STATE OF KANSAS
Department of Administration
Office of Accounts and Reports



COMPREHENSIVE ANNUAL FINANCIAL REPORT

July 1, 2019 to June 30, 2020

Jocelyn Gunter, Director
Office of Accounts and Reports



STATE OF KANSAS

Department of Administration

Jocelyn Gunter, Director
Office of Accounts and Reports

State of Kansas
Fiscal Year 2020 Financial Report
June 30, 2020

Table of Contents

INTRODUCTION vi

Letter of Transmittal vii
Profile of the Government vii
Financial Information viii
Cash Management viii
Risk Management ix
Pension Trust Fund Operations ix
Acknowledgments ix

Organizational Chart x

List of Selected Officials xi

FINANCIAL SECTION 1

Independent Auditors' Report 3

Management's Discussion and Analysis 7
Financial Highlights 7
Overview of the Financial Statements…. 7
Government-wide Financial Analysis 10
Financial Analysis of the State's Individual Funds 17
General Fund Budgetary Highlights 17
Capital Assets and Debt Administration 18
Economic Factors 19

Financial Statements 21
Government-wide - Statement of Net Position 22
Government-wide - Statement of Activities 23
Balance Sheet - Governmental Funds 25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 27
Statement of Net Position - Proprietary Funds 29
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 30
Statement of Cash Flows - Proprietary Funds 31
Statement of Fiduciary Net Position 32
Statement of Changes in Fiduciary Net Position 33
Combining Statement of Net Position – Component Units 34
Combining Statement of Activities – Component Units 35

Table of Contents Continued

Notes to the Financial Statements:

I. Summary of Significant Accounting Policies 36
- A. Financial Reporting Entity 36
- B. Government-wide and Fund Financial Statements 39
- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation 40
- D. Fund Accounting 40
- E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Equity 42
- F. Use of Estimates 47
- G. New Governmental Accounting Standards Board Statements 47

II. Stewardship Compliance and Accountability 50
- A. Deficit Fund Equity 50

III. Detailed Notes on All Funds 51
- A. Deposits and Investments 51
- B. Receivables 66
- C. Investment in Direct Financing Leases 66
- D. Restricted Assets 66
- E. Equity 67
- F. Capital Assets 68
- G. Interfund Receivables, Payables, and Transfers 74
- H. Short-term Obligations 75
- I. Long-term Obligations 77

IV. Other Information 89
- A. Tax Abatements 89
- B. Risk Management 90
- C. Contingencies and Commitments 91
- D. Pollution Remediation 93
- E. Other Post Employment Benefits 97
- F. Employee Retirement Systems and Pension Plans 100
- G. Related Party Transactions 106
- H. Subsequent Events 106
- I. Economic Condition 108
- J. COVID-19 108

REQUIRED SUPPLEMENTARY INFORMATION 112

Budgetary Information 113

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
- General Fund 114
- General Fund - Budgetary to GAAP Reconciliation 115
- Social Services Fund 116
- Social Services Fund - Budgetary to GAAP Reconciliation 117
- Health and Environment Fund 118
- Health and Environment Fund – Budgetary to GAAP Reconciliation 119
- Education Fund 120
- Education Fund – Budgetary to GAAP Reconciliation 121
- Transportation Fund 122
- Transportation Fund - Budgetary to GAAP Reconciliation 123
- Executive Fund 124
- Executive Fund - Budgetary to GAAP Reconciliation 125

Support of Modified Approach for Kansas Department of Transportation Infrastructure Reporting 126

Schedule of Changes in the State's Death & Disability Total OPEB Liability and Related Ratios 129

Schedule of the State's Proportionate Share of the Net Pension Liability 130

Schedule of State Contributions 131

Table of Contents Concluded

OTHER SUPPLEMENTARY INFORMATION 134

Listing of Non-major Governmental Funds 135
Combining Balance Sheet – Governmental Non-major Funds 137
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Non-major Funds 146
Listing of Non-major Proprietary Funds 155
Combining Statement of Net Position – Proprietary Non-major Funds 156
Combining Statement of Revenues, Expenditures, and Changes in Net Position – Proprietary Non-major Funds 157
Listing of Non-major Internal Service Funds 158
Combining Statement of Net Position – Non-major Internal Service Funds 159
Combining Statement of Revenues, Expenditures, and Changes in Net Position – Non-major Internal Service Funds 161

STATISTICAL SECTION: (Unaudited) 163

Financial Trends
Net Position by Type 165
Changes in Net Position 166
Revenues and Other Changes in Net Position 167
Fund Balances, Governmental Funds 168
Changes in Fund Balances, Governmental Funds 169
Revenue Capacity
Personal Income by Industry 170
Debt Capacity
Long Term Debt Obligations 171
Demographic and Economic Information
Kansas Demographic Statistics 172
Principal Employers in Kansas 173
Operating Information
Full-time Equivalent State Government Employees by Function/Program 174

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 175

INTRODUCTION

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

Kansas
Department of Administration

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

DeAngela Burns-Wallace, Secretary

Laura Kelly, Governor

December 15, 2020

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 66th Annual Financial Report of the State of Kansas for the fiscal year ended June 30, 2020, as provided by Kansas Statutes Annotated (K.S.A.) 75-3735. This Comprehensive Annual Financial Report (CAFR) has been prepared in conformance with generally accepted accounting principles (GAAP). The objective is to provide a clear picture of the government as a single, unified entity as well as providing traditional fund based financial statements.

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

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

The State's financial statements have been audited by CliftonLarsonAllen LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State of Kansas for the fiscal year ended June 30, 2020, are free of material misstatement. This independent audit was part of the federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards here also require the auditor to report on the State of Kansas' internal controls and compliance with legal requirements. A copy of the separately issued Single Audit Report can be obtained from the Office of Accounts and Reports.

PROFILE OF THE GOVERNMENT

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

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

FINANCIAL INFORMATION

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

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

CASH MANAGEMENT

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

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

RISK MANAGEMENT

The State maintains a combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished through risk management and various outside entity commercial insurance providers. It is the policy of the State to cover the risk of certain losses to which it may be exposed through risk management activities. In general, the State is self-insured for certain health care claims (five of the nine medical health plan options, prescription drug and dental), State employee workers' compensation, long-term disability, tort liability, personal and real property losses up to the applicable deductibles (except where separate coverage is required by bond covenant). The State has commercial vehicle liability coverage on all vehicles, with $500,000 deductibles, and a statewide commercial policy on personal and real property with $5,000,000 deductibles (except where separate coverage is required by bond covenant).

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

PENSION TRUST FUND OPERATIONS

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

ACKNOWLEDGEMENTS

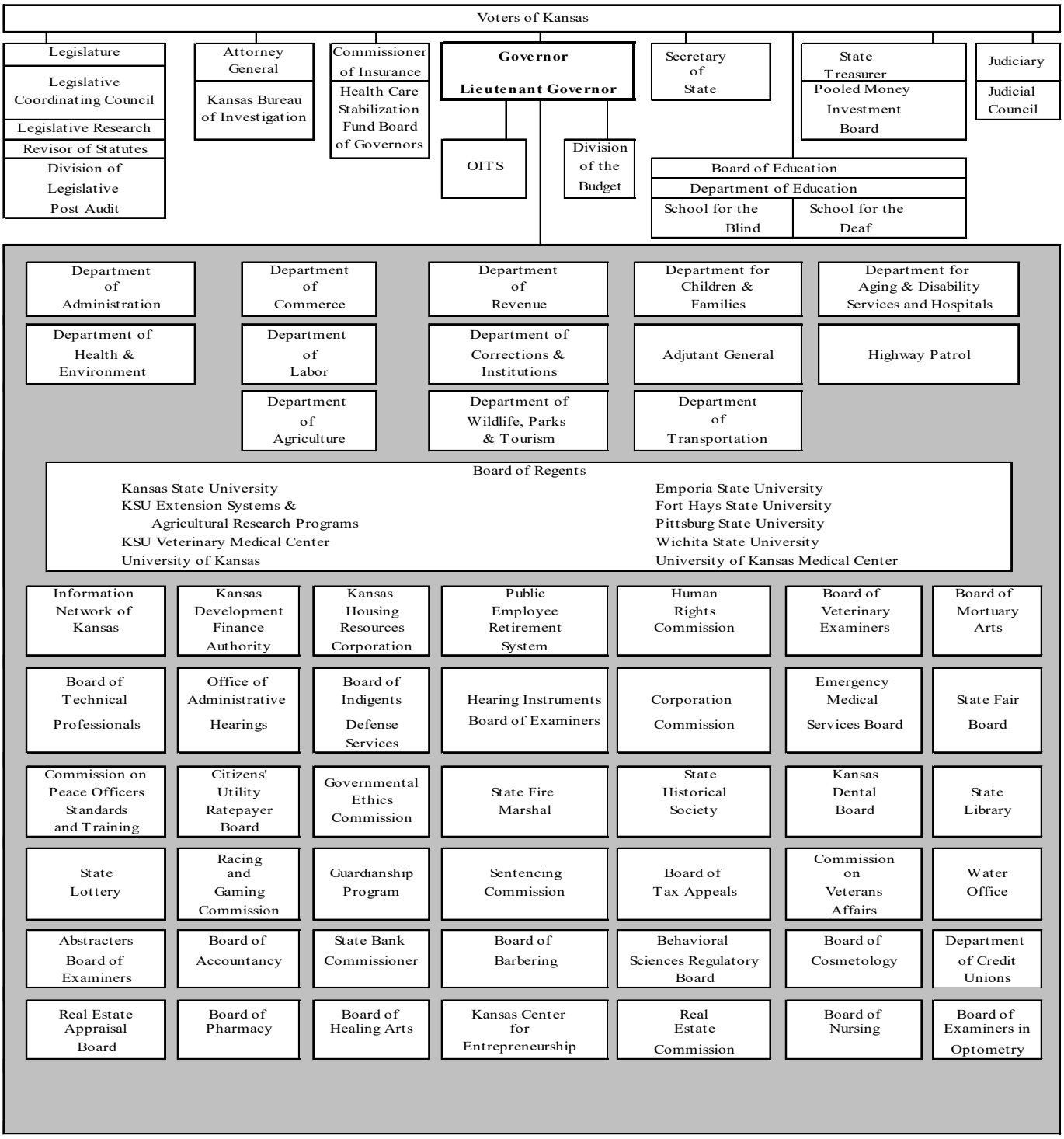
I wish to express my sincere thanks to the Office of Accounts and Reports Team. It is through their relentless efforts that this report was possible. I would also like to acknowledge the many other individuals in the State agencies, universities and component units. The efforts and responsiveness of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

Sincerely,



Jocelyn Gunter
Director, Office of Accounts and Reports

State of Kansas
June 30, 2020



Executive Branch

Governor
Laura Kelly

Lieutenant Governor
Lynn Rogers

Secretary of State
Scott Schwab

State Treasurer
Jake LaTurner

Attorney General
Derek Schmidt

Commissioner of Education
Randy Watson

Commissioner of Insurance
Vicki Schmidt

Legislative Branch

Speaker of the House of Representatives
Ron Ryckman

Speaker Pro Tempore of the House of Representatives
Blaine Finch

President of the Senate
Susan Wagle

Vice President of the Senate
Jeff Longbine

Chief Clerk of the House of Representatives
Susan W. Kannarr

Secretary of Senate
Corey Carnahan

Legislative Coordinating Council Chair
Sen. Susan Wagle

Legislative Research Director
J.G. Scott

Judicial Branch

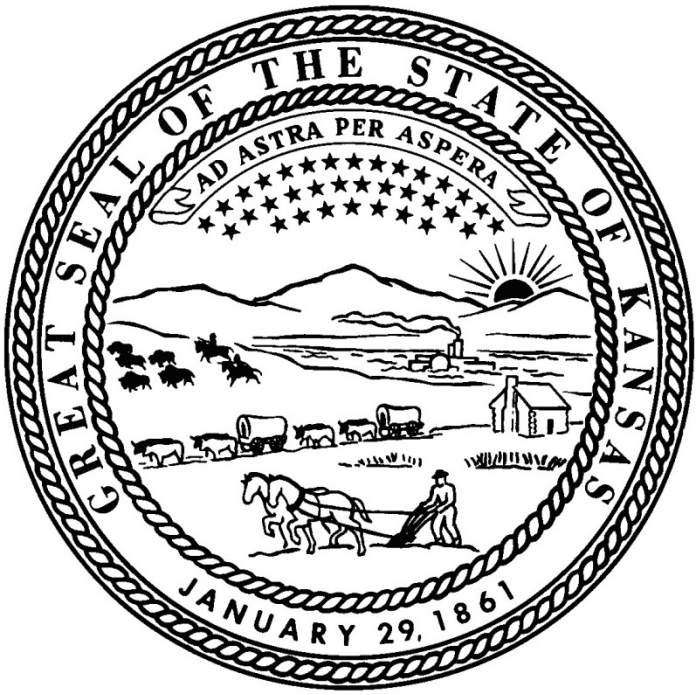
Supreme Court of Kansas Chief Justice
Marla J. Luckert

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

Court of Appeals Chief Judge
Karen Arnold-Burger

Judicial Council Executive Director
Nancy J. Strouse

Judicial Administrator
Nancy M. Dixon



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FINANCIAL

SECTION



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Kansas, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

We did not audit the financial statements of the various component units of the six state universities, which represent 54 percent, 60 percent and 30 percent, respectively, of the assets and deferred outflows of resources, net position, and revenues of the discretely presented component units, the Kansas Development Finance Authority (KDFA) which represents less than 1 percent, less than 1 percent, and less than 1 percent, respectively, of assets and deferred outflows of resources, net position, and revenues of the discretely presented component units, the Kansas Center for Entrepreneurship (KCE) which represents less than 1 percent, less than 1 percent, and less than 1 percent, respectively, of assets and deferred outflows of resources, net position, and revenues of the discretely presented component units, the Kansas Turnpike Authority (KTA) which represents 9 percent, 10 percent, and 4 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 9 percent, respectively, of the assets and deferred outflows of resources, net position and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units of the six state universities, KDFA, KCE, KTA, and INK in the aggregate discretely presented component units, and Kansas Lottery in the aggregate remaining fund information, is based solely on the reports of other auditors.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Kansas as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the information needed to support the modified approach for infrastructure reporting, the OPEB schedule of funding progress, schedule of the State's proportionate share of the net pension liability and the schedule of state contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed and described above, and the report of other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 15, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the State of Kansas Comprehensive Annual Financial Report (CAFR) is provided for readers of the financial statements for the fiscal year ended June 30, 2020. 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, 2020 by $11.9 billion (presented as "net position"). Of this amount a negative $2.1 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 $460.6 million (4.03 percent) in fiscal year 2020. Net position of governmental activities increased by $581.5 million (5.91 percent), and net position of the business-type activities decreased $120.9 million (7.60 percent).

Fund highlights:

- For fiscal year 2020, the governmental funds reported a combined ending fund balance of $2.5 billion, an increase of $0.3 billion in comparison with the prior year. Of the total amount, $718.4 million represents the fund balance of the Non-Major Governmental funds. The General Fund reported an unassigned fund balance for fiscal year 2020 of a positive $550.9 million, as compared to the prior year unassigned balance of a positive $447.6 million. See page 17 for additional information on the General Fund budget.

