Nonspendable:									
Long-term receivables	0	0	0	0	2,725	0	0	0	2,725
Inventory	5,884	200	0	0	28,433	0	0	2,184	36,701
Restricted for:									
Capital projects	0	0	0	0	0	0	0	102,296	102,296
Debt service	0	0	0	0	0	0	0	131,966	131,966
General government	0	0	0	0	0	0	77,458	348,187	425,645
Human resources	0	108,484	0	0	0	0	0	83,586	192,070
Education	0	0	0	6,642	0	12,074	0	7,287	26,003
Public safety	0	0	0	0	0	0	0	78,544	78,544
Agriculture and natural resources	0	0	0	0	0	0	0	123,872	123,872
Highways and other transportation	0	0	0	0	430,062	0	0	91,066	521,128
Health and environment	0	0	135,459	0	0	0	0	0	135,459
Assigned to:									
Next fiscal year budget deficit	0	0	0	0	304,711	0	0	0	304,711
Unassigned	4,050,571	0	0	0	0	0	0	(139,335)	3,911,236
Total fund balance	4,056,455	108,684	135,459	6,642	765,931	12,074	77,458	829,653	5,992,356
Total liabilities, deferred inflows of resources, and fund balance	$ 5,314,004	$ 608,937	$ 564,396	$ 51,683	$ 949,168	$ 154,460	$ 551,544	$ 2,013,108	$ 10,207,300

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

(Continued)

Balance Sheet - Governmental Funds - Continued
June 30, 2023
(expressed in thousands)

	Total Governmental
Reconciliation to the Statement of Net Position:	
Total fund balance from previous page	$ 5,992,356
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds:	
Capital assets not being depreciated	13,570,124
Capital assets being depreciated	1,699,646
Internal service funds included in above	(62,545)
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Derivatives	310
Deferred refunding	2,285
Deferred outflows - pensions	786,613
Deferred outflows - OPEB	8,752
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Lease liability	(509,968)
SBITA liability	(45,991)
Revenue bonds payable	(1,504,000)
Pollution remediation	(114,361)
Unamortized premium discount	(100,454)
Due to component unit (lease revenue bonds)	(26,790)
Total OPEB liability	(40,874)
Net pension liability	(2,071,452)
Compensated absences	(123,905)
Claims and judgments	(87,424)
MLPP	(16,197)
Due to component unit (lease revenue bonds payable)	(1,825,878)
Derivative liabilities	(1,062)
Accrued interest	(38,019)
Internal service funds included in governmental activities	113,698
Deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds:	
Deferred inflows - pensions	(91,034)
Deferred inflows - OPEB	(18,302)
Deferred inflows - leases	(243)
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the governmental funds	1,009,802
Internal service funds: the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	116,577
Net position of governmental activities	$ 16,621,664

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, 2023
(expressed in thousands)

	General	Social Services	Health and Environment	Education	Transporta-tion	Executive	Commerce	Non-major Governmental	Total Governmental
Revenues:									
Property tax	$ 102	$ 0	$ 0	$ 796,620	$ 0	$ 0	$ 0	$ 72,440	$ 869,162
Income and inheritance tax	6,050,670	0	0	0	0	0	20,000	12,400	6,083,070
Sales and excise tax	3,977,709	4,419	827	8,908	1,041,062	0	0	496,490	5,529,415
Gross receipts tax	193,207	0	263,200	0	0	0	26	100,779	557,212
Charges for services	80,652	125,387	250,973	6,153	247,560	0	9,982	459,882	1,180,589
Operating grants	0	1,259,630	3,877,493	1,008,477	316,471	115,535	167,848	284,463	7,029,917
Capital grants	0	0	0	0	253,240	0	0	5	253,245
Investment earnings	185,802	1,074	7,154	25	27,326	27,377	353	18,238	267,349
Other revenues	24,587	204,736	308,904	56,118	9,631	867	4,085	701,451	1,310,379
Total revenues	10,512,729	1,595,246	4,708,551	1,876,301	1,895,290	143,779	202,294	2,146,148	23,080,338
Expenditures:									
Current:									
General government	705,116	0	17,360	0	0	109,516	273,208	1,509,981	2,615,181
Human resources	1,472,905	3,116,367	0	0	0	219	0	74,381	4,663,872
Education	5,271,989	0	0	2,138,594	0	0	4,199	79,429	7,494,211
Public safety	523,150	0	0	0	0	0	0	309,493	832,643
Agriculture and natural resources	16,395	0	0	0	0	0	0	139,808	156,203
Highways and other transportation	0	0	0	0	1,720,714	0	0	60,566	1,781,280
Health and environment	665,866	0	3,228,513	0	0	0	0	10,610	3,904,989
Debt service:									
Principal	23,863	30	2,493	1,024	0	0	46	357,355	384,811
Interest	13,857	6	582	50	0	0	2	155,179	169,676
Total expenditures	8,693,141	3,116,403	3,248,948	2,139,668	1,720,714	109,735	277,455	2,696,802	22,002,866
Excess of revenues over (under) expenditures	1,819,588	(1,521,157)	1,459,603	(263,367)	174,576	34,044	(75,161)	(550,654)	1,077,472
Other financing sources (uses):									
Sale of assets	0	0	0	0	0	0	0	2,755	2,755
Issuance of bonds	0	0	0	0	0	0	0	0	0
Issuance of leases	2,297	0	1,051	0	0	0	0	316	3,664
Issuance of MLPP agreements	0	0	0	0	0	0	0	0	0
Premium on issuance of debt	0	0	0	0	0	0	0	0	0
Issuance of refunding bonds	0	0	0	0	0	0	0	0	0
Premium on issuance of refunding debt	0	0	0	0	0	0	0	0	0
Payment to refunded bonds escrow agent	0	0	0	0	0	0	0	0	0
Right-to-use lease initiation and SBITA	0	0	0	0	900	0	0	0	900
Transfers in	537,743	1,634,947	88,046	260,851	2,785	64,258	83,034	915,927	3,587,591
Transfers out	(797,310)	(115,235)	(1,584,422)	(5,202)	(428,048)	(101,739)	(20,937)	(346,682)	(3,399,575)
Total other financing sources (uses)	(257,270)	1,519,712	(1,495,325)	255,649	(424,363)	(37,481)	62,097	572,316	195,335
Net change in fund balances	1,562,318	(1,445)	(35,722)	(7,718)	(249,787)	(3,437)	(13,064)	21,662	1,272,807
Fund balances, beginning	2,494,137	110,129	171,181	14,360	1,015,718	15,511	90,522	807,991	4,719,549
Fund balances, end	$ 4,056,455	$ 108,684	$ 135,459	$ 6,642	$ 765,931	$ 12,074	$ 77,458	$ 829,653	$ 5,992,356

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, 2023
(expressed in thousands)

	Total Governmental
Reconciliation to the Statement of Activities:	
Total net change in fund balance from previous page	$ 1,272,807
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/amortization expense. This is the amount by which capitalized assets exceeded depreciation/amortization in the current period.	
Depreciation/amortization expense	(135,475)
Capitalized assets acquired	547,846
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.	(34,061)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	
Unavailable revenue	(181,652)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position:	
Deferred refundings	4,814
Other borrowings	(4,564)
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 payable to component unit	330,464
Other borrowings	54,347
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.	33,124
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	(6,959)
Pollution remediation	(22,132)
Accrued interest	3,732
Claims and judgments	(3,480)
Total OPEB liability	10,848
Net pension liability	(388,710)
Derivatives (liability), due to component and accrued accounts payable	2,254
Derivatives (assets and deferred outflows)	(2,150)
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	263,352
Deferred inflows - pensions	385,886
Deferred outflows - OPEB	(55)
Deferred inflows - OPEB	(9,526)
Deferred inflows - Leases	19
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.	(20,121)
Changes in Net Position of Governmental Activities	$ 2,100,608

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

Statement of Net Position - Proprietary Funds
June 30, 2023
(expressed in thousands)

	Business-Type Activities					Governmental Activities - Internal Service Funds
	Water Funds	Unemployment Insurance	Health Care Stabilization	Non-major Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	$ 47,441	$ 5,033	$ 14,627	$ 44,140	$ 111,241	$ 81,285
Restricted cash and cash equivalents	47	1,434,098	0	0	1,434,145	74,792
Investments	315,156	0	26,044	0	341,200	0
Receivables, net	72,537	16,470	1,855	14,558	105,420	8,308
Inventories	0	0	0	2,496	2,496	11,124
Total current assets	435,181	1,455,601	42,526	61,194	1,994,502	175,509
Noncurrent assets:						
Restricted cash and cash equivalents	7,347	0	0	0	7,347	0
Investments	20,261	0	0	0	20,261	0
Investments, restricted	0	0	221,328	0	221,328	0
Receivables, net	552,472	0	0	5,589	558,061	0
Capital assets not being depreciated	0	0	0	0	0	2,516
Capital assets (net of accumulated depreciation)	82	0	100	14,305	14,487	60,029
Total noncurrent assets	580,162	0	221,428	19,894	821,484	62,545
Total assets	1,015,343	1,455,601	263,954	81,088	2,815,986	238,054
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows - pensions	0	0	0	2,333	2,333	0
Deferred outflows - OPEB	0	0	0	19	19	0
Total deferred outflows of resources	0	0	0	2,352	2,352	0
LIABILITIES						
Current liabilities:						
Accounts payable and other current liabilities	2,584	14,606	0	19,668	36,858	6,315
Unearned revenue	0	123,164	9,435	0	132,599	0
Due to other funds	0	0	0	10,822	10,822	1,052
Due to component unit	23,774	0	0	0	23,774	0
Compensated absences	0	0	99	12	111	1,419
Portion of long-term liabilities	0	0	36,203	7,980	44,183	35,908
Total current liabilities	26,358	137,770	45,737	38,482	248,347	44,694
Noncurrent liabilities:						
Compensated absences	0	0	28	3	31	394
Claims and judgments	0	0	221,909	28,307	250,216	46,616
Bonds, notes and loans payable	0	0	0	0	0	26,790
Unearned lease revenue	0	0	0	5	5	0
Lease liability	0	0	13	4	17	1,067
Subscription liability	0	0	0	10,018	10,018	1,504
Other noncurrent liabilities	4,258	0	0	6,256	10,514	0
Total OPEB liability	0	0	0	68	68	0
Due to component unit	231,997	0	0	0	231,997	0
Advances from other funds	0	0	0	0	0	412
Total noncurrent liabilities	236,255	0	221,950	44,661	502,866	76,783
Total liabilities	262,613	137,770	267,687	83,143	751,213	121,477
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pensions	0	0	0	380	380	0
Deferred inflows - OPEB	0	0	0	84	84	0
Total deferred inflows of resources	0	0	0	464	464	0
NET POSITION						
Net investment in capital assets	82	0	100	2,326	2,508	60,791
Restricted for:						
Other purposes	752,648	1,317,831	0	0	2,070,479	0
Unrestricted	0	0	(3,833)	(2,493)	(6,326)	55,786
Total net position	$ 752,730	$ 1,317,831	$ (3,733)	$ (167)	$ 2,066,661	$ 116,577

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, 2023
(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	$ 4,076	$ 287,721	$ 19,951	$ 805,631	$ 1,117,379	$ 106,096
Interest on loans	7,942	0	0	0	7,942	0
Other revenue	2,199	21,027	0	6,323	29,549	20,890
Total operating revenues	14,217	308,748	19,951	811,954	1,154,870	126,986
Operating expenses:						
Salaries and wages	0	0	1,806	7,110	8,916	30,821
Supplies and services	2,197	0	6,849	379,851	388,897	80,791
Lottery prize awards	0	0	0	205,014	205,014	0
Depreciation	10	0	78	3,550	3,638	4,848
Insurance claims and expenses	0	107,239	0	1,188	108,427	11,981
Program administration - Water Funds	1,366	0	0	0	1,366	0
Other expenses	1,154	71	29,535	12,128	42,888	31
Total operating expenses	4,727	107,310	38,268	608,841	759,146	128,472
Operating income (loss)	9,490	201,438	(18,317)	203,113	395,724	(1,486)
Nonoperating revenues (expenses):						
Operating grants	0	108,936	0	0	108,936	0
Capital grants	48,943	0	0	0	48,943	50
Investment earnings	12,113	22,027	(36)	463	34,567	837
Interest expense	(3,798)	0	(5)	(354)	(4,157)	(973)
Other revenues (expenses)	(4,613)	(1,230)	510	(11,244)	(16,577)	(17,554)
Total nonoperating revenues (expenses)	52,645	129,733	469	(11,135)	171,712	(17,640)
Income before transfers	62,135	331,171	(17,848)	191,978	567,436	(19,126)
Transfers in	0	396,380	3,747	0	400,127	9,356
Transfers out	0	(397,161)	(200)	(189,787)	(587,148)	(10,351)
Change in net position	62,135	330,390	(14,301)	2,191	380,415	(20,121)
Net position - beginning	690,595	987,441	10,568	(2,358)	1,686,246	136,698
Net position - ending	$ 752,730	$ 1,317,831	$ (3,733)	$ (167)	$ 2,066,661	$ 116,577

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, 2023
(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	$ 7,993	$ 309,211	$ 19,698	$ 812,733	$ 1,149,635	$ 125,202
Cash payments to suppliers for goods and services	(2,068)	828	(6,967)	(610)	(8,817)	(89,446)
Cash payments to employees for services	0	0	(1,784)	(6,987)	(8,771)	(30,644)
Cash payments for lottery prizes	0	0	0	(593,142)	(593,142)	0
Claims paid	0	(107,239)	(41,798)	(947)	(149,984)	(13,232)
Other operating revenues	4,551	0	0	831	5,382	0
Other operating expenses	(1,282)	0	0	(521)	(1,803)	0
Net cash provided (used) by operating activities	9,194	202,800	(30,851)	211,357	392,500	(8,120)
Cash flows from noncapital financing activities:						
Operating grants receipts	0	108,936	0	0	108,936	50
Other non-operating expenses	0	(1,230)	510	0	(720)	(17,554)
Advances from other funds	0	0	0	0	0	(569)
Net transfers to other funds	0	(781)	3,547	0	2,766	(995)
Other cash inflows from noncapital financing activities	230,113	0	0	0	230,113	0
Other cash outflows from noncapital financing activities	(22,802)	0	0	(194,939)	(217,741)	0
Net cash provided (used) by noncapital financing activities	207,311	106,925	4,057	(194,939)	123,354	(19,068)
Cash flows from capital and related financing activities:						
Proceeds from issuance of long-term debt	0	0	0	0	0	0
Repayment of long-term debt	0	0	0	0	0	(3,574)
Interest payments	0	0	0	0	0	(973)
Payments on leases and subscriptions	0	0	(77)	(2,338)	(2,415)	(1,400)
Interest paid on leases	0	0	0	(354)	(354)	0
Proceeds from sale of fixed assets	0	0	0	6	6	44
Payments for purchase of fixed assets	0	0	(10)	(472)	(482)	(2,987)
Net cash provided (used) by capital and related financing activities	0	0	(87)	(3,158)	(3,245)	(8,890)
Cash flows from investing activities:						
Proceeds from sale and maturities of investment securities	929,415	0	32,721	0	962,136	0
Purchase of investments	(1,036,799)	0	0	0	(1,036,799)	0
Interest and dividends	9,344	22,027	6,940	410	38,721	837
Other investing revenues	42,968	0	0	0	42,968	0
Other investing expenses	(150,362)	0	0	0	(150,362)	0
Net cash provided (used) by investing activities	(205,434)	22,027	39,661	410	(143,336)	837
Net increase (decrease) in cash and cash equivalents	11,071	331,752	12,780	13,670	369,273	(35,241)
Cash and cash equivalents, beginning of year	43,764	1,107,379	1,847	30,470	1,183,460	191,318
Cash and cash equivalents, end of year	$ 54,835	$ 1,439,131	$ 14,627	$ 44,140	$ 1,552,733	$ 156,077
Reconciliation of operating income (loss) to net cash provided by operations:						
Operating income (loss)	$ 9,490	$ 201,438	$ (18,317)	$ 203,113	$ 395,724	$ (1,486)
Adjustment to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	10	0	78	3,550	3,638	4,848
Changes in assets and liabilities:						
Receivables	(579)	520	0	1,627	1,568	(1,784)
Inventories	0	0	0	58	58	(1,319)
Accounts payable	273	899	(118)	888	1,942	(8,357)
Payroll liabilities	0	0	22	1	23	177
Due to other funds	0	0	0	0	0	1,052
Claims and judgments	0	0	(12,263)	241	(12,022)	(1,251)
Unearned revenue	0	(57)	(253)	(8)	(318)	0
Net change in pension deferred outflows/inflows	0	0	0	(1,742)	(1,742)	0
Net pension liability	0	0	0	901	901	0
Lottery prize liability	0	0	0	1,765	1,765	0
KPERS contribution on behalf of Lottery	0	0	0	963	963	0
Total adjustments	(296)	1,362	(12,534)	8,244	(3,224)	(6,634)
Net cash provided (used) by operating activities	$ 9,194	$ 202,800	$ (30,851)	$ 211,357	$ 392,500	$ (8,120)

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

Statement of Net Position
Fiduciary Funds
June 30, 2023
(expressed in thousands)

	Pension Trust	Investment Trust	Custodial
ASSETS			
Cash and cash equivalents	$ 12,000	$ 1,438,646	$ 242,166
Investments:			
Domestic equities	7,222,369	0	0
International equities	5,105,197	0	0
Short term	866,886	0	158,694
Fixed income	6,014,906	0	0
Alternative investments	2,811,341	0	0
Real estate	3,648,241	0	0
Receivables, net	349,322	0	25,162
Capital assets	1,489	0	0
Total assets	26,031,751	1,438,646	426,022
LIABILITIES			
Accounts payable and other liabilities	231,091	0	174,917
Total liabilities	231,091	0	174,917
NET POSITION			
Restricted for:			
Pensions	25,800,660	0	0
Postemployment benefits other than pensions	0	0	505
Individuals, organizations, and other governments	0	1,438,646	250,600
Total net position	$ 25,800,660	$ 1,438,646	$ 251,105

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, 2023
(expressed in thousands)

	Pension Trust	Investment Trust	Custodial
ADDITIONS			
Contributions:			
Employer contributions	$ 1,333,842	$ 0	$ 87,078
Employee contributions	508,218	0	8,062
Total contributions	1,842,060	0	95,140
Investment earnings:			
Net appreciation (depreciation) in fair value in investments	1,266,934	39,327	0
Interest	197,897	0	5,522
Dividends	215,445	0	0
Real estate income	117,904	0	0
Other investment income	39,874	0	0
Total investment earnings	1,838,054	39,327	5,522
Less investment expense	139,686	0	0
Net investment earnings	1,698,368	39,327	5,522
MIP deposits	0	4,364,098	0
Other income	891	0	170
Total investment earnings	1,699,259	4,403,425	5,692
Collections for other governments	0	0	5,139,480
Total additions	3,541,319	4,403,425	5,240,312
DEDUCTIONS			
Benefits and refunds:			
Monthly benefits and refunds	2,083,605	0	0
Refunds of contributions	92,056	0	0
Death benefits	12,821	0	0
Insurance premiums and disability benefits	0	0	45,713
Distributions	0	4,326,449	0
Total benefits and refunds	2,188,482	4,326,449	45,713
Administrative expenses	24,253	0	643
Payments to other governments	0	0	5,094,163
Total deductions	2,212,735	4,326,449	5,140,519
Change in net position	1,328,584	76,976	99,793
Net position - beginning	24,472,076	1,361,670	151,312
Net position - ending	$ 25,800,660	$ 1,438,646	$ 251,105

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

Combining Statement of Net Position - Component Units
June 30, 2023
(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	$ 10,816	$ 56,361	$ 155	$ 5,511	$ 33,086	$ 885,584	$ 991,513
Restricted cash and cash equivalents	0	4,120	2	70,621	0	54,729	129,472
Investments	0	78,132	10,114	11,942	5,320	282,706	388,214
Restricted investments	0	15,188	2,914	0	0	422,808	440,910
Receivables, net	5,273	20,707	461	1,843	29,276	663,163	720,723
Lease receivables	0	4,617	0	0	0	2,008	6,625
Due from primary government	0	0	107,828	0	0	0	107,828
Due from component units	0	0	64,532	0	0	0	64,532
Inventories	0	0	0	0	0	14,141	14,141
Other assets	35	3,320	92	1,820	130	24,551	29,948
Total current assets	16,124	182,445	186,098	91,737	67,812	2,349,690	2,893,906
Noncurrent assets:							
Restricted cash and cash equivalents	0	0	0	13	0	23,407	23,420
Investments	0	45,391	0	0	0	485,216	530,607
Restricted investments	0	0	0	0	0	3,828,141	3,828,141
Receivables, net	0	0	8,690	708	0	188,366	197,764
Lease receivables	0	67,649	0	0	0	10,695	78,344
Due from primary government	0	0	2,000,611	0	0	0	2,000,611
Due from component units	0	0	929,629	0	0	0	929,629
Capital assets not being depreciated	0	741,843	0	0	0	264,747	1,006,590
Capital assets (net of accumulated depreciation)	0	39,715	376	651	0	3,837,458	3,878,200
Other noncurrent assets	0	0	0	0	0	16,697	16,697
Total noncurrent assets	0	894,598	2,939,306	1,372	0	8,654,727	12,490,003
Total assets	16,124	1,077,043	3,125,404	93,109	67,812	11,004,417	15,383,909
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts on refunding	0	1,461	2,219	0	0	102	3,782
Deferred outflows - pensions	0	6,670	440	6,373	0	61,060	74,543
Deferred outflows - OPEB	0	941	2	64	0	4,606	5,613
Total deferred outflows of resources	0	9,072	2,661	6,437	0	65,768	83,938
LIABILITIES							
Current liabilities:							
Accounts payable and other liabilities	7,012	13,333	754	1,363	15,419	325,316	363,197
Lease liability	0	72	84	229	0	17,925	18,310
Subscription liability	0	286	0	59	0	8,694	9,039
Unearned revenue	0	2,270	337	25,746	0	166,258	194,611
Due to component unit	0	0	0	0	0	64,532	64,532
Compensated absences	0	1,794	0	555	0	76,527	78,876
Portion of long-term liabilities	0	7,980	173,777	0	0	52,917	234,674
Total current liabilities	7,012	25,735	174,952	27,952	15,419	712,169	963,239
Noncurrent liabilities:							
Compensated absences	0	2,269	0	58	0	21,847	24,174
Lease liability	0	38	77	14	0	199,570	199,699
Subscription liability	0	0	0	0	0	12,492	12,492
Bonds, notes and loans payable	0	99,943	2,940,077	0	0	432,579	3,472,599
Due to component unit	0	0	0	0	0	929,629	929,629
Other noncurrent liabilities	0	0	2,577	0	0	42,584	45,161
Net pension liability	0	17,164	1,143	8,757	0	165,152	192,216
Total OPEB liability	0	5,554	9	59	0	24,103	29,725
Total noncurrent liabilities	0	124,968	2,943,883	8,888	0	1,827,956	4,905,695
Total liabilities	7,012	150,703	3,118,835	36,840	15,419	2,540,125	5,868,934
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - leases	0	70,918	0	0	0	13,342	84,260
Deferred inflows - pensions	0	951	74	48	0	30,321	31,394
Deferred inflows - OPEB	0	1,758	25	66	0	31,757	33,606
Deferred amounts on refunding	0	1,707	0	0	0	0	1,707
Total deferred inflows of resources	0	75,334	99	114	0	75,420	150,967
NET POSITION							
Net investment in capital assets	0	670,186	211	349	0	2,476,150	3,146,896
Restricted for:							
Capital projects	0	0	0	0	0	515,061	515,061
Debt service	0	17,773	0	0	0	14,508	32,281
Nonexpendable	0	0	0	0	0	1,444,781	1,444,781
Other purposes	0	0	0	45,396	0	2,759,415	2,804,811
Unrestricted	9,112	172,119	8,920	16,847	52,393	1,244,725	1,504,116
Total net position	$ 9,112	$ 860,078	$ 9,131	$ 62,592	$ 52,393	$ 8,454,640	$ 9,447,946

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, 2023
(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	$ 153	$ 22,327	$ 1,075	$ 8,482	$ 0	$ 2,103,149	$ 2,135,186
Supplies and services	390	68,496	356	20,673	1,632	1,030,891	1,122,438
Depreciation and amortization	1	4,581	181	725	0	249,647	255,135
Interest expense	0	2,459	0	0	0	43,910	46,369
Other expenses	0	0	0	233,818	3,924	302,781	540,523
Total expenses	544	97,863	1,612	263,698	5,556	3,730,378	4,099,651
Program Revenues:							
Charges for services	1,624	148,051	1,196	5,710	2,931	1,465,742	1,625,254
Operating grants	0	0	0	295,190	13,115	939,361	1,247,666
Capital grants	0	0	0	0	0	122,431	122,431
Total program revenues	1,624	148,051	1,196	300,900	16,046	2,527,534	2,995,351
Net (Expense) Revenue	1,080	50,188	(416)	37,202	10,490	(1,202,844)	(1,104,300)
General Revenues:							
Taxes:							
Property tax	0	0	0	0	0	10,725	10,725
Investment earnings	59	4,075	46	2,333	2,022	182,002	190,537
Other revenue (loss)	0	4,698	173	2,832	210	1,429,773	1,437,686
Total general revenues	59	8,773	219	5,165	2,232	1,622,500	1,638,948
Change in net position	1,139	58,961	(197)	42,367	12,722	419,656	534,648
Total net position - beginning	7,973	800,894	9,328	20,225	39,671	8,034,761	8,912,852
Revisions to beginning net position	0	223	0	0	0	223	446
Total net position - beginning (restated)	7,973	801,117	9,328	20,225	39,671	8,034,984	8,913,298
Total net position - ending	$ 9,112	$ 860,078	$ 9,131	$ 62,592	$ 52,393	$ 8,454,640	$ 9,447,946

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, 2023, 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 leases and SBITAs 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).