Long-term debt:

- The State's total long-term debt obligation (including bonds payable on demand) showed a net decrease of $168.6 million (2.22 percent) during the current year. This net decrease was primarily due to net decreases in bonds outstanding of $316.4 million, offset by increases of $98.8 million and $44.6 million due to capital leases payable and claims and judgements, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

The fiduciary funds are the Kansas Public Employees Retirement Fund, the Investment Trust Fund (which accounts for the transactions, assets, liabilities and fund equity of the external investment pool), and the Agency Funds (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 $11.9 billion at the end of 2020, compared to $11.43 billion at the end of the previous year, an increase of 4.03 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 5,565,000	$ 4,238,327	$ 1,962,104	$ 2,127,955	$ 7,527,104	$ 6,366,282
Capital assets	14,074,140	13,918,662	3,705	4,555	14,077,845	13,923,217
Total assets	19,639,140	18,156,989	1,965,809	2,132,510	21,604,949	20,289,499
Accumulated decrease in fair value hedging	7,239	6,675	0	0	7,239	6,675
Deferred amounts on refunding	19,994	25,790	1,175	3,526	21,169	29,316
Deferred outflows - pensions	355,610	337,487	1,184	1,231	356,794	338,718
Deferred outflows - OPEB	7,022	6,970	14	0	7,036	6,970
Total deferred outflows	389,865	376,922	2,373	4,757	392,238	381,679
Non-current liabilities	7,005,114	7,104,346	431,175	500,540	7,436,289	7,604,886
Other liabilities	2,477,177	1,402,935	67,536	46,185	2,544,713	1,449,120
Total liabilities	9,482,291	8,507,281	498,711	546,725	9,981,002	9,054,006
Deferred inflows - pensions	121,649	185,590	285	490	121,934	186,080
Deferred inflows - OPEB	7,990	5,419	19	21	8,009	5,440
Total deferred inflows	129,639	191,009	304	511	129,943	191,520
Net investment in capital assets	10,549,360	10,262,233	3,705	4,555	10,553,065	10,266,788
Restricted	1,973,947	1,642,511	1,477,151	1,599,217	3,451,098	3,241,728
Unrestricted	(2,106,232)	(2,069,123)	(11,689)	(13,741)	(2,117,921)	(2,082,864)
Total net position	$ 10,417,075	$ 9,835,621	$ 1,469,167	$ 1,590,031	$ 11,886,242	$ 11,425,652

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

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

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

	Component Units	
	2020	2019
Current and other assets	$ 5,446,757	$ 5,370,251
Capital assets	4,477,833	4,407,113
Total assets	9,924,590	9,777,364
Deferred amounts on refunding	7,983	11,274
Deferred outflows - pensions	35,988	39,125
Deferred outflows - OPEB	5,109	3,605
Total deferred outflows	49,080	54,004
Non-current liabilities	2,093,069	2,178,066
Other liabilities	413,861	419,273
Total liabilities	2,506,930	2,597,339
Deferred inflows - pensions	40,805	43,161
Deferred inflows - OPEB	10,223	5,834
Deferred amount on refunding	2,405	730
Total deferred inflows	53,433	49,725
Net investment in capital assets	2,860,744	2,688,258
Restricted	3,638,332	3,622,094
Unrestricted	914,231	873,952
Total net position	$ 7,413,307	$ 7,184,304

Changes in Net Position – Primary Government

Net position increased by $460.6 million. Approximately 53.1 percent of the total revenue came from taxes, while 27.4 percent resulted from grants and contributions (including federal aid). Charges for various goods and services provided 11.1 percent of the total revenues. Expenses cover a range of services. The largest expenses of total expenses were for education (37.3 percent), human resources (19.0 percent), and health and environment (17.3 percent).

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	$ 1,019,771	$ 955,624	$ 926,171	$ 1,033,645	$ 1,945,942	$ 1,989,269
Operating grants and contributions	4,751,331	4,033,653	1,489	881	4,752,820	4,034,534
Capital grants and contributions	40,983	162,970	26,733	25,632	67,716	188,602
General revenues:						
Taxes						
Property taxes	770,483	739,403	0	0	770,483	739,403
Income and inheritance taxes	4,165,859	4,387,339	0	0	4,165,859	4,387,339
Sales and excise taxes	3,988,320	3,920,659	0	0	3,988,320	3,920,659
Gross receipts taxes	423,398	400,594	0	0	423,398	400,594
Investment earnings	51,014	52,635	51,187	44,699	102,201	97,334
Other revenue	494,410	545,993	891,007	(1,075)	1,385,417	544,918
Total revenues	15,705,569	15,198,870	1,896,587	1,103,782	17,602,156	16,302,652
Expenses:						
General government	801,776	738,005	0	0	801,776	738,005
Human resources	3,254,522	2,970,240	0	0	3,254,522	2,970,240
Education	6,394,277	6,146,720	0	0	6,394,277	6,146,720
Public safety	706,925	613,587	0	0	706,925	613,587
Agriculture and natural resources	145,469	136,345	0	0	145,469	136,345
Highways and other transportation	815,065	749,537	0	0	815,065	749,537
Health and environment	2,968,528	2,824,494	0	0	2,968,528	2,824,494
Interest expense	183,730	200,355	0	0	183,730	200,355
Water pollution and safety	0	0	10,588	16,321	10,588	16,321
Health care stabilization	0	0	29,814	52,468	29,814	52,468
Unemployment insurance	0	0	1,372,249	132,918	1,372,249	132,918
Workers' compensation	0	0	4,113	3,956	4,113	3,956
Lottery	0	0	454,499	518,400	454,499	518,400
Intergovernmental transfer program	0	0	2	2	2	2
Transportation revolving fund	0	0	9	9	9	9
Total expenses	15,270,292	14,379,283	1,871,274	724,074	17,141,566	15,103,357
Increase (decrease) in net assets before transfers	435,277	819,587	25,313	379,708	460,590	1,199,295
Transfers	146,177	174,920	(146,177)	(174,920)	0	0
Change in net position	581,454	994,507	(120,864)	204,788	460,590	1,199,295
Net position, beginning of year	9,835,621	8,841,114	1,590,031	1,385,243	11,425,652	10,226,357
Net position, end of year	$ 10,417,075	$ 9,835,621	$ 1,469,167	$ 1,590,031	$ 11,886,242	$ 11,425,652

Changes in Net Position – Component Units

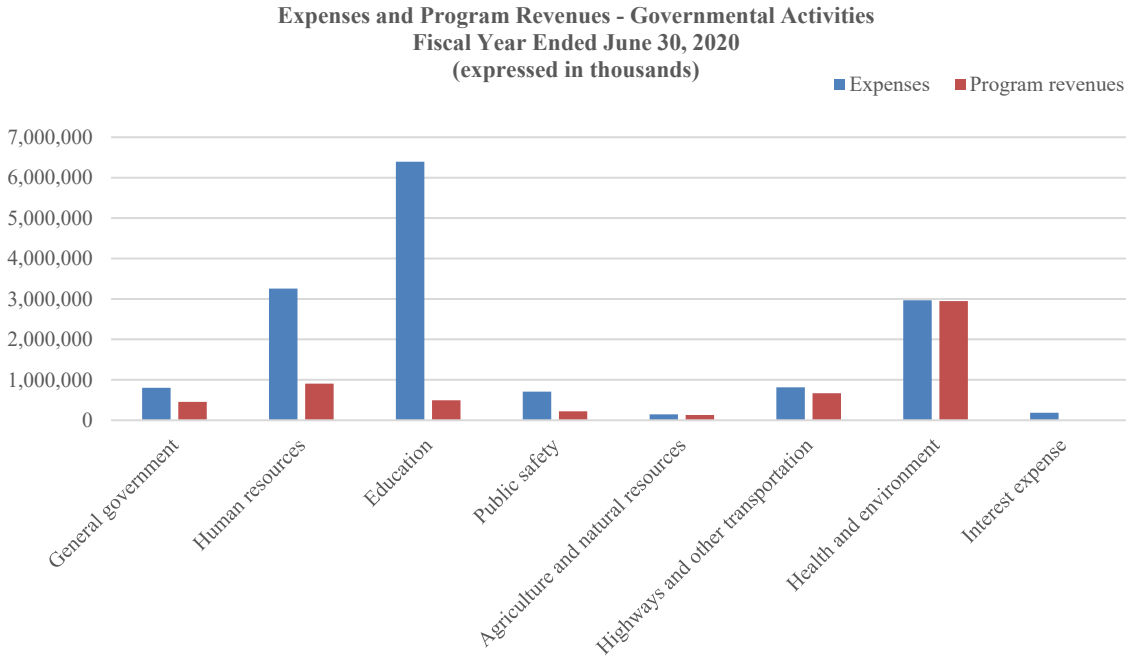
Component unit net position increased by $229.0 million or 3.2 percent. Charges for various goods and services provided 41.12 percent of the total revenues. Approximately 32.4 percent of the total revenue came from other revenue, while 23.7 percent resulted from grants and contributions (including federal aid). Expenses cover a range of services and are shown below by component unit.

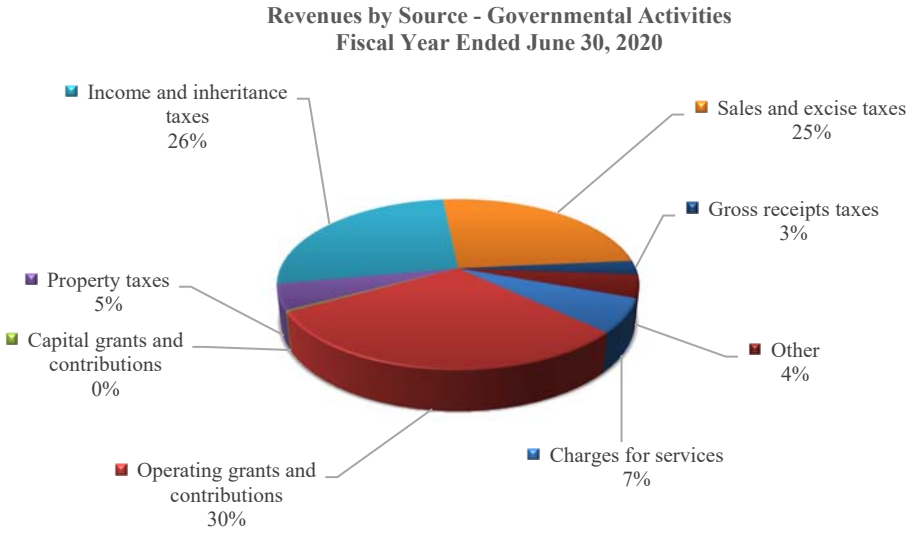
State of Kansas Changes in Net Position – Component Unit
(expressed in thousands)

	Component Units	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	$ 1,511,265	$ 1,565,243
Operating grants and contributions	796,839	725,298
Capital grants and contributions	75,480	68,953
General revenues:		
Taxes		
Property Tax	8,324	8,038
Sales & excise Tax	0	0
Gross receipts taxes	0	0
Investment earnings	92,999	192,166
Other revenue	1,189,973	1,245,489
Total revenues	3,674,880	3,805,187
Expenses:		
Kansas Turnpike Authority	102,551	94,109
Kansas Development Finance Authority	1,660	1,716
Information Network of Kansas, Inc.	316	689
State University System	3,244,022	3,208,923
Kansas Center for Entrepreneurship	3,054	2,989
Kansas Housing Resources Corp.	94,274	88,916
Total expenses	3,445,877	3,397,342
Change in net position	229,003	407,845
Net position, beginning of year	7,184,304	6,759,419
Revisions to beginning net position	0	17,040
Net position, beginning of year (restated)	7,184,304	6,776,459
Net position, end of year	$ 7,413,307	$ 7,184,304

Governmental Activities

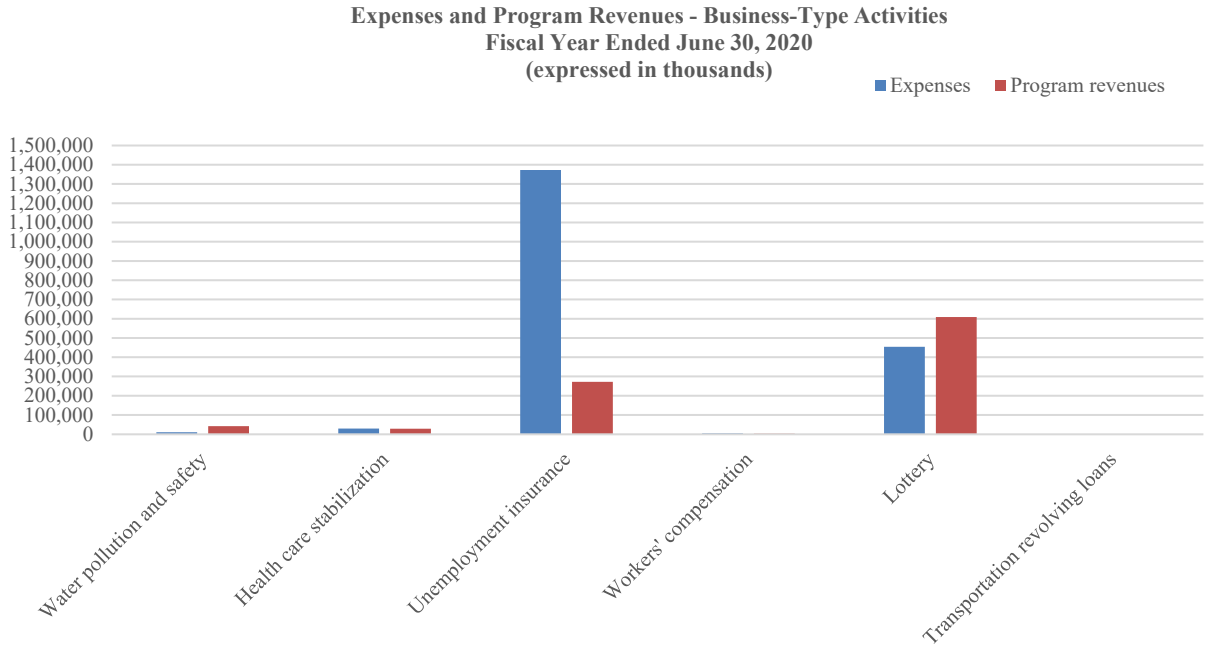
Governmental activities increased net position by $581.5 million in fiscal year 2020. For the State's governmental activities, a comparison of the cost of services by function along with program revenues and a summary of revenues by source are shown below:

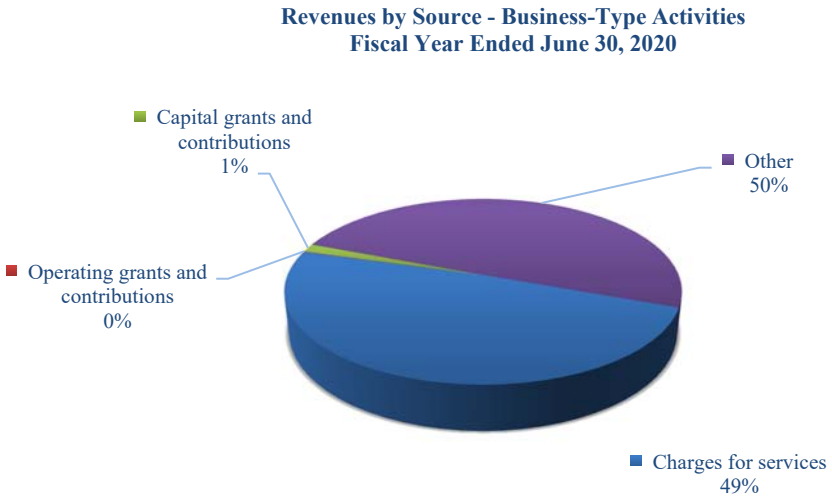




Business-Type Activities

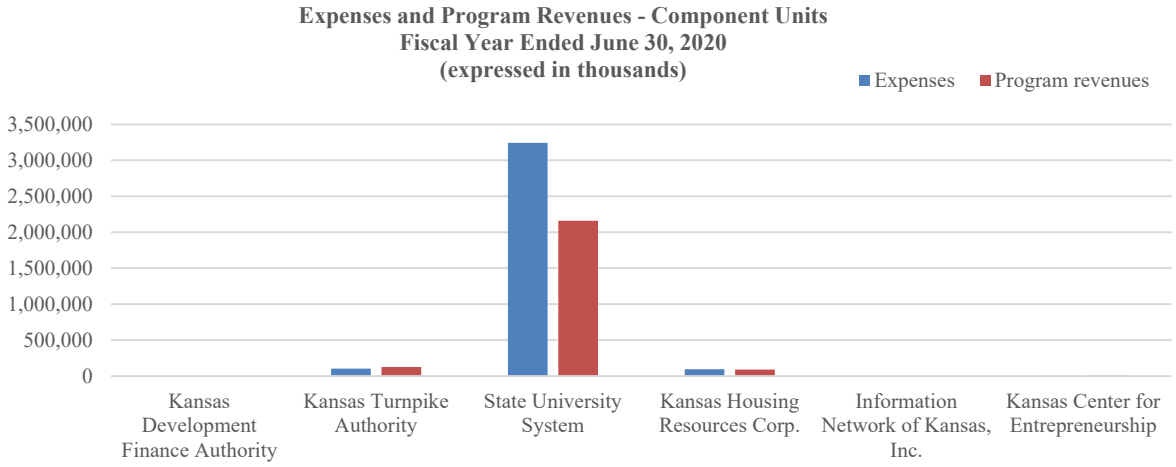
The State's business-type activities decreased the net position of the State by $120.9 million. For the State's business-type activities a comparison of the cost of services by function along with program revenues and a summary of revenues by source are shown below:

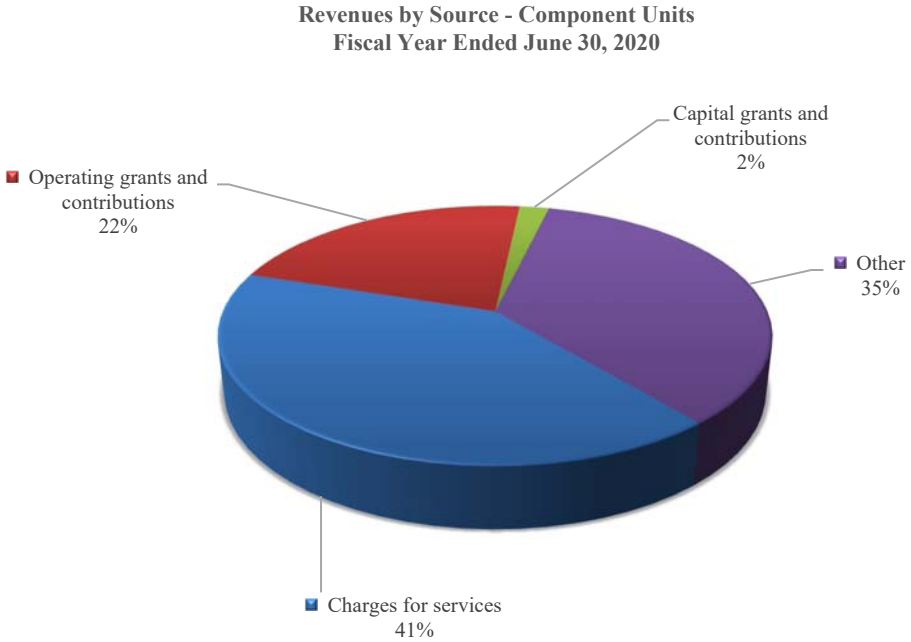




Component Units

The State's component units increased the net position of the State by $229.0 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 2020, the governmental funds reported a combined ending fund balance of $2.5 billion, an increase of $0.3 billion in comparison with the prior year. Part of this fund balance is nonspendable to indicate that it is not available for spending. The major portion of the Fund balance is restricted by the enabling legislation and purpose restricted grant funds.

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, unassigned fund balance of the General Fund was a positive $550.9 million, while the total fund balance was a positive $556.1 million. During fiscal year 2020, the State experienced increased revenue in sales and excise taxes and gross receipts tax. The cash and investment balance is approximately $555.4 million lower in fiscal year 2020 than it was in fiscal year 2019.

Proprietary Funds

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

As discussed in the business-type activities previously, the State's net position decreased by $120.9 million as a result of operations in the proprietary funds. This decrease resulted from a $28.4 million increase in the Water Funds, a $176.4 million decrease in the Unemployment Insurance Fund and a $25.9 million increase in the Health Care Stabilization Fund. There was an increase of $1.3 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 $229.0 million. The Kansas Turnpike accounted for $28.8 million of the increase in net position. The State University System accounted for an increase of $195.7 million. The other four component units accounted for an increase in net position of approximately $4.6 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2020, differences existed between the original budget, the revised budget, and the actual budget at the close of the fiscal year. Revenue estimates were revised downward by approximately $606.5 million over the original estimate. Fiscal year 2020 ended with revenues $200.3 million above the revised estimate.

Original estimates for expenditures for fiscal year 2020 were increased by $27.9 million in the revised budget for the fiscal year. Fiscal year 2020 ended with expenditures $341.8 million below the revised estimates.

The original budget estimate provided for revenues less than expenditures of $495.4 million. The final budget provided for $1.13 billion of revenues less than expenditures. Subsequently, fiscal year 2020 was closed with revenues less than expenditures of $588.3 million.

Looking ahead to fiscal year 2021, the primary area that will affect budget outcomes is the financial and economic impacts of the COVID-19 pandemic on the State of Kansas and local governments, residents, and businesses.

The State received Coronavirus Relief Funds in the amount of approximately $1.0 billion under the CARES Act. That amount has been allocated for disbursement to County governments, to state agencies for Programs and Projects and expenditure reimbursements. See the COVID-19 disclosure information provided in Note IV. J to the financial statements.

In June 2020, in accordance with K.S.A. 75-3722, the Director of the Division of the Budget advised the Secretary of Administration that the expected resources of the State General Fund were likely to be insufficient to cover appropriations made against it. In accordance with the statute an allotment system was imposed effective July 1, 2020, to ensure that State General Fund expenditures in state fiscal year 2021 would not exceed State General Fund resources. Agencies were notified of the Allotments and impacts to their agencies by the Secretary of Administration.

The Consensus Revenue Estimating Group met on November 6, 2020, to revise State General Fund revenue estimates for fiscal year 2021 and make its first official assessment of fiscal year 2022. For fiscal year 2021, the estimate was increased by $477.2 million, or 6.6 percent, above the previous estimate made in April 2020. The revised estimate of $7.7 billion represents 11.7 percent above final fiscal year 2020 receipts. For fiscal year 2022, it is estimated that revenues will decrease by $224.1 million, or 2.9 percent, below the newly revised fiscal year 2021 figure. The initial estimate for fiscal year 2022 is $7.5 billion

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

State investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to $14.1 billion. This investment in capital assets includes land, buildings, improvements, equipment, intangible assets, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads and bridges.

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

The total increase in the investment in capital assets for governmental and business-type activities for the current fiscal year was 1.11 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 $75.8 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 $168.6 million during the current fiscal year. This net decrease was primarily due to net decreases in bonds outstanding of $316.4 million, offset by increases of $98.8 million and $44.6 million due to capital leases payable and claims and judgements, respectively.

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

ECONOMIC FACTORS

The Kansas economy has been slow to recover from the severe contraction of the spring of 2020 and is expected to continue a slow recovery through fiscal year 2022. The forecasted rates of growth in the Kansas economy have been reduced for calendar year 2020; however, anticipated growth in calendar years 2021 and 2022 have improved. Nominal Gross State Product is now expected to decrease by 3.7 percent in calendar year 2020, down from the previous projected decline of 3.4 percent. Nominal Gross State Product is expected to grow by 3.6 percent and 3.8 percent in calendar years 2021 and 2022, respectively. This represents increases from the previous estimates of 3.4 percent and 3.7 percent.

Current estimates indicate the overall Kansas unemployment rate, which was 3.2 percent in calendar year 2019, is expected to nearly double in calendar year 2020 to 6.3 percent, which is down slightly from 6.4 percent at the April 2020 estimate. Kansas unemployment rates are now forecasted to drop to 4.3 percent in calendar year 2021, which is down from a forecast of 5.9 percent at the time of the previous estimate, and further recover to 3.8 percent in calendar year 2022. The Kansas unemployment rates are expected to remain below the National rates.

The number of unemployed Kansans and the number of unemployment insurance claims increased substantially from September 2019 to September 2020. There were 7,231 individuals receiving unemployment insurance benefits in September 2019 and 89,518 individuals receiving unemployment insurance benefits in September 2020. The September 2020 unemployment figures are down from the May 2020 peak of 123,520.

Since October 2019, Kansas seasonally adjusted total nonfarm jobs have declined by 53,000. This change is due to a decrease of 41,300 private sector jobs and 11,700 government jobs. The total number of people in the labor force increased slightly in 2019 and early 2020 and the labor force participation rate also increased in 2019 and early 2020. After the COVID-19 pandemic was declared, both the labor force and labor force participation figures sharply declined but appear to be slowly recovering.

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

Fiscal Year 2020 State General Fund Allotments

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

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

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

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

REQUESTS FOR INFORMATION

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

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

Financial Statements

Government Wide - Statement of Net Position
June 30, 2020
(expressed in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals	Component Units
ASSETS				
Cash and cash equivalents	$ 3,114,819	$ 162,663	$ 3,277,482	$ 698,607
Investments	347,721	181,066	528,787	497,172
Receivables (net)	1,858,371	612,539	2,470,910	699,339
Due from primary government:				
Investment in direct financing leases, due within one year	0	0	0	375
Investment in direct financing leases, due in more than one year	0	0	0	400
Internal balances	2,447	(2,447)	0	0
Inventories	42,396	2,768	45,164	16,812
Other current assets	0	0	0	31,120
Restricted cash and cash equivalents	198,182	711,378	909,560	194,318
Restricted investments	0	294,137	294,137	3,288,464
Capital assets not being depreciated	12,845,452	0	12,845,452	931,737
Capital assets, net of accumulated depreciation	1,228,688	3,705	1,232,393	3,546,096
Other noncurrent assets	1,064	0	1,064	20,150
Total assets	19,639,140	1,965,809	21,604,949	9,924,590
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	7,239	0	7,239	0
Deferred amounts on refunding	19,994	1,175	21,169	7,983
Deferred outflows - pensions	355,610	1,184	356,794	35,988
Deferred outflows - OPEB	7,022	14	7,036	5,109
Total deferred outflows of resources	389,865	2,373	392,238	49,080
LIABILITIES				
Accounts payable and other current liabilities	1,433,146	30,632	1,463,778	291,483
Due to component unit:				
Lease revenue bonds payable, due within one year	375	0	375	0
Lease revenue bonds payable, due in more than one year	400	0	400	0
Unearned revenue	1,028,782	36,904	1,065,686	122,348
Derivative instrument - interest rate swap	14,474	0	14,474	0
Due to others	0	0	0	30
Noncurrent liabilities:				
Due within one year	360,563	69,111	429,674	167,348
Due in more than one year	6,644,551	362,064	7,006,615	1,925,721
Total liabilities	9,482,291	498,711	9,981,002	2,506,930
DEFFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	121,649	285	121,934	40,805
Deferred inflows - OPEB	7,990	19	8,009	10,223
Deferred amounts on refunding	0	0	0	2,405
Total deferred inflows of resources	129,639	304	129,943	53,433
NET POSITION				
Net investment in capital assets	10,549,360	3,705	10,553,065	2,860,744
Restricted for:				
Capital projects	55,002	0	55,002	277,680
Debt service	93,558	280	93,838	71,854
Nonexpendable	0	0	0	1,570,585
Other purposes	893,074	1,476,871	2,369,945	1,718,213
Highways and other transportation	932,313	0	932,313	0
Unrestricted	(2,106,232)	(11,689)	(2,117,921)	914,231
Total net position	$ 10,417,075	$ 1,469,167	$ 11,886,242	$ 7,413,307

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, 2020
(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	$ 801,776	$ 340,634	$ 112,280	$ 150
Human resources	3,254,522	147,895	756,353	0
Education	6,394,277	5,847	486,254	0
Public safety	706,925	81,299	137,560	9
Agriculture and natural resources	145,469	87,822	40,736	143
Highways and other transportation	815,065	221,245	406,505	40,681
Health and environment	2,968,528	135,029	2,811,643	0
Interest expense	183,730	0	0	0
Total governmental activities	15,270,292	1,019,771	4,751,331	40,983
Business-type activities:				
Water pollution and safety	10,588	14,818	0	26,733
Health care stabilization	29,814	28,554	0	0
Unemployment insurance	1,372,249	270,971	1,489	0
Workers' compensation	4,113	2,578	0	0
Lottery	454,499	609,054	0	0
Intergovernmental transfer program	2	37	0	0
Transportation revolving loans	9	159	0	0
Total business-type activities	1,871,274	926,171	1,489	26,733
Total primary government	$ 17,141,566	$ 1,945,942	$ 4,752,820	$ 67,716
Component units:				
Kansas Turnpike Authority	$ 102,551	$ 124,518	$ 0	$ 0
Kansas Development Finance Authority	1,660	1,717	0	0
Kansas Center for Entrepreneurship	3,054	3,620	794	0
Information Network of Kansas, Inc.	316	1,336	0	0
State University System	3,244,022	1,375,720	709,467	75,480
Kansas Housing Resources Corporation	94,274	4,354	86,578	0
Total component units	$ 3,445,877	$ 1,511,265	$ 796,839	$ 75,480

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
	$ (348,712)	$ 0	$ (348,712)	$ 0
	(2,350,274)	0	(2,350,274)	0
	(5,902,176)	0	(5,902,176)	0
	(488,057)	0	(488,057)	0
	(16,768)	0	(16,768)	0
	(146,634)	0	(146,634)	0
	(21,856)	0	(21,856)	0
	(183,730)	0	(183,730)	0
	(9,458,207)	0	(9,458,207)	0
	0	30,963	30,963	0
	0	(1,260)	(1,260)	0
	0	(1,099,789)	(1,099,789)	0
	0	(1,535)	(1,535)	0
	0	154,555	154,555	0
	0	35	35	0
	0	150	150	0
	0	(916,881)	(916,881)	0
	$ (9,458,207)	$ (916,881)	$ (10,375,088)	$ 0
	$ 0	$ 0	$ 0	$ 21,967
	0	0	0	57
	0	0	0	1,360
	0	0	0	1,020
	0	0	0	(1,083,355)
	0	0	0	(3,342)
	0	0	0	(1,062,293)
General revenues:				
Taxes:				
Property tax	$ 770,483	$ 0	$ 770,483	$ 8,324
Income and inheritance tax	4,165,859	0	4,165,859	0
Sales and excise tax	3,988,320	0	3,988,320	0
Gross receipts tax	423,398	0	423,398	0
Investment earnings	51,014	51,187	102,201	92,999
Other revenue	494,410	891,007	1,385,417	1,189,973
Transfers	146,177	(146,177)	0	0
Total general revenues	10,039,661	796,017	10,835,678	1,291,296
Change in net position	581,454	(120,864)	460,590	229,003
Net position - beginning	9,835,621	1,590,031	11,425,652	7,184,304
Net position - ending	$ 10,417,075	$ 1,469,167	$ 11,886,242	$ 7,413,307