Commerce Fund – This special revenue fund accounts for the activities of the Kansas Department of Commerce. Revenues into this fund include grants and special fee funded programs as authorized by legislation.

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.

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 Investments

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:

- Certificate of deposits in Kansas banks, not to exceed 2.5% of the Pooled Money Investment portfolio in any one bank
- 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 SKILL Act projects and bonds
- Linked deposit loans for agricultural production not to exceed $60 million
- Linked deposit loans for Economic Recovery not to exceed $60 million
- Linked deposit loans for Extraordinary Utility Costs not to exceed $21,835,554
- City Utility Low-Interest Loan Program not to exceed $78,163,446
- 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.

Lease receivables are reported for lease arrangements in which the State is providing the right for another entity to use its nonfinancial assets as stated in a contract for a period of time in an exchange or exchange like transaction. An allowance for uncollectible leases is determined by identifying known leases that will not be collected and by estimating the remaining leases that are likely not to be collected. Currently all lease receivables are collectable.

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

	Capitalization Policy	Amortization Method
Lease vehicles	$5,000	Straight-line
Lease building and improvements	100,000	Straight-line
Lease furnishings and equipment	5,000	Straight-line
Lease land and land improvements	100,000	Straight-line
Lease space rental	5,000	Straight-line
Lease copiers	10,000	Straight-line
Subscription assets	100,000	Straight-line

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.

Lease assets and subscriptions are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

I. Summary of Significant Accounting Policies

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.

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, 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.

I. Summary of Significant Accounting Policies

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 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 five 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 and also related to leases. 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 statement of net position. 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 three deferred inflows relate to other post-employment benefits (OPEB) and pensions, which is discussed in Note IV, Sections E and F, respectively and leases, which is discussed in Note III, Section I.

I. Summary of Significant Accounting Policies

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.

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.

G. New Governmental Accounting Standards Board Statements

The State has implemented the following new pronouncements for fiscal year 2023:

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. The effects of the adoption of this statement are discussed in Note I Section H.

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 adoption of this statement has no significant impact on the State's financial reporting.

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 effects of the adoption of this statement are discussed in Note I Section H.

I. Summary of Significant Accounting Policies

At June 30, 2023, 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, 2023:

GASB Statement No. 99, Omnibus 2022, 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: 1) classification and reporting of derivative instruments within the scope of Statement No. 53 that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; 2) clarification of certain provisions in Statement No. 87, Statement No. 94 and Statement No. 96; 3) extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate of the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; 4) accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program; 5) disclosures related to nonmonetary transactions; 6) pledges of future revenues when resources are not received by the pledging government; 7) clarification of provisions in Statement No 34 related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63; and 8) terminology used in Statement No. 53 to refer to resource flows statements. The provisions of this statement for items 1 and 2 are effective for financial statements for the State's fiscal year ending June 30, 2024, and June 30, 2023, respectively. All other provisions of this statement are effective upon issuance.

GASB statement No. 100, Accounting Changes and Error Corrections, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates and changes to or within the financial reporting entity. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for each type of accounting change and error corrections. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This statement also requires disclosure in the notes to the financial statements of descriptive information about accounting changes and error corrections. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. The provisions of this statement are effective for financial statements for the State's fiscal year ending June 30, 2024.

GASB Statement No. 101, Compensated Absences, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this statement are effective for financial statements for the State's fiscal year ending June 30, 2024.

I. Summary of Significant Accounting Policies

H. Implementation of Standard

On July 1, 2022, the State adopted GASB statement No. 91, *Conduit Debt Obligations*. The primary objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. For one component unit, KDFA, certain debt items were clarified to no longer be reported as conduit debt. As a result, adjustments to beginning balances of debt obligations for governmental activities, business-type activities, and component units are displayed in Note III Section I. Additional information regarding the implementation of GASB Statement No. 91 is included in Note III Section C and Note III Section J.

On July 1, 2022, the State adopted GASB statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about the governments' subscription-based information technology arrangements (SBITA's). A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. This statement establishes that a SBITA results in an intangible right-to-use subscription asset and a corresponding subscription liability.

The State implemented this standard as of July 1, 2022. Certain subscriptions were identified by management as having a commencement date before the date of adoption and were still active on the date of adoption. Adjustments to beginning balances of subscription assets and subscription liabilities are displayed in Note III Section F and Note III Section I, respectively.

Additional information regarding the implementation of GASB Statement No. 96 is included in Note III Section J.

II. Stewardship, Compliance, Accountability

A. Deficit Fund Equity

The Adjutant General fund had a deficit fund balance in fiscal year 2023 of $139.3 million because the expenditures paid out of the fund exceed revenues received due to the recorded $263.3 million in unavailable revenue. The unavailable revenue represents amounts drawn from federal grants but not received within 60 days after June 30, 2023. 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 2023 of $27.4 million because historical claims and expenses paid out of the fund exceeded charges for services received. During 2023, expenses for claims and other operating expenses exceeded charges for services, increasing the negative net position for fiscal year 2023. 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 2023 of $23.3 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, 2023, is as follows (expressed in thousands):

Investments:	Governmental & BTA	Weighted Average Duration	Fiduciary	Weighted Average Duration	Component Unit	Weighted Average Duration
US Treasury	$ 1,928,994	0.33	$ 2,923,316	3.06	$ 47,465	1.45
U.S Agencies securities	3,269,942	0.36	1,212,919	2.49	81,207	1.22
Repurchase Agreements	1,658,946		291,054	<1 yr	0	
Mutual Fund-Fixed Income	0		0		12,488	<1yr
Mutual Fund-Equities	0		0		97,606	
Equity Securities	0		19,790,139		9,827	
Commercial Paper	2,039,654	0.50	259,622	0.00	12,880	0.50
Corporate Bonds	117,308	3.99	2,780,632	4.03	1,551	2.25
State or Local Debt Obligation	26,616	1.19	0		3,060	0.73
University assets reported under FASB*	0		0		4,829,028	
Other Investment	250,992		0		92,757	
Treasurer's pool	(873,534)		192,714		680,819	
Cash and cash equivalents	1,462,988		70,050		463,589	
	$ 9,881,906		$ 27,520,446		$ 6,332,277	

*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's 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, 2023, 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, 2023, the Kansas State University Foundation held $1.31 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, 2023, the Wichita State University Foundation held $0.32 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, 2023, is as follows (expressed in thousands):

Disclosures Regarding Deposits and Investments:		
Total investments and time deposits (includes demand deposits for Component Units)	$	43,734,621
Carrying amount of demand deposits for Governmental and Business-Type Activities		8
Total	$	43,734,629
Statement of Net Position		
Governmental and Business-Type Activities		
Cash and cash equivalents	$	7,122,561
Investments at fair value		911,015
Restricted cash and cash equivalents		1,627,002
Restricted investments		221,328
Component Units		
Cash and cash equivalents		991,513
Investments at fair value		918,821
Restricted cash and cash equivalents		152,892
Restricted investments		4,269,051
Statement of Fiduciary Net Position		
Cash and cash equivalents		1,692,812
Investments at fair value		25,827,634
Total	$	43,734,629

Deposits. At June 30, 2023, the carrying amount was $7.6 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, 2023.

III. Detailed Notes On All Funds

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

	6/30/2023	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				
US treasury securities	$ 4,805,023	$ 2,718,676	$ 2,086,347	S 0
US Agency securities	4,607,062	28,847	4,578,215	0
Corporate bonds	152,210	110,426	41,784	0
Commercial paper	2,312,156	0	2,312,156	0
Vanguard short-term bond index	12,488	12,488	0	0
Yankees	351,107	0	350,780	327
International	407,732	0	407,732	0
Foreign bonds	641	400	241	0
US corporate, municipalities	1,999,204	0	1,997,589	1,615
GNMA	161,699	0	161,699	0
State or municipal bonds	26,616	0	26,616	0
Certificate of deposit	5,569	244	5,325	0
Collateralized debt obligations	128,484	22,387	3,227	102,870
State or municipal debt obligation	6,591	0	2,976	3,615
Total debt securities	14,976,582	2,893,468	11,974,687	108,427
Equity securities				
Domestic common stock	7,221,141	7,209,531	0	11,610
Domestic preferred	1,228	1,228	0	0
International common	5,083,836	5,083,836	0	0
International preferred stock	21,361	21,361	0	0
Consumer discretionary	786	786	0	0
Consumer supplies	177	177	0	0
Materials	134	134	0	0
Energy	533	533	0	0
Financials	581	581	0	0
Healthcare	463	463	0	0
Industrials	1,588	1,588	0	0
Information technology	104	104	0	0
Telecommunication services	13	13	0	0
Other	389,920	388,863	0	1,057
Total equity securities	12,721,865	12,709,198	0	12,667
Derivatives by fair value level				
To-be-announced agencies	100,210	0	100,210	0
Total derivatives by fair value level	100,210	0	100,210	0
Other				
Money market mutual fund	86,040	86,040	0	0
Repurchase agreements	1,950,000	0	1,950,000	0
Certificate of deposit	2,009	2,009	0	0
Closely held common stock	128,212	0	0	128,212
Real estate held for investment	169,176	0	0	169,176
External investment pools	539,517	530,822	(5,326)	14,021
Other	252,616	147,476	3,929	101,211
Total other capital investments	3,127,570	766,347	1,948,603	412,620
Total investments by fair value level	$ 30,926,227	$ 16,369,013	$ 14,023,500	$ 533,714

III. Detailed Notes On All Funds

Investments measured at the net asset value (NAV)		
Private equity partnerships	$	2,811,198
Real estate partnership		1,159,969
Venture capital		127,577
Real estate core funds		2,370,475
Equity long/short hedge funds		434,708
Global opportunities hedge fund		701,235
Event-driven hedge funds		182,977
Equity securities		114,174
Absolute return hedge funds		142,233
Domestic private equity		104,841
International private equity		16,155
Private capital distressed debt		9,744
Natural resources		18,120
Fixed Income		107,980
Multi-Strategy hedge funds		790,099
Other securities and investments		16
Real estate funds		244,394
Other		167,913
Total investments measured at the NAV		9,503,808
Total investments measured at fair value	$	40,430,035
Investment valued at amortized cost		
Money market investment		978,453
Certificate of deposit		12,486
Equity security		5,253
Other		311,774
Total investment valued at amortized cost	$	1,307,966

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 $1.1 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 $5.9 billion in outstanding currency forward contract payables and receivables at June 30, 2023. The net fluctuation in currency rates at that time increased the unrealized fair value of those contracts by $29.0 million. Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers foreign exchange rates.

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	$ 47,186	$ 0	Monthly to annually	30-180 days
Common trust funds-equities	387,522	0	daily, monthly	1-31 days
Common trust funds-fixed Income	175,274	0	daily, monthly	1-10 days
Hedge funds	691,723	321,369	quarterly, semi-annually, annually	2-180 days
Multi-strategy hedge funds	56,037	10,225	12.5%-25% Calendar Quarter	90 days
Global macro	9,512	0	Monthly-25% Calendar Quarter	31-60 days
Other LLC's & LLP's	62,314	0	monthly, quarterly	5-90 days
Equity securities	114,174	0	monthly	5-45 days
Venture capital	127,577	36,587	None	None
Domestic private equity	104,841	54,089	None	None
Absolute return of hedge funds	142,233	0	none to annually	3-90 days
Private investments	734,062	0	N/A	N/A
Private equity-international	16,155	18,234	None	None
Real estate partnerships	1,159,969	395,582	Quarterly	30 days
Pooled funds fixed income	92,376	0	monthly	5-45 days
Private Equity and natural resource limited partnerships	24,628	0	monthly	15 days to Illiquid
Natural resources	18,120	9,464	None	None
Fixed income	15,604	50,367	None	None
Other	153,045	44,536	Illiquid Private equity, monthly	N/A, Private equity, 30-60 days
Event-driven hedge funds	7,703	0	12.5%-25% Calendar Quarter	67-90 days
Real estate fund	98,243	7,574	Quarterly to Illiquid	N/A, 90 days
Real estate core funds	2,370,475	26,250	Qurterly	30 days
Real estate other funds	83,837	0	Biannual	30 days
Private equity partnerships	2,811,198	850,677	Quarterly	30 days
Total investments measured at the NAV	$ 9,503,808	$ 1,824,954		

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. In September 2021, the Board authorized the orderly divestiture of the two timberland 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 85 private equity 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, 2022 financial reports with unmodified opinions, along with unaudited quarterly or bi-annual reports. Net asset values of 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. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent). 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.

There are 37 real estate partnerships that invest in real estate across different strategies and property types, both domestic and international. 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, 2022 financial reports with unmodified opinions, along with unaudited quarterly or bi-annual reports. Net asset values of one quarter in arrears plus current quarter cash flows are used when recent information is not available. These partnerships are diversified across regions and vintage years. The expected term of each partnership is between seven to ten years. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent). 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.

There are 8 real estate core funds that hold domestic properties that are owned proportionately by investors. All fund properties have annual independent external appraisals, and the fair value of each fund has been determined using the NAV per share or its annual independent external appraisals. The fair value of each real estate core fund has been determined using the NAV per share or its equivalent of KPERS' ownership interest in the partners' capital. These investments are expected to have a long-term lifespan as opposed to only seven to ten years and they are expected to produce a steady current income in the form of investment yield while providing portfolio diversification and serving as an inflation hedge. Shares may be redeemed quarterly, with notice to the respective funds, subject to cash availability. One real estate core fund has been approved for full redemption by the Board in January 2020 and that fund is actively being redeemed. No further redemptions are contemplated.

The one real estate other fund is like the core funds except that it is an open-ended domestic private timberland investment vehicle. Its shares may only be redeemed biannually. No 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, 2023.

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.

III. Detailed Notes On All Funds

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. 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 88.1% is available for redemption within 12 months and 11.1% is available for redemption within three years, and 0.6% is available within 6 years. The remaining 0.2% 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 of 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 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 limited partnerships. Each partnership operates in accordance with the terms of a limited partnership agreement and continue to operate year to year unless dissolved in accordance with the agreements. The partnerships' investment objectives vary, but generally see to maximize risk adjusted returns over the long-term

III. Detailed Notes On All Funds

horizon by employing a strategy under which the partnership invest in multiple asset classes, including traditional assets and alternative assets. 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. Investors 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, 2023 are presented below with applicable credit ratings (expressed in thousands):

Governmental and Business-Type Activities Investments at June 30, 2023

		Quality Ratings			
	Fair Value	AAA	AA	A	Unrated
U.S Treasury	$ 1,928,994	$ 4,431	$ 1,924,563	$ 0	$ 0
U.S Agencies Securities	3,269,942	0	3,220,976	48,966	0
Repurchase Agreements	1,658,946	0	0	0	1,658,946
Commercial paper	2,039,654	0	0	2,039,654	0
Corporate Securities	117,308	0	117,308	0	0
Other	277,608	0	0	0	277,608
	$ 9,292,452	$ 4,431	$ 5,262,847	$ 2,088,620	$ 1,936,554

Component Units Investments at June 30, 2023

		Quality Ratings							
	Fair Value	AAA	AA	A	BBB	BB	B	C	Unrated
U.S Treasury	$ 47,465	$ 209	$ 47,256	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
U.S Agencies Securities	81,207	0	81,207	0	0	0	0	0	0
Mutual Fund -Fixed Income	12,488	0	0	12,488	0	0	0	0	0
Mutual Fund-Equities	97,606	0	0	0	0	0	0	0	97,606
Equity Securities	9,827	0	48	1,623	362	11	2,379	58	5,346
Corporate Bonds and Commercial paper	14,431	22	407	13,985	17	0	0	0	0
State or Local Debt Obligations	2,521	0	2,521	0	0	0	0	0	0
Municipal Securities	539	0	0	539	0	0	0	0	0
Unversity assets reported under FASB*	4,829,028	0	0	0	0	0	0	0	4,829,028
Other Investment	92,757	0	0	0	0	0	0	0	92,757
	$ 5,187,869	$ 231	$ 131,439	$ 28,635	$ 379	$ 11	$ 2,379	$ 58	$ 5,024,737

Fiduciary Fund Investments at June 30, 2023

		Quality Ratings									
	Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Unrated
U.S Government	$ 2,923,316	$ 0	$ 2,923,316	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
U.S Agency	1,212,919	1,643	1,157,896	13,242	31,680	7,413	1,045	0	0	0	0	0
Repurchase Agreements	291,054	0	0	0	0	0	0	0	0	0	0	291,054
Equity Securities	19,790,139	0	0	0	0	0	0	0	0	0	0	19,790,139
Corporate Bonds and Commercial paper	3,040,254	299,284	584,036	413,212	706,734	410,359	391,153	105,248	6,028	109	2,046	122,045
	$ 27,257,682	$ 300,927	$ 4,665,248	$ 426,454	$ 738,414	$ 417,772	$ 392,198	$ 105,248	$ 6,028	$ 109	$ 2,046	$ 20,203,238

III. Detailed Notes On All Funds

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, 2023, all investments, except for certificate of deposit (40.34%) 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 comprised 5.65%, 9.60%, 36.17%, 6.17% and 2.07% respectively of KHRC's investment portfolio. As of June 30, 2023, Federal Home Loan Mortgage Corporation and Federal Home Loan Bank comprised 15.14% and 65.19% respective of KTA's investment portfolio. As of June 30, 2023, 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, 2023, U.S Government Agency Securities, U.S. Treasuries, commercial paper, Corporate bonds, repurchases agreement and Kansas Bank CDs comprised 38.0%, 23.3%, 18.2%, 0%, 20.01% and 0.4%, 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:

- 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, 2023, KPERS had US Dollar and foreign currency balances at custodial banks with a net value of $11.8 million. This is primarily foreign currency deposits facilitating international investments in the respective local markets. KPERS' deposits of $8.9 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, 2023, including the underlying securities on the repurchase agreement, are held by the investment's counterparty.

III. Detailed Notes On All Funds

At June 30, 2023, none of KTA's bank balances were exposed to custodial credit risk. At June 30, 2023, KCE's deposits were fully insured or collateralized with securities held by KCE or by its agent in KCE's name. At June 30, 2023, INK's deposits were insured by the FDIC up to $250,000 per bank and at December 31, 2022, 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, 2023, were distributed among currencies in the following list.

Fiduciary Fund
Foreign Currency at June 30, 2023

USD Equivalent			
Equity	Fixed	Currency	Total
$ 39,848	$ 7,491	Australian Dollar	$ 47,339
43,394	0	Brazilian Real	43,394
656,775	181,437	British Pound Sterling	838,212
342,791	14,312	Canadian Dollar	357,103
224,395	1,238	Danish Krone	225,633
1,696,219	171,199	Euro Currency	1,867,418
414,971	0	Hong Kong Dollar	414,971
59,868	0	Indonesian Rupiah	59,868
24,032	0	Israeli New Shekel	24,032
820,229	22,294	Japanese Yen	842,523
64,017	0	Mexican New Peso	64,017
203,975	0	New Taiwan Dollar	203,975
137	4,292	New Zealand Dollar	4,429
9,066	0	Norwegian Krone	9,066
42,647	0	Singapore Dollar	42,647
33,403	0	S African Rand	33,403
74,749	0	South Korean Won	74,749
107,406	5,470	Swedish Krona	112,876
313,048	0	Swiss Franc	313,048
18,921	0	Thailand Baht	18,921
$ 5,189,891	$ 407,733		$ 5,597,624

All foreign currency exposure for Fiduciary funds is held in KPERS. KPERS' target allocation is to have 23.5 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, 2023, KPERS total foreign currency exposure was 64.5 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

III. Detailed Notes On All Funds

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, 2023, 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 payable portfolio so that no leverage was employed in accordance with the Statement of Investment Policy. The daily margin flows affect cash assets held at broker. Realized gains/losses are recognized at contract maturity and are included with underlying security type returns. Total gains of $5.4 million were associated with futures for the year ending June 30, 2023.

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, 2023
(expressed in thousands)

Derivative	Asset Class*	Notional Value	Fair Value
Domestic Equity Futures	Domestic Equities	$ 61,661	$ 0
International Equity Futures	International Equities	131,409	0
Fixed Futures	Fixed	82,810	0
Foreign Currency Forwards	Fixed	5,853,899	29,026
Options	Fixed	23	0
TBA Agency Bonds**	Fixed	100,210	100,210

* The Asset Class that the Fair Values and Revenues are included in other schedules. Futures and Options reflect the summed absolute 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 30,2022	Increases	Decreases	June 30,2023
Credit Default Swaps	$ (523)	$ 40,036	$ 39,513	$ 0
Foreign currency forwards	44,463	66,343	81,780	29,026
Options purchased	2	335	337	0
TBA agency bonds	24,318	1,547,770	1,471,878	100,210
Total	$ 68,260	$ 1,654,484	$ 1,593,508	$ 129,236

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, 2023, the fair value of international equities was $5.1 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, 2023
Investment Currency Forwards				
Australian Dollar	$ 349,257	$ 348,208	$ 348,681	$ (473)
British Pound Sterling	974,675	976,644	983,701	(7,057)
Canadian Dollar	431,152	432,282	435,090	(2,808)
Danish Krone	60,584	60,597	59,965	632
Euro Currency	1,853,845	1,852,505	1,857,803	(5,298)
Hong Kong Dollar	231,512	231,496	231,187	309
Israeli New Shekel	77,093	75,810	76,182	(372)
Japanese Yen	848,723	846,919	804,737	42,182
New Zealand Dollar	249,860	248,436	249,230	(794)
Norwegian Krone	201,177	199,525	201,119	(1,594)
Singapore Dollar	159,411	158,200	158,311	(111)
Swedish Krona	121,243	120,460	118,370	2,090
Swiss Franc	295,367	295,350	293,030	2,320
Total	$ 5,853,899	$ 5,846,432	$ 5,817,406	$ 29,026

III. Detailed Notes On All Funds

Currency Forwards Counterparty Exposure
(expressed in thousands)

Counterparty Name	By Counterparty at June 30, 2023 Notional $USD	Fair Value	Lowest Long Term Rating
Investment forwards counterparty exposure			
Australia and New Zealand Banking Group	$ 412,296	$ 346	A+
Bank of America, N.A.	173,873	(1,147)	A+
Bank of New York Mellon	94,801	(1,962)	AA-
Barclays Bank PLC Wholesale	365,420	(2,660)	A+
BNP Paribas SA	177,634	(1,134)	A+
Citibank N.A.	270,718	(2,701)	A+
Credit Agricole CIB	469,360	12,897	A+
Deutsche Bank AG	174,151	(1,251)	A-
Goldman Sachs International	548,921	3,302	A+
HSBC Bank PLC	535,761	1,956	A-
HSBC Bank USA	53,178	51	A+
Income Repatriation Boston IBS	508	0	NR
JP Morgan Chase Bank N.A.	629	(3)	A+
JP Morgan Chase Bank N.A. London	390,324	(1,659)	A+
Morgan Stanley & Co. International PLC	177,254	(1,323)	A-
Morgan Stanley Capital Services Inc	0	0	A+
Royal Bank of Canada	7,239	(40)	AA-
Royal Bank of Canada (UK)	220,772	1,137	A1
State Street Bank & Trust Company	4,350	(8)	A
State Street Bank London	129,814	269	A
Toronto Dominion Bank	524,231	14,040	A1
UBS AG	507,647	7,780	A+
Westpac Banking Corporation	615,018	1,136	A+
Total	$ 5,853,899	$ 29,026	

III. Detailed Notes On All Funds

B. Receivables

Accounts receivable as of June 30, 2023, 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	$ 1,103,929	$ 1,487	$ 1,105,416	$ 9,030
Intergovernmental receivable	40,940	0	40,940	3
Loan receivable	54,959	624,024	678,983	77,862
Accrued interest	1,850	6,431	8,281	1,815
Leases	256	0	256	84,731
Other receivables	983,488	31,539	1,015,027	830,015
Total	$ 2,185,422	$ 663,481	$ 2,848,903	$ 1,003,456

Taxes receivable and other receivables are shown net of allowances for uncollectible amounts of $247.9 million and $1.08 billion ($875.1 million governmental activities and $209.6 million business-type activities), respectively.

C. Due from Primary Government and Component Unit

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 agreements. 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.

On July 1, 2022, the State adopted GASB statement No. 91, *Conduit Debt Obligations*. Through implementation of this standard, all of the debt entered into between KDFA and State agencies was reclassified from the balance sheets of the State agencies to KDFA. Because amounts are still to be paid by the individual agencies, a receivable and payable was setup between KDFA and the agencies. Amounts due to KDFA from the primary government and component units are displayed on the Statement of Net Position.

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, $1.4 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	Restatement to beginning balance	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Construction in progress	$ 584,035	$ 0	$ 376,870	$ 137,529	$ 823,376
Infrastructure (including construction in progress)	12,326,612	0	102,125	29,253	12,399,484
Land	325,005	0	22,334	75	347,264
Total capital assets, not being depreciated	13,235,652	0	501,329	166,857	13,570,124
Capital assets, being depreciated:					
Buildings and improvements	1,612,350	0	73,531	4,506	1,681,375
Equipment and furnishings	615,110	0	63,646	22,057	656,699
Intangible-software	81,620	0	9,779	0	91,399
Land improvements	161,264	0	6,331	87	167,508
Vehicles	105,470	0	28,993	10,703	123,760
Water rights	32,131	0	0	0	32,131
Lease and subscription assets, being amortized:					
Lease buildings and improvements	578,126	(106)	1,545	715	578,850
Lease equipment and furnishings	3,326	106	34	665	2,801
Subscription assets*	0	54,098	3,444	0	57,542
Total	3,189,397	54,098	187,303	38,733	3,392,065
Less accumulated depreciation/amortization for:					
Buildings and improvements	857,112	0	38,443	5,283	890,272
Equipment and furnishings	425,378	0	27,110	20,026	432,462
Intangible-software	75,104	0	2,346	0	77,450
Land improvements	81,112	0	3,662	4	84,770
Vehicles	78,805	0	11,253	7,532	82,526
Water rights	24,200	0	737	0	24,937
Lease assets	44,385	0	45,757	1,155	88,987
Subscription assets	0	0	11,015	0	11,015
Total	1,586,096	0	140,323	34,000	1,692,419
Total capital assets, being depreciated/amortized, net	1,603,301	54,098	46,980	4,733	1,699,646
Governmental activity capital assets, net	$ 14,838,953	$ 54,098	$ 548,309	$ 171,590	$ 15,269,770
Business-type activities					
Capital assets, being depreciated:					
Equipment and furnishings	$ 7,109	$ 0	$ 397	$ 12	7,494
Vehicles	766	0	165	39	892
Lease and subscription assets, being amortized:					
Lease buildings and improvements	2,615	0	403	0	3,018
Subscription assets*	0	11,512	3,077	1,060	13,529
Total	10,490	11,512	4,042	1,111	24,933
Less accumulated depreciation/amortization for:					
Equipment and furnishings	4,175	0	1,120	8	5,287
Vehicles	619	0	102	39	682
Lease assets	1,594	0	903	0	2,497
Subscription assets*	0	1,527	1,513	1,060	1,980
Total	6,388	1,527	3,638	1,107	10,446
Business-type activity capital assets, net	$ 4,102	$ 9,985	$ 404	$ 4	$ 14,487

*These lines include activity for the implementation of GASB Statement 96. See additional information on this implementation in Note III Section J.

III. Detailed Notes On All Funds

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

Governmental activities		
General government	$	27,255
Human resources		27,602
Education		1,745
Public safety		44,560
Agriculture and natural resources		11,922
Highways and other transportation		22,412
Health and environment		4,827
Total depreciation/amortization expense – Government activities	$	140,323

Business-Type activities		
Health care stabilization	$	78
Lottery		3,550
State Revolving fund		10
Total depreciation/amortization expense – Business-type activities	$	3,638

III. Detailed Notes On All Funds

Component Units

(expressed in thousands)

	Beginning Balance	Restatement to beginning balance	Increases	Decreases	Ending Balance
Information Network of Kansas, Inc.					
Capital assets, being depreciated					
Equipment and furnishings	$ 5	$ 0	$ 0	$ 0	$ 5
Less accumulated depreciation	4	0	1	0	5
Total capital assets, being depreciated, net	$ 1	$ 0	$ (1)	$ 0	$ 0
Kansas Development Finance Authority					
Capital assets, being depreciated					
Buildings and improvements	$ 586	$ 0	$ 0	$ 0	$ 586
Equipment and furnishings	398	0	23	47	374
Lease assets, being amortized:					
Lease buildings and improvements	388	0	0	0	388
Lease equipment and furnishings	14	0	0	0	14
Less accumulated depreciation	852	0	181	47	986
Total capital assets, being depreciated/amortized, net	$ 534	$ 0	$ (158)	$ 0	$ 376
Kansas Housing Resources Corporation					
Capital assets, not being depreciated					
Assets in progress	$ 17	$ 0	$ 147	$ 164	$ 0
Total capital assets, not being depreciated	17	0	147	164	0
Capital assets, being depreciated					
Buildings and improvements	821	0	0	115	706
Equipment and furnishings	1,282	0	87	58	1,311
Vehicles	80	0	77	0	157
Lease assets, being amortized:					
Lease buildings and improvements	1,423	0	0	260	1,163
Lease equipment and furnishings	34	0	21	33	22
Subscription assets*	0	174	0	0	174
Less accumulated depreciation	2,548	0	725	391	2,882
Total capital assets, being depreciated/amortized, net	$ 1,092	$ 174	$ (540)	$ 75	$ 651
Total capital assets, net	$ 1,109	$ 174	$ (393)	$ 239	$ 651
Kansas Turnpike Association					
Capital assets, not being depreciated					
Land	$ 20,350	$ 0	$ 91	$ 1,116	$ 19,325
Infrastructure, including CIP	681,859	0	52,851	12,192	722,518
Total capital assets, not being depreciated	702,209	0	52,942	13,308	741,843
Capital assets, being depreciated					
Buildings and improvements	42,478	0	0	0	42,478
Equipment and furnishings	36,831	0	7,345	1,808	42,368
Lease assets, being amortized:					
Lease equipment and furnishings	234	0	12	0	246
Subscription assets*	0	868	0	0	868
Less accumulated depreciation*	43,246	77	4,581	1,659	46,245
Total capital assets being depreciated/amortized, net	36,297	791	2,776	149	39,715
Total capital assets, net	$ 738,506	$ 791	$ 55,718	$ 13,457	$ 781,558

*These lines include activity for the implementation of GASB Statement 96. See additional information on this implementation in Note III Section J.

III. Detailed Notes On All Funds

(expressed in thousands)

	Beginning Balance	Restatement to beginning balance	Increases	Decreases	Ending Balance
University system					
Capital assets, not being depreciated					
Construction in progress	$ 126,256	$ 53	$ 172,240	$ 124,363	$ 174,186
Land	90,842	(304)	60	37	90,561
Total capital assets, not being depreciated	217,098	(251)	172,300	124,400	264,747
Capital assets, being depreciated					
Buildings and improvements	5,574,906	0	179,223	5,979	5,748,150
Land improvements	72,318	0	1,374	408	73,284
Equipment and furnishings	850,314	8	85,853	21,999	914,176
Intangible, software	38,680	(10,538)	1,349	1,205	28,286
Vehicles	77,594	(8)	9,482	2,287	84,781
Lease and subscription assets, being amortized:					
Lease vehicles	219	0	58	151	126
Lease buildings and improvements	190,786	0	58,966	4,479	245,273
Lease equipment and furnishings	11,686	0	6,038	940	16,784
Lease land and land improvements	590	0	0	0	590
Subscription assets*	0	6,686	27,314	0	34,000
Total capital assets, being depreciated/amortized	6,817,093	(3,852)	369,657	37,448	7,145,450
Less accumulated depreciation/amortization for:					
Buildings and improvements	2,307,253	(157)	152,663	4,861	2,454,898
Land improvements	39,953	157	2,518	0	42,628
Equipment and furnishings	636,842	0	56,788	18,883	674,747
Intangible, software	27,779	(2,846)	1,392	1,027	25,298
Vehicles	51,829	0	5,956	2,353	55,432
Lease assets	23,184	0	20,817	1,781	42,220
Subscription assets*	0	3,256	9,513	0	12,769
Totals	3,086,840	410	249,647	28,905	3,307,992
Total capital assets, being depreciated/amortized, net	3,730,253	(4,262)	120,010	8,543	3,837,458
University system capital assets, net	$ 3,947,351	$ (4,513)	$ 292,310	$ 132,943	$ 4,102,205
All component units					
Capital assets, not being depreciated					
Construction in progress	$ 126,273	$ 53	$ 172,387	$ 124,527	$ 174,186
Land	111,192	(304)	151	1,153	109,886
Infrastructure, including CIP	681,859	0	52,851	12,192	722,518
Total capital assets, not being depreciated	919,324	(251)	225,389	137,872	1,006,590
Capital assets, being depreciated					
Buildings and improvements	5,618,791	0	179,223	6,094	5,791,920
Land improvements	72,318	0	1,374	408	73,284
Equipment and furnishings	888,830	8	93,308	23,912	958,234
Intangible, software	38,680	(10,538)	1,349	1,205	28,286
Vehicles	77,674	(8)	9,559	2,287	84,938
Lease assets and subscription assets, being amortized:					
Lease vehicles	219	0	58	151	126
Lease buildings and improvements	192,597	0	58,966	4,739	246,824
Lease equipment and furnishings	11,968	0	6,071	973	17,066
Lease land and land improvements	590	0	0	0	590
Subscription assets*	0	7,728	27,314	0	35,042
Total capital assets, being depreciated/amortized	6,901,667	(2,810)	377,222	39,769	7,236,310
Less accumulated depreciation/amortization for:					
Buildings and improvements	2,327,552	(157)	153,991	4,955	2,476,431
Land improvements	39,953	157	2,518	0	42,628
Equipment and furnishings	662,020	0	60,063	20,631	701,452
Intangible, software	27,779	(2,846)	1,392	1,027	25,298
Vehicles	51,858	0	5,969	2,353	55,474
Lease assets	24,328	0	21,285	2,036	43,577
Subscription assets*	0	3,333	9,917	0	13,250
Totals	3,133,490	487	255,135	31,002	3,358,110
Total capital assets, being depreciated/amortized, net	3,768,177	(3,297)	122,087	8,767	3,878,200
All component units capital assets, net	$ 4,687,501	$ (3,548)	$ 347,476	$ 146,639	$ 4,884,790

*These lines include activity for the implementation of GASB Statement 96. See additional information on this implementation in Note III Section J.

III. Detailed Notes On All Funds

Construction Commitments

The State has active construction projects as of June 30, 2023. 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:			
Department for Aging and Disability			
OSH Biddle Major Renovation	$ 4,009,926	$ 2,959,075	State Institutional Building Funds
Department of Health & Environment			
Capital Improvement Project	5,664,855	67,335,145	State Funds & ARPA Funds
Department of Transportation			
Various roadway projects	1,252,154	2,198,796,550	Federal, State and Local Funds
Kansas Correctional Industries			
Industrial Building	178,779	3,460,221	Highway Funds
Kansas Wildlife, Parks & Tourism			
FHSP	1,399,004	5,596,016	Federal & State Funds
Flint Hills Trail	17,309,731	923,630	Federal & State Funds
North, East, West Hubs & Mitigation Marsh	1,226,713	11,614	Federal & State Funds
West Hub New Pump Station	1,531,248	33,623	Federal & State Funds
Meade Walleye Building	1,285,064	89,682	Federal & State Funds
Cedar Point Campground Improvements	1,838,811	580,692	Parks Federal Fund & Department Access Road Fund
Hillsdale Shooting Range	3,493,821	39,211	Federal & State Funds
Component Units:			
Fort Hays State University			
Forsyth Library Remodel/Renovation	282,960	1,346,540	Mutiple Fund Sources
Pittsburg State University			
Gorilla Rising - College of Business	1,254,872	262,292	Foundation Funding
Gorilla Rising - College of Business	0	32,482,837	Federal Grants
McPherson Hall Renovation and Expansion	9,772,034	14,223	Foundation Funding
McPherson Hall Renovation and Expansion	1,508,889	690,771	University General Fees Fund
Gibson Dining Hall HVAC Replacement	0	1,200,000	University Housing Fund
Kansas State University			
Livestock Competition Arena	105,279.00	1,298,438	Restricted Fee Fund
Global Center for Grain and Food Innovation	0	9,259,654	State General Fund & Restricted Fee Fund
Agronomy Research and Innovation Center	12,588	1,386,051	Restricted Fee Fund
Mosier 2nd Floor Consolidated Biomedical Core Renovatio	283,845	2,645,955	University Federal Funds
Seaton West-ARE-CMS Renovations	460,037	5,145,912	State General Fund & Restricted Fee Fund
University of Kansas			
Landscape Zone F1, Zone Chilled Water District	560,494	13,939,506	State EBF, University Funds
Robinson Center Renovation	46,753	14,953,247	EBF, University Funds, Student Fees, Private Gifts
Strong Hall Tuckpoint, Clean and Seal	206,183	2,043,817	EBF, University Funds
Lindley Hall Replace Rooftop HVAC Units	252,475	3,247,525	EBF
Budig Hall /Hoch Auditoria Masonry Restoration Tuckpoint	249,536	3,250,464	EBF and University Funds
Kansas Memorial Union Phase 1 Improvements	626,895	17,373,105	Union and Student Fees
11th and Mississippi Project	10,770,866	324,229,134	ARPA, Private Gift(s), Athletics Association
Allen Fieldhouse Renovations Phase 2	3,953,235	45,392,765	Athletic Funds & Private Gifts
Lot 61 Reconstruction	200,781	1,814,219	Parking Fees
Lot 72 Reconstruction	9,190	1,290,810	Parking Fees
University of Kansas Medical Center			
All Faith Reflections Center	226,212	2,858,500	KUEA
AEC Boiler Syst Re-design and Curtain Wall Replacement	3,800,126	7,888,944	ROV
Kirmayer HVAC Renovation	153,409	1,444,190	ROV
WHE Morgue Renovation	0	2,063,909	RFF
Delp D 4th Floor Internal Medicince Chair's Office Renovat	0	1,565,584	RFF
Eaton Infrastructure	0	1,935,337	RFF

III. Detailed Notes On All Funds

Agency - Project	Spent to Date	Remaining Commitment	Funding Source
Component Units:			
Wichita State University			
DARTH building on Innovation Campus	12,799,664	100,236	Bond Proceeds
DARTH building on Innovation Campus	1,106,400	8,600	Private fundraising
Shocker Success Center	3,122,032	8,324,168	Bond Proceeds
Shocker Success Center (re-roof)	0	525,000	R&R funds
GE M2 Series 5 additive manufacturing machine	0	173,730	Restricted Funds
NIAR Technology & Innovation Building	402,821	2,206,435	Restricted Funds
FAR based subcontract	9,590,730	3,698,090	University Federal Funds
KR550 High Accurate Composites Processing Robot	480,000	220,000	Restricted Funds
Taurus Twin Robotic Automated NDT System	825,000	675,000	University FederalFunds
High Accuracy Composites Processing Robot	3,347,829	371,981	University Federal Funds
Autoclave System	0	168,289	SGF special NARP appropiation
Autoclave System	1,108,082	463,734	SGF special NARP appropiation
Autoclave System	1,465,849	507,128	University Federal Funds
Computed tomography system	1,348,560	149,840	University Federal Funds
Closed Loop Epoxy HP-RTM Metering Machine	995,000	250,000	University Federal Funds
Electroimpact AFP Cell	838,896	1,957,423	University Federal Funds
Large Scale Solid-State Additive Manufacturing System	915,200	228,800	University Federal Funds
M2 Series 5 P 400	(2,709)	24,932	Restricted Funds
M2 Series 5 P 400	73,219	146,181	University Federal Funds
M2 Series 5 P 400	0	7,000	University Federal Funds
M2 Series 5 P 400	0	55,350	University Federal Funds
CNC Machine Long Bed	0	235,700	Restricted Funds
CNC Machine Long Bed	989,293	2,072,650	University Federal Funds
CNC Machine 5-Axis	444,617	1,037,440	University Federal Funds
Hot Isostatic Press	0	15,000	Restricted Funds
Hot Isostatic Press	789,000	511,000	University Federal Funds
Maintenance and Modification Services	0	3,000,000	Restricted Funds
Total	$ 114,571,209	$2,797,795,490	

Significant encumbrances at June 30, 2023 *(amounts in thousands)*

Fund		**Amount**
General	$	211,693
Social Services		164,334
Education		28,215
Health and Environment		414,387
Transportation		2,169,260
Other Governmental Funds		637,031
Total	$	3,624,920

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, 2023, is as follows (expressed in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Adjutant General Fund	$ 127,864
Social Services Fund	General Fund	977
Executive Fund	General Fund	750
Commerce Fund	General Fund	4,098
Non-major Governmental Funds	General Fund	24,093
	Social Services Fund	13
	Non-major Enterprise Funds	10,822
	Internal Service Funds	1,052
	Non-major Governmental Funds	178
		$ 169,847

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, 2023, were as follows (expressed in thousands):

Receivable Fund	Payable Fund	Amount
Non-major Governmental Funds	General Fund	$232,750
	Social Services Fund	7
	Non-major Governmental Funds	162
	Internal Service Funds	412
		$233,331

Amounts 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.

III. Detailed Notes On All Funds

Transfers

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

Fund	Transfers In	Transfers Out
General	$ 537,743	$ 797,310
Social Services	1,634,947	115,235
Health & Environment	88,046	1,584,422
Education	260,851	5,202
Transportation	2,785	428,048
Executive	64,258	101,739
Commerce	83,034	20,937
Non-major Governmental	915,927	346,682
Unemployment Insurance	396,380	397,161
Health Care Stabilization	3,747	200
Non-major Enterprise	0	189,787
Internal Service Funds	9,356	10,351
Total	$ 3,997,074	$ 3,997,074

Transfers are used to (1) move revenues from funds 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, 2023, and changes for the fiscal year then ended (expressed in thousands) are as follows:

	6/30/2022 Beginning Balance	Additions	Deletions	6/30/2023 Ending Balance
Governmental Activities				
Certificates of Indebtedness	$ 0	$ 0	$ 0	$ 0
Accrued receivables:				
Expanded Lottery Act Revenues Fund	0	89,650	89,650	0
Children's Initiatives Fund	0	26,127	26,127	0
Correctional Institutions Building Fund	0	3,994	3,994	0
State Economic Development Initiatives Fund	0	28,942	28,942	0
Kansas Endowment for Youth Fund	0	201	201	0
Kansas Educational Building Fund	0	38,625	38,625	0
State Institutions Building Fund	0	19,365	19,365	0
Total short-term obligations	$ 0	$ 206,904	$ 206,904	$ 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. No Certificate of Indebtedness was issued for fiscal year 2023.

Per Senate Bill 267, Section 49(p) of the 2022 Session, on July 1, 2022, 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 2023, a receivable was posted for $89.7 million and was reduced to zero in June 2023.

Per Senate Bill 267, Section 49(q) of the 2022 Session, on July 1, 2022, 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 2023 a receivable was posted for $26.1 million and was reduced to zero in May 2023.

Per Senate Bill 267, Section 49(i) of the 2022 Session, on July 1, 2022, 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 2023, a receivable was posted for $3.9 million and was reduced to zero in January 2023.

Per Senate Bill 267, Section 49(h) of the 2022 Session, on July 1, 2022, 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 2023, a receivable was posted for $28.9 million and was reduced to zero in December 2022.

III. Detailed Notes On All Funds

Per Senate Bill 267, Section 49(r) of the 2022 Session, on July 1, 2022, 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 reduced as moneys are received into the fund. In fiscal year 2023, a receivable was posted for $201,401 and was reduced to zero in May 2023.

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 2023, $38.6 million was posted to the Kansas Educational Building Fund. The receivables were reduced to zero in June 2023.

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 2023, $19.4 million was posted to the State Institutions Building Fund. The receivables were reduced to zero in June 2023.

III. Detailed Notes On All Funds

I. Long-term Obligations

A summary of long-term obligations at June 30, 2023, for the fiscal year then ended is as follows (expressed in thousands):

	Governmental Activities	Business-type Activities	Component Units	Total
Revenue bonds payable	$ 1,604,454	$ 0	$ 3,118,302	$ 4,722,756
Other component units of university system	0	0	528,083	528,083
Lease liability	509,968	522	218,009	728,499
SBITAs	45,991	11,549	21,531	79,071
Arbitrage rebate payable	0	863	0	863
Claims	87,424	292,363	0	379,787
MLPP	16,197	0	0	16,197
Compensated absences	123,905	142	103,050	227,097
Total OPEB liability	40,874	68	29,725	70,667
Net pension liability	2,071,452	6,256	192,216	2,269,924
Pollution remediation	114,361	0	0	114,361
Other	0	3,395	106,049	109,444
Total long-term obligations	$ 4,614,626	$ 315,158	$ 4,316,965	$ 9,246,749

III. Detailed Notes On All Funds

Long-term obligations at June 30, 2023, 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, 2022 Beginning Balance	Restatement to beginning balance	Additions	Deletions	June 30, 2023 Ending Balance	Amounts Due In One Year
Governmental Activities										
Revenue bonds payable:										
KDFA series 2004 C^	2004	3.43 - 5.50%	2034	$ 500,000	$ 311,090	$ (311,090)	$ 0	$ 0	$ 0	$ 0
KDFA Series 2013 B^	2014	3.00 - 5.00%	2024	40,555	2,715	(2,715)	0	0	0	0
KDFA Series 2015 H^	2016	1.44 - 4.927%	2045	1,005,180	880,570	(880,570)	0	0	0	0
KDFA Series 2016 H^	2017	2.00 - 5.00%	2029	51,500	36,585	(36,585)	0	0	0	0
KDFA Series 2019 F-1, 2 & 3^	2020	3.00 - 5.00%	2035	68,980	59,625	(59,625)	0	0	0	0
KDFA Series 2019 G^	2020	2.00 - 2.15%	2025	5,470	3,270	(3,270)	0	0	0	0
KDFA Series 2020 RS^	2021	2.00 - 5.00%	2035	87,930	70,525	(70,525)	0	0	0	0
KDFA Series 2020 T^	2021	2.00%	2023	61,395	18,075	(18,075)	0	0	0	0
KDFA Series 2021 P^	2022	2.00 - 5.00%	2033	38,890	34,320	(34,320)	0	0	0	0
KDFA Series 2021 K^	2022	0.207 - 2.774%	2051	504,535	488,115	(488,115)	0	0	0	0
KDFA Series 2021 J^	2022	1.75%	2028	1,230	1,059	(1,059)	0	0	0	0
KDOT series 2004 C	2005	Variable	2025	147,000	114,990	0	0	33,315	81,675	34,675
KDOT series 2010 A	2011	4.60%	2036	325,000	325,000	0	0	0	325,000	0
KDOT series 2012 B	2013	5.00%	2023	144,885	39,885	0	0	39,885	0	0
KDOT series 2012 C	2013	4.00 - 5.00%	2033	200,000	105,400	0	0	105,400	0	0
KDOT series 2014 A	2015	5.00%	2031	250,000	250,000	0	0	0	250,000	0
KDOT series 2015 A	2016	2.75 - 5.00%	2025	190,875	143,030	0	0	47,910	95,120	47,740
KDOT series 2015 B	2016	5.00%	2036	400,000	400,000	0	0	0	400,000	0
KDOT series 2017 A	2018	5.00%	2038	200,000	187,540	0	0	3,535	184,005	8,655
KDOT series 2018 A	2019	5.00%	2038	173,035	169,565	0	0	1,365	168,200	12,345
				4,396,460	3,641,359	(1,905,949)	0	231,410	1,504,000	103,415
Plus deferred amounts:										
Net unamortized premium (discount)^				0	159,715	(31,125)	0	28,136	100,454	0
Total revenue bonds payable				$ 8,792,920	3,801,074	(1,937,074)	0	259,546	1,604,454	103,415
Lease liability					545,944	0	1,579	37,555	509,968	34,546
SBITAs*					0	54,098	3,444	11,551	45,991	11,839
Claims					85,195	0	421,075	418,846	87,424	34,460
MLPP					21,438	0	0	5,241	16,197	4,330
Compensated absences					116,922	0	70,712	63,729	123,905	66,113
Total OPEB liability					51,722	0	10,531	21,379	40,874	0
Net pension liability					1,682,742	0	920,486	531,776	2,071,452	0
Pollution remediation					92,229	0	22,132	0	114,361	27,964
Total governmental activities					$ 6,397,266	$ (1,882,976)	$ 1,449,959	$ 1,349,623	$ 4,614,626	$ 282,667

	Issue Dates	Interest Rates	Maturity Through	Original Amount of Debt	June 30, 2022 Beginning Balance	Restatement to beginning balance	Additions	Deletions	June 30, 2023 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	(41,510)	$ 0	$ 0	$ 0	$ 0
KDFA series 2019 SRF (CW&DW)^	2020	5.00%	2030	68,730	25,905	(25,905)	0	0	0	0
KDFA series 2021 SRF (CW&DW)^	2022	2.05%	2026	18,000	18,000	(18,000)	0	0	0	0
Plus deferred amounts:										
Net unamortized premium (discount)^				0	8,188	(8,188)	0	0	0	0
Total revenue bonds payable				$ 134,175	93,603	(93,603)	0	0	0	0
Arbitrage rebate payable					0	0	863	0	863	0
Claims and judgments					304,384	0	29,719	41,740	292,363	42,147
Lease liability					1,023	0	402	903	522	505
SBITAs*					0	9,985	1,564	0	11,549	1,531
Compensated absences					140	0	112	110	142	111
Other					2,472	0	948	25	3,395	0
Total OPEB liability					98	0	31	61	68	0
Net pension liability					5,325	0	931	0	6,256	0
Total business-type activities					$ 407,045	$ (83,618)	$ 34,570	$ 42,839	$ 315,158	$ 44,294

^These lines include activity for the implementation of GASB Statement 91. See additional information on this implementation in Note III Section J.