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

	General	Social Services	Health and Environment	Education	Transporta-tion	Executive	Non-major Governmental	Total Governmental
ASSETS								
Cash and cash equivalents	$ 604,496	$ 131,966	$ 195,002	$ 13,322	$ 526,666	$ 1,019,303	$ 545,917	$ 3,036,672
Investments	0	0	0	0	335,182	0	12,539	347,721
Receivables, net	1,276,767	111,480	233,750	422	103,181	0	125,903	1,851,503
Due from other funds	27,089	5,772	27,568	0	93	0	128,034	188,556
Inventories	5,196	306	0	0	24,320	0	4,457	34,279
Advances to other funds	0	0	0	0	0	0	176,776	176,776
Restricted cash and cash equivalents	0	0	0	0	0	0	133,896	133,896
Total assets	$ 1,913,548	$ 249,524	$ 456,320	$ 13,744	$ 989,442	$ 1,019,303	$ 1,127,522	$ 5,769,403
LIABILITIES								
Accounts payable and other current liabilities	$ 646,101	$ 120,154	$ 248,137	$ 2,553	$ 70,889	$ 51	$ 290,808	$ 1,378,693
Due to other funds	158,593	13	0	0	0	0	27,416	186,022
Advances from other funds	175,915	47	0	0	0	0	787	176,749
Unearned revenue	0	0	0	0	19,865	1,006,798	2,119	1,028,782
Total liabilities	980,609	120,214	248,137	2,553	90,754	1,006,849	321,130	2,770,246
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - taxes	376,827	33	11	0	22,957	0	103	399,931
Unavailable revenue - other	0	5,866	49,076	0	0	0	87,928	142,870
Total deferred inflows of resources	376,827	5,899	49,087	0	22,957	0	88,031	542,801
FUND BALANCES								
Nonspendable:								
Long-term receivables	0	0	0	0	5,224	0	0	5,224
Inventory	5,196	306	0	0	24,320	0	4,457	34,279
Restricted for:								
Capital projects	0	0	0	0	0	0	55,002	55,002
Debt service	0	0	0	0	0	0	143,565	143,565
General government	0	0	0	0	0	0	252,143	252,143
Human resources	0	123,105	0	0	0	0	55,263	178,368
Education	0	0	0	11,191	0	12,454	7,243	30,888
Public safety	0	0	0	0	0	0	74,875	74,875
Agriculture and natural resources	0	0	0	0	0	0	98,946	98,946
Highways and other transportation	0	0	0	0	846,187	0	63,169	909,356
Health and environment	0	0	159,096	0	0	0	0	159,096
Unassigned	550,916	0	0	0	0	0	(36,302)	514,614
Total fund balance	556,112	123,411	159,096	11,191	875,731	12,454	718,361	2,456,356
Total liabilities, deferred inflows of resources, and fund balance	$ 1,913,548	$ 249,524	$ 456,320	$ 13,744	$ 989,442	$ 1,019,303	$ 1,127,522	$ 5,769,403

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

(Continued)

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

	Total Governmental
Reconciliation to the Statement of Net Position:	
Total fund balance from previous page	$ 2,456,356
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds:	
Capital assets not being depreciated	12,845,452
Capital assets being depreciated	1,228,688
Internal service funds included in above	(55,113)
Other noncurrent assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Derivatives	7,239
Other noncurrent assets	1,064
Deferred refunding	19,994
Deferred outflows - pensions	355,610
Deferred outflows - OPEB	7,022
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Notes payable	(8,314)
Capital leases payable	(238,007)
Revenue bonds payable	(3,977,985)
Pollution remediation	(77,059)
Unamortized premium discount	(245,134)
Total OPEB liability	(49,710)
Net pension liability	(1,898,115)
Compensated absences	(119,150)
Claims and judgments	(142,186)
Special assessment payable	(115)
KPERS Employer liability	(249,339)
Due to component unit (lease revenue bonds payable)	(775)
Arbitrage and derivative liabilities	(14,474)
Accrued interest	(50,007)
Internal service funds included in above	112,112
Other deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds:	
Deferred inflows - pensions	(121,649)
Deferred inflows - OPEB	(7,990)
Deferred inflows of resources adjustment for revenue unavailable at the fund level	542,801
Internal service funds: the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	95,859
Net position of governmental activities	$ 10,417,075

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, 2020
(expressed in thousands)

	General	Social Services	Health and Environment	Education	Transporta-tion	Executive	Non-major Governmental	Total Governmental
Revenues:								
Property tax	$ 13	$ 0	$ 0	$ 707,903	$ 0	$ 0	$ 62,568	$ 770,484
Income and inheritance tax	4,228,025	0	0	0	0	0	22,244	4,250,269
Sales and excise tax	3,113,300	3,165	738	11,688	846,517	0	13,295	3,988,703
Gross receipts tax	173,518	0	225,925	0	0	0	23,953	423,396
Charges for services	30,610	126,959	149,917	4,944	221,245	0	508,634	1,042,309
Operating grants	0	742,109	2,819,905	482,815	400,119	57,332	202,846	4,705,126
Capital grants	0	0	0	0	40,725	0	104	40,829
Investment earnings	28,306	542	826	7	12,583	36	8,815	51,115
Other revenues	13,638	12,750	280,328	62,055	6,554	102	74,181	449,608
Total revenues	7,587,410	885,525	3,477,639	1,269,412	1,527,743	57,470	916,640	15,721,839
Expenditures:								
Current:								
General government	289,455	0	0	0	0	27,623	473,502	790,580
Human resources	1,214,082	1,962,003	0	0	0	0	70,812	3,246,897
Education	4,834,136	0	0	1,472,065	0	0	87,060	6,393,261
Public safety	543,613	0	0	0	0	0	293,706	837,319
Agriculture and natural resources	11,309	0	0	0	0	0	143,753	155,062
Highways and other transportation	0	0	0	0	833,442	0	29,572	863,014
Health and environment	623,895	0	2,335,482	0	0	0	9,326	2,968,703
Debt service:								
Principal	10,455	1,084	59	0	0	0	243,278	254,876
Interest	19,111	979	37	0	0	0	193,288	213,415
Total expenditures	7,546,056	1,964,066	2,335,578	1,472,065	833,442	27,623	1,544,297	15,723,127
Excess of revenues over (under) expenditures	41,354	(1,078,541)	1,142,061	(202,653)	694,301	29,847	(627,657)	(1,288)
Other financing sources (uses):								
Sale of assets	0	0	0	0	0	0	874	874
Issuance of bonds	0	0	0	0	0	0	74,450	74,450
Issuance of capital leases	108,124	0	1,134	0	0	0	1,317	110,575
Premium on issuance of debt	0	0	0	0	0	0	11,318	11,318
Payment to refunded bonds escrow agent	0	0	0	0	0	0	(66,194)	(66,194)
Transfers, net	(46,194)	1,135,347	(1,122,095)	205,225	(523,291)	(20,632)	520,270	148,630
Total other financing sources (uses)	61,930	1,135,347	(1,120,961)	205,225	(523,291)	(20,632)	542,035	279,653
Net change in fund balances	103,284	56,806	21,100	2,572	171,010	9,215	(85,622)	278,365
Fund balances, beginning	452,828	66,605	137,996	8,619	703,496	3,239	803,983	2,176,766
Revisions to beginning fund balance	0	0	0	0	0	0	0	0
Fund balance - beginning	452,828	66,605	137,996	8,619	703,496	3,239	803,983	2,176,766
Change in reserves for inventory	0	0	0	0	1,225	0	0	1,225
Fund balances, end	$ 556,112	$ 123,411	$ 159,096	$ 11,191	$ 875,731	$ 12,454	$ 718,361	$ 2,456,356

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, 2020
(expressed in thousands)

	Total Governmental
Reconciliation to the Statement of Activities:	
Total net change in fund balance from previous page	$ 278,365
Governmental funds report capital asset acquisition as expenditures. However, in the statement of activities, the cost of assets capitalized is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized assets exceeded depreciation in the current period.	
Depreciation expense	(71,319)
Capitalized assets acquired	270,170
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.	(41,218)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	
Unavailable revenue	(56,322)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position:	
Revenue bonds	(74,450)
Bond premiums and discounts	(11,318)
Deferred refundings	(5,796)
Other borrowings	(110,575)
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	301,750
Other borrowings	17,826
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.	35,947
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	(7,570)
Pollution remediation	(739)
Accrued interest	2,660
Claims and judgments	(55,855)
Total OPEB liability	1,775
Net pension liability	(6,128)
Change in inventory for materials and supplies	1,225
Derivatives (liability), due to component and accrued accounts payable	(603)
Derivatives (assets and deferred outflows)	488
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	18,123
Deferred inflows - pensions	63,941
Deferred outflows - OPEB	52
Deferred inflows - OPEB	(2,571)
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.	33,596
Changes in Net Position of Governmental Activities	$ 581,454

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

Statement of Net Position - Proprietary Funds
June 30, 2020
(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	$ 38,990	$ 98,908	$ 2,517	$ 22,248	$ 162,663	$ 78,147
Restricted cash and cash equivalents	45	703,829	0	280	704,154	64,286
Investments	154,512	0	26,554	0	181,066	0
Receivables, net	60,227	15,695	2,224	14,112	92,258	6,868
Inventories	0	0	0	2,768	2,768	8,117
Total current assets	253,774	818,432	31,295	39,408	1,142,909	157,418
Noncurrent assets:						
Restricted cash and cash equivalents	7,224	0	0	0	7,224	0
Investments, restricted	2,258	0	291,879	0	294,137	0
Receivables, net	507,446	0	0	12,835	520,281	0
Capital assets not being depreciated	0	0	0	0	0	5,646
Capital assets (net of accumulated depreciation)	20	0	2	3,683	3,705	49,467
Total noncurrent assets	516,948	0	291,881	16,518	825,347	55,113
Total assets	770,722	818,432	323,176	55,926	1,968,256	212,531
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts on refunding	1,175	0	0	0	1,175	0
Deferred outflows - pensions	0	0	0	1,184	1,184	0
Deferred outflows - OPEB	0	0	0	14	14	0
Total deferred outflows of resources	1,175	0	0	1,198	2,373	0
LIABILITIES						
Current liabilities:						
Accounts payable and other current liabilities	2,134	7,301	1,792	19,405	30,632	4,446
Unearned revenue	0	22,951	13,649	0	36,600	0
Due to other funds	0	0	0	2,447	2,447	87
Compensated absences	0	0	81	11	92	1,197
Portion of long-term liabilities	30,830	0	30,040	8,149	69,019	32,190
Total current liabilities	32,964	30,252	45,562	30,012	138,790	37,920
Noncurrent liabilities:						
Compensated absences	0	0	40	5	45	591
Claims and judgments	0	0	225,011	28,060	253,071	48,369
Bonds, notes and loans payable	93,743	0	0	0	93,743	29,765
Unearned lease revenue	0	0	0	304	304	0
Arbitrage rebate payable	63	0	0	0	63	0
Other noncurrent liabilities	8,977	0	0	6,051	15,028	0
Total OPEB liability	0	0	0	114	114	0
Advances from other funds	0	0	0	0	0	27
Total noncurrent liabilities	102,783	0	225,051	34,534	362,368	78,752
Total liabilities	135,747	30,252	270,613	64,546	501,158	116,672
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pensions	0	0	0	285	285	0
Deferred inflows - OPEB	0	0	0	19	19	0
Total deferred inflows of resources	0	0	0	304	304	0
NET POSITION						
Net investment in capital assets	20	0	2	3,683	3,705	22,891
Restricted for:						
Debt service	0	0	0	280	280	0
Other purposes	636,130	788,180	52,561	0	1,476,871	0
Unrestricted	0	0	0	(11,689)	(11,689)	72,968
Total net position	$ 636,150	$ 788,180	$ 52,563	$ (7,726)	$ 1,469,167	$ 95,859

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, 2020
(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	$ 1,961	$ 270,971	$ 28,554	$ 611,828	$ 913,314	$ 97,312
Interest on loans	12,857	0	0	0	12,857	0
Other revenue	2,041	901,865	619	5,443	909,968	44,913
Total operating revenues	16,859	1,172,836	29,173	617,271	1,836,139	142,225
Operating expenses:						
Salaries and wages	0	0	1,757	6,660	8,417	28,585
Supplies and services	2,006	0	5,455	270,470	277,931	59,032
Lottery prize awards	0	0	0	166,527	166,527	0
Depreciation	0	0	1	978	979	3,552
Insurance claims and expenses	0	1,372,169	0	1,346	1,373,515	13,238
Program administration - Water Funds	1,385	0	0	0	1,385	0
Other expenses	1,034	80	22,601	12,642	36,357	494
Total operating expenses	4,425	1,372,249	29,814	458,623	1,865,111	104,901
Operating income (loss)	12,434	(199,413)	(641)	158,648	(28,972)	37,324
Nonoperating revenues (expenses):						
Operating grants	0	1,489	0	0	1,489	0
Capital grants	26,733	0	0	0	26,733	0
Investment earnings	4,188	23,522	23,354	123	51,187	296
Interest expense	(6,163)	0	0	0	(6,163)	(1,537)
Other revenues (expenses)	(8,827)	0	(124)	(10,010)	(18,961)	(34)
Total nonoperating revenues (expenses)	15,931	25,011	23,230	(9,887)	54,285	(1,275)
Income before transfers	28,365	(174,402)	22,589	148,761	25,313	36,049
Transfers in	0	0	3,480	0	3,480	1,097
Transfers out	0	(2,023)	(200)	(147,434)	(149,657)	(3,550)
Change in net position	28,365	(176,425)	25,869	1,327	(120,864)	33,596
Net position - beginning	607,785	964,605	26,694	(9,053)	1,590,031	62,263
Net position - ending	$ 636,150	$ 788,180	$ 52,563	$ (7,726)	$ 1,469,167	$ 95,859