*These lines include activity for the implementation of GASB Statement 96. See additional information on this implementation in Note III Section J.

III. Detailed Notes On All Funds

	Issue Dates	Interest Rates	Maturity Through	Original Amount of Debt	June 30, 2022 Beginning Balance	Restatement to beginning balance	Additions	Deletions	June 30, 2023 Ending Balance	Amounts Due In One Year
Component Units										
Revenue bonds payable:										
KDFA series 2008 D	2008	5.10%	2038	1,600	$ 1,600	$ 0	$ 0	$ 0	$ 1,600	$ 0
KDFA series 2009 K-1 & K-2	2010	2.63 - 5.63%	2040	6,140	170	0	0	170	0	0
KDFA series 2011 D-1, 2 & 3	2011	2.00 - 4.40%	2024	7,725	635	0	0	635	0	0
KDFA series 2014 A-1 & 2	2014	3.00 - 4.25%	2035	35,175	1,590	0	0	1,590	0	0
KDFA series 2014 C-1, 2, 3, 4 & 5	2014	3.00 - 5.00%	2039	56,655	42,575	0	0	2,220	40,355	2,320
KDFA series 2015 B-1, 2 & 3	2015	3.00 - 5.00%	2037	61,865	47,120	0	0	2,435	44,685	2,555
KDFA series 2016 A	2016	2.00 - 4.00%	2040	97,815	77,550	0	0	3,830	73,720	3,950
KDFA series 2016 B-1, 2 & 3	2016	2.00 - 4.00%	2041	30,860	24,290	0	0	1,365	22,925	1,425
KDFA series 2016 C	2016	2.00 - 4.00%	2041	45,330	38,575	0	0	1,500	37,075	1,545
2015 M FCIP	2016	0.75%	2023	2,136	312	0	0	312	0	0
KDFA series 2016 J	2017	2.00 - 5.00%	2036	9,245	7,405	0	0	1,165	6,240	1,230
KDFA series 2017 A	2017	3.00 - 5.00%	2042	67,510	53,050	0	0	2,080	50,970	2,180
KDFA series 2017 B	2017	2.52%	2032	2,884	2,160	0	0	193	1,967	197
KDFA series 2017 D	2018	3.00 - 5.50%	2038	36,075	29,805	0	0	1,875	27,930	1,975
KDFA series 2017 E	2018	1.97%	2025	8,100	3,380	0	0	1,105	2,275	1,125
KDFA series 2019 C-1, 2 & 3	2020	3.00 - 5.00%	2041	31,155	28,695	0	0	790	27,905	1,015
KDFA series 2020 A	2020	2.02%	2026	8,440	5,335	0	0	1,600	3,735	1,630
KDFA series 2020 B-1, 2, 3, 4, 5, 6 & 7	2020	2.00 - 5.00%	2035	76,525	57,935	0	0	10,315	47,620	10,385
KDFA series 2020 C	2020	3.125 - 5.00%	2039	10,480	9,730	0	0	400	9,330	420
KDFA series 2020 F	2020	2.00 - 4.00%	2030	8,270	6,830	0	0	745	6,085	775
KDFA series 2020 H-1 & 2	2020	2.125 - 5.00%	2034	11,220	9,720	0	0	795	8,925	820
KDFA series 2020 K	2021	2.24%	2030	37,152	30,364	0	0	3,574	26,790	3,735
KDFA series 2020 P	2021	2.00 - 5.00%	2050	79,465	75,175	0	0	3,730	71,445	3,915
KDFA series 2020 W	2021	1.38%	2031	8,410	7,620	0	0	800	6,820	810
KDFA series 2021 A	2021	2.00 - 5.00%	2040	57,110	54,400	0	0	5,065	49,335	4,235
KDFA series 2021 D	2021	2.00 - 5.00%	2038	63,795	61,175	0	0	2,755	58,420	2,895
KDFA series 2021 L	2022	2.00 - 5.00%	2051	65,210	64,565	0	0	1,190	63,375	1,715
KDFA series 2022 D	2022	3.00 - 5.00%	2044	84,465	84,465	0	0	3,480	80,985	3,665
KDFA series 2022 E	2022	2.125 - 5.00%	2035	21,245	21,245	0	0	0	21,245	1,780
KDFA series 2004 C^	2004	3.43 - 5.50%	2034	500,000	0	311,090	0	19,105	291,985	20,130
KDFA Series 2013 B^	2014	3.00 - 5.00%	2024	40,555	0	2,715	0	2,455	260	260
KDFA Series 2015 H^	2016	1.44 - 4.927%	2045	1,005,180	0	880,570	0	23,085	857,485	23,895
KDFA Series 2016 H^	2017	2.00 - 5.00%	2029	51,500	0	36,585	0	5,190	31,395	5,465
KDFA Series 2019 F-1, 2 & 3^	2020	3.00 - 5.00%	2035	68,980	0	59,625	0	4,470	55,155	4,700
KDFA Series 2019 G^	2020	2.00 - 2.15%	2025	5,470	0	3,270	0	1,065	2,205	1,090
KDFA Series 2020 RS^	2021	2.00 - 5.00%	2035	87,930	0	70,525	0	9,930	60,595	6,525
KDFA Series 2020 T^	2021	2.00%	2023	61,395	0	18,075	0	18,075	0	0
KDFA Series 2021 P^	2022	2.00 - 5.00%	2033	38,890	0	34,320	0	4,245	30,075	12,860
KDFA Series 2021 K^	2022	0.207 - 2.774%	2051	504,535	0	488,115	0	12,810	475,305	4,445
KDFA Series 2021 J^	2022	1.75%	2028	1,230	0	1,059	0	169	890	172
KDFA series 2019 SRF-1^	2019	5.00%	2031	47,445	0	41,510	0	3,765	37,745	3,955
KDFA series 2019 SRF (CW&DW)^	2020	5.00%	2030	68,730	0	25,905	0	8,050	17,855	9,150
KDFA series 2021 SRF (CW&DW)^	2022	2.05%	2026	18,000	0	18,000	0	4,340	13,660	4,460
KDFA series 2023 SRF DW	2023	5.00%	2044	152,200	0	0	152,200	0	152,200	2,500
KDFA series 2012 B^	2012	1.09 - 5.25%	2032	53,675	0	4,680	0	0	4,680	0
KDFA series 2013 D^	2014	2.00 - 5.00%	2034	9,035	0	6,550	0	415	6,135	435
KDFA series 2016 D^	2016	2.38 - 5.00%	2032	48,110	0	36,635	0	955	35,680	1,000
KDFA series 2019 A^	2020	2.00 - 3.00%	2020	8,660	0	8,560	0	215	8,345	220
KDFA series H^	2020	2.00 - 5.00%	2020	23,275	0	21,560	0	880	20,680	900
KDFA series 2021 C^	2021	2.40 - 2.80%	2021	18,180	0	18,180	0	0	18,180	0
KDFA series 2022 A^	2022	1.50 - 5.00%	2022	9,480	0	9,480	0	0	9,480	10
KDFA series 2023 C	2023	4.00 - 4.25%	2023	45,640	0	0	45,640	0	45,640	160
KDFA series 2014 E^	2014	2.00 - 3.00%	2014	10,580	0	5,915	0	920	4,995	950
KDFA series 2013 F^	2014	2.00 - 5.25%	2014	63,830	0	445	0	445	0	0
KDFA series 2022 G	2023	3.00 - 5.00%	2047	13,075	0	0	13,075	385	12,690	315
Plus deferred amounts:										
Net unamortized premium (discount)^				0	69,016	49,141	29,015	13,942	133,230	13,540
Total revenue bonds payable				$ 3,987,637	916,487	2,152,510	239,930	190,625	3,118,302	173,434
Other component units of university system^					619,893	(121,833)	76,910	46,887	528,083	52,920
Lease liability					178,687	0	55,237	15,915	218,009	18,310
SBITAs*					0	3,949	17,978	396	21,531	9,039
Compensated absences					98,293	0	79,960	75,203	103,050	78,876
Other					106,018	0	9,030	8,999	106,049	8,320
Total OPEB liability					39,711	0	6,911	16,897	29,725	0
Net pension liability					157,168	0	78,348	43,300	192,216	0
Total component units					$ 2,116,257	$ 2,034,626	$ 564,304	$ 398,222	$ 4,316,965	$ 340,899

^These lines include activity for the implementation of GASB Statement 91. See additional information on this implementation in Note III Section J.

*These lines include activity for the implementation of GASB Statement 96. See additional information on this implementation in Note III Section J.

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, 2023, which have scheduled debt service amounts (expressed in thousands):

	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
Revenue bonds:						
2024	$ 103,415	$ 64,870	$ 0	$ 0	$ 159,894	$ 119,166
2025	106,125	60,606	0	0	153,374	112,019
2026	106,055	55,829	0	0	151,475	105,936
2027	106,515	50,514	0	0	150,332	99,895
2028	107,160	45,173	0	0	155,798	93,569
2029-2033	549,870	146,556	0	0	758,694	373,175
2034-2038	424,860	33,144	0	0	591,290	233,581
2039-2043	0	0	0	0	526,530	125,312
2044-2048	0	0	0	0	261,685	30,232
2049-2056	0	0	0	0	76,000	4,266
Unamortized premium	100,454	0	0	0	133,230	0
Totals	1,604,454	456,692	0	0	3,118,302	1,297,151
Lease liability	509,968	84,936	522	7	218,009	80,481
SBITAs	45,991	3,910	11,549	1,558	21,531	817
Long-term debt without scheduled payments:						
Debt service:						
Arbitrage rebate payable	0	0	863	0	0	0
Claims and judgments	87,424	0	292,363	0	0	0
MLPP	16,197	0	0	0	0	0
Compensated absences	123,905	0	142	0	103,050	0
Other post employment benefits	40,874	0	68	0	29,725	0
Net pension liability	2,071,452	0	6,256	0	192,216	0
Pollution remediation	114,361	0	0	0	0	0
Component units of university system	0	0	0	0	528,083	0
Other	0	0	3,395	0	106,049	0
Total long-term obligations	$ 4,614,626	$ 545,538	$ 315,158	$ 1,565	$ 4,316,965	$ 1,378,449

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, 2023. 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
2024	$ 34,675	$ 2,182	$ 106	$ 36,963
2025	47,000	334	217	47,551
Total	$ 81,675	$ 2,516	$ 323	$ 84,514

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.

The coupon interest rate on outstanding fixed rate bonds varies from 3.571 percent to 5.0 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 1.549 percent to 4.119 percent on the monthly adjustable bonds.

III. Detailed Notes On All Funds

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, 2023 balance sheet. The State's portion of the STAR bonds at June 30, 2023 total $599.1 million.

Private Activity Bonds

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, 2023, balance sheet. KDFA's private activity bonds at June 30, 2023, total $742.8 million.

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 47 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, 2023, for portions of the storage designated as "future use" storage.

Lease Liabilities

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

III. Detailed Notes On All Funds

Lease liabilities represent the State's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the State will exercise that option. The State has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred. These leases are not included as lease liabilities or right-to-use lease assets.

For individual lease contracts where information about the discount rate implicit in the lease is not included, the State has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

The State leases buildings as well as copiers and other equipment and furnishings for various terms as follows (expressed in thousands):

Governmental Activities

Description and purpose	Lease term	Interest rates	Amount outstanding
Lease buildings and improvements	12 - 480 months	0.20 - 4.49%	$ 508,352
Lease copiers	21 - 48 months	0.35 - 2.68%	55
Lease equipment and furnishings	13 - 81 months	0.35 - 2.68%	1,561
			$ 509,968

Business-Type Activity Funds

Description and purpose	Lease term	Interest rates	Amount outstanding
Lease buildings and improvements	12 - 24 months	0.60 - 2.49%	$ 522

Component units have entered into lease agreements for lease buildings and improvements, lease equipment and furnishings, lease vehicles and lease land and land improvements. Lease terms extend up to 64 years. Interest rates vary but were calculated using the incremental borrowing rate. Total principal outstanding at June 30, 2023 was $218,009.

III. Detailed Notes On All Funds

Total future minimum lease payments under lease agreements are as follows (expressed in thousands):

Governmental Activities

Fiscal Year Ended June 30	Principal	Interest	Total
2024	$ 34,546	$ 9,779	$ 44,325
2025	34,247	9,139	43,386
2026	33,487	8,505	41,992
2027	33,591	7,863	41,454
2028	34,194	7,212	41,406
2029 - 2033	153,950	26,685	180,635
2034 - 2038	131,266	12,357	143,623
2039 - 2043	46,943	1,879	48,822
2044 - 2048	2,077	773	2,850
2049 - 2053	2,336	514	2,850
2054 - 2058	2,627	223	2,850
2059 - 2063	704	7	711
	$ 509,968	$ 84,936	$ 594,904

Business-Type Activity Funds

Fiscal Year Ended June 30	Principal	Interest	Total
2024	$ 505	$ 7	$ 512
2025	17	0	17
	$ 522	$ 7	$ 529

III. Detailed Notes On All Funds

Component Units			
Fiscal Year Ended June 30	**Principal**	**Interest**	**Total**
2024	$ 18,310	$ 4,482	$ 22,792
2025	18,234	4,333	22,567
2026	15,982	4,200	20,182
2027	12,850	4,098	16,948
2028	12,185	4,355	16,540
2029-2033	50,054	19,689	69,743
2034-2038	43,735	19,524	63,259
2039-2043	22,700	13,350	36,050
2044-2048	11,568	3,726	15,294
2049-2053	12,329	2,681	15,010
2054-2058	4	8	12
2059-2063	4	7	11
2064-2068	5	7	12
2069-2073	6	6	12
2074-2078	7	5	12
2079-2083	7	4	11
2084-2088	8	3	11
2089-2093	10	2	12
2094-2098	11	1	12
	$ 218,009	$ 80,481	$ 298,490

Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITA liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The terms may include options to extend or terminate the SBITA when it is reasonably certain that the State will exercise that option. The State has elected to recognize payments for short-term SBITA of 12 months or less as expenses are incurred. For individual SBITA contracts where information about the discount rate implicit in the subscription is not included, the State has elected to use the incremental borrowing rate to calculate the present value of expected subscription payments.

The State SBITAs for various terms as follows (expressed in thousands):

Governmental Activities			
Description and purpose	**Subscription term**	**Interest rates**	**Amount outstanding**
Software	12 - 240 months	1.95 - 4.34%	$ 45,991

III. Detailed Notes On All Funds

Business-Type Activity Funds

Description and purpose	Subscription term	Interest rates	Amount outstanding
Software	48 - 120 months	2.68 - 3.39%	$ 11,549

Component units have entered into subscription agreements for software. Subscriptions terms extend up to 6 years. Interest rates vary but were calculated using the incremental borrowing rate. Total principal outstanding at June 30, 2023 was $21,531.

Total future minimum SBITA payments under SBITA agreements are as follows (expressed in thousands):

Governmental Activities

Fiscal Year Ended June 30	Principal	Interest	Total
2024	$ 11,839	$ 1,158	$ 12,997
2025	8,930	887	9,817
2026	7,787	655	8,442
2027	6,172	461	6,633
2028	6,282	273	6,555
2029 - 2033	3,903	346	4,249
2034 - 2038	867	130	997
2039 - 2043	211	0	211
	$ 45,991	$ 3,910	$ 49,901

Business-Type Activity Funds

Fiscal Year Ended June 30	Principal	Interest	Total
2024	$ 1,531	$ 321	$ 1,852
2025	1,575	277	1,852
2026	1,621	231	1,852
2027	1,122	188	1,310
2028	879	161	1,040
Thereafter	4,821	380	5,201
	$ 11,549	$ 1,558	$ 13,107

III. Detailed Notes On All Funds

Component Units			
Fiscal Year Ended June 30	**Principal**	**Interest**	**Total**
2024	$ 9,039	$ 410	$ 9,449
2025	6,267	259	6,526
2026	4,242	118	4,360
2027	1,638	27	1,665
2028	273	3	276
2029-2033	72	0	72
	$ 21,531	$ 817	$ 22,348

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. There was no defeased debt at June 30, 2023, and no changes for the fiscal year then ended.

Component Unit

For financial reporting purposes, the Kansas Development Finance Authority 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. There was no defeased debt at June 30, 2023, and no changes for the fiscal year then ended.

III. Detailed Notes On All Funds

Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2023, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2023 financial statements are as follows debit (credit) (expressed in thousands):

	Change in Fair Value		Fair Value at June 30, 2023		
	Classification	Amount	Classification	Amount	Notional
Governmental activities					
Cash flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow of resources	$ 1,238	Debt	$ (310)	$ 40,005
Investment derivative instruments:					
Pay-fixed interest rate swaps	Investment revenue	1,016	Investment	(752)	41,670

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, its value will change with respect to how prevailing rates on each reporting period compare to when the derivative was put in place. The accumulated changes in fair value, or total fair value of all the derivative, 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.

(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 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

III. Detailed Notes On All Funds

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. Beginning July 3, 2023, the Department has changed from LIBOR to Secured Overnight Financing Rate (SOFR).

The following table provides a summary of the basic terms of the swap agreements as of June 30, 2023 (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	$ 40,005	11/23/2004	9/1/2024	3.571%	63.5% of USD-LIBOR + 0.29%	$ (310)	Goldman Sachs Bank USA	A1/A+/A+
**Series 2004 C	75,000	41,670	7/1/2007	9/1/2024	3.571%	62.329% of 10 Year CMS	(752)	Goldman Sachs Bank USA	A1/A+/A+
						Total Fair Value	$ (1,062)		

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

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, 2023, 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.

III. Detailed Notes On All Funds

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, 2023, 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 account for a change in accounting principle from the prior year financial statements.

For fiscal year 2023, the State implemented GASB 91. There was no net impact to beginning net position due to this implementation. Additional information on adoption of this standard can be found in Note I Section H and Note III Section C.

For fiscal year 2023, the component unit beginning net position was $8.91 billion. Revisions were made to component units for the implementation of GASB 96 which resulted in an increase to net position for KTA and the State University System of $223 thousand each. Total net impact for component units was an increase to net position of $446 thousand. Additional information on adoption of this standard can be found in Note I Section H.

	Governmental	Business-type	Total	Component Units
June 30, 2022 net position as previously reported	$ 14,521,056	$ 1,686,246	$ 16,207,302	$ 8,912,852
Revisions				
GASB 91 Conduit Debt				
Debt obligations	1,937,074	93,603	2,030,677	(2,030,677)
Payable to component unit	(1,937,074)	(93,603)	(2,030,677)	0
Receivable from primary government and component units	0	0	0	2,030,677
GASB 96 SBITAs				
SBITA assets	54,098	9,985	64,083	4,395
SBITA liabilities	(54,098)	(9,985)	(64,083)	(3,949)
June 30, 2022 net position as restated	$ 14,521,056	$ 1,686,246	$ 16,207,302	$ 8,913,298

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, 2023:

Other government tax abatement programs affecting the State of Kansas revenues entered into as of June 30, 2023

Name of government	Tax being abated	Dollar amount of taxes abated for fiscal year 2023	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	$3.2 million	IRB	N/A	N/A
Brown County	Ad Valorem Property Tax	$3.2 million	Economic Development	N/A	N/A
Dickinson County	Ad Valorem Property Tax	$3.4 million	Economic Development	N/A	N/A
Ford County	Ad Valorem Property Tax	$1.3 million	IRB	N/A	N/A
Harper County	Ad Valorem Property Tax	$1.8 million	Economic Development	N/A	N/A
Pottawatomie County	Ad Valorem Property Tax	$1.2 million	IRB	N/A	N/A
Saline County	Ad Valorem Property Tax	$47.4 million	IRB	N/A	N/A
Saline County	Ad Valorem Property Tax	$1.6 million	Economic Development	N/A	N/A
Sedgwick County	Ad Valorem Property Tax	$148.8 million	IRB	N/A	N/A
Sedgwick County	Ad Valorem Property Tax	$19.3 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 2023 was $66.9 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 (four of the eight 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 four fiscal years.

Coverage for health care claims for prescription drugs and dental claims plus four 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, 2023, 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, 2023 (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	$ 54,266	$ 11,329	$ (11,972)	$ 53,623	$ 46,467	$ 7,156
Health and Dental Care Claims	27,779	397,971	(398,536)	27,214	148	27,066
Post Employment Health and Dental Claims	281	7,187	(7,230)	238	1	237
Total	$ 82,326	$ 416,487	$ (417,738)	$ 81,075	$ 46,616	$ 34,459
Prior Fiscal Year						
State Self-Insurance Fund	$ 53,707	$ 12,770	$ (12,211)	$ 54,266	$ 47,239	$ 7,027
Health and Dental Care Claims	26,979	399,136	(398,336)	27,779	71	27,708
Post Employment Health and Dental Claims	431	7,083	(7,233)	281	0	281
Total	$ 81,117	$ 418,989	$ (417,780)	$ 82,326	$ 47,310	$ 35,016

Notes:

1. Claims liability ending balance is based on Actuary IBNR modeling estimates using claims lag data through June 30, 2023.
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.

Kansas State University and University of Kansas– multiple cases,

Honeychurch v. University of Kansas and Kansas Board of Regents in the District Court of Douglas County Kansas, Case No. 2020-CV-243 consolidated with Neff v. University of Kansas, in the District Court of Douglas County, Kansas, Case No. 2020-CV-144.

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.

IV. Other Information

In the above 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. Claims against Kansas Board of Regents have been dismissed in both cases and therefore, KBOR is no longer a party to these cases.

Navigate Marketing, Inc. v. University of Kansas, Case No. 2020-CV-000281. Plaintiff claims breach of contract for unpaid invoices and claims for commissions totaling $3 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.

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 case was settled for $11.25 million and paid on August 24, 2023 and will be reflected in the 2024 financial statements.

Glendening, et al., v. Laura Howard, Secretary of KDADS, Case No. 22-CV-4032-TC-GEB. This case alleges that Larned State Hospital has been unable to meet the demands for evaluation and competency restoration services. The Office of the Attorney General has retained outside counsel and intends to vigorously defend the case. At the present time, the chance of loss is uncertain.

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 $230.7 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 2023 pollution remediation liability is estimated at $61.51 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 $41.74 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 2023.

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 140 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. The State fiscal year 2024 agency budget for contractual activities related to the State Water Plan is $0.83 million.

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.

Storage Tank Program Obligations

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, 2024, by the sunset provision unless reenacted by the Legislature.

To date, 2,489 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. Of those, 929 are active sites with some level of assessment, design, remedial action, or monitoring.

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 fiscal year 2024 agency budget for contractual costs for the UST fund activities is approximately $9.0 million. A similar reimbursement fund has been created for Aboveground Petroleum Storage Tanks (AST). To date, 225 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 State fiscal year 2024 agency contractual budget for the AST fund activities is $1.0 million.

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 208 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. The State fiscal year 2024 contractual budget for the Kansas Drycleaner Program is $0.28 million.

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, 2023, the following members were covered by the benefit terms:

	Primary Government		
	Employer	Nonemployer	Component Units
Inactive employees or beneficiaries currently receiving benefit payments	345	77	159
Active employees	17,186	10,748	15,652
	17,531	10,825	15,811

IV. Other Information

Total OPEB Liability

At June 30, 2023, the State reported a total OPEB liability as follows (in thousands):

	Primary Government		
Total OPEB liability	Employer	Nonemployer	Component Units
	$ 31,039	$ 9,903	$ 24,613

The total OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2021 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	3.54 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-2021.

The actuarial assumptions used in the June 30, 2022 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, 2021 KPERS pension valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability		
	Primary Government		
	Employer	Nonemployer	Component Units
Balance at fiscal year-end 6/30/22	$ 40,841	$ 10,979	$ 34,334
Changes for the year:			
Service cost	4,841	1,262	7,453
Interest	936	250	885
Effect of economic/demographic gains or loss	(4,440)	(1,330)	(9,628)
Effect of assumptions changes or inputs	(6,369)	106	(6,861)
Benefit payments	(4,770)	(1,364)	(1,570)
Net changes	(9,802)	(1,076)	(9,721)
Balance at fiscal year-end 6/30/23	$ 31,039	$ 9,903	$ 24,613

IV. Other Information

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate increased from 2.16 percent on June 30, 2021 to 3.54 percent on June 30, 2022.