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, 2020
(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	$ 13,434	$ 1,195,047	$ 28,724	$ 620,957	$ 1,858,162	$ 137,457
Cash payments to suppliers for goods and services	(2,032)	1,212	(3,752)	(1,678)	(6,250)	(57,944)
Cash payments to employees for services	0	0	(1,711)	(6,815)	(8,526)	(28,101)
Cash payments for lottery prizes	0	0	0	(446,815)	(446,815)	0
Claims paid	0	(1,372,169)	(27,654)	(1,093)	(1,400,916)	(19,721)
Other operating revenues	3,003	0	0	286	3,289	0
Other operating expenses	(1,378)	0	0	(863)	(2,241)	0
Net cash provided (used) by operating activities	13,027	(175,910)	(4,393)	163,979	(3,297)	31,691
Cash flows from noncapital financing activities:						
Operating grants receipts	0	1,489	0	0	1,489	0
Other non-operating expenses	0	0	(124)	0	(124)	(34)
Advances from other funds	0	0	0	0	0	(66)
Net transfers to other funds	0	(2,023)	3,280	0	1,257	(2,453)
Other cash inflows from noncapital financing activities	104,361	0	0	0	104,361	0
Other cash outflows from noncapital financing activities	(146,443)	0	0	(159,537)	(305,980)	0
Net cash provided (used) by noncapital financing activities	(42,082)	(534)	3,156	(159,537)	(198,997)	(2,553)
Cash flows from capital and related financing activities:						
Repayment of long-term debt	0	0	0	0	0	(2,284)
Interest payments	0	0	0	0	0	(1,537)
Proceeds from sale of fixed assets	0	0	0	18	18	0
Payments for purchase of fixed assets	0	0	0	(4,213)	(4,213)	(1,397)
Net cash provided (used) by capital and related financing activities	0	0	0	(4,195)	(4,195)	(5,218)
Cash flows from investing activities:						
Proceeds from sale and maturities of investment securities	777,614	0	29,685	0	807,299	0
Purchase of investments	(761,123)	0	(35,658)	0	(796,781)	0
Interest and dividends	4,232	23,522	7,865	130	35,749	296
Other investing revenues	95,605	0	0	0	95,605	0
Other investing expenses	(71,260)	0	0	0	(71,260)	0
Net cash provided (used) by investing activities	45,068	23,522	1,892	130	70,612	296
Net increase (decrease) in cash and cash equivalents	16,013	(152,922)	655	377	(135,877)	24,216
Cash and cash equivalents, beginning of year	30,246	955,659	1,862	22,151	1,009,918	118,217
Cash and cash equivalents, end of year	$ 46,259	$ 802,737	$ 2,517	$ 22,528	$ 874,041	$ 142,433
Reconciliation of operating income (loss) to net cash provided by operations:						
Operating income (loss)	$ 12,434	$ (199,413)	$ (641)	$ 158,648	$ (28,972)	$ 37,324
Adjustment to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	0	0	1	978	979	3,552
Changes in assets and liabilities:						
Receivables	412	(740)	0	4,080	3,752	(4,768)
Inventories	0	0	0	(846)	(846)	2,452
Accounts payable	181	1,292	1,703	(251)	2,925	(720)
Payroll liabilities	0	0	46	5	51	484
Due to other funds	0	0	0	0	0	(150)
Claims and judgments	0	0	(5,053)	253	(4,800)	(6,483)
Unearned revenue	0	22,951	(449)	(98)	22,404	0
Net change in pension deferred outflows/inflows	0	0	0	(174)	(174)	0
Net pension liability	0	0	0	15	15	0
Lottery prize liability	0	0	0	1,369	1,369	0
Total adjustments	593	23,503	(3,752)	5,331	25,675	(5,633)
Net cash provided (used) by operating activities	$ 13,027	$ (175,910)	$ (4,393)	$ 163,979	$ (3,297)	$ 31,691

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

Statement of Net Position
Fiduciary Funds
June 30, 2020
(expressed in thousands)

	Pension Trust	Investment Trust	Agency
ASSETS			
Cash and cash equivalents	$ 16,336	$ 1,278,051	$ 372,386
Investments:			
Domestic equities	5,901,086	0	0
International equities	4,345,380	0	0
Short term	244,424	0	103,209
Fixed income	5,562,200	0	0
Alternative investments	1,596,879	0	0
Real estate	2,490,120	0	0
Certificates of deposit	0	0	117,948
Receivables, net	542,713	0	273,255
Capital assets	3,469	0	233
Total assets	20,702,607	1,278,051	867,031
LIABILITIES			
Accounts payable and other liabilities	95,733	0	867,031
Total liabilities	95,733	0	$ 867,031
NET POSITION			
Net position held in trust	$ 20,606,874	$ 1,278,051	

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, 2020
(expressed in thousands)

	Pension Trust	Investment Trust
ADDITIONS		
Contributions:		
Employer contributions	$ 1,059,544	$ 0
Employee contributions	451,568	0
Total contributions	1,511,112	0
Investment earnings:		
Net appreciation (depreciation) in fair value in investments	(9,578)	13,154
Interest	152,608	0
Dividends	206,410	0
Real estate income	93,651	0
Other investment income	17,623	0
Total investment earnings	460,714	13,154
Less investment expense	113,251	0
Net investment earnings	347,463	13,154
MIP deposits	0	3,600,035
Other income	20,699	0
Total investment earnings	368,162	3,613,189
Total additions	1,879,274	3,613,189
DEDUCTIONS		
Benefits and refunds:		
Monthly benefits and refunds	1,828,656	0
Refunds of contributions	66,929	0
Death benefits	11,263	0
Distributions	0	3,633,499
Total benefits and refunds	1,906,848	3,633,499
Administrative expenses	13,606	0
Total deductions	1,920,454	3,633,499
Change in net position	(41,180)	(20,310)
Net position - beginning	20,648,054	1,298,361
Net position - ending	$ 20,606,874	$ 1,278,051

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

Combining Statement of Net Position - Component Units
June 30, 2020
(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	$ 7,502	$ 27,127	$ 159	$ 2,084	$ 12,584	$ 649,001	$ 698,457
Restricted cash and cash equivalents	0	17,366	0	3,249	0	63,230	83,845
Investments	0	33,418	9,688	11,994	1,143	240,585	296,828
Restricted investments	0	6,445	2,862	0	0	619,465	628,772
Receivables, net	3,818	24,337	103	1,141	21,591	450,409	501,399
Due from primary government	0	0	375	0	0	0	375
Inventories	0	0	0	0	0	16,812	16,812
Other assets	34	2,959	86	213	103	27,725	31,120
Total current assets	11,354	111,652	13,273	18,681	35,421	2,067,227	2,257,608
Noncurrent assets:							
Cash and cash equivalents	0	0	0	0	0	150	150
Restricted cash and cash equivalents	0	0	0	13	0	110,460	110,473
Investments	0	88,848	0	0	0	111,496	200,344
Restricted investments	0	0	0	0	0	2,659,692	2,659,692
Receivables, net	0	0	0	1,478	0	196,462	197,940
Due from primary government	0	0	400	0	0	0	400
Capital assets not being depreciated	0	670,310	0	0	0	261,427	931,737
Capital assets (net of accumulated depreciation)	2	39,257	339	207	0	3,506,291	3,546,096
Other noncurrent assets	0	0	0	0	0	20,150	20,150
Total noncurrent assets	2	798,415	739	1,698	0	6,866,128	7,666,982
Total assets	11,356	910,067	14,012	20,379	35,421	8,933,355	9,924,590
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts on refunding	0	3,103	0	0	0	4,880	7,983
Deferred outflows - pensions	0	2,214	220	696	0	32,858	35,988
Deferred outflows - OPEB	0	1,262	20	0	0	3,827	5,109
Total deferred outflows of resources	0	6,579	240	696	0	41,565	49,080
LIABILITIES							
Current liabilities:							
Accounts payable and other liabilities	5,464	21,949	548	221	1,592	261,709	291,483
Unearned revenue	0	1,874	358	717	0	119,399	122,348
Due to primary government	0	0	0	0	30	0	30
Compensated absences	0	2,225	0	243	0	64,775	67,243
Portion of long-term liabilities	0	10,785	375	0	0	88,945	100,105
Total current liabilities	5,464	36,833	1,281	1,181	1,622	534,828	581,209
Noncurrent liabilities:							
Compensated absences	0	1,416	0	68	0	31,689	33,173
Bonds, notes and loans payable	0	135,677	400	0	0	1,446,993	1,583,070
Arbitrage rebate liability	0	0	0	0	0	6	6
Other noncurrent liabilities	0	0	2,504	0	0	64,448	66,952
Net pension liability	0	13,163	1,171	3,246	0	183,511	201,091
Total OPEB liability	0	7,715	27	0	0	33,687	41,429
Total noncurrent liabilities	0	157,971	4,102	3,314	0	1,760,334	1,925,721
Total liabilities	5,464	194,804	5,383	4,495	1,622	2,295,162	2,506,930
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - pensions	0	1,941	88	390	0	38,386	40,805
Deferred inflows - OPEB	0	391	10	0	0	9,822	10,223
Deferred amounts on refunding	0	0	0	0	0	2,405	2,405
Total deferred inflows of resources	0	2,332	98	390	0	50,613	53,433
NET POSITION							
Net investment in capital assets	2	541,469	339	207	0	2,318,727	2,860,744
Restricted for:							
Capital projects	0	0	0	0	0	277,680	277,680
Debt service	0	53,134	0	0	0	18,720	71,854
Nonexpendable	0	0	0	0	0	1,570,585	1,570,585
Other purposes	0	0	0	3,912	0	1,714,301	1,718,213
Unrestricted	5,890	124,907	8,432	12,071	33,799	729,132	914,231
Total net position	$ 5,892	$ 719,510	$ 8,771	$ 16,190	$ 33,799	$ 6,629,145	$ 7,413,307

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, 2020
(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	$ 134	$ 17,511	$ 1,071	$ 3,726	$ 0	$ 1,938,310	$ 1,960,752
Supplies and services	180	75,961	495	1,669	445	711,715	790,465
Depreciation and amortization	2	4,517	94	110	0	178,255	182,978
Interest expense	0	4,562	0	0	0	56,484	61,046
Other expenses	0	0	0	88,769	2,609	359,258	450,636
Total expenses	316	102,551	1,660	94,274	3,054	3,244,022	3,445,877
Program Revenues:							
Charges for services	1,336	124,518	1,717	4,354	3,620	1,375,720	1,511,265
Operating grants	0	0	0	86,578	794	709,467	796,839
Capital grants	0	0	0	0	0	75,480	75,480
Total program revenues	1,336	124,518	1,717	90,932	4,414	2,160,667	2,383,584
Net (Expense) Revenue	1,020	21,967	57	(3,342)	1,360	(1,083,355)	(1,062,293)
General Revenues:							
Taxes:							
Property tax	0	0	0	0	0	8,324	8,324
Investment earnings	120	4,376	629	602	744	86,528	92,999
Other revenue (loss)	0	2,428	137	2,944	294	1,184,170	1,189,973
Total general revenues	120	6,804	766	3,546	1,038	1,279,022	1,291,296
Change in net position	1,140	28,771	823	204	2,398	195,667	229,003
Total net position - beginning	4,752	690,739	7,948	15,986	31,401	6,433,478	7,184,304
Total net position - ending	$ 5,892	$ 719,510	$ 8,771	$ 16,190	$ 33,799	$ 6,629,145	$ 7,413,307

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, 2020, 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. 14, as amended. For the State, this includes a pension trust which reports fiduciary resources held in trust and the receipt, investment, and distribution of retirement contributions. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

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

I. Summary of Significant Accounting Policies

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

I. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

I. Summary of Significant Accounting Policies

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

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

I. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

D. Fund Accounting

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

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

I. Summary of Significant Accounting Policies

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

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

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

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

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

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

Executive Fund – This special revenue fund includes funding available for the operation of the Governor's Office, including the Governor's Grants Office funding, and the Lt. Governor's Office. Under the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the state of Kansas received $1.25 billion in federal funding to provide relief to the state and local units of government for expenditures incurred due to the public health emergency created by the COVID-19 pandemic.

Of the $1.25 billion made available for Kansas, $116.3 million was provided directly to Johnson County and $99.6 million directly to Sedgwick County by the federal government because those governmental units have populations of 500,000 or more. The Governor's Office was determined to be the designated Prime Recipient of the Coronavirus Relief Fund (CRF) for Kansas, and as the result of recording the receipt of the $1.034 billion and related financial activities of the CRF within the Governor's Office, the Executive Fund has now been determined to be a major governmental fund.

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

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

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

I. Summary of Significant Accounting Policies

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.

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.

Agency Funds - These funds account for assets held by the State in a custodial capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. GASB Statement No. 84 defines fiduciary funds and changes the fund title from Agency Funds to Custodial Funds. KPERS has opted to implement GASB Statement No. 84 in fiscal year 2020 while the State will be implementing GASB Statement No. 84 in fiscal year 2021. However, for State reporting purposes, the KPERS funds in the Fiduciary Statement of Net Position are presented in pre-GASB Statement No. 84 format as Pension Trust, Investment Trust and Agency funds while the individual KPERS financial statements reflect the GASB Statement No. 84 presentation.

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

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

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

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

***Cash and Investment*s**

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

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

I. Summary of Significant Accounting Policies

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

- Direct obligations of, or obligations except mortgage backed securities, that are insured as to principal and interest by the U.S. Government, or any direct agency thereof, with maturities up to four years
- Repurchase agreements with Kansas banks or with primary government securities dealers
- Loans as mandated by the Kansas Legislature limited to not more than the greater of 10 percent or $140 million of total investments
- Certain Kansas agency and IMPACT Act projects and bonds
- Linked deposit loans for agricultural production not to exceed $60 million
- Linked deposit loans for Kansas Housing Loan Deposit Program, Designated and Undesignated not to exceed $60 million
- Loans to Local Taxing Districts (K.S.A 79-2005) not to exceed $50 million
- High grade commercial paper
- High grade corporate bonds

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

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

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

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

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

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

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

I. Summary of Significant Accounting Policies

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."

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

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

Inventories

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

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

Restricted Assets

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

Capital Assets

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

I. Summary of Significant Accounting Policies

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

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

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

Infrastructure

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

Compensated Absences

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

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

Judicial Branch employees accrue vacation under a different schedule from the Executive Branch but may not accrue more than 240 hours. Sick leave accrual and payout at retirement follows the Executive Branch policy.

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.

I. Summary of Significant Accounting Policies

Other Long-term Obligations

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

Pensions and Other Post-employment Benefits

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

For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Deferred Inflows of Resources/Deferred Outflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The State has four items that qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sales, income and excise taxes as well as

I. Summary of Significant Accounting Policies

collections from the KDHE Medicaid Drug Rebate Program and other sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Second is the deferred charge on refunding reported in the balance sheet. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The last two deferred inflows relate to other post-employment benefits (OPEB) and pensions, which is discussed in Note IV, Sections E and F, respectively.

Fund Equity

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

Per K.S.A. 75-6702(c), the provisions of subsection (b) are hereby suspended for the fiscal year ending June 30, 2019, and the fiscal year ending June 30, 2020, and shall not prescribe a maximum amount of expenditures and demand transfers from the state general fund that may be authorized by act of the legislature during the 2018 or 2019 regular session of the legislature.

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

F. Use of Estimates

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

G. New Governmental Accounting Standards Board Statements

The State has implemented the following new pronouncements for fiscal year 2020:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. Certain Statements that first became effective after June 15, 2018 and later have been postponed by one year up to 18 months depending on the pronouncement. The State has elected to postpone implementation of GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 90, *Majority Equity Interests* to fiscal year 2021.

At June 30, 2020, 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, 2020:

I. Summary of Significant Accounting Policies

GASB Statement No. 84, *Fiduciary Activities,* improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when demands for resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. The provisions of this statement were originally effective for the State's fiscal year ending June 30, 2020 and now are postponed until June 30, 2021 per GASB Statement No. 95.

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

GASB Statement No. 90, *Major Equity Interests*, improves consistency and comparability of reporting a government's majority equity interest in a legally separate organization, and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The provisions of this statement were originally effective for the State's fiscal year ending June 30, 2020 and now are postponed until June 30, 2021 per GASB Statement No. 95.

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

GASB Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. Certain provisions of this statement were effective upon issuance and did not impact the State's financial reporting, other provisions of this statement are were originally effective for financial statements for the State's fiscal year ending June 30, 2021 and now postponed until June 30, 2022 per GASB Statement No. 95.

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

I. Summary of Significant Accounting Policies

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

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

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

II. Stewardship, Compliance, Accountability

A. Deficit Fund Equity

The Adjutant General fund had a deficit fund balance in fiscal year 2020 of $36.3 million because the expenditures paid out of the fund exceed revenues received due to the recorded $72.6 million in unavailable revenue. The unavailable revenue represents amounts drawn from federal grants but not received within 60 days after June 30, 2020. 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 2020 of $29.3 million because historical claims and expenses paid out of the fund exceeded charges for services received. During 2020, expenses for claims and other operating expenses exceeded charges for services, increasing the negative net position for fiscal year 2020. 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 Lottery Fund had a deficit net position in fiscal year 2020 of $1.0 million. The fund continues to carry $6.2 million in combined net pension liability and other postemployment benefits liability as the result of implementation of GASB Statement 68, Net Pension Liability and GASB Statement 75, Other Postemployment Benefits. As the State continues to take actions to improve KPERS long-term sustainability, the unfunded pension liability will be reduced which will impact the Lottery Fund deficit net position.

Other fiscal year 2020 financial factors impacting the Lottery Fund deficit net position include a decrease of $4.1 million in current liabilities due to payment for vending machines. Current and other assets decreased $2.6 million due to a decrease in cash on hand of $1.1 million, a decrease in accounts receivable of $2.3 million, and an increase in ticket inventory of $0.8 million.

Payments to casino managers are made on the same day every week. On June 30th, the amounts due could represent the manager's share of net revenues for as few as five days and as many as 11 days. The implementation of GASB 68 and the reporting of net pension liability have been responsible for substantially all of the deficit net position reported in fiscal year 2020.

The State Workers Compensation Self-Insurance Fund had a deficit net position in fiscal year 2020 of $30.8 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, 2020, is as follows (expressed in thousands):

Investments:	Governmental & Business - Type Activities	Weighted Average Duration	Fiduciary	Weighted Average Duration	Component Unit	Weighted Average Duration
US Treasury	$ 1,147,651	0.12	$ 2,623,477	4.70	$ 54,426	2.14
U.S Agencies securities	889,719	0.80	737,931	0.76	59,267	2.11
Asset Backed	0		0		0	
Repurchase Agreements	1,284,240		393,760	<1 yr	0	
Investment Agreement	2,258	2.50	0		3,294	
Mutual Fund-Fixed Income	0		0		12,079	<1yr
Mutual Fund-Equities	0		0		73,208	
Equity Securities	801		14,641,565		5,476	
Commercial Paper	1,301,626	0.29	292,092	0.22	16,787	<1yr
Corporate Bonds	354,874	2.57	2,831,410	4.96	3,130	2.61
State or Local Debt Obligation	0		0		7,727	1.02
University assets reported under FASB*	0		0		3,468,961	
Other Investment	11,738		0		81,280	
Treasurer's pool	(785,972)		335,450		450,523	
Cash and cash equivalents	803,031		172,334		442,403	
	$ 5,009,966		$ 22,028,019		$ 4,678,561	

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

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

At June 30, 2020, the Kansas University Endowment Association held $1.96 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 NAV as the practical expedient.

At June 30, 2020, the Kansas State University Foundation held $0.85 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, 2020, the Wichita State University Foundation held $0.29 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, 2020, is as follows (expressed in thousands):

Disclosures Regarding Deposits and Investments:

Total investments and time deposits (includes demand deposits for Component Units)	$	31,716,411
Carrying amount of demand deposits for Governmental and Business-Type Activities		135
Total	$	31,716,546

Statement of Net Position	
Governmental and Business-Type Activities	
Cash and cash equivalents	$ 3,277,482
Investments at fair value	528,787
Restricted cash and cash equivalents	909,560
Restricted investments	294,137
Component Units	
Cash and cash equivalents	698,607
Investments at fair value	497,172
Restricted cash and cash equivalents	194,318
Restricted investments	3,288,464
Statement of Fiduciary Net Position	
Cash and cash equivalents	1,666,773
Investments at fair value	20,361,246
Total	$ 31,716,546

Deposits. At June 30, 2020, the carrying amount was $135.0 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.

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.

III. Detailed Notes On All Funds

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, 2020.

III. Detailed Notes On All Funds

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

	6/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasury securities	$ 3,787,850	$ 1,606,361	$ 2,181,489	$ 0
U.S. Agency securities	1,696,176	38,699	1,657,477	0
Corporate bonds	411,582	345,395	66,187	0
Commercial Paper	1,610,505	189,942	1,420,563	0
Vanguard Short-term bond index	12,079	12,079	0	0
Yankees	342,886	0	342,636	250
International	469,232	0	469,232	0
Foreign bonds	241	241	0	0
US Corporate, Municipalities	1,946,435	0	1,946,435	0
US Bank Loan	28,696	0	27,148	1,548
GNMA	59,823	0	59,823	0
Mutual fund	79,263	79,263	0	0
State or Municipal bonds	6,113	0	6,113	0
Commercial mortgage-backed securities	5,840	0	5,840	0
Collateralized mortgage obligations	68,006	0	68,006	0
Total debt securities	10,524,727	2,271,980	8,250,949	1,798
Equity securities				
Domestic equities	18,314	18,314	0	0
International equities	27,688	27,688	0	0
Domestic Common stock	5,898,871	5,897,684	0	1,187
Domestic Preferred	2,214	2,214	0	0
International Common	4,308,061	4,308,061	0	0
International Preferred Stock	37,319	37,319	0	0
Consumer discretionary	1,281	1,281	0	0
Consumer supplies	123	123	0	0
Materials	93	93	0	0
Energy	940	940	0	0
Financials	658	658	0	0
Healthcare	618	618	0	0
Industrials	1,648	1,648	0	0
Information technology	133	133	0	0
Mutual Funds	16,612	16,612	0	0
Fixed Income	41,130	41,130	0	0
Marketable Equity Securities	22,383	22,383	0	0
Private equity limited Partnership	4,299	0	0	4,299
Hedge Fund	13,443	0	0	13,443
Other	242,079	166,278	0	75,801
Total equity securities	10,637,907	10,543,177	0	94,730
Derivatives by Fair Value Level				
Swap, credit default, Buy	(77)	0	(77)	0
Other				
Money Market and ST Obligations	7,388	7,388	0	0
Money Market Mutual fund	14,887	14,887	0	0
Repurchase agreements	1,678,000	0	1,678,000	0
Guaranteed investment contracts	1,419	0	1,419	0
Investment agreement	2,258	2,258	0	0
Certificate of Deposit	6,346	0	6,346	0
Closely held common stock	119,302	0	0	119,302
Real Estate held for Investment	70,068	244	0	69,824
Real Estate Fund	306	0	306	0
Mutual Fund	73,511	73,511	0	0
External investment pools	532,200	440,607	90,105	1,488
Other	122,848	20,548	3,038	99,262
Total Other capital investments	2,628,456	559,443	1,779,137	289,876
Total investments by fair value level	$ 23,791,090	$ 13,374,600	$ 10,030,086	$ 386,404

III. Detailed Notes On All Funds

Investments measured at the net asset value (NAV)		
Private Equity Partnerships	$	1,596,755
Real Estate Partnership		867,329
Hedge Funds		590,166
Real Estate Core funds		1,472,791
Equity long/short hedge funds		348,137
Event-driven hedge funds		119,042
Equity Securities		114,534
Venture Capital		157,352
Domestic private equity		47,160
International private equity		12,521
Private capital distressed debt		3,411
Natural Resources		30,586
Fixed Income		89,132
Multi-Strategy hedge funds		466,081
Other securities and investments		16
Real Estate Partnership		5,004
Real estate funds		228,103
Total investments measured at the NAV		6,148,120
Total investments measured at fair value	$	29,939,210
Investment valued at amortized cost		
Money Market investment	$	311,460
Certificate of Deposit		7,005
Other		41,102
Total investment derivative instruments	$	359,567

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 $75.8 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 $3.8 billion in outstanding currency forward contract payables and receivable at June 30, 2020. The net fluctuations in currency rates at that time increased the unrealized fair value of those contracts by $10.7 million.

III. Detailed Notes On All Funds

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

Investments Measured at the NAV (expressed in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity long/short hedge funds	$ 51,345	$ 0	monthly to annually	30-90 days
Common Trust Funds-Equities	296,792	0	daily,monthly,quarterly	1-45 days
Common Trust Funds-Fixed Income	119,042	0	daily,monthly	1-5 days
Hedge Funds	508,626	11,000	monthly, quarterly,semi-annually, annually	2-90 days
Private Equity Partnerships	1,596,755	1,288,636	Quarterly	30 days
Other LLC's & LLP's	106,509	0	monthly, quarterly	1-90 days
Equity securities	65,621	0	monthly	5-45 days
Venture Capital	85,033	22,902	None	None
Domestic private equity	47,160	36,243	None	None
International Private equity	12,521	5,402	None	None
Private Investments	466,081	256,505	N/A	N/A
Private capital distressed debt-Liquid	3,411	5,216	None	None
Natural Resources	30,586	16,594	None	None
Other securities and investments	16	0	None	None
Pooled funds equity securities	114,534	0	monthly	5-45 days
Real Estate Partnership	872,333	267,286	quarterly	30-90 days
Real Estate Fund	46,468	3,574	None	None
Real Estate Core Funds	1,472,791	265,000	Quarterly	30 days
Real Estate Other funds	75,126	0	Biannual	30days
Northgate	2,486	328	n/a	n/a
Siguler Guff	467	90	n/a	n/a
Varde Fund	268	0	n/a	n/a
Venture Investment Assoc	3,291	2,300	n/a	n/a
WCP Real Estate Fund III , LLC	775	111	n/a	n/a
Great Jone Offshore Fund Ltd	6,428	0	n/a	n/a
AQR Group Risk & Style Premia Offshore	205	0	n/a	n/a
HBK offshore, LTD (CITCO)	3,265	0	n/a	n/a
Gotham Hedger Value Stragtegies	7,932	0	n/a	n/a
GSO Special Situations	18	0	n/a	n/a
Two Sigma Risk Premia Enchanced	3,454	0	n/a	n/a
Greenspring Secondaries Fund	381	1,632	n/a	n/a
Gc Greater China long Only	2,099	0	n/a	n/a
Drive Capital Fund	56	928	n/a	n/a
Falcon Strategic Partners IV, L.P	5,348	1,883	n/a	n/a
Olympus Peak Offshore Ltd	3,207	0	n/a	n/a
Parametric Global Defensive Fund LLC	2,468	0	n/a	n/a
Renaissance Institutional Fund LLC	4,685	0	n/a	n/a
FEG POF	27,848	5,350	n/a	n/a
Harvest MLP	3,109	0	n/a	n/a
Fixed Income	23,510	4,450	None	None
Alphine Investors	457	1,350	n/a	n/a
NGP Natural Resources	1,314	327	n/a	n/a
Governors Lane	2,904	0	n/a	n/a
Sculptor R.E parallel Fund	49	187	n/a	n/a
Alphadyne International Fund	2,000	0	n/a	n/a
Indus Capital Partners	72	0	n/a	n/a
Atalan Offshore, LTD	5,154	0	n/a	n/a
Elliott Inernational, LTD	10,406	0	n/a	n/a
Pelham long/Short Fund	3,637	0	n/a	n/a
Accolade Partners LP	655	0	n/a	n/a
Clear Ventures LP	273	0	n/a	n/a
D E Shaw World Alpha Fund LLC	18,145	0	n/a	n/a
Focused Investor Fund LP	8,684	0	n/a	n/a
Global Alpha Inter. Smal Cap LP	3,956	0	n/a	n/a
Ggg Partners Emerging Markets Eq Fd LLC	3,406	0	n/a	n/a
Sculptor Overseas Fund	214	0	n/a	n/a
Horsley Bridge XIIVenture	634	4,317	n/a	n/a
Intl Research Equity Extd Fund	9,190	0	n/a	n/a
New Enterprise Associates	366	1,620	n/a	n/a
Manulife PE Partners Cayman	3,968	2,335	n/a	n/a
Strategic Partners offshore	586	0	n/a	n/a
Total investments measured at the NAV	$ 6,148,120	$ 2,205,566		

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

III. Detailed Notes On All Funds

comparable sales, inventory estimates and present values of cash flows to determine respective property valuations. There are no unfunded commitments for these properties. The home office property is 50 percent KPERS occupied and 50 percent 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 80 private equity partnerships, 34 real estate partnerships and four infrastructure partnerships, the fair value of each investment has been determined using the NAV per share or its equivalent of KPERS' ownership interest in the partners' capital. All partnerships provided audited December 31, 2019 financial reports with unmodified opinions, along with unaudited quarterly reports. Net asset values one quarter in arrears plus current quarter cash flows are used when recent information is not available. These partnerships are diversified across types and vintage years. The expected term of each partnership is between seven to ten years. Any sales of these would be on an inefficient secondary market that could result in values above or below those listed. Transfers to buyers are restricted to quarter end dates. One partial redemption of a real estate partnership was completed in the year ending June 30, 2020. No additional sales or redemptions are contemplated.

STIF funds 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, 2020.

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

KSU NAV Methodology. Investments in common trust funds – equities includes investments in pooled separate accounts 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 close-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

III. Detailed Notes On All Funds

other LLCs and LLPS, approximately 83% is available for redemption within 12 months and 16 percent is available for redemption within three years. The remaining 1% is deemed to be illiquid due to special investments of the manager.