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 (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Primary Government:			
Employer's total OPEB liability	$ 32,307	$ 31,039	$ 29,785
Nonemployer's total OPEB liabilty	10,234	9,903	9,560
Component Unit:			
Component Unit's total OPEB liability	25,572	24,613	23,596

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, 2023, the State recognized OPEB expense as follows (in thousands):

	Primary Government		Component Units
	Employer	Nonemployer	
OPEB expense	$ 3,820	$ 1,236	$ 4,339

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB 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
Differences between expected and actual experience	$ 19	$ 9,568	$ 8	$ 2,166	$ 2,181	$ 25,635
Changes in assumptions	1,679	6,457	523	195	922	6,678
Benefit payments subsequent to the measurement date	5,178	0	1,364	0	1,628	0
Total	$ 6,876	$ 16,025	$ 1,895	$ 2,361	$ 4,731	$ 32,313

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling $8.2 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, 2024. 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	
2024	$ (1,957)	$ (276)	$ (3,943)
2025	(1,957)	(276)	(3,943)
2026	(1,957)	(276)	(3,943)
2027	(1,915)	(264)	(3,915)
2028	(1,693)	(223)	(3,686)
Thereafter	(4,848)	(515)	(9,780)
	$ (14,327)	$ (1,830)	$ (29,210)

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, 2023, 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:

	2023
Total OPEB liability	$ 29,725
Deferred outflows of resources	$ 5,613
Deferred inflows of resources	$ 33,606
OPEB expense	$ 4,605

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 Annual Comprehensive 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 Legislature. 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 2022 are as follows:

IV. Other Information

	Actuarial employer rate	Statutory employer capped rate
State employees	9.97%	13.33%
School employees	15.15	13.33
State/School employees (combined rate)	14.09	13.33
Local government employees	8.90	8.90
Police and Firemen	22.99	22.80
Judges	18.40	18.40

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 2023 are as follows:

	Actuarial employer rate	Statutory employer capped rate
State employees	10.08%	13.11%
School employees	14.83	13.11
State/School employees (combined rate)	13.86	13.11
Local government employees	8.43	8.43
Police and Firemen	22.86	22.86
Judges	17.77	18.48

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

	Primary Government		
Year Ended June 30:	Employer	Nonemployer	Component Units
2023	$ 146,369	$ 69,446	$ 19,244
2022	135,939	67,347	18,525

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

At June 30, 2023, the State reported a liability for its proportionate share of the KPERS' collective net pension liability as follows (in thousands):

	Primary Government		
	Employer	Nonemployer	Component Units
Net pension liability	$ 1,390,695	$ 687,013	$ 192,216

IV. Other Information

The collective net pension liability was measured by KPERS as of June 30, 2022, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. 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, 2022. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2022, the State's proportion and increase (decrease) from its proportion measured as of June 30, 2021 were as follows:

	Proportion as of June 30, 2022	Increase (decrease) in proportion from June 30, 2021
Primary Government Employer:		
State/School group	17.457%	(0.683)
KP&F	7.379	(0.274)
Judges	100.000	0.000
Nonemployer	9.615	(0.715)
Component Units		
State/School group	2.130	(0.214)
KP&F	1.590	(0.090)
Local group	0.863	(0.038)

For the year ended June 30, 2023, the State recognized pension expense as follows (in thousands):

	Primary Government		Component Units
	Employer	Nonemployer	
Pension expense	$ 5,318	$ (28,876)	$ (13,502)

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to pensions 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
Difference between expected and actual experience	$ 32,163	$ 4,560	$ 15,228	$ 298	$ 4,992	$ 97
Net difference between projected and actual earnings on pension plan investments	118,747	0	57,859	0	15,837	0
Changes in proportionate share	28,842	42,679	881	43,877	5,395	31,297
Changes in assumptions	213,804	0	105,607	0	29,075	0
Contributions subsequent to measurement date	146,369	0	69,446	0	19,244	0
Total	$ 539,925	$ 47,239	$ 249,021	$ 44,175	$ 74,543	$ 31,394

IV. Other Information

The $235.1 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, 2024. 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**
2024	$ 102,466	$ 39,147	$ 3,564
2025	93,617	34,049	5,785
2026	37,708	12,411	883
2027	109,507	48,896	13,499
2028	3,019	897	174
	$ 346,317	$ 135,400	$ 23,905

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

Price inflation	2.75 percent
Wage inflation	3.50 percent
Salary increases, including wage increases	3.50 to 12.00 percent, including inflation
Long-term rate of return net of investment expense, and including price inflation	7.00 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, 2020 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 7.25 percent to 7.00 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 7.00 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 2022 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Primary Government:			
Employer's proportionate share of the collective net pension liability	$ 1,967,429	$ 1,390,695	$ 908,298
Nonemployer's proportionate share of the collective net pension liability	971,228	687,013	449,491
Component Unit:			
Component Unit's proportionate share of the collective net pension liability	271,162	192,216	126,288

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 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 2023, employees contributed approximately $57.51 million. During fiscal year 2023, the 8.5 percent employer contribution totaled approximately $89.42 million, representing covered wages of approximately $1.05 billion. 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 13.11 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 2023 expenditures from these appropriations amounted to $1.0 billion 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 2023, receivables were posted to the State Treasurer's receivables for the Children's Initiatives Fund in the amount of $28.8 million per House Bill No. 2184, Section 63(q), Session of 2023. See Note III, Section H, Short-term Obligations, for additional information.

Accrued Receivables for Economic Development Initiatives Fund – In July 2023, receivables were posted to the State Treasurer's receivables for the Economic Development Initiatives Fund in the amount of $34.9 million per House Bill No. 2184, Section 63(h), Session 2023. See Note III, Section H, Short-term Obligations, for additional information.

IV. Other Information

Accrued Receivables for Correctional Institutions' Building Fund – In July 2023, 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. 2184, Section 63(i), Session 2023. See Note III, Section H, Short-term Obligations, for additional information.

Accrued Receivables for Kansas Endowment for Youth Fund – In July 2023, receivables were posted to the State Treasurer's receivables for the Kansas Endowment for Youth Fund in the amount of $0.2 million per House Bill No. 2184, Section 63(r), Session 2023. See Note III, Section H, Short-term Obligations for additional information.

Accrued Receivables for Expanded Lottery Act Revenues Fund – In July 2023, receivables were posted to the State Treasurer's receivables for the Expanded Lottery Act Revenues Fund in the amount of $90.5 million per House Bill No. 2007, Section 56(p), Session 2023. See Note III, Section H, Short-term Obligations for additional information.

Accrued Receivables for Ad Valorem Taxes – In July 2023, receivables were posted to the State Treasurer's receivables in the amount of $42.1 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 2023, receivables were posted to the State Treasurer's receivables in the amount of $21 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 2023, the Kansas Development Finance Authority partially defeased its Series 2020C bonds in the amount of $5.86 million. In September 2023, KDFA issued its Series 2023H bonds for the YMCA Lofts Project in the amount of $0.68 million.

Other

On October 12, 2023, the Kansas Court Systems experienced a cybersecurity incident resulting in impacted court systems being taken offline to allow for evaluation of the cybersecurity incident and impacts and planning to bring the systems back online in a secure manner. It is not currently possible to estimate the amount of any potential financial impact to the State for recovery from this incident.

IV. Other Information

I. Economic Condition

The Consensus Revenue Estimating Group met on November 9, 2023, to revise State General Fund revenue estimates for fiscal year 2024 and make its first official assessment of fiscal year 2025.

For FY 2024, the estimate was decreased by $67.7 million, or 0.7 percent, below the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The estimate for total taxes was decreased by $65.0 million, while the estimate for other revenues was decreased by $2.7 million. The revised estimate of $10.284 billion represents a 10.8 percent increase above final FY 2023 receipts.

The initial estimate for FY 2025 is $10.257 billion, which is $26.2 million, or 0.3 percent, below the newly revised FY 2024 figure. Various factors influencing this change in revenues in addition to the state of the economy include net change in transfers out of the SGF based on current statutory requirements for FY 2024 and FY 2025. The amount of total taxes is estimated to decrease by 0.6 percent in FY 2025, following a 0.3 percent increase in FY 2024.

***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 consulting economists each state universities. 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

The State of Kansas continued to be affected by the COVID-19 Pandemic. The Federal government has supplied a large amount of funding to numerous entities (including states and local governments) to provide relief due to the pandemic.

During fiscal year 2023, the COVID-19 relief funds have assisted state agencies with operations, additional funding for programs that existed prior to the pandemic, and new projects as allowed by federal guidance.

Some of the key federal grants that remained active during fiscal year 2023 are summarized below:

IV. Other Information

Federal Funding Bill	Award Amount	Cash Balance as of June 30, 2023	Interest Earned and Included in Cash Balance	Amount of Award Available for Allocation on June 30, 2023	Description	Uses
Coronavirus Relief Fund (From the CARES Act) 3753	$1,034,052,050	$689,346	$1,242,079	$0	Discretionary Funding	Pandemic Response and Relief, Continuity of Operations, Public Health, Connectivity, Assistance to Counties
American Rescue Plan Act - State Fiscal Recovery Funds 3756	$1,583,680,553	$1,079,667,454	$27,895,874	$238,562	Discretionary Funding	Pandemic Response, Public Health Emergency Workers, Provision of Government Services, Investments in Water, Sewer, and Broadband
American Rescue Plan Act - Capital Projects Fund 3761	$143,000,000	-$365,919.00	$0	$0	Project Funding	Projects approved by US Treasury: Broadband and Multi-purpose Community Centers
American Rescue Plan Act - Emergency Rental Assistance 2 3646	$143,678,587	$19,428	$36,271	$0	Administered by Kansas Housing Resource Corp.	Emergency Rental Assistance 2
American Rescue Plan Act - Non-Entitlement Unit (Pass through funds) 3756	$167,350,850	$2,010	$0	$0	For distribution to Kansas NEUs only	Pandemic Response, Public Health Emergency Workers, Provision of Government Services, Investments in Water, Sewer, and Broadband
Homeowners Assistance Fund 3759	$5,664,822	$393,405	$53,986	$0	Administered by Kansas Housing Resource Corp.	Homeowners Assistance
Total	**$3,077,426,862**	**$1,080,405,724**	**$29,228,210**	**$238,562**		

Direct federal awards received by state agencies and amount remaining at the end of fiscal year 2023:

Federal Funding Bill	Total Amount Awarded Directly to State Agencies (Excluding the GO)	Amount Remaining as of June 30, 2023
Coronavirus Aid, Relief and Economic Security Act (CARES)	$ 887,446,978	$ 19,460,724
Families First Coronavirus Response Act (FFCRA)	168,303,114	1,852
HR-133 (aka Consolidated Appropriations Act, 2021)	1,066,454,404	150,778,607
American Rescue Plan Act (ARPA)	1,855,310,294	833,248,505
Total	**$ 3,977,514,790**	**$ 1,003,489,688**

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, 2023
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and other financing sources:				
Property tax	$ 13,000	$ 11,600	$ 10	$ (11,590)
Income and inheritance tax	5,357,600	6,029,000	6,068,526	39,526
State sales tax	2,600,200	2,790,000	2,776,857	(13,143)
Consumer's and retailer's compensating use tax	813,700	800,000	802,991	2,991
Tobacco and liquor taxes	238,200	232,600	235,662	3,062
Severance taxes	51,600	56,700	58,125	1,425
Insurance premiums taxes	199,000	200,000	195,541	(4,459)
Other taxes	12,600	14,400	13,327	(1,073)
Investment earnings	50,000	175,000	124,566	(50,434)
Transfers	(520,500)	(1,186,700)	(557,500)	629,200
Charges for services, other revenues and financing sources	91,600	107,490	125,754	18,264
Total revenues and other financing sources	8,907,000	9,230,090	9,843,859	613,769
Expenditures and other financing uses:				
Current:				
General government	611,828	643,393	610,416	(32,977)
Human resources	1,623,353	1,730,786	1,493,428	(237,358)
Education	5,593,831	5,609,695	5,442,819	(166,876)
Public safety	549,239	614,407	535,314	(79,093)
Agriculture and natural resources	26,933	29,858	16,964	(12,894)
Health and environment	895,882	773,819	703,727	(70,092)
Total expenditures and other financing uses	9,301,066	9,401,958	8,802,668	(599,290)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(394,066)	(171,868)	1,041,191	$ 1,213,059
Fund balances, beginning of year	(2,188,889)	(1,027,612)	1,420,465	
Fund balances, end of year	$ (2,582,955)	$ (1,199,480)	$ 2,461,656	

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, 2023

(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	1,041,191
Current year encumbrances are reported as expenditures for budgetary reporting purposes		185,444
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(114,209)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		38,292
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		411,600
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	1,562,318

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Social Services
For the Fiscal Year Ended June 30, 2023
(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	$ 3,900	$ 3,900	$ 2,241	$ (1,659)
Operating grants	850,343	852,805	1,266,281	413,476
Investment earnings	53	53	1,073	1,020
Transfers	1,491,576	1,518,460	1,583,638	65,178
Charges for services, other revenues and financing sources	101,943	100,173	314,234	214,061
Total revenues and other financing sources	2,447,815	2,475,391	3,167,467	692,076
Expenditures and other financing uses:				
Current:				
Human resources	2,241,608	2,968,304	2,968,304	0
Total expenditures and other financing uses	2,241,608	2,968,304	2,968,304	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ 206,207	$ (492,913)	$ 199,163	$ 692,076

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, 2023
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	199,163
Current year encumbrances are reported as expenditures for budgetary reporting purposes		138,278
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(36,607)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		(249,770)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		(52,509)
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	(1,445)

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Health and Environment
For the Fiscal Year Ended June 30, 2023
(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	$ 237,800	$ 262,616	$ 262,616	$ 0
Other taxes	0	0	1,390	1,390
Operating grants	2,182,220	2,988,837	3,837,037	848,200
Investment earnings	13	13	7,154	7,141
Transfers	120,015	110,565	(1,496,757)	(1,607,322)
Charges for services, other revenues & financing sources	313,018	449,226	525,386	76,160
Total revenues and other financing sources	2,853,066	3,811,257	3,136,826	(674,431)
Expenditures and Other Financing Uses:				
Current:				
Health and environment	2,693,726	3,231,969	3,231,969	0
Total expenditures and other financing uses	2,693,726	3,231,969	3,231,969	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ 159,340	$ 579,288	$ (95,143)	$ (674,431)

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, 2023
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	(95,143)
Current year encumbrances are reported as expenditures for budgetary reporting purposes		189,755
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(113,218)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		(93,516)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		76,400
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	(35,722)

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Education
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and Other Financing Sources:				
Property tax	$ 789,500	$ 792,000	$ 796,620	$ 4,620
Severance taxes	8,639	8,908	8,908	0
Operating grants	1,160,150	1,160,140	1,034,622	(125,518)
Investment earnings	5	5	24	19
Transfers	228,698	223,698	255,306	31,608
Charges for services, other revenues & financing sources	68,801	64,801	62,350	(2,451)
Total revenues and other financing sources	2,255,793	2,249,552	2,157,830	(91,722)
Expenditures and Other Financing Uses:				
Current:				
Education	2,223,147	2,152,733	2,152,733	0
Total expenditures and other financing uses	2,223,147	2,152,733	2,152,733	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ 32,646	$ 96,819	$ 5,097	$ (91,722)

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, 2023
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	5,097
Current year encumbrances are reported as expenditures for budgetary reporting purposes		27,302
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(8,342)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		(5,895)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		(25,880)
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	(7,718)

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Transportation Fund
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Motor fuel taxes	$ 312,329	$ 305,281	$ 308,850	$ 3,569
Vehicle registrations and permits	237,489	243,062	247,891	4,829
Intergovernmental	436,757	531,023	569,460	38,437
Sales and use taxes	678,600	713,499	712,077	(1,422)
Investment earnings	1,215	5,557	20,927	15,370
Other	4,526	5,563	7,137	1,574
Transfers from other state funds	1,093	1,425	2,687	1,262
Total revenues	1,672,009	1,805,410	1,869,029	63,619
Expenditures, with legal limits:				
Current operating:				
Maintenance	170,131	162,641	171,501	8,860
Construction	83,819	93,064	65,896	(27,168)
Local support	2,322	2,889	2,055	(834)
Transportation planning and modal support	25,047	28,798	31,530	2,732
Administration	60,090	62,780	53,729	(9,051)
Expenditures with legal limits	341,409	350,172	324,711	(25,461)
Expenditures, without legal limits:				
Current operating:				
Maintenance	525	580	875	295
Construction	5,341	1,875,357	1,958,385	83,028
Local support	28,000	24,000	19,708	(4,292)
Transportation planning and modal support	36,848	47,752	53,265	5,513
Administration	1,083	1,089	1,380	291
Transfers to other state funds	121,416	121,416	120,700	(716)
Expenditures without legal limits	193,213	2,070,194	2,154,313	84,119
Total expenditures	534,622	2,420,366	2,479,024	58,658
Excess of revenues over expenditures	1,137,387	(614,956)	(609,995)	4,961
Other financing sources (uses):				
Transfers-in	0	0	98	98
Transfers-out	(312,433)	(312,433)	(307,348)	5,085
Total other financing sources (uses)	(312,433)	(312,433)	(307,250)	5,183
Excess of revenues and other sources over expenditures and other uses	$ 824,954	$ (927,389)	$ (917,245)	$ 10,144

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, 2023

(expressed in thousands)

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	(917,245)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		28,949
Current year encumbrances are reported as expenditures for budgetary reporting purposes		505,148
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		133,361
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	(249,787)

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Executive
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and Other Financing Sources:				
Operating grants	$ 34,724	$ 34,488	$ 76,509	$ 42,021
Investment earnings	8	8	27,377	27,369
Transfers	700	935	(876,244)	(877,179)
Charges for services, other revenues & financing sources	0	0	116	116
Total revenues and other financing sources	35,432	35,431	(772,242)	(807,673)
Expenditures and Other Financing Uses:				
Current:				
General government	418,829	110,473	110,473	0
Total expenditures and other financing uses	418,829	110,473	110,473	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ (383,397)	$ (75,042)	$ (882,715)	$ (807,673)

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, 2023
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	(882,715)
Current year encumbrances are reported as expenditures for budgetary reporting purposes		1,287
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(1,269)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		720
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		878,540
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	(3,437)

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Commerce
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and Other Financing Sources:				
Income and inheritance tax	$ 20,000	$ 20,000	$ 20,000	$ 0
Other taxes	19	19	26	7
Operating grants	107,609	107,609	52,133	(55,476)
Investment earnings	0	0	353	353
Transfers	11,784	11,784	523,158	511,374
Charges for services, other revenues & financing sources	11,407	11,407	10,769	(638)
Total revenues and other financing sources	150,819	150,819	606,439	455,620
Expenditures and Other Financing Uses:				
Current:				
General government	182,141	485,245	485,245	0
Total expenditures and other financing uses	182,141	485,245	485,245	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ (31,322)	$ (334,426)	$ 121,194	$ 455,620

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 *Commerce*
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	121,194
Current year encumbrances are reported as expenditures for budgetary reporting purposes		302,766
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(18,341)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		(76,635)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		(342,048)
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	(13,064)

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 2023 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 2023 is reported in April of the following year for Interstates and June for Non-interstates.

	Interstate Miles		Non-interstate Miles	
Fiscal Year	Minimum Acceptable Condition Level*	Actual Condition Level*	Minimum Acceptable Condition Level*	Actual Condition Level*
2020	≥ 60	58.1**	≥ 50	58.5
2021	≥ 60	56.6**	≥ 50	58.6
2022	≥ 60	57.8**	≥ 50	59.1
2023	≥ 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 in fiscal year 2023.

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 2023, 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 $223 million in fiscal year 2023. 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 $1.04 billion in fiscal year 2023. The estimated expenditure amounts are based on the projected IKE 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
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
2022	113,000	87,007	635,000	503,564
2023	223,000	144,223	1,044,000	797,117

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
2021	>70	71	<3	2.0
2022	>70	72	<3	2.4
2023	>70	71	<3	2.5

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 $80 million for fiscal year 2023.

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
2019	$85,000	$76,931
2020	90,000	112,884
2021	171,000	143,721
2022	121,000	132,771
2023	80,000	161,211

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

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

	2023	2022	2021	2020	2019	2018
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Primary Government: Employer						
Total OPEB liability						
Service cost	$ 4,841	$ 4,701	$ 3,965	$ 3,743	$ 3,711	$ 3,971
Interest	936	947	1,438	1,621	1,617	1,312
Effect of economic/demographic gains or losses	(4,440)	(1,019)	(2,064)	(2,627)	(3,614)	0
Effect of assumptions changes or inputs	(6,369)	67	1,857	564	(470)	(1,299)
Benefit payments	(4,770)	(4,064)	(4,156)	(4,496)	(4,635)	(4,609)
Net change in total OPEB liability	(9,802)	632	1,040	(1,195)	(3,391)	(625)
Total OPEB liability - beginning	40,841	40,209	39,169	40,364	43,755	44,380
Total OPEB liability - ending	$ 31,039	$ 40,841	$ 40,209	$ 39,169	$ 40,364	$ 43,755
Covered payroll	$ 973,547	$ 961,259	$ 948,418	$ 900,487	$ 871,681	$ 884,494
Total OPEB liability as a percentage of covered payroll	3.19%	4.25%	4.24%	4.35%	4.63%	4.95%
Primary Government: Nonemployer						
Total OPEB liability						
Service cost	$ 1,262	$ 1,263	$ 1,115	$ 1,050	$ 1,040	$ 1,102
Interest	250	254	390	450	435	360
Effect of economic/demographic gains or losses	(1,330)	10	(318)	(942)	(395)	0
Effect of assumptions changes or inputs	106	18	470	146	(127)	(353)
Benefit payments	(1,364)	(1,598)	(1,280)	(1,245)	(1,713)	(1,375)
Net change in total OPEB liability	(1,076)	(53)	377	(541)	(760)	(266)
Total OPEB liability - beginning	10,979	11,032	10,655	11,196	11,956	12,222
Total OPEB liability - ending	$ 9,903	$ 10,979	$ 11,032	$ 10,655	$ 11,196	$ 11,956
Component Units						
Total OPEB liability						
Service cost	$ 7,453	$ 7,068	$ 6,886	$ 6,464	$ 6,374	$ 6,525
Interest	885	858	1,405	1,490	1,379	994
Effect of economic/demographic gains or losses	(9,628)	(4,328)	(8,636)	(4,927)	(4,904)	0
Effect of assumptions changes or inputs	(6,861)	37	889	459	(356)	(848)
Benefit payments	(1,570)	(2,076)	(2,019)	(2,528)	(2,677)	(2,988)
Net change in total OPEB liability	(9,721)	1,559	(1,475)	958	(184)	3,683
Total OPEB liability - beginning	34,334	32,775	34,250	33,292	33,476	29,793
Total OPEB liability - ending	$ 24,613	$ 34,334	$ 32,775	$ 34,250	$ 33,292	$ 33,476
Covered payroll	$ 136,896	$ 145,158	$ 155,663	$ 160,988	$ 167,017	$ 176,609
Total OPEB liability as a percentage of covered payroll	17.98%	23.65%	21.06%	21.27%	19.93%	18.95%

* GASB 75 requires presentation of ten years. As of June 30, 2023, only six 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, 2023: 3.54%
June 30, 2022: 2.16%
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%

Schedule of the State's Proportionate Share of the Net Pension Liability
Kansas Pension Retirement Plan
Last 10 Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	June 30, 2022	June 30, 2021	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	17.457%	18.140%	17.995%	17.274%	17.053%	17.976%	18.384%	18.702%	18.323%	18.936%
Police and Firemen	7.379%	7.653%	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%	100%	100%
Proportionate share of the collective net pension liability	$ 1,390,695	$ 1,106,098	$ 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	$ 973,547	$ 961,259	$ 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	142.85%	115.07%	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	69.75%	76.40%	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	98.002%	97.869%	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	$ 687,013	$ 581,969	$ 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	69.75%	76.40%	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	2.130%	2.343%	2.517%	2.671%	2.884%	3.218%	3.410%	3.516%	3.407%	3.587%
Police and Firemen	1.590%	1.500%	1.622%	1.502%	1.552%	1.568%	1.434%	1.345%	1.215%	1.775%
Local	0.863%	0.901%	0.892%	0.942%	1.007%	1.079%	1.082%	1.123%	1.169%	1.279%
Proportionate share of the collective net pension liability	$ 192,216	$ 157,168	$ 223,458	$ 201,091	$ 217,080	$ 246,569	$ 259,191	$ 268,020	$ 240,024	$ 288,521
Covered payroll	$ 137,552	$ 145,158	$ 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	139.74%	108.27%	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	69.75%	76.40%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%

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

Schedule of State Contributions
Kansas Pension Retirement Plan
Last 10 Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Primary Government: Employer										
Contractually required contribution	$ 146,369	$ 135,939	$ 140,969	$ 142,035	$ 122,627	$ 109,001	$ 103,241	$ 102,593	$ 94,083	$ 84,107
Contributions in relation to the contractually required contribution	(146,369)	(135,939)	(140,969)	(142,035)	(122,627)	(109,001)	(103,241)	(222,790)	(94,083)	(84,107)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ (120,197)	$ 0	$ 0
Covered payroll	$ 1,074,439	$ 973,547	$ 961,259	$ 948,418	$ 900,487	$ 871,681	$ 884,494	$ 839,583	$ 858,466	$ 859,799
Contributions as a percentage of covered payroll	13.62%	13.96%	14.67%	14.98%	13.62%	12.50%	11.67%	12.22%	10.96%	9.78%
Primary Government: Nonemployer										
Contractually required contribution	$ 69,446	$ 67,347	$ 72,864	$ 74,432	$ 68,116	$ 60,231	$ 52,748	$ 50,323	$ 45,182	$ 47,738
Contributions in relation to the contractually required contribution	(69,446)	(67,347)	(72,864)	(74,432)	(68,116)	(60,231)	(52,748)	(165,443)	(45,182)	(47,738)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ (115,120)	$ 0	$ 0
Component Units										
Contractually required contribution	$ 19,244	$ 18,525	$ 19,922	$ 21,242	$ 20,326	$ 19,466	$ 18,861	$ 19,062	$ 18,256	$ 17,974
Contributions in relation to the contractually required contribution	(19,244)	(18,525)	(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	$ 0	$ 0
Covered payroll	$ 141,372	$ 137,552	$ 145,158	$ 155,663	$ 160,988	$ 167,017	$ 176,609	$ 174,256	$ 199,807	$ 153,190
Contributions as a percentage of covered payroll	13.61%	13.47%	13.72%	13.65%	12.63%	11.66%	10.68%	10.94%	9.14%	11.73%

Note: Covered payroll is measured as of the fiscal year end, the most recent of which is June 30, 2023

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%.