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

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

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

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

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

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Certain agencies adopt a policy of limiting the investments to only those allowed by State statute and minimize the credit risk through pre-qualifying institutions, diversifying their portfolios and maintaining a standard of quality of authorized eligible investments. The Primary Government, Component Units, and Fiduciary investments as of June 30, 2020 are presented below with applicable credit ratings (expressed in thousands):

Governmental and Business-Type Activities Investments at June 30, 2020

		Quality Ratings		
	Fair Value	AA	A	Unrated
U.S Treasury	$ 1,147,651	$ 1,147,651	$ 0	$ 0
U.S Agencies Securities	889,719	889,719	0	0
Repurchase Agreements	1,284,240	1,284,240	0	0
Investment Contracts	2,258	0	0	2,258
Commercial paper	1,301,626	0	1,301,626	0
Corporate Securities	354,874	0	354,874	0
Other	12,539	0	0	12,539
	$ 4,992,907	$ 3,321,610	$ 1,656,500	$ 14,797

III. Detailed Notes On All Funds

Component Units Investments at June 30, 2020

	Fair Value	Quality Ratings				
		AAA	AA	A	BBB	Unrated
U.S Treasury	$ 54,426	$ 0	$ 54,426	$ 0	$ 0	$ 0
U.S Agencies Securities	59,267	0	59,267	0	0	0
Investment Contracts	3,294	0	0	0	0	3,294
Mutual Fund -Fixed Income	12,079	0	0	12,079	0	0
Mutual Fund-Equities	73,208	0	0	0	0	73,208
Equity Securities	5,476	0	0	0	0	5,476
Corporate Bonds and Commercial paper	19,917	133	746	18,560	478	0
State or Local Debt Obligations	7,256	0	6,113	0	0	1,143
Municipal Securities	471	0	0	0	0	471
Unversity assets reported under FASB*	3,468,961	0	0	0	0	3,468,961
Other Investment	81,280	0	0	0	0	81,280
	$ 3,785,635	$ 133	$ 120,552	$ 30,639	$ 478	$ 3,633,833

Fiduciary Fund Investments at June 30, 2020

	Fair Value	Quality Ratings									
		AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Unrated
U.S Government	$ 2,623,476	$ 0	$ 2,623,476	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
U.S Agency	737,931	0	718,904	2,798	14,304	935	990	0	0	0	0	0
Repurchase Agreements	393,760	0	393,760	0	0	0	0	0	0	0	0	0
Equity Securities	14,641,565	0	0	0	0	0	0	0	0	0	0	14,641,565
Corporate Bonds and Commercial paper	3,123,501	359,453	734,242	581,770	733,713	320,087	191,223	57,519	3,619	1,465	219	140,191
	$ 21,520,233	$ 359,453	$ 4,470,382	$ 584,568	$ 748,017	$ 321,022	$ 192,213	$ 57,519	$ 3,619	$ 1,465	$ 219	$ 14,781,756

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, 2020, all investments, except for certificate of deposit (58.40%) are in the U.S. Government Instrumentality obligations, which include U.S. Treasury Securities, Federal National Mortgage Association, Federal Home Loan Bank, and the Federal Home Loan Mortgage Corporation comprised 4.26%, 7.97%, 5.49%, and 23.88% respectively of KHRC's investment portfolio. As of June 30, 2020, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Mizuho Bank Ltd Comm paper, and MUFG Bank LTD/NY Comm paper comprised 32.32%, 17.39%, 12.89%, 7.69%, 5.57%, and 5.38% respective of KTA's investment portfolio. As of June 30, 2020, 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, 2020, U.S Government Agency Securities, U.S. Treasuries, commercial paper, Corporate bonds, repurchases agreement and Kansas Bank CDs comprised 18.3%, 27.5%, 22.8%, 0.4%, 30.7% and 0.3%, respectively, of the Governmental and Business Type Activities investment portfolio.

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

III. Detailed Notes On All Funds

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

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

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

Other primary government Investment Funds such as the Treasurer's unclaimed property, one hundred percent of its investment are held in the Fund's name and are not subject to creditors of the custodial bank. At June 30, 2020, KPERS had US Dollar and foreign currency balances at custodial banks with a net value of $16.1 million. This is primarily foreign currency deposits facilitating international investments in the respective local markets. KPERS' deposits of $8.0 million held at the State Treasury were fully collateralized at fiscal year end by FDIC insurance or pledged collateral (government securities or FHLB letters of credit). The Kansas Development Financial Authority (KDFA) bank balances are backed by pledge collateral to a Federal Reserve account for amounts in excess of the Federal Deposit Insurance Corporation (FDIC) limits. The Kansas Housing Resource Corporation (KHRC) investment policy requires collateralization on all demand deposit accounts, and to secure investments in Certificates of Deposits and Repurchase Agreements. KHRC also minimizes custodial credit risk by pre-qualifying the custodial or depository institutions, brokers/dealers, intermediaries and advisors with which KHRC will do business. Investments held at June 30, 2020, including the underlying securities on the repurchase agreement, are held by the investment's counterparty. At June 30, 2020, none of KTA's bank balances were exposed to custodial credit risk. At June 30, 2020, KCE's deposits were fully insured or collateralized with securities held by KCE or by its agent in KCE's name. At June 30, 2020, INK's deposits were insured by the FDIC up to $250,000 per bank. At December 31, 2019, 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, 2020, were distributed among currencies in the following list.

III. Detailed Notes On All Funds

Fiduciary Fund
Foreign Currency at June 30, 2020

USD Equivalent			
Equity	Fixed	Currency	Total
$ 50,326	$ 7,735	Australian Dollar	$ 58,061
33,399	0	Brazilian Real	33,399
470,340	251,120	British Pound Sterling	721,460
161,047	16,100	Canadian Dollar	177,147
121,279	1,857	Danish Krone	123,136
1,102,713	157,543	Euro Currency Unit	1,260,256
368,240	0	Hong Kong Dollar	368,240
15,159	0	Indonesian Rupiah	15,159
10,868	0	Israeli New Shekel	10,868
547,759	25,604	Japanese Yen	573,363
11,008	0	Mexican New Peso	11,008
71,973	0	New Taiwan Dollar	71,973
264	4,104	New Zealand Dollar	4,368
16,139	0	Norwegian Krone	16,139
26,113	0	Singapore Dollar	26,113
32,884	0	S African Comm Rand	32,884
37,454	0	South Korean Won	37,454
71,134	5,169	Swedish Krona	76,303
239,331	0	Swiss Franc	239,331
10,032	0	Thailand Baht	10,032
$ 3,397,462	$ 469,232		$ 3,866,694

All foreign currency exposure for Fiduciary funds is held in KPERS. KPERS' asset allocation and investment policies include active and passive investments in international securities. KPERS target allocation is to have 23.0 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 selected international equity portfolios. At June 30, 2020, KPERS total foreign currency exposure was 34.6 percent hedged.

Investment Derivatives

Futures

Futures contracts are commitments for delayed delivery (liability) or receipt (asset) of securities in which the seller agrees to make delivery and the buyer agrees to take delivery at a specified future date, of a specified instrument, at a specified price. Market risk arises due to market price and interest rate fluctuations that may result in a decrease in the fair value of futures contracts. Futures contracts are traded on organized exchanges and require initial margin in the form of cash or marketable securities. Holders of futures contracts look to the exchange for performance under the contract. Accordingly, the credit risk due to nonperformance of counterparties to futures contracts is minimal. Daily, the net change in the futures contract value is settled in cash with the exchanges, making the fair values always equal to zero after the daily margin flow. At the close of business June 30, 2020, KPERS had total net margins receivable the next day of $0. Short-term investments in amounts necessary to settle the economic value of the futures contracts were held in the portfolio so that no leverage was employed in accordance with the Statement of Investment Policy. The daily margin flows affect cash assets

III. Detailed Notes On All Funds

held at the broker. Realized gains/losses are recognized at contract maturity and are included with underlying security type returns. Total losses of $51.1 million were associated with futures for the year ending June 30, 2020.

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, 2020
(expressed in thousands)

Derivative	Asset Class*	Notional Value	Fair Value
Domestic Equity Futures	Domestic Equities	$ 19,282	$ 0
Fixed Futures	Fixed	42,462	0
Credit Default Swaps	Fixed	12,863	(77)
Foreign Currency Forwards	Fixed	3,848,127	10,679

* The Asset Class that the Fair Values and Revenues are included in other schedules. Futures and Options reflect the summed aboslute values of the exposures.

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 30,2019	Increases	Decreases	June 30,2020
Credit Default Swaps	$ 0	$ 48,672	$ 48,749	$ (77)
TBA agency bonds*	3,554	1	3,555	0
Foreign currency forwards	(19,414)	30,093	0	10,679
Options purchased	0	339	339	0
Total	$ (15,860)	$ 79,105	$ 52,643	$ 10,602

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

Foreign Currency Forwards
KPERS' international investment managers use forward contracts to obtain currencies necessary for trade execution and manage the exposure of the international investments to fluctuations in foreign currency. Active international investment managers use forward contracts to enhance returns or to control volatility. Currency risk arises due to foreign exchange rate fluctuations. Forward foreign exchange contracts are negotiated between two counterparties. KPERS could incur a loss if its counterparties failed to perform pursuant to the terms of their contractual obligations. Since KPERS holds the offsetting currency in the contract, and controls are established by the investment managers to monitor the creditworthiness of the counterparties, risk of actual loss is minimized. Foreign currency forwards are reflected on the financial statements in offsetting notional receivable and payable amounts for the two sides of the contract. 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, 2020, the fair value of international equities was $4.3 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, 2020
Investment Currency Forwards				
Australian Dollar	$ 111,266	$ 113,241	$ 111,646	$ 1,595
British Pound Sterling	1,243,632	1,243,721	1,238,198	5,523
Canadian Dollar	145,371	145,593	145,271	322
Danish Krone	51,856	51,859	52,082	(223)
Euro Currency Unit	1,103,524	1,103,757	1,102,062	1,695
Hong Kong Dollar	203,647	203,671	203,708	(37)
Israeli New Shekel	9,768	9,745	9,786	(41)
Japanese Yen	513,084	512,608	510,872	1,736
New Zealand Dollar	62,153	62,118	62,345	(227)
Norwegian Krone	12,676	12,676	12,934	(258)
Singapore Dollar	84,668	84,482	84,686	(204)
Swedish Krona	60,512	60,750	60,557	193
Swiss Franc	245,970	246,352	245,747	605
Total	$ 3,848,127	$ 3,850,573	$ 3,839,894	$ 10,679

III. Detailed Notes On All Funds

Currency Forwards Counterparty Exposure
(expressed in thousands)

Counterparty Name	By Counterparty at June 30, 2020 Notional $USD	Fair Values	Worst Long Term Rating
Investment forwards counterparty exposure			
Australia and New Zealand Banking Group	$ 138,942	$ 402	A+
Bank of America, N.A.	210,385	(57)	A+
Barclays Bank PLC Wholesale	439,524	(214)	A
BNP Paribas SA	369,687	(657)	A+
Citibank N.A.	55,159	(138)	A+
Commonwealth Bank of Australia Sydney	83,118	762	A+
Credit Agricole CIB	312,496	4,905	A+
Deutsche Bank AG	347,438	(114)	BBB
Goldman Sachs International	146,071	(427)	A+
HSBC Bank PLC	86,169	(505)	A-
HSBC Bank USA	116,311	1,387	A+
Income Repatriation Boston	229	0	NR
JP Morgan Chase Bank N.A.	1,146	(27)	A+
JP Morgan Chase Bank N.A. London	179,787	372	A+
Merrill Lynch International	165,992	1,267	A-
Morgan Stanley & Co. International PLC	108,454	(511)	BBB+
National Australia Bank Limited	129,084	676	A+
Royal Bank of Canada (UK)	60,909	345	A
Standard Chartered Bank	8,335	(250)	A
State Street Bank & Trust Company	5,515	(16)	AA-
State Street Bank London	289,959	(650)	A
Toronto Dominion Bank	415,369	2,632	AA-
UBS AG	80,241	1,348	A+
Westpac Banking Corporation	97,807	149	A+
Total	$ 3,848,127	$ 10,679	

III. Detailed Notes On All Funds

B. Receivables

Accounts receivable as of June 30, 2020, 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	$ 1,349,444	$ 0	$1,349,444	$ 0
Intergovernmental receivable	34,859	0	34,859	15,937
Loan receivable	20,762	575,265	596,027	25,943
Accrued interest	208	6,712	6,920	937
Other receivables	453,098	30,562	483,660	656,522
Total	$ 1,858,371	$ 612,539	$2,470,910	$ 699,339

Taxes receivable and other receivables are shown net of allowances for uncollectible amounts of $247.0 million and $225.7 million ($60.2 million governmental activities and $165.5 million business-type activities), respectively.

C. Investment in Direct Financing Leases

Component Units

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

Net investment in direct financing obligations as of June 30, 2020, is as follows (expressed in thousands):

Total minimum lease payments to be received	$ 825
Less: unearned income	(50)
Net investment in direct financing leases	$ 775

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

D. Restricted Assets

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

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.

III. Detailed Notes On All Funds

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, $1.6 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	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Construction in progress	$ 491,804	$ 83,689	$ 189,134	$ 386,359
Infrastructure (including construction in progress)	11,993,932	189,126	35,392	12,147,666
Land	306,998	4,915	486	311,427
Total capital assets, not being depreciated	12,792,734	277,730	225,012	12,845,452
Capital assets, being depreciated:				
Buildings and improvements	1,650,332	122,563	1,005	1,771,890
Equipment and furnishings	564,399	37,745	14,246	587,898
Intangible-software	78,112	3,512	0	81,624
Land improvements	148,011	3,462	0	151,473
Vehicles	94,712	15,689	9,103	101,298
Water rights	32,131	0	0	32,131
Total	2,567,697	182,971	24,354	2,726,314
Less accumulated depreciation for:				
Buildings and improvements	824,692	36,494	638	860,548
Equipment and furnishings	383,289	22,981	12,177	394,093
Intangible-software	71,034	1,544	0	72,578
Land improvements	71,772	3,424	5	75,191
Vehicles	68,993	9,691	6,194	72,490
Water rights	21,989	737	0	22,726
Total	1,441,769	74,871	19,014	1,497,626
Total capital assets, being depreciated, net	1,125,928	108,100	5,340	1,228,688
Governmental activity capital assets, net	$ 13,918,662	$ 385,830	$ 230,352	$ 14,074,140
Business-type activities				
Capital assets, being depreciated:				
Equipment and furnishings	$ 5,822	$ 21	$ 31	5,812
Vehicles	800	115	104	811
Total	6,622	136	135	6,623
Less accumulated depreciation for:				
Equipment and furnishings	1,604	862	31	2,435
Vehicles	463	118	98	483
Total	2,067	980	129	2,918
Business-type activity capital assets, net	$ 4,555	$ (844)	$ 6	$ 3,705

III. Detailed Notes On All Funds

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

Governmental activities		
General government	$	15,353
Human resources		9,029
Education		1,685
Public safety		23,021
Agriculture and natural resources		9,362
Highways and other transportation		15,273
Health and environment		1,148
Total depreciation expense – Government activities	$	74,871

Business-Type activities		
Health care stabilization	$	1
Lottery		978
State Revolving fund		1
Total depreciation expense – Business-type activities	$	980

III. Detailed Notes On All Funds

Component Units

(expressed in thousands)

	Beginning Balance	Prior Period Adjustment	Increases	Decreases	Ending Balance
Information Network of Kansas, Inc.					
Capital assets, being depreciated					
Equipment and furnishings	$ 19	$ 0	$ 0	$ 14	$ 5
Less accumulated depreciation	15	0	2	14	3
Total capital assets, being depreciated, net	$ 4	$ 0	$ (2)	$ 0	$ 2
Kansas Development Finance Authority					
Capital assets, being depreciated					
Buildings and improvements	$ 586	$ 0	$ 0	$ 0	$ 586
Equipment and furnishings	312	0	53	49	316
Less accumulated depreciation	518	0	94	49	563
Total capital assets, being depreciated, net	$ 380	$ 0	$ (41)	$ 0	$ 339
Kansas Housing Resources Corporation					
Capital assets, not being depreciated					
Assets in progress	$ 26	$ 0	$ 0	$ 26	$ 0
Total capital assets, not being depreciated	26	0	0	26	0
Capital assets, being depreciated					
Buildings and improvements	244	0	0	0	244
Equipment and furnishings	1,257	0	26	0	1,283
Vehicles	59	0	0	20	39
Less accumulated depreciation	1,269	0	110	20	1,359
Total capital assets, being depreciated, net	$ 291	$ 0	$ (84)	$ 0	$ 207
Kansas Turnpike Association					
Capital assets, not being depreciated					
Land	$ 20,324	$ 0	$ 7	$ 5	$ 20,326
Infrastructure, including CIP	633,014	0	39,921	22,951	649,984
Total capital assets, not being depreciated	653,338	0	39,928	22,956	670,310
Capital assets, being depreciated					
Buildings and improvements	40,313	0	1,732	0	42,045
Equipment and furnishings	31,444	0	6,259	2,268	35,435
Less accumulated depreciation	35,763	0	4,517	2,057	38,223
Total capital assets being depreciated, net	35,994	0	3,474	211	39,257
Total capital assets, net	$ 689,332	$ 0	$ 43,402	$ 23,167	$ 709,567