December 31, 2020 assumption changes included a decrease of the investment return assumption from 7.75% to 7.25% and increase in general wage growth assumption from 3.25% to 3.50%.

December 31, 2021 assumption changes included a decrease of the investment return assumption from 7.25% to 7.00%.

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
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, 2023
(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	$ 276,652	$ 59,589	$ 44,935	$ 0
Investments	11,874	0	0	0
Receivables, net	12,190	1,925	0	280,714
Due from other funds	0	0	0	0
Due from component units	0	0	0	0
Inventories	0	1,639	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	$ 300,716	$ 63,153	$ 44,935	$ 280,714
LIABILITIES				
Accounts payable and other liabilities	$ 18,105	$ 32,600	$ 2,651	$ 6,465
Due to other funds	0	0	0	127,864
Advances from other funds	0	0	0	0
Unearned revenue	144,037	4,861	0	22,402
Total liabilities	162,142	37,461	2,651	156,731
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	0
Unavailable revenue - leases	0	0	0	0
Unavailable revenue - other	0	106	0	263,318
Total deferred inflows of resources	0	106	0	263,318
FUND BALANCES				
Nonspendable:				
Inventories	0	1,639	0	0
Restricted for:				
Capital projects	0	0	0	0
Debt service	0	0	0	0
General government	102,029	0	0	0
Human resources	2,744	0	42,284	0
Education	0	0	0	0
Public safety	16,801	23,947	0	0
Agriculture and natural resources	17,000	0	0	0
Highways and other transportation	0	0	0	0
Unassigned	0	0	0	(139,335)
Total fund balance	138,574	25,586	42,284	(139,335)
Total liabilities, deferred inflows of resources, and fund balance	$ 300,716	$ 63,153	$ 44,935	$ 280,714

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2023
(expressed in thousands)

	Special Revenue Funds			
	Agriculture	Attorney General	Administration	Highway Patrol
ASSETS				
Cash and cash equivalents	$ 19,521	$ 24,481	$ 107,573	$ 65,061
Investments	0	0	0	0
Receivables, net	1,646	360	53	92
Due from other funds	0	0	4,997	0
Due from component units	0	0	0	0
Inventories	0	0	0	545
Advances to other funds	0	0	0	0
Other assets	0	0	0	0
Restricted cash and cash equivalents	0	0	26	0
Restricted investments	0	0	0	0
Total assets	$ 21,167	$ 24,841	$ 112,649	$ 65,698
LIABILITIES				
Accounts payable and other liabilities	$ 2,350	$ 2,720	$ 8,524	$ 19,182
Due to other funds	178	0	0	0
Advances from other funds	162	0	0	0
Unearned revenue	447	763	81,894	14,242
Total liabilities	3,137	3,483	90,418	33,424
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	0
Unavailable revenue - leases	6	0	0	0
Unavailable revenue - other	0	0	0	0
Total deferred inflows of resources	6	0	0	0
FUND BALANCES				
Nonspendable:				
Inventories	0	0	0	545
Restricted for:				
Capital projects	0	0	0	0
Debt service	0	0	0	0
General government	0	16,695	22,231	0
Human resources	0	0	0	0
Education	0	0	0	0
Public safety	0	4,663	0	31,729
Agriculture and natural resources	18,024	0	0	0
Highways and other transportation	0	0	0	0
Unassigned	0	0	0	0
Total fund balance	18,024	21,358	22,231	32,274
Total liabilities, deferred inflows of resources, and fund balance	$ 21,167	$ 24,841	$ 112,649	$ 65,698

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2023
(expressed in thousands)

	Special Revenue Funds		
	Historical Society	Labor	Insurance
ASSETS			
Cash and cash equivalents	$ 6,221	$ 45,695	$ 92,085
Investments	0	0	113,140
Receivables, net	598	1,511	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	0	0	0
Restricted investments	0	0	0
Total assets	$ 6,819	$ 47,206	$ 205,225
LIABILITIES			
Accounts payable and other liabilities	$ 315	$ 3,602	$ 113,953
Due to other funds	0	0	0
Advances from other funds	0	0	0
Unearned revenue	113	4,738	0
Total liabilities	428	8,340	113,953
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	0	0	0
Unavailable revenue - leases	0	0	0
Unavailable revenue - other	0	308	0
Total deferred inflows of resources	0	308	0
FUND BALANCES			
Nonspendable:			
Inventories	0	0	0
Restricted for:			
Capital projects	0	0	0
Debt service	0	0	0
General government	0	0	91,272
Human resources	0	38,558	0
Education	6,391	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	6,391	38,558	91,272
Total liabilities, deferred inflows of resources, and fund balance	$ 6,819	$ 47,206	$ 205,225

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2023
(expressed in thousands)

	Special Revenue Funds		
	Judicial	State Library	Revenue
ASSETS			
Cash and cash equivalents	$ 23,611	$ 936	$ 33,602
Investments	0	0	0
Receivables, net	207	0	21
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	$ 23,818	$ 936	$ 33,623
LIABILITIES			
Accounts payable and other liabilities	$ 596	$ 40	$ 12,488
Due to other funds	0	0	0
Advances from other funds	0	0	0
Unearned revenue	2,133	0	0
Total liabilities	2,729	40	12,488
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	0	0	0
Unavailable revenue - leases	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	21,089	0	21,135
Human resources	0	0	0
Education	0	896	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	21,089	896	21,135
Total liabilities, deferred inflows of resources, and fund balance	$ 23,818	$ 936	$ 33,623

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2023
(expressed in thousands)

	Special Revenue Funds			
	Secretary of State	State Treasurer	Wildlife, Parks and Tourism	Legislative
ASSETS				
Cash and cash equivalents	$ 22,853	$ 70,194	$ 64,342	$ 269
Investments	0	0	0	0
Receivables, net	94	3	9,976	0
Due from other funds	0	26,571	0	0
Due from component units	0	0	0	0
Inventories	0	0	0	0
Advances to other funds	0	230,691	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	$ 22,947	$ 327,459	$ 74,318	$ 269
LIABILITIES				
Accounts payable and other liabilities	$ 325	$ 276,614	$ 6,598	$ 0
Due to other funds	0	0	0	0
Advances from other funds	0	0	0	0
Unearned revenue	0	0	1,494	0
Total liabilities	325	276,614	8,092	0
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	0
Unavailable revenue - leases	0	0	0	0
Unavailable revenue - other	0	0	666	0
Total deferred inflows of resources	0	0	666	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	22,622	50,845	0	269
Human resources	0	0	0	0
Education	0	0	0	0
Public safety	0	0	0	0
Agriculture and natural resources	0	0	65,560	0
Highways and other transportation	0	0	0	0
Unassigned	0	0	0	0
Total fund balance	22,622	50,845	65,560	269
Total liabilities, deferred inflows of resources, and fund balance	$ 22,947	$ 327,459	$ 74,318	$ 269

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2023
(expressed in thousands)

	Special Revenue Funds		
	Transportation-Special Revenue	State Water Plan	Peace Officer Training
ASSETS			
Cash and cash equivalents	$ 90,316	$ 22,268	$ 1,459
Investments	0	0	0
Receivables, net	3,086	2,143	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	0	0	0
Restricted investments	0	0	0
Total assets	$ 93,402	$ 24,411	$ 1,459
LIABILITIES			
Accounts payable and other liabilities	$ 2,336	$ 1,038	$ 55
Due to other funds	0	0	0
Advances from other funds	0	0	0
Unearned revenue	0	0	0
Total liabilities	2,336	1,038	55
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	0	85	0
Unavailable revenue - leases	0	0	0
Unavailable revenue - other	0	0	0
Total deferred inflows of resources	0	85	0
FUND BALANCES			
Nonspendable:			
Inventories	0	0	0
Restricted for:			
Capital projects	0	0	0
Debt service	0	0	0
General government	0	0	0
Human resources	0	0	0
Education	0	0	0
Public safety	0	0	1,404
Agriculture and natural resources	0	23,288	0
Highways and other transportation	91,066	0	0
Unassigned	0	0	0
Total fund balance	91,066	23,288	1,404
Total liabilities, deferred inflows of resources, and fund balance	$ 93,402	$ 24,411	$ 1,459

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2023
(expressed in thousands)

	Capital Projects Funds		Debt Service Funds
	State Buildings (Appropriated)	Capitol Complex Buildings	Master Lease Program
ASSETS			
Cash and cash equivalents	$ 105,373	$ 0	$ 7,748
Investments	0	0	0
Receivables, net	0	0	5,716
Due from other funds	0	0	4,590
Due from component units	0	0	0
Inventories	0	0	0
Advances to other funds	0	0	2,640
Other assets	0	0	0
Restricted cash and cash equivalents	0	0	0
Restricted investments	0	0	0
Total assets	$ 105,373	$ 0	$ 20,694
LIABILITIES			
Accounts payable and other liabilities	$ 3,077	$ 0	$ 4
Due to other funds	0	0	0
Advances from other funds	0	0	0
Unearned revenue	0	0	0
Total liabilities	3,077	0	4
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	0	0	0
Unavailable revenue - leases	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	102,296	0	0
Debt service	0	0	20,690
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	102,296	0	20,690
Total liabilities, deferred inflows of resources, and fund balance	$ 105,373	$ 0	$ 20,694

Combining Balance Sheet - Non-major Governmental Funds - Continued
June 30, 2023
(expressed in thousands)

	Debt Service Funds		
	Corrections	Pooled Funds	Armories
ASSETS			
Cash and cash equivalents	$ 7	$ 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	0	0	1
Restricted investments	0	0	0
Total assets	$ 7	$ 0	$ 1
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 - leases	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	1
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	1
Total liabilities, deferred inflows of resources, and fund balance	$ 7	$ 0	$ 1

Combining Balance Sheet - Non-major Governmental Funds - Concluded
June 30, 2023
(expressed in thousands)

	Debt Service Funds		
	Bond and Interest	Highway Debt Service	Total Non-major Governmental
ASSETS			
Cash and cash equivalents	$ 0	$ 0	$ 1,184,791
Investments	0	0	125,014
Receivables, net	0	577	320,912
Due from other funds	0	0	36,158
Due from component units	0	0	0
Inventories	0	0	2,184
Advances to other funds	0	0	233,331
Other assets	0	0	0
Restricted cash and cash equivalents	20	110,671	110,718
Restricted investments	0	0	0
Total assets	$ 20	$ 111,248	$ 2,013,108
LIABILITIES			
Accounts payable and other liabilities	$ 0	$ 0	$ 513,638
Due to other funds	0	0	128,042
Advances from other funds	0	0	162
Unearned revenue	0	0	277,124
Total liabilities	0	0	918,966
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	0	0	85
Unavailable revenue - leases	0	0	6
Unavailable revenue - other	0	0	264,398
Total deferred inflows of resources	0	0	264,489
FUND BALANCES			
Nonspendable:			
Inventories	0	0	2,184
Restricted for:			
Capital projects	0	0	102,296
Debt service	20	111,248	131,966
General government	0	0	348,187
Human resources	0	0	83,586
Education	0	0	7,287
Public safety	0	0	78,544
Agriculture and natural resources	0	0	123,872
Highways and other transportation	0	0	91,066
Unassigned	0	0	(139,335)
Total fund balance	20	111,248	829,653
Total liabilities, deferred inflows of resources, and fund balance	$ 20	$ 111,248	$ 2,013,108

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2023
(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	528	0	0	0
Gross receipts tax	9,698	0	0	0
Charges for services	175,614	27,146	55,986	20,097
Operating grants	19,495	28,082	0	120,150
Capital grants	0	0	0	0
Investment earnings (loss)	447	331	1,271	1
Other revenues	7,169	10,251	63	11
Total revenues	212,951	65,810	57,320	140,259
Expenditures:				
Current:				
General government	155,064	0	0	0
Human resources	20,217	0	8,529	0
Education	0	0	34,922	0
Public safety	10,146	49,015	0	95,072
Agriculture and natural resources	9,164	0	0	0
Highways and other transportation	0	0	0	0
Health and environment	0	0	7,792	0
Debt service:				
Principal	1,062	0	0	0
Interest	419	0	0	0
Total expenditures	196,072	49,015	51,243	95,072
Excess of revenues over (under) expenditures	16,879	16,795	6,077	45,187
Other financing sources (uses):				
Sale of assets	0	0	0	0
Issuance of bonds	0	0	0	0
Issuance of notes payable	0	0	0	0
Issuance of leases	0	0	0	0
Issuance of MLPP agreements	0	0	0	0
Premium on issuance of debt	0	0	0	0
Issuance of refunding bonds	0	0	0	0
Premium on issuance of refunding debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers in	4,705	(11,839)	52,255	27,346
Transfers out	(6,187)	(3,375)	(53,638)	(87,766)
Total other financing sources (uses)	(1,482)	(15,214)	(1,383)	(60,420)
Net change in fund balances	15,397	1,581	4,694	(15,233)
Fund balances, beginning of year	123,177	24,005	37,590	(124,102)
Revisions to beginning fund balances	0	0	0	0
Fund balances, beginning of year (restated)	123,177	24,005	37,590	(124,102)
Fund balances, end of year	$ 138,574	$ 25,586	$ 42,284	$ (139,335)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2023
(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	0	0	2,845
Gross receipts tax	0	0	0	0
Charges for services	18,504	17,173	4,220	18,708
Operating grants	13,265	7,982	7,986	7,075
Capital grants	0	0	5	0
Investment earnings (loss)	62	61	2,154	82
Other revenues	860	46,802	586,259	804
Total revenues	32,691	72,018	600,624	29,514
Expenditures:				
Current:				
General government	0	64,182	578,863	0
Human resources	0	0	0	0
Education	0	0	0	0
Public safety	0	17,485	0	129,178
Agriculture and natural resources	29,529	0	0	0
Highways and other transportation	0	0	0	0
Health and environment	0	0	0	0
Debt service:				
Principal	982	436	42,454	3,613
Interest	976	218	57,926	810
Total expenditures	31,487	82,321	679,243	133,601
Excess of revenues over (under) expenditures	1,204	(10,303)	(78,619)	(104,087)
Other financing sources (uses):				
Sale of assets	0	0	0	0
Issuance of bonds	0	0	0	0
Issuance of notes payable	0	0	0	0
Issuance of leases	0	0	102	0
Issuance of MLPP agreements	0	0	0	0
Premium on issuance of debt	0	0	0	0
Issuance of refunding bonds	0	0	0	0
Premium on issuance of refunding debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers in	6,899	6,979	280,145	85,539
Transfers out	(5,277)	(1,389)	(165,909)	(648)
Total other financing sources (uses)	1,622	5,590	114,338	84,891
Net change in fund balances	2,826	(4,713)	35,719	(19,196)
Fund balances, beginning of year	15,198	26,071	(13,488)	51,470
Revisions to beginning fund balances	0	0	0	0
Fund balances, beginning of year (restated)	15,198	26,071	(13,488)	51,470
Fund balances, end of year	$ 18,024	$ 21,358	$ 22,231	$ 32,274

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Special Revenue Funds		
	Historical Society	Labor	Insurance
Revenues:			
Property tax	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	0
Sales and excise tax	812	0	0
Gross receipts tax	0	0	32,851
Charges for services	637	3,519	16,218
Operating grants	1,112	26,030	73
Capital grants	0	0	0
Investment earnings (loss)	73	0	0
Other revenues	24	12,107	3
Total revenues	2,658	41,656	49,145
Expenditures:			
Current:			
General government	0	0	31,607
Human resources	0	38,657	0
Education	2,884	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	5,670	341
Interest	0	2,102	224
Total expenditures	2,884	46,429	32,172
Excess of revenues over (under) expenditures	(226)	(4,773)	16,973
Other financing sources (uses):			
Sale of assets	0	0	0
Issuance of bonds	0	0	0
Issuance of notes payable	0	0	0
Issuance of leases	0	0	0
Issuance of MLPP agreements	0	0	0
Premium on issuance of debt	0	0	0
Issuance of refunding bonds	0	0	0
Premium on issuance of refunding debt	0	0	0
Payment to refunded bond escrow agent	0	0	0
Transfers in	262	5,693	25
Transfers out	(65)	(5,533)	(400)
Total other financing sources (uses)	197	160	(375)
Net change in fund balances	(29)	(4,613)	16,598
Fund balances, beginning of year	6,420	43,171	74,674
Revisions to beginning fund balances	0	0	0
Fund balances, beginning of year (restated)	6,420	43,171	74,674
Fund balances, end of year	$ 6,391	$ 38,558	$ 91,272

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2023
(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	9,134
Gross receipts tax	0	0	659
Charges for services	6,384	0	35,718
Operating grants	578	1,837	0
Capital grants	0	0	0
Investment earnings (loss)	89	0	0
Other revenues	1,335	1	21
Total revenues	8,386	1,838	45,532
Expenditures:			
Current:			
General government	16,551	0	95,321
Human resources	0	0	0
Education	0	1,798	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	233	0	3,238
Interest	34	0	2,488
Total expenditures	16,818	1,798	101,047
Excess of revenues over (under) expenditures	(8,432)	40	(55,515)
Other financing sources (uses):			
Sale of assets	0	0	0
Issuance of bonds	0	0	0
Issuance of notes payable	0	0	0
Issuance of leases	214	0	0
Issuance of MLPP agreements	0	0	0
Premium on issuance of debt	0	0	0
Issuance of refunding bonds	0	0	0
Premium on issuance of refunding debt	0	0	0
Payment to refunded bond escrow agent	0	0	0
Transfers in	868	0	54,608
Transfers out	0	0	(755)
Total other financing sources (uses)	1,082	0	53,853
Net change in fund balances	(7,350)	40	(1,662)
Fund balances, beginning of year	28,439	856	22,797
Revisions to beginning fund balances	0	0	0
Fund balances, beginning of year (restated)	28,439	856	22,797
Fund balances, end of year	$ 21,089	$ 896	$ 21,135

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2023
(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	478,880	1,156	0
Gross receipts tax	0	57,571	0	0
Charges for services	5,660	535	48,053	24
Operating grants	1,000	0	24,537	0
Capital grants	0	0	0	0
Investment earnings (loss)	294	9,295	818	0
Other revenues	41	26,930	78	0
Total revenues	6,995	573,211	74,642	24
Expenditures:				
Current:				
General government	3,851	563,816	0	1
Human resources	0	0	0	0
Education	0	0	0	0
Public safety	0	0	0	0
Agriculture and natural resources	0	0	88,321	0
Highways and other transportation	0	0	0	0
Health and environment	0	0	0	0
Debt service:				
Principal	605	5	77	0
Interest	108	0	20	0
Total expenditures	4,564	563,821	88,418	1
Excess of revenues over (under) expenditures	2,431	9,390	(13,776)	23
Other financing sources (uses):				
Sale of assets	0	0	0	0
Issuance of bonds	0	0	0	0
Issuance of notes payable	0	0	0	0
Issuance of leases	0	0	0	0
Issuance of MLPP agreements	0	0	0	0
Premium on issuance of debt	0	0	0	0
Issuance of refunding bonds	0	0	0	0
Premium on issuance of refunding debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers in	124	1,073	10,243	0
Transfers out	0	(10,431)	(1,219)	0
Total other financing sources (uses)	124	(9,358)	9,024	0
Net change in fund balances	2,555	32	(4,752)	23
Fund balances, beginning of year	20,067	50,813	70,312	246
Revisions to beginning fund balances	0	0	0	0
Fund balances, beginning of year (restated)	20,067	50,813	70,312	246
Fund balances, end of year	$ 22,622	$ 50,845	$ 65,560	$ 269

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Special Revenue Funds		
	Transportation-Special Revenue	State Water Plan	Peace Officer Training
Revenues:			
Property tax	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	0
Sales and excise tax	0	3,135	0
Gross receipts tax	0	0	0
Charges for services	0	4,997	688
Operating grants	25,261	0	0
Capital grants	0	0	0
Investment earnings (loss)	652	0	0
Other revenues	3,403	4,700	138
Total revenues	29,316	12,832	826
Expenditures:			
Current:			
General government	0	0	0
Human resources	0	0	0
Education	0	27	0
Public safety	0	0	889
Agriculture and natural resources	0	12,794	0
Highways and other transportation	60,566	0	0
Health and environment	0	2,818	0
Debt service:			
Principal	0	0	44
Interest	0	0	6
Total expenditures	60,566	15,639	939
Excess of revenues over (under) expenditures	(31,250)	(2,807)	(113)
Other financing sources (uses):			
Sale of assets	2,755	0	0
Issuance of bonds	0	0	0
Issuance of notes payable	0	0	0
Issuance of leases	0	0	0
Issuance of MLPP agreements	0	0	0
Premium on issuance of debt	0	0	0
Issuance of refunding bonds	0	0	0
Premium on issuance of refunding debt	0	0	0
Payment to refunded bond escrow agent	0	0	0
Transfers in	36,100	9,719	36
Transfers out	(19)	0	0
Total other financing sources (uses)	38,836	9,719	36
Net change in fund balances	7,586	6,912	(77)
Fund balances, beginning of year	83,480	16,376	1,481
Revisions to beginning fund balances	0	0	0
Fund balances, beginning of year (restated)	83,480	16,376	1,481
Fund balances, end of year	$ 91,066	$ 23,288	$ 1,404

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Capital Projects Funds		Debt Service Funds
	State Buildings (Appropriated)	Capitol Complex Buildings	Master Lease Program
Revenues:			
Property tax	$ 72,440	$ 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	1	0	0
Operating grants	0	0	0
Capital grants	0	0	0
Investment earnings (loss)	0	0	334
Other revenues	0	0	386
Total revenues	72,441	0	720
Expenditures:			
Current:			
General government	725	0	0
Human resources	6,978	0	0
Education	39,798	0	0
Public safety	7,708	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	3	0	5,241
Interest	66	0	474
Total expenditures	55,278	0	5,715
Excess of revenues over (under) expenditures	17,163	0	(4,995)
Other financing sources (uses):			
Sale of assets	0	0	0
Issuance of bonds	0	0	0
Issuance of notes payable	0	0	0
Issuance of leases	0	0	0
Issuance of MLPP agreements	0	0	0
Premium on issuance of debt	0	0	0
Issuance of refunding bonds	0	0	0
Premium on issuance of refunding debt	0	0	0
Payment to refunded bond escrow agent	0	0	0
Transfers in	4,992	0	2
Transfers out	(2,520)	(1,316)	0
Total other financing sources (uses)	2,472	(1,316)	2
Net change in fund balances	19,635	(1,316)	(4,993)
Fund balances, beginning of year	82,661	1,316	25,683
Revisions to beginning fund balances	0	0	0
Fund balances, beginning of year (restated)	82,661	1,316	25,683
Fund balances, end of year	$ 102,296	$ 0	$ 20,690

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2023
(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	0
Total revenues	0	0	0
Expenditures:			
Current:			
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
Health and environment	0	0	0
Debt service:			
Principal	0	0	0
Interest	0	0	0
Total expenditures	0	0	0
Excess of revenues over (under) expenditures	0	0	0
Other financing sources (uses):			
Sale of assets	0	0	0
Issuance of bonds	0	0	0
Issuance of notes payable	0	0	0
Issuance of leases	0	0	0
Issuance of MLPP agreements	0	0	0
Premium on issuance of debt	0	0	0
Issuance of refunding bonds	0	0	0
Premium on issuance of refunding debt	0	0	0
Payment to refunded bond escrow agent	0	0	0
Transfers in	0	0	0
Transfers out	0	0	0
Total other financing sources (uses)	0	0	0
Net change in fund balances	0	0	0
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	$ 1

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Concluded
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Debt Service Funds		
	Bond and Interest	Highway Debt Service	Total Non-major Governmental
Revenues:			
Property tax	$ 0	$ 0	$ 72,440
Income and inheritance tax	12,400	0	12,400
Sales and excise tax	0	0	496,490
Gross receipts tax	0	0	100,779
Charges for services	0	0	459,882
Operating grants	0	0	284,463
Capital grants	0	0	5
Investment earnings (loss)	183	2,091	18,238
Other revenues	65	0	701,451
Total revenues	12,648	2,091	2,146,148
Expenditures:			
Current:			
General government	0	0	1,509,981
Human resources	0	0	74,381
Education	0	0	79,429
Public safety	0	0	309,493
Agriculture and natural resources	0	0	139,808
Highways and other transportation	0	0	60,566
Health and environment	0	0	10,610
Debt service:			
Principal	58,240	235,111	357,355
Interest	20,297	69,011	155,179
Total expenditures	78,537	304,122	2,696,802
Excess of revenues over (under) expenditures	(65,889)	(302,031)	(550,654)
Other financing sources (uses):			
Sale of assets	0	0	2,755
Issuance of bonds	0	0	0
Issuance of notes payable	0	0	0
Issuance of leases	0	0	316
Issuance of MLPP agreements	0	0	0
Premium on issuance of debt	0	0	0
Issuance of refunding bonds	0	0	0
Premium on issuance of refunding debt	0	0	0
Payment to refunded bond escrow agent	0	0	0
Transfers in	65,905	274,248	915,927
Transfers out	(137)	(98)	(346,682)
Total other financing sources (uses)	65,768	274,150	572,316
Net change in fund balances	(121)	(27,881)	21,662
Fund balances, beginning of year	141	139,129	807,991
Revisions to beginning fund balances	0	0	0
Fund balances, beginning of year (restated)	141	139,129	807,991
Fund balances, end of year	$ 20	$ 111,248	$ 829,653

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, 2023
(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	$ 6,917	$ 19,034	$ 1,154	$ 12,428	$ 4,607	$ 44,140
Restricted cash and cash equivalents	0	0	0	0	0	0
Receivables, net	1	12,528	364	1,622	43	14,558
Inventories	0	2,496	0	0	0	2,496
Total current assets	6,918	34,058	1,518	14,050	4,650	61,194
Noncurrent assets:						
Investments	0	0	0	0	0	0
Receivables, net	0	0	0	5,586	3	5,589
Capital assets (net of accumulated depreciation)	0	14,305	0	0	0	14,305
Total noncurrent assets	0	14,305	0	5,586	3	19,894
Total assets	6,918	48,363	1,518	19,636	4,653	81,088
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows - pensions	0	2,333	0	0	0	2,333
Deferred outflows - OPEB	0	19	0	0	0	19
Total deferred outflows of resources	0	2,352	0	0	0	2,352
LIABILITIES						
Current liabilities:						
Accounts payable and other liabilities	$ 22	$ 19,646	$ 0	$ 0	$ 0	$ 19,668
Due to other funds	0	10,822	0	0	0	10,822
Short-term compensated absences	12	0	0	0	0	12
Short-term portion of long-term liabilities	6,022	1,958	0	0	0	7,980
Total current liabilities	6,056	32,426	0	0	0	38,482
Noncurrent liabilities:						
Compensated absences	3	0	0	0	0	3
Claims and judgments	28,307	0	0	0	0	28,307
Bonds, notes and loans payable	0	0	0	0	0	0
Unearned lease revenue	0	0	0	0	5	5
Arbitrage rebate payable	0	0	0	0	0	0
Lease liability	0	4	0	0	0	4
Subscription liability	0	10,018	0	0	0	10,018
Net pension liability	0	6,256	0	0	0	6,256
Total OPEB liability	0	68	0	0	0	68
Total noncurrent liabilities	28,310	16,346	0	0	5	44,661
Total liabilities	34,366	48,772	0	0	5	83,143
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pensions	0	380	0	0	0	380
Deferred inflows - OPEB	0	84	0	0	0	84
Total deferred inflows of resources	0	464	0	0	0	464
NET POSITION						
Net investment in capital assets	0	2,326	0	0	0	2,326
Restricted for:						
Debt service	0	0	0	0	0	0
Unrestricted	(27,448)	(847)	1,518	19,636	4,648	(2,493)
Total net position	$ (27,448)	$ 1,479	$ 1,518	$ 19,636	$ 4,648	$ (167)

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Non-major Proprietary Funds
For the Fiscal Year Ended June 30, 2023
(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	$ 1,539	$ 804,031	$ 0	$ 18	$ 43	$ 805,631
Other revenue	607	5,227	224	265	0	6,323
Total operating revenues	2,146	809,258	224	283	43	811,954
Operating expenses:						
Salaries and wages	253	6,857	0	0	0	7,110
Supplies and services	612	379,230	0	0	9	379,851
Lottery prize awards	0	205,014	0	0	0	205,014
Depreciation	0	3,550	0	0	0	3,550
Insurance claims and expenses	1,188	0	0	0	0	1,188
Other expenses	521	11,607	0	0	0	12,128
Total operating expenses	2,574	606,258	0	0	9	608,841
Operating income (loss)	(428)	203,000	224	283	34	203,113
Nonoperating revenues (expenses):						
Investment earnings	0	0	(40)	366	137	463
Interest expense	0	(354)	0	0	0	(354)
Other revenues (expenses)	0	(11,244)	0	0	0	(11,244)
Total nonoperating revenues (expenses)	0	(11,598)	(40)	366	137	(11,135)
Net income (loss)	(428)	191,402	184	649	171	191,978
Transfers in	0	0	0	0	0	0
Transfers out	0	(189,787)	0	0	0	(189,787)
Change in net position	(428)	1,615	184	649	171	2,191
Net position - beginning	(27,020)	(136)	1,334	18,987	4,477	(2,358)
Net position - ending	$ (27,448)	$ 1,479	$ 1,518	$ 19,636	$ 4,648	$ (167)

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, 2023
(expressed in thousands)

	Printing	Accounting Services	Motor Pool	Information Technology	Aircraft	Building Maintenance	Architectural Services
ASSETS							
Current assets:							
Cash and cash equivalents	$ 1,521	$ 8,039	$ 1,268	$ 22,440	$ 8,226	$ 5,286	$ 511
Cash and cash equivalents, restricted	0	74,783	0	0	0	9	0
Receivables, net	0	344	0	7,893	0	0	0
Inventories	0	0	1,664	9,460	0	0	0
Total current assets	1,521	83,166	2,932	39,793	8,226	5,295	511
Noncurrent assets:							
Capital assets not being depreciated	0	0	0	0	0	2,516	0
Capital assets (net of accumulated depreciation)	4,533	2,202	130	975	19	51,522	368
Total noncurrent assets	4,533	2,202	130	975	19	54,038	368
Total assets	6,054	85,368	3,062	40,768	8,245	59,333	879
LIABILITIES							
Current liabilities:							
Accounts payable and other liabilities	205	775	17	3,314	3	1,421	201
Due to other funds	1,052	0	0	0	0	0	0
Short-term compensated absences	85	334	0	497	0	342	88
Short-term portion of long-term liabilities	350	28,065	0	0	0	197	0
Total current liabilities	1,692	29,174	17	3,811	3	1,960	289
Noncurrent liabilities:							
Compensated absences	23	93	0	138	0	95	24
Claims and judgments	0	149	0	0	0	0	0
Bonds, notes and loans payable	0	0	0	0	0	0	0
Payable to component unit	0	0	0	0	0	26,790	0
Subscription liability	0	1,504	0	0	0	0	0
Lease payable	819	0	0	0	0	102	0
Advances from other funds	412	0	0	0	0	0	0
Total noncurrent liabilities	1,254	1,746	0	138	0	26,987	24
Total liabilities	2,946	30,920	17	3,949	3	28,947	313
NET POSITION							
Net investment in capital assets	3,364	2,202	130	975	19	53,739	368
Unrestricted	(256)	52,246	2,915	35,844	8,223	(23,353)	198
Total net position	$ 3,108	$ 54,448	$ 3,045	$ 36,819	$ 8,242	$ 30,386	$ 566

Combining Statement of Net Position - Internal Service Funds - Concluded
June 30, 2023
(expressed in thousands)

	State Workers Compensation Self-Insurance	Capitol Security	Wildlife	Personnel Services	GIS Services	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 30,764	$ 198	$ 189	$ 85	$ 2,758	$ 81,285
Cash and cash equivalents, restricted	0	0	0	0	0	74,792
Receivables,net	0	0	0	0	71	8,308
Inventories	0	0	0	0	0	11,124
Total current assets	30,764	198	189	85	2,829	175,509
Noncurrent assets:						
Infrastructure	0	0	0	0	0	2,516
Capital assets (net of accumulated depreciation)	280	0	0	0	0	60,029
Total noncurrent assets	280	0	0	0	0	62,545
Total assets	31,044	198	189	85	2,829	238,054
LIABILITIES						
Current liabilities:						
Accounts payable and other liabilities	356	23	0	0	0	6,315
Due to other funds	0	0	0	0	0	1,052
Short-term compensated absences	63	10	0	0	0	1,419
Short-term portion of long-term liabilities	7,296	0	0	0	0	35,908
Total current liabilities	7,715	33	0	0	0	44,694
Noncurrent liabilities:						
Compensated absences	18	3	0	0	0	394
Claims and judgements	46,467	0	0	0	0	46,616
Bonds, notes and loans payable	0	0	0	0	0	0
Payable to component unit	0	0	0	0	0	26,790
Subscription liability	0	0	0	0	0	1,504
Lease payable	146	0	0	0	0	1,067
Advances from other funds	0	0	0	0	0	412
Total noncurrent liabilities	46,631	3	0	0	0	76,783
Total liabilities	54,346	36	0	0	0	121,477
NET POSITION						
Net investment in capital assets	(6)	0	0	0	0	60,791
Unrestricted	(23,296)	162	189	85	2,829	55,786
Total net position	$ (23,302)	$ 162	$ 189	$ 85	$ 2,829	$ 116,577

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Printing	Accounting Services	Motor Pool	Information Technology	Aircraft	Building Maintenance	Architectural Services
Operating revenues:							
Charges for services	$ 11,009	$ 10,349	$ 244	$ 58,298	$ 35	$ 23,656	$ 1,538
Other revenue	24	884	1,535	2,134	0	565	0
Total operating revenues	11,033	11,233	1,779	60,432	35	24,221	1,538
Operating expenses:							
Salaries and wages	2,001	6,113	0	11,072	0	8,245	1,412
Supplies and services	9,265	7,774	0	48,619	2,479	10,082	78
Depreciation	979	806	24	432	1	2,440	26
Insurance claims and expenses	0	0	0	0	0	0	0
Other expenses	0	31	0	0	0	0	0
Total operating expenses	12,245	14,724	24	60,123	2,480	20,767	1,516
Operating income (loss)	(1,212)	(3,491)	1,755	309	(2,445)	3,454	22
Nonoperating revenues (expenses):							
Operating grants	0	0	0	0	0	0	0
Capital grants	0	0	0	0	0	50	0
Investment earnings	0	0	0	0	0	9	0
Interest expense	(138)	(139)	0	0	0	(692)	0
Other expenses	(23)	(17,530)	0	0	0	0	0
Total nonoperating revenues (expenses)	(161)	(17,669)	0	0	0	(633)	0
Net income (loss)	(1,373)	(21,160)	1,755	309	(2,445)	2,821	22
Transfers in	1,570	1,283	0	0	1,500	4,503	0
Transfers out	(367)	(1,647)	(1,099)	(305)	0	(6,515)	(69)
Change in net position	(170)	(21,524)	656	4	(945)	809	(47)
Net position - beginning	3,278	75,972	2,389	36,815	9,187	29,577	613
Net position - ending	$ 3,108	$ 54,448	$ 3,045	$ 36,819	$ 8,242	$ 30,386	$ 566

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds - Concluded
For the Fiscal Year Ended June 30, 2023
(expressed in thousands)

	State Workers Compensation Self-Insurance	Capitol Security	Wildlife	Personnel Services	GIS Services	Total
Operating revenues:						
Charges for services	$ 0	$ 395	$ 0	$ 19	$ 553	$ 106,096
Other revenue	15,748	0	0	0	0	20,890
Total operating revenues	15,748	395	0	19	553	126,986
Operating expenses:						
Salaries and wages	1,562	416	0	0	0	30,821
Supplies and services	2,201	13	0	0	280	80,791
Depreciation	140	0	0	0	0	4,848
Insurance claims and expenses	11,981	0	0	0	0	11,981
Other expenses	0	0	0	0	0	31
Total operating expenses	15,884	429	0	0	280	128,472
Operating income (loss)	(136)	(34)	0	19	273	(1,486)
Nonoperating revenues (expenses):						
Operating grants	0	0	0	0	0	0
Capital grants	0	0	0	0	0	50
Investment earnings	828	0	0	0	0	837
Interest expense	(4)	0	0	0	0	(973)
Other expenses	(1)	0	0	0	0	(17,554)
Total nonoperating revenues (expenses)	823	0	0	0	0	(17,640)
Net income (loss)	687	(34)	0	19	273	(19,126)
Transfers in	0	0	0	0	500	9,356
Transfers out	0	0	0	0	(349)	(10,351)
Change in net position	687	(34)	0	19	424	(20,121)
Net position - beginning	(23,989)	196	189	66	2,405	136,698
Net position - ending	$ (23,302)	$ 162	$ 189	$ 85	$ 2,829	$ 116,577

STATISTICAL

SECTION

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Financial Trends 170

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 175

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

Debt Capacity 176

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 177

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 179

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	$ 9,791,994	$ 9,664,367	$ 9,683,734	$ 10,103,755	$ 10,188,970	$ 10,262,233	$ 10,549,360	$ 10,946,294	$ 11,791,207	$ 12,503,059
Restricted	1,238,216	1,110,905	1,123,007	952,208	1,269,556	1,642,511	1,973,947	1,754,262	2,707,292	2,267,047
Unrestricted	(45,468)	(2,041,601)	(3,127,429)	(3,205,914)	(2,617,412)	(2,069,123)	(2,106,232)	(152,200)	22,557	1,851,558
Total governmental activities net position	$ 10,984,742	$ 8,733,671	$ 7,679,312	$ 7,850,049	$ 8,841,114	$ 9,835,621	$ 10,417,075	$ 12,548,356	$ 14,521,056	$ 16,621,664
Business-type activities										
Net investment in capital assets	$ 299	$ 320	$ 675	$ 580	$ 528	$ 4,555	$ 3,705	$ 2,842	$ 3,248	$ 2,508
Restricted	536,957	1,021,260	1,168,392	1,264,332	1,395,748	1,599,217	1,477,151	1,121,025	1,688,421	2,070,479
Unrestricted	331,144	(6,523)	(8,024)	(8,839)	(11,033)	(13,741)	(11,689)	(5,679)	(5,423)	(6,326)
Total business-type activities net position	$ 868,400	$ 1,015,057	$ 1,161,043	$ 1,256,073	$ 1,385,243	$ 1,590,031	$ 1,469,167	$ 1,118,188	$ 1,686,246	$ 2,066,661
Primary government										
Net investment in capital assets	$ 9,792,293	$ 9,664,687	$ 9,684,409	$ 10,104,335	$ 10,189,498	$ 10,266,788	$ 10,553,065	$ 10,949,136	$ 11,794,455	$ 12,505,567
Restricted	1,775,173	2,132,165	2,291,399	2,216,540	2,665,304	3,241,728	3,451,098	2,875,287	4,395,713	4,337,526
Unrestricted	285,676	(2,048,124)	(3,135,453)	(3,214,753)	(2,628,445)	(2,082,864)	(2,117,921)	(157,879)	17,134	1,845,232
Total primary government net position	$ 11,853,142	$ 9,748,728	$ 8,840,355	$ 9,106,122	$ 10,226,357	$ 11,425,652	$ 11,886,242	$ 13,666,544	$ 16,207,302	$ 18,688,325

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	$ 778,620	$ 898,782	$ 729,837	$ 678,024	$ 799,293	$ 738,005	$ 801,776	$ 2,341,832	$ 3,431,899	$ 2,433,026
Human resources	2,614,673	2,660,656	2,648,404	2,683,036	2,800,874	2,970,240	3,254,522	4,047,796	4,319,344	4,681,842
Education	5,209,211	5,364,450	6,095,595	5,410,778	5,754,793	6,146,720	6,394,277	6,575,804	6,859,021	7,494,453
Public safety	589,939	576,079	582,235	573,067	608,472	613,587	706,925	723,621	643,333	812,456
Agriculture and natural resources	122,995	119,297	131,105	133,706	144,841	136,345	145,469	134,007	220,570	149,470
Highways and other transportation	863,577	887,297	824,742	729,852	625,195	749,537	815,065	979,687	991,019	1,391,287
Health and environment	2,285,022	2,358,837	2,566,146	2,593,728	2,725,566	2,824,494	2,968,528	3,234,708	3,539,627	3,913,252
Interest expense	138,718	123,273	146,939	179,304	172,560	200,355	183,730	177,799	142,678	131,372
Total governmental activities expenses	12,602,755	12,988,671	13,725,003	12,981,495	13,631,594	14,379,283	15,270,292	18,215,254	20,147,491	21,007,158
Business-type activities:										
Water pollution and safety	26,955	26,434	28,036	30,608	16,003	16,321	10,588	6,913	6,283	8,525
Health care stabilization	29,729	88,338	38,675	38,878	41,576	52,468	29,814	37,463	43,599	38,273
Employment security	369,720	292,794	239,649	194,032	163,254	132,918	1,372,249	1,715,376	361,495	107,310
Workers' compensation	6,734	6,946	3,725	3,710	5,502	3,956	4,113	809	3,199	2,574
Lottery	444,796	459,748	475,860	473,074	496,065	518,400	454,499	523,846	532,625	606,612
Intergovernmental transfer program	1,271	80	346	267	219	2	2	6	0	0
Transportation revolving loans	2,883	2,052	1,182	812	47	9	9	9	9	9
Total business-type activities expenses	882,088	876,392	787,473	741,381	722,666	724,074	1,871,274	2,284,422	947,210	763,303
Total primary government expenses	$ 13,484,843	$ 13,865,063	$ 14,512,476	$ 13,722,876	$ 14,354,260	$ 15,103,357	$ 17,141,566	$ 20,499,676	$ 21,094,701	$ 21,770,461
Program Revenues										
Governmental activities:										
General government	$ 379,499	$ 356,922	$ 357,970	$ 369,458	$ 353,800	$ 401,430	$ 453,064	$ 1,422,889	$ 1,070,538	$ 785,140
Human resources	933,347	829,528	847,019	837,023	839,476	816,232	904,248	1,139,149	1,481,428	1,332,500
Education	480,375	484,378	477,369	487,926	484,530	492,063	492,101	634,528	991,732	1,018,643
Public safety	142,821	115,526	127,485	128,689	133,543	133,095	218,868	261,700	399,368	272,550
Agriculture and natural resources	90,502	96,057	105,772	106,658	127,643	121,811	128,701	125,333	137,586	122,180
Highways and other transportation	730,609	618,334	574,560	643,674	622,867	675,790	668,431	706,444	818,479	839,682
Health and environment	2,115,889	2,135,875	2,258,274	2,299,910	2,347,914	2,511,826	2,946,672	3,167,981	3,603,713	4,146,753
Total governmental activities revenues	4,873,042	4,636,620	4,748,449	4,873,338	4,909,773	5,152,247	5,812,085	7,458,024	8,502,844	8,517,448
Business-type activities:										
Water pollution and safety	64,757	51,531	33,847	36,523	34,879	41,375	41,551	36,988	37,746	60,961
Health care stabilization	25,348	27,372	27,575	28,463	28,121	26,441	28,554	33,171	27,904	19,951
Employment security	409,368	426,989	345,567	262,321	283,318	285,224	272,460	325,672	331,967	396,657
Workers' compensation	5,016	7,613	3,647	3,756	2,583	586	2,578	2,801	2,923	1,539
Lottery	598,731	615,051	636,389	629,148	673,457	706,310	609,054	700,658	713,958	804,031
Intergovernmental transfer program	0	0	0	0	50	42	37	0	0	0
Transportation revolving fund	497	326	308	281	224	180	159	241	196	61
Total business-type activities revenues	1,103,717	1,128,882	1,047,333	960,492	1,022,632	1,060,158	954,393	1,099,531	1,114,694	1,283,200
Total primary government revenues	$ 5,976,759	$ 5,765,502	$ 5,795,782	$ 5,833,830	$ 5,932,405	$ 6,212,405	$ 6,766,478	$ 8,557,555	$ 9,617,538	$ 9,800,648
Net (Expense) Revenue										
Government activities	$ (7,729,713)	$ (8,352,051)	$ (8,976,554)	$ (8,108,157)	$ (8,721,821)	$ (9,227,036)	$ (9,458,207)	$ (10,757,230)	$ (11,644,647)	$ (12,489,710)
Business-type activities	221,629	252,490	259,860	219,111	299,966	336,084	(916,881)	(1,184,891)	167,484	519,897
Total primary net (expense) revenue	$ (7,508,084)	$ (8,099,561)	$ (8,716,694)	$ (7,889,046)	$ (8,421,855)	$ (8,890,952)	$ (10,375,088)	$ (11,942,121)	$ (11,477,163)	$ (11,969,813)

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Taxes										
Property tax	$ 623,983	$ 644,964	$ 646,985	$ 669,275	$ 698,404	$ 739,403	$ 770,483	$ 801,569	$ 828,387	$ 869,162
Income and inheritance tax	2,610,490	2,864,790	2,633,381	2,719,177	3,996,581	4,387,339	4,165,859	5,009,366	5,903,944	5,840,676
Sales and excise tax	3,599,390	3,607,478	3,758,095	3,810,037	3,901,264	3,920,659	3,988,320	4,715,498	5,220,141	5,529,270
Gross receipts tax	198,479	215,145	299,421	311,858	407,329	400,594	423,398	477,916	518,785	557,214
Investment earnings	42,199	7,805	15,855	23,896	32,232	52,635	51,014	6,311	14,873	269,202
Other revenue	402,911	474,171	484,227	540,855	521,597	545,993	494,410	1,216,179	1,210,221	1,337,773
Transfers	171,891	164,266	169,929	160,358	206,487	174,920	146,177	302,919	(69,266)	187,021
Total governmental activities revenues	7,649,343	7,978,619	8,007,893	8,235,456	9,763,894	10,221,543	10,039,661	12,529,758	13,627,085	14,590,318
Business-type activities:[1]										
Investment earnings	12,681	14,731	29,373	14,769	17,862	44,699	51,187	12,096	(10,899)	34,567
Other revenue	96,708	49,973	26,682	21,508	17,885	(1,075)	891,007	1,124,735	342,207	12,972
Transfers	(171,891)	(164,266)	(169,929)	(160,358)	(206,487)	(174,920)	(146,177)	(302,919)	69,266	(187,021)
Total business-type activities revenues	(62,502)	(99,562)	(113,874)	(124,081)	(170,740)	(131,296)	796,017	833,912	400,574	(139,482)
Total primary government revenues	$ 7,586,841	$ 7,879,057	$ 7,894,019	$ 8,111,375	$ 9,593,154	$ 10,090,247	$ 10,835,678	$ 13,363,670	$ 14,027,659	$ 14,450,836
Change in Net Position										
Governmental activities	$ (80,370)	$ (373,432)	$ (968,661)	$ 127,299	$ 1,042,073	$ 994,507	$ 581,454	$ 1,772,528	$ 1,982,438	$ 2,100,608
Business-type activities	159,127	152,928	145,986	95,030	129,226	204,788	(120,864)	(350,979)	568,058	380,415
Total primary government	$ 78,757	$ (220,504)	$ (822,675)	$ 222,329	$ 1,171,299	$ 1,199,295	$ 460,590	$ 1,421,549	$ 2,550,496	$ 2,481,023

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable:										
Inventory	$ 7,851	$ 5,308	$ 4,754	$ 4,154	$ 4,958	$ 5,274	$ 5,196	$ 5,216	$ 5,813	$ 5,884
Unassigned	(5,376)	(285,048)	(509,152)	(518,746)	59,068	447,554	550,916	1,739,058	2,488,324	4,050,571
Total General Fund	$ 2,475	$ (279,740)	$ (504,398)	$ (514,592)	$ 64,026	$ 452,828	$ 556,112	$ 1,744,274	$ 2,494,137	$ 4,056,455
Social Services Fund										
Nonspendable:										
Inventory	$ 23	$ 1,346	$ 1,320	$ 1,404	$ 307	$ 234	$ 306	$ 390	$ 261	$ 200
Restricted for:										
Human resources	58,794	22,029	55,090	50,526	64,640	66,371	123,105	139,101	109,868	108,484
Total Social Services Fund	$ 58,817	$ 23,375	$ 56,410	$ 51,930	$ 64,947	$ 66,605	$ 123,411	$ 139,491	$ 110,129	$ 108,684
Health and Environment Fund										
Restricted for:										
Health and Environment	$ 187,268	$ 198,181	$ 186,382	$ 102,385	$ 104,438	$ 137,996	$ 159,096	$ 155,193	$ 171,181	$ 135,459
Total Health and Environment Fund	$ 187,268	$ 198,181	$ 186,382	$ 102,385	$ 104,438	$ 137,996	$ 159,096	$ 155,193	$ 171,181	$ 135,459
Education Fund[1]										
Restricted for:										
Education	$ 0	$ 11,568	$ 5,688	$ 10,434	$ 8,097	$ 8,619	$ 11,191	$ 8,181	$ 14,360	$ 6,642
Total Education Fund	$ 0	$ 11,568	$ 5,688	$ 10,434	$ 8,097	$ 8,619	$ 11,191	$ 8,181	$ 14,360	$ 6,642
Transportation Fund										
Nonspendable:										
Inventory	$ 23,983	$ 23,465	$ 24,598	$ 25,615	$ 24,266	$ 23,095	$ 24,320	$ 24,662	$ 28,331	$ 28,433
Long-term receivable	0	1,495	9,721	8,597	7,572	6,348	5,224	4,250	3,400	2,725
Prepaid Insurance	1,096	391	27	0	0	0	0	0	0	0
Restricted for:										
Highways and other transportation	432,854	387,128	423,250	203,607	457,590	674,053	846,187	141,453	899,779	430,062
Assigned to:										
Next fiscal year budget deficit	0	0	0	0	0	0	0	714,208	84,208	304,711
Total Transportation Fund	$ 457,933	$ 412,479	$ 457,596	$ 237,819	$ 489,428	$ 703,496	$ 875,731	$ 884,573	$ 1,015,718	$ 765,931
Executive Fund[3]										
Restricted for:										
Education	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 12,454	$ 4,854	$ 15,511	$ 12,074
Total Executive Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 12,454	$ 4,854	$ 15,511	$ 12,074
Commerce Fund[4]										
Restricted for:										
General government	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 77,458
Total Commerce Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 77,458
Transportation-Capital Projects Fund[2]										
Unassigned	$ (383,215)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total Transportation - Capital Projects Fund	$ (383,215)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Governmental Funds										
Nonspendable:										
Long-Term Receivables	$ 4,153	$ 4,085	$ 4,493	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Inventory	3,613	4,121	3,254	3,408	4,281	3,794	4,457	1,992	2,095	2,184
Restricted for:										
Capital projects	43,137	44,972	39,338	42,666	54,207	53,786	55,002	70,431	83,977	102,296
Debt Service	59,912	158,784	154,852	125,371	127,401	143,804	143,565	143,545	164,961	131,966
General government	309,541	221,805	190,921	227,228	235,985	248,428	252,143	357,929	401,279	348,187
Human resources	51,847	51,649	35,123	40,078	56,614	58,716	55,263	70,703	84,367	83,586
Education	16,255	7,531	7,032	7,106	6,595	7,194	7,243	6,494	7,276	7,287
Public safety	68,200	67,616	69,307	77,103	71,910	70,072	74,875	82,556	94,359	78,544
Agriculture and natural resources	41,306	62,678	67,970	68,108	79,132	93,795	98,946	106,857	114,309	123,872
Highways and other transportation	29,014	35,748	42,906	48,874	55,217	132,344	63,169	72,502	83,480	91,066
Assigned to:										
Debt Service	121,317	0	0	0	0	0	0	0	0	0
Unassigned	0	(147,000)	(147,004)	0	0	(4,711)	(36,302)	(88,974)	(137,590)	(139,335)
Total All Other Governmental Funds	$ 748,295	$ 511,989	$ 468,192	$ 639,942	$ 691,342	$ 807,222	$ 718,361	$ 824,035	$ 898,513	$ 829,653

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	$ 7,144,913	$ 7,269,247	$ 7,373,018	$ 7,518,125	$ 8,904,737	$ 9,326,991	$ 9,432,852	$ 10,875,615	$ 12,318,926	$ 13,038,859
Charges for services	922,162	829,508	871,358	892,647	921,792	931,421	1,042,309	1,007,139	943,564	1,180,589
Intergovernmental (operating and capital grants)	3,955,175	3,807,458	3,867,624	3,983,564	3,958,728	4,184,075	4,745,955	6,371,735	7,499,628	7,283,162
Investment earnings	47,697	8,689	19,127	20,207	29,588	52,908	51,115	3,281	12,370	267,349
Other revenues (includes extraordinary items)	382,441	464,638	432,119	520,482	507,340	493,038	449,608	1,215,544	1,176,614	1,310,379
Total revenues	12,452,388	12,379,540	12,563,246	12,935,025	14,322,185	14,988,433	15,721,839	19,473,314	21,951,102	23,080,338
Expenditures										
General government	743,637	895,287	961,724	656,778	682,412	867,297	790,580	2,281,790	3,474,889	2,615,181
Human resources	2,632,279	2,678,419	2,657,162	2,689,000	2,786,742	2,981,296	3,246,897	4,039,100	4,322,672	4,663,872
Education	5,207,568	5,363,336	6,097,651	5,409,503	5,755,270	5,888,957	6,393,261	6,574,620	6,858,611	7,494,211
Public safety	635,851	583,720	642,870	573,356	598,532	615,749	837,319	740,594	739,223	832,643
Agriculture and natural resources	128,294	131,411	132,893	136,421	145,712	142,213	155,062	138,991	229,316	156,203
Highways and other transportation	1,026,126	1,158,149	1,123,268	1,002,043	765,556	791,171	863,014	1,131,545	1,222,672	1,781,280
Health and environment	2,286,017	2,359,955	2,565,616	2,587,752	2,723,561	2,828,041	2,968,703	3,226,890	3,537,303	3,904,989
Debt service:										
Principal	222,209	170,094	199,563	211,470	226,792	244,316	254,876	433,312	952,931	384,811
Interest	139,887	135,803	183,145	206,814	203,537	229,138	213,415	209,174	207,914	169,676
Total expenditures	13,021,868	13,476,174	14,563,892	13,473,137	13,888,114	14,588,178	15,723,127	18,776,016	21,545,531	22,002,866
Excess of revenues over (under) expenditures	(569,480)	(1,096,634)	(2,000,646)	(538,112)	434,071	400,255	(1,288)	697,298	405,571	1,077,472
Other Financing Sources (Uses)										
Issuance of bonds	59,963	705,645	1,421,780	147,000	200,000	173,035	74,450	149,325	551,100	0
Issuance of notes payable	0	3,858	0	0	0	0	0	0	0	0
Issuance of leases and SBITA	11,777	12,550	66,961	9,944	8,038	12,403	110,575	5,122	53,136	4,564
Issuance of MLPP agreements	0	0	0	0	0	0	0	0	23,095	0
Premium on issuance of debt	5,644	83,565	122,880	51,500	42,212	26,962	11,318	18,096	0	0
Issuance of refunding bonds	58,550	191,290	190,875	5,890	0	0	0	0	0	0
Premium on issuance of refunding debt	7,909	32,882	0	0	0	0	0	0	0	0
Payment to refunded bonds escrow agent	(53,095)	(223,238)	(223,778)	(30,298)	0	0	(66,194)	0	0	0
Transfers, net	177,054	161,739	181,453	166,526	211,387	180,136	148,630	313,367	(75,358)	188,016
Other financing sources (uses)	0	0	0	0	0	1,982	874	3,219	1,404	2,755
Total other financing sources (uses)	267,802	968,291	1,760,171	350,562	461,637	394,518	279,653	489,129	553,377	195,335
Net change in fund balances	$ (301,678)	$ (128,343)	$ (240,475)	$ (187,550)	$ 895,708	$ 794,773	$ 278,365	$ 1,186,427	$ 958,948	$ 1,272,807
Debt service as a percentage of noncapital expenditures	2.85%	2.35%	2.71%	3.19%	3.18%	3.28%	3.03%	3.47%	5.55%	2.58%

Revenue Capacity
Personal Income by Industry, Last Ten Calendar Years
(expressed in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Private Earning										
Agricultural, Forestry, Fishing and Hunting	$ 509,533	$ 566,214	$ 704,803	$ 459,943	$ 427,448	$ 526,194	$ 638,012	$ 554,860	$ 634,402	$ 661,123
Mining	2,363,628	2,250,743	2,367,335	1,969,502	1,227,827	1,596,513	1,320,499	1,055,600	928,640	1,120,455
Utilities	1,038,267	1,035,120	963,811	892,628	854,969	916,780	905,723	1,016,747	958,523	911,762
Construction	4,927,057	5,155,475	5,316,772	5,386,163	5,667,795	5,877,665	6,277,104	6,472,897	6,755,445	7,175,146
Manufacturing	12,975,820	12,586,349	12,716,447	12,139,158	12,460,616	13,021,664	13,149,161	13,667,104	14,572,652	16,185,412
Wholesale trade	4,893,810	5,129,704	5,111,042	5,075,305	5,092,875	5,316,181	5,479,665	5,926,535	5,853,170	6,576,704
Retail trade	5,276,719	5,306,422	5,511,376	5,584,989	5,492,437	5,572,337	5,676,796	5,896,055	6,435,675	6,858,515
Transportation and warehousing	3,471,380	3,527,677	3,628,316	4,304,914	4,951,775	5,632,640	5,192,729	5,089,694	5,396,787	5,774,556
Information	2,442,177	2,579,813	1,669,187	1,951,470	2,836,196	3,439,311	3,758,941	1,909,982	4,334,733	4,624,050
Finance and insurance	5,362,230	5,520,793	5,747,020	5,749,575	6,259,213	6,400,498	6,348,630	6,762,459	7,352,057	7,199,636
Real estate and rental and leasing	1,244,046	1,258,576	1,368,350	3,075,124	3,281,897	3,928,362	4,109,827	6,121,349	3,545,502	3,506,745
Professional, scientific, and technical services	5,966,214	6,190,944	6,638,906	7,255,278	7,446,156	7,698,632	7,910,024	8,174,977	8,595,303	9,509,925
Management of companies and enterprises	1,624,865	1,979,648	3,373,787	2,842,291	2,472,038	2,892,415	3,402,562	3,477,708	3,104,283	3,472,792
Administrative and waste management services	3,939,882	4,002,036	3,937,420	3,835,490	4,072,608	4,335,055	4,335,074	4,398,552	4,887,777	5,609,787
Educational services	785,353	823,275	860,898	839,841	882,978	908,191	929,806	923,001	993,782	968,124
Health care and social assistance	9,667,124	9,832,906	10,244,837	10,706,593	11,180,382	11,504,842	11,926,378	12,817,398	13,419,921	14,412,374
Arts, entertainment, and recreation	461,991	481,064	489,989	486,506	581,530	608,089	607,522	498,862	564,292	610,852
Accommodation and food services	2,364,565	2,496,760	2,659,544	2,776,777	2,718,521	2,811,075	2,870,081	2,443,769	3,289,511	3,722,870
Other services, except public administration	3,377,835	3,464,098	3,536,207	3,411,910	3,807,073	3,955,406	4,182,994	4,081,719	4,140,477	4,498,444
Government										
Federal, civilian	2,250,015	2,275,401	2,368,551	2,382,658	2,435,334	2,537,806	2,612,308	2,716,872	2,768,028	2,815,110
Military	2,761,891	2,712,249	2,609,762	2,510,669	2,484,301	2,521,941	2,581,203	2,715,440	2,830,669	2,800,280
State and local	11,309,364	11,633,575	11,695,808	12,278,513	12,416,135	12,838,865	13,063,582	12,797,526	13,371,681	14,086,714

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Revenue bonds payable (includes demand bonds)	$ 2,681,470	$ 3,292,111	$ 4,603,952	$ 4,554,120	$ 4,543,721	$ 4,475,048	$ 4,223,119	$ 3,946,597	$ 3,801,074	$ 1,604,454
Sales tax limited obligation	105,033	0	0	0	0	0	0	0	0	0
Note payable	15,350	18,093	17,047	13,722	11,932	10,685	8,314	5,184	0	0
Leases payable	91,027	80,809	137,708	138,422	136,728	139,206	238,007	194,425	545,944	509,968
SBITAs	0	0	0	0	0	0	0	0	0	45,991
MLPP	0	0	0	0	0	0	0	0	21,438	16,197
Arbitrage rebate payable	190	184	237	23	23	1	0	0	0	0
Claims and judgements	154,457	148,976	119,145	117,482	110,980	92,814	142,186	162,391	85,195	87,424
Special assessment payable	0	0	0	2,342	2,341	115	115	0	0	0
KPERS Employer liability	0	0	0	0	0	255,304	249,339	242,904	0	0
Compensated absences	120,831	113,015	112,219	109,073	109,249	111,381	119,150	120,110	116,922	123,905
Other post employment benefits	58,631	59,504	4,266	0	55,638	51,485	49,710	51,151	51,722	40,874
Net pension liability	0	1,750,877	2,078,136	2,046,598	2,021,444	1,891,987	1,898,115	2,253,968	1,682,742	2,071,452
Pollution remediation	65,678	48,747	63,053	78,256	91,863	76,320	77,059	83,915	92,229	114,361
Total governmental activities	3,292,667	5,512,316	7,135,763	7,060,038	7,083,919	7,104,346	7,005,114	7,060,645	6,397,266	4,614,626
Business-Type Activities										
Revenue bonds payable	452,317	407,056	327,577	238,594	213,799	189,009	124,573	97,754	93,603	0
Leases payable	0	0	0	0	0	0	0	0	1,023	522
SBITAs	0	0	0	0	0	0	0	0	0	11,549
Arbitrage rebate payable	190	237	340	295	56	40	63	0	0	863
Unemployment benefits loan	0	0	0	0	0	0	0	0	0	0
Claims and judgements	198,631	258,093	263,484	271,907	279,873	296,058	291,260	298,558	304,384	292,363
Compensated absences	89	92	92	95	105	109	137	157	140	142
Other post employment benefits	412	424	26	0	73	74	114	90	98	68
Net pension liability	0	5,520	6,475	6,472	6,459	6,076	6,051	7,106	5,325	6,256
Other	11,965	11,680	11,732	11,222	10,407	9,174	8,977	8,967	2,472	3,395
Total business-type activities	663,604	683,102	609,726	528,585	510,772	500,540	431,175	412,632	407,045	315,158
Component Units										
Revenue bonds payable	809,260	825,775	941,839	939,823	930,425	894,094	872,295	912,812	916,487	3,118,302
Other component units of university system	333,000	406,927	790,803	750,454	752,267	729,963	688,013	675,614	619,893	528,083
Leases payable	9,380	7,752	6,500	7,125	70,145	66,233	58,000	100,003	178,687	218,009
SBITAs	0	0	0	0	0	0	0	0	0	21,531
Arbitrage rebate payable	51	404	29	39	20	20	6	1	0	0
Compensated absences	78,918	78,459	84,423	79,588	85,404	88,648	100,416	103,933	98,293	103,050
Other post employment benefits	64,993	71,015	1,816	508	40,023	39,508	41,430	39,195	39,711	29,725
Net pension liability	0	240,024	268,020	259,191	246,569	217,080	201,092	223,458	157,168	192,216
Other	252,759	221,062	208,246	184,423	170,567	142,520	131,817	115,160	106,018	106,049
Total component units	1,548,361	1,851,418	2,301,676	2,221,151	2,295,420	2,178,066	2,093,069	2,170,176	2,116,257	4,316,965
Total	$ 5,504,632	$ 8,046,836	$ 10,047,165	$ 9,809,774	$ 9,890,111	$ 9,782,952	$ 9,529,358	$ 9,643,453	$ 8,920,568	$ 9,246,749

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)
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	37.3	-	499,240	5.90%
2021	2,934,582	59,324	37.4	-	486,112	3.80%
2022	2,937,150	60,152	(6)	-	479,743	2.80%
2023	(6)	(6)	(6)	-	484,068	3.00%

Data Sources:

(1) U.S. Department of Commerce, BEA Web Site:
https://apps.bea.gov/regional/bearfacts/
(2) U.S. Department of Commerce, BEA Web Site:
https://apps.bea.gov/regional/bearfacts/
(3) State Department of Health and Environment:
https://www.kdhe.ks.gov/DocumentCenter/View/15354/2020-Annual-Summary-Full-Report-PDF?bidId=
(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/gsipub/documentView.aspx?enc=tbH9CEmLg7sSurRdDsXT5A==
(6) Information is not available at this time.

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

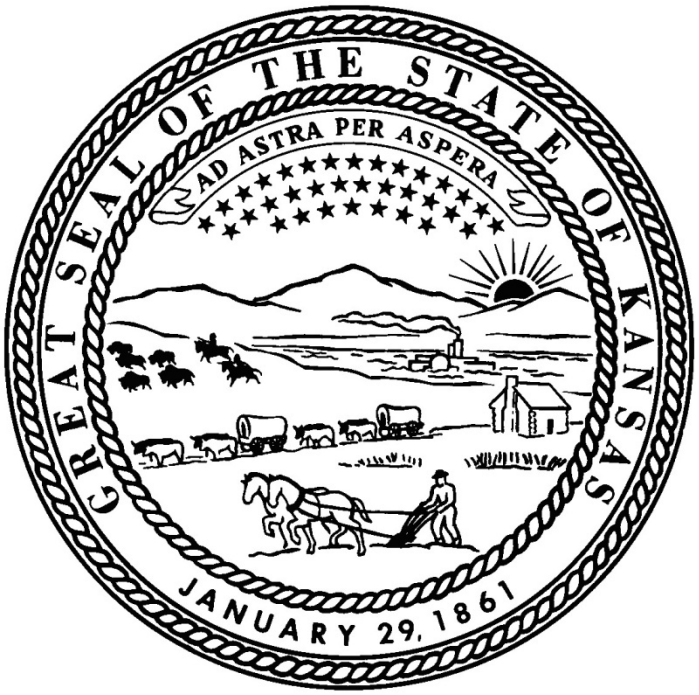
2023	2014
Employer	**Employer**
Amazon.com Services, Inc.	State Government
Dillon Companies, Inc.	KU and KUMC
Federal Government	Cessna Aircraft Corporation
Spirit Aerosystems	Royal Caribbean Cruises Ltd.
State Government	B & V - Baker Guam JV
Textron Aviation Inc.	Railcrew Xpress
United Parcel Service	Shawnee Mission Unified School District
University of Kansas Hospital Authority	Via Christi Hospitals Wichita, Inc.
Wal-mart Associates Inc.	Wichita State University
Wichita Public Schools (USD 259)	Kansas State University

Source:
2023 from Kansas Department of Labor, Labor Market Information Services and the Bureau of Labor Statistics; Quarterly Census of Employment and Wages (QCEW)
2014 from State of Kansas, Comprehensive Annual Financial Report for Fiscal Year 2014

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	5,287	5,275	5,433	5,468	4,798	5,294	5,289	5,477	5,606	5,760
Public Safety	5,400	5,426	5,253	5,225	4,706	5,234	5,244	4,962	4,951	5,050
Education	18,400	18,388	18,874	18,877	19,369	19,191	19,623	19,658	19,600	19,784
Transportation	2,737	2,737	2,516	2,516	1,846	2,355	2,351	2,351	2,250	2,296
Agriculture and Natural Resources	1,302	1,303	1,272	1,265	783	1,282	1,275	1,261	1,309	1,336
Human Resources	7,001	6,643	6,754	6,592	5,671	6,747	7,085	7,011	7,202	7,513
Total	40,127	39,772	40,102	39,943	37,173	40,103	40,867	40,720	40,918	41,739

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, 2023, 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 30, 2023. Our report contains emphasis of matter paragraphs for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and other auditors' reports on the financial statements of K-State Athletics, Inc. and KU Health Partners, Inc., Component Units of the State University System. Our report also 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*, and accordingly, this report does not include reporting on internal control over financial reporting or reportable instances of noncompliance associated with these entities.

Report on 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.

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Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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.

We consider the deficiency described in the accompanying schedule of findings and responses as item 2023-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2023-002 to be a significant deficiency.

Report on 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*.

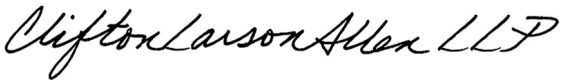
State of Kansas' Response to Findings

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

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

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 30, 2023

SCHEDULE OF FINDINGS AND RESPONSES – FINANCIAL STATEMENTS

2023 – 001 – Grant Revenue Recognition

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: Grant revenue and unearned revenue balances primarily related to the American Rescue Plan Act (ARPA) were not reported correctly based on eligibility requirements.

Criteria or specific requirement: Based on the guidance in the Governmental Accounts Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues should be recognized when all applicable eligibility requirements are met. Resources received before the eligibility requirements are met (excluding time requirements) should be reported as a liability by the recipient.

Effect: An adjustment was posted to increase unearned revenue and decrease grant revenue across several funds and governmental activities in the aggregate amount of $285.2 million.

Cause: The State calculated unearned revenue balances by fund at year-end by factoring in encumbrances, resulting in understated unearned revenue and overstated revenue. Encumbrances are commitments to unperformed contracts for goods or services, and often are recorded for budgetary control purposes. Encumbrances at year-end do not constitute expenditures or liabilities, and therefore do not fulfill the eligibility requirements for revenue recognition for nonexchange transactions.

Repeat Finding: No

Recommendation: We recommend the State review journal entries over revenue and unearned revenue to ensure eligibility requirements have been met prior to recognizing revenue.

Views of responsible officials and planned corrective actions: The State of Kansas is committed to continuous improvements in our financial reporting. As errors or omissions are discovered we 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 adjustments, particularly those concerning ARPA and verification that the funds are being accurately reported in the appropriate classification.

Office of Accounts and Reports (OAR) will also add an additional level of review surrounding adjustments, especially those concerning ARPA.

SCHEDULE OF FINDINGS AND RESPONSES – FINANCIAL STATEMENTS

2023 – 002 – Misstatements of the Fort Hays State University Financial Statements

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: Fort Hays State University (the University) did not submit required financial statement information and audit related schedules in accordance with the stipulated timeline. Information was submitted by the University a month past the required deadlines.

Criteria or specific requirement: The University is a key reporting component unit in the State of Kansas Annual Comprehensive Financial Report (ACFR). In order to ensure relevant, timely financial reporting occurs, the State has a financial reporting timeline for all of its component units.

Effect: By not adhering to the stipulated timeline, the University could delay the timing of the issuance of the State ACFR, causing the financial information to be less relevant and stale. In addition, the University's delay creates a shortened timeframe for financial statement preparation. A shortened timeline creates opportunities for errors and less time for review to ensure information is complete and correct.

Cause: The University experienced turnover in key accounting personnel at the end of the fiscal year, resulting in a deficiency in the overall accounting process.

Repeat Finding: The finding is a repeat of a finding in the immediate prior year. Prior year finding number was 2022-001.

Recommendation: CLA recommends that the university ensure that appropriate accounting personnel are in place with ample time for financial close procedures to occur.

Views of responsible officials and planned corrective actions: The University recognizes the importance of timely preparation and submission of financial data for State audit purposes. As a result of losing key personnel directly responsible for the preparation of said information, the University was not able to comply with the prescribed deadline. During the lapse in staffing, the University exercised due diligence by quickly engaging other accounting and finance personnel to assist with the preparation of financial information during the interim period. Furthermore, labor market trends and a shortage of qualified applicants, delayed the hiring of a qualified replacement for four months. As of November 13, 2023, the University hired a new Controller to fill the vacant position. The new Controller will be responsible for taking necessary corrective action to prevent similar delays in the future. The University also intends to formally document procedures related to the preparation of financial information and audit reports. This is intended to hasten the process on an ongoing basis and assist with succession and transfer during the future event of a personnel change.

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

2022 – 001 – Misstatements of the Fort Hays State University Financial Statements

Condition: This finding was a significant deficiency due to delays in submitting required financial statement information and audit related schedules in accordance with the stipulated timeline.

Status: See current year finding 2023-002.

Reason for finding's recurrence: The University experienced turnover in key accounting personnel at the end of the fiscal year, resulting in a deficiency in the overall accounting process.

Corrective Action: The new Controller will be responsible for taking necessary corrective action to prevent similar delays in the future. The University also intends to formally document procedures related to the preparation of financial information and audit reports. This is intended to hasten the process on an ongoing basis and assist with succession and transfer during the future event of a personnel change.