III. Detailed Notes On All Funds

(expressed in thousands)

	Beginning Balance	Prior Period Adjustment	Increases	Decreases	Ending Balance
University system					
Capital assets, not being depreciated					
Construction in progress	$ 163,638	$ 0	$ 171,166	$ 165,307	$ 169,497
Land	90,739	(21)	2,642	1,430	91,930
Total capital assets, not being depreciated	254,377	(21)	173,808	166,737	261,427
Capital assets, being depreciated					
Buildings and improvements	5,107,226	(10)	168,091	3,741	5,271,566
Land improvements	64,813	21	2,222	138	66,918
Equipment and furnishings	749,526	(652)	50,220	11,442	787,652
Intangible, software	31,653	170	190	320	31,693
Vehicles	65,148	0	4,118	1,160	68,106
Total capital assets, being depreciated	6,018,366	(471)	224,841	16,801	6,225,935
Less accumulated depreciation for:					
Buildings and improvements	1,895,164	(28)	124,783	2,255	2,017,664
Land improvements	32,483	21	2,900	331	35,073
Equipment and furnishings	552,941	(611)	47,202	9,759	589,773
Intangible, software	21,710	126	2,111	276	23,671
Vehicles	53,365	0	1,258	1,160	53,463
Totals	2,555,663	(492)	178,254	13,781	2,719,644
Total capital assets, being depreciated, net	3,462,703	21	46,587	3,020	3,506,291
University system capital assets, net	$ 3,717,080	$ 0	$ 220,395	$ 169,757	$3,767,718
All component units					
Capital assets, not being depreciated					
Construction in progress	$ 163,664	$ 0	$ 171,166	$ 165,333	$ 169,497
Land	111,063	(21)	2,649	1,435	112,256
Infrastructure, including CIP	633,014	0	39,921	22,951	649,984
Total capital assets, not being depreciated	907,741	(21)	213,736	189,719	931,737
Capital assets, being depreciated					
Buildings and improvements	5,148,369	(10)	169,823	3,741	5,314,441
Land improvements	64,813	21	2,222	138	66,918
Equipment and furnishings	782,558	(652)	56,558	13,773	824,691
Intangible, software	31,653	170	190	320	31,693
Vehicles	65,207	0	4,118	1,180	68,145
Total capital assets, being depreciated	6,092,600	(471)	232,911	19,152	6,305,888
Less accumulated depreciation for:					
Buildings and improvements	1,911,654	(28)	126,110	2,255	2,035,481
Land improvements	32,483	21	2,900	331	35,073
Equipment and furnishings	573,975	(611)	50,594	11,879	612,079
Intangible, software	21,710	126	2,111	276	23,671
Vehicles	53,406	0	1,262	1,180	53,488
Totals	2,593,228	(492)	182,977	15,921	2,759,792
Total capital assets, being depreciated, net	3,499,372	21	49,934	3,231	3,546,096
All component units capital assets, net	$ 4,407,113	$ 0	$ 263,670	$ 192,950	$4,477,833

III. Detailed Notes On All Funds

Construction Commitments

The State has active construction projects as of June 30, 2020. 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
Adjutant General			
Ft. Leavenworth Mission Training Complex Barracks	$ 14,944	$ 4,917	Federal funds
Ft. Leavenworth Readiness Center	13,875	13,084	Federal funds
Department of Transportation			
Various roadway projects	489,075	915,634	Federal, State and Local Funds
Kansas Wildlife, Parks & Tourism			
North, East, West Hubs & Mitigation Marsh	18	1,146	Federal & State Funds
Flint Hills Trail	3,822	3,034	Federal & State Funds
Clark State Fishing Lake Dam Repair	1,841	438	Federal & State Funds
Component Units:			
Fort Hays State University			
Center for Student Success - Private Gift	1,045	1,955	Restricted Fees
Center for Student Success - Bond Funds	756	7,344	General Fees - Tuition
Rarick Hall - Private Gift	690	1,310	Renovation & Restoration
Rarick Hall - Bond Funds	0	8,100	General Fees - Tuition
ERP - Student	5,657	793	Restricted Fees
Emporia State University			
Schallenkamp Hall & Abigail Morse Renovation	27,393	3,107	Bond Proceeds
Pittsburg State University			
Fine & Performing Arts	62,850	0	Private Funding
Center	8,700	0	Bonds- Student Fees
Heckert Wells New HVAC and Lab	4,435	8	State R& R
Hood Systems	67	0	University Interest and Local Funds
Axe Library Chiller Replacement	849	223	State R& R
Kansas State University			
Hale Library Reconstruction	26,341	6,909	Bonds and Restricted Fee Fund
Hale Library Reconstruction	2,651	662	Restricted Fee Fund
Mosier Hall Pet Health/Auditorium	3,807	2,612	Sponsored Research, Restricted Fee Fund
Ice Hall Physician Assistant Program Renovation	1,117	127	General Fund
Derby Dining Hall Renovation	6,500	6,132	Bonds
Polytechnic Aircraft Apron	1,524	88	Restricted Fee Fund
Hale Library Shelving	0	1,369	Restricted Fee Fund

III. Detailed Notes On All Funds

Agency - Project	Spent to Date	Remaining Commitment	Funding Source
Component Units:			
Wichita State University			
NIAR Crash Test Lab	7,472	3,196	General Fund
NIAR ATLAS Project	1,482	136	Restricted Fee Fund, Sponsored Research Overhead Fund
NIAR Bldg Renovation	2,539	275	Restricted Fee Fund, Sponsored Research Overhead Fund
Henrion Hall Renovation - Phase 1	1,107	30	Rehabilitation & Repair, Deferred Maintenance, General Fund
Total	$ 690,557	$ 982,629	

Other Commitments

As of June 30, 2020, the State, through the activities of the former Kansas Bioscience Authority, had agreed to $1.4 million in approved unfunded commitments to Kansas bioscience companies and research institutions. Commitments to companies are generally contingent upon the grantee meeting various performance or other contingencies to achieve actual funding. Included in the outstanding approved unfunded commitments are $0.14 million in special assessments payable which were incurred for construction of the Kansas Bioscience Park and Venture Accelerator facility.

Significant encumbrances at June 30, 2020 *(amounts in thousands)*

Fund	**Amount**
General	$ 50,215
Social Services	63,221
Education	11,556
Health and Environment	186,439
Transportation	881,214
Other Governmental Funds	202,893
Total	$ 1,395,538

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, 2020, is as follows (expressed in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Non-major Governmental Funds	$ 27,089
Social Services Fund	General Fund	5,772
Health and Environment Fund	General Fund	27,568
Transportation Fund	Non-major Governmental Funds	93
Non-major Governmental Funds	General Fund	125,253
	Social Services Fund	13
	Non-major Governmental Funds	234
	Non-major Enterprise Funds	2,447
	Internal Service Funds	87
		$ 188,556

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, 2020, were as follows (expressed in thousands):

Receivable Fund	Payable Fund	Amount
Non-major Governmental Funds	General Fund	$175,915
	Social Services Fund	47
	Non-major Governmental Funds	787
	Internal Service Funds	27
		$176,776

The 2017 legislature passed, and the governor signed into law, Senate Substitute for Substitute House Bill 2052, Section 45(m) of House Bill 2052 which authorized internal borrowing from the Pooled Money Investment Board idle funds pool for deposit to the State General Fund. On June 27, 2017, the director of the budget certified an amount of $198.4 million to be transferred. An additional $118.8 million was certified to be transferred on July 3, 2017 for a total internal borrowing of $317.2 million. These transactions were recorded as advances to and from in the impacted funds. Senate Bill 25, Section 172 of the 2019 session authorized the repayment of $52.9 million, 1/6 of the amount transferred, to be repaid in 2019, leaving a balance of $264.3 million. In June 2020, ½ of the remaining amount, $132.2 million, was repaid. On or before June 30, 2021, the final amount of $132.1 million will be repaid.

Included in the fiscal year 2021 Governor's State General Fund Allotment Plan, dated July 2020, the fiscal year 2021 final repayment of $132.1 million will be delayed and an additional internal borrowing of $132.1 million will be implemented, if approved by actions of the Legislature during the 2021 Legislative Session.

III. Detailed Notes On All Funds

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

Transfers

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

Fund	Net Transfers In	Net Transfers Out
General	$ 0	$ 46,194
Social Services	1,135,347	0
Health & Environment	0	1,122,095
Education	205,225	0
Transportation	0	523,291
Executive	0	20,632
Non-major Governmental	520,270	0
Unemployment Insurance	0	2,023
Health Care Stabilization	3,280	0
Non-major Enterprise	0	147,434
Internal Service Funds	0	2,453
Total	$ 1,864,122	$ 1,864,122

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

H. Short-term Obligations

Short-term obligations at June 30, 2020, and changes for the fiscal year then ended (expressed in thousands) are as follows:

	6/30/2019 Beginning Balance	Additions	Deletions	6/30/2020 Ending Balance
Governmental Activities				
Certificates of Indebtedness	$ 0	$ 275,000	$ 275,000	$ 0
Accrued receivables:				
Expanded Lottery Act Revenues Fund	0	88,694	88,694	0
Children's Initiatives Fund	0	21,634	21,634	0
Correctional Institutions Building Fund	0	3,993	3,993	0
State Economic Development Initiatives Fund	0	31,929	31,929	0
Kansas Endowment for Youth Fund	0	192	192	0
Kansas Educational Building Fund	0	38,364	38,364	0
State Institutions Building Fund	0	19,023	19,023	0
Total short-term obligations	$ 0	$ 478,829	$ 478,829	$ 0

III. Detailed Notes On All Funds

A Certificate of Indebtedness may be written and issued by the Pooled Money Investment Board (PMIB), an agency of the State, per K.S.A. 75-3725a. This occurs when it appears estimated resources are sufficient in the State General Fund (SGF) to meet the State's expenditures and obligations for that fiscal year but may not be sufficient to do so in a particular month(s) when obligations are due. Once approval has been granted as prescribed in K.S.A. 75-3725a, the written Certificate of Indebtedness is issued by the PMIB subject to redemption from the SGF not later than June 30, immediately following the issuance of the indebtedness. No interest is accrued or paid. A Certificate of Indebtedness of $275 million was issued on July 1, 2019, and redeemed on June 24, 2020.

Per House Substitute for Senate Bill 25, Section 62(p) of the 2019 Session, on July 1, 2019, 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 2020, a receivable was posted for $88.7 million and was reduced to zero in June 2020.

Per House Substitute for Senate Bill 25, Section 62(q) of the 2019 Session, on July 1, 2019, 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 2020 a receivable was posted for $21.6 million and was reduced to zero in June 2020.

Per House Substitute for Senate Bill 25, Section 62(i) of the 2019 Session, on July 1, 2019, 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 2020, a receivable was posted for $4.0 million and was reduced to zero in June 2020.

Per House Substitute for Senate Bill 25, Section 62(h) of the 2019 Session, on July 1, 2019, 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 2020, a receivable was posted for $31.9 million and was reduced to zero in June 2020.

Per House Substitute for Senate Bill 25, Section 62(r) of the 2019 Session, on July 1, 2019, 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 2020, a receivable was posted for $192,175 and was reduced to zero in June 2020.

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 2020, $38.4 million was posted to the Kansas Educational Building Fund. The receivables were reduced to zero in June 2020.

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 2020, $19.0 million was posted to the State Institutions Building Fund. The receivables were reduced to zero in June 2020.

III. Detailed Notes On All Funds

I. Long-term Obligations

A summary of long-term obligations at June 30, 2020, for the fiscal year then ended is as follows (expressed in thousands):

	Governmental Activities	Business-type Activities	Component Units	Total
Revenue bonds payable	$ 4,223,119	$ 124,573	$ 872,295	$ 5,219,987
Notes payable	8,314	0	0	8,314
Other component units of university system	0	0	688,015	688,015
Capital leases payable	238,007	0	58,000	296,007
Arbitrage rebate payable	0	63	6	69
Claims	142,186	291,260	0	433,446
Judgments	0	0	0	0
Special assessment payable	115	0	0	115
KPERS Employer liability	249,339	0	0	249,339
Compensated absences	119,150	137	100,416	219,703
Total OPEB liability	49,710	114	41,429	91,253
Net pension liability	1,898,115	6,051	201,091	2,105,257
Pollution remediation	77,059	0	0	77,059
Other	0	8,977	131,817	140,794
Total long-term obligations	$ 7,005,114	$ 431,175	$ 2,093,069	$ 9,529,358

III. Detailed Notes On All Funds

Long-term obligations at June 30, 2020, 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, 2019 Beginning Balance	Additions	Deletions	June 30, 2020 Ending Balance	Amounts Due In One Year
Governmental Activities									
Revenue bonds payable:									
KDFA series 2004 C	2004	3.43 - 5.50%	2034	$ 500,000	$ 362,785	$ 0	$ 16,345	$ 346,440	$ 17,215
KDFA series 2007 K-1, 2A, 2B, & 3	2008	4.00 - 5.25%	2028	59,455	3,015	0	3,015	0	0
KDFA series 2009 A	2009	2.50 - 5.00%	2035	3,825	3,195	0	3,195	0	0
KDFA series 2009 M-1 & M-2	2010	3.00 - 6.31%	2035	89,765	62,070	0	62,070	0	0
KDFA series 2009 N	2010	3.88 - 5.80%	2025	10,050	6,175	0	6,175	0	0
KDFA series 2010 C	2010	5.00%	2020	52,755	7,070	0	7,070	0	0
KDFA series 2010 E-1 & E-2	2010	2.00 - 6.12%	2035	84,160	47,450	0	7,525	39,925	7,845
KDFA series 2010 F	2010	1.58 - 6.25%	2032	10,580	8,340	0	505	7,835	525
KDFA series 2010 O-2	2011	2.70 - 6.10%	2030	39,945	28,185	0	2,155	26,030	2,220
KDFA series 2011 B	2012	2.00 - 4.13%	2031	53,780	36,255	0	2,465	33,790	2,590
KDFA series 2011 K	2012	3.00 - 5.00%	2023	109,135	82,960	0	13,965	68,995	22,185
KDFA series 2013 A-1, 2 & 3	2014	4.00 - 5.00%	2033	71,885	52,385	0	3,990	48,395	4,195
KDFA Series 2013 B	2014	3.00 - 5.00%	2024	40,555	13,160	0	5,880	7,280	2,225
KDFA Series 2015 A	2015	3.20 - 5.00%	2035	230,475	207,600	0	18,025	189,575	18,560
KDFA Series 2015 G	2015	4.84 - 5.00%	2035	203,585	188,735	0	7,980	180,755	8,380
KDFA Series 2015 H	2016	1.44 - 4.927%	2045	1,005,180	945,840	0	21,175	924,665	21,730
KDFA Series 2016 H	2017	2.00 - 5.00%	2029	51,500	50,155	0	3,940	46,215	4,695
KDFA Series 2019 F-1, 2 & 3	2020	3.00 - 5.00%	2035	68,980	0	68,980	380	68,600	4,710
KDFA Series 2019 G	2020	2.00 - 2.15%	2025	5,470	0	5,470	130	5,340	1,025
KDOT series 2004 C*	2005	Variable	2025	147,000	147,000	0	0	147,000	0
KDOT series 2009 A	2010	2.25 - 5.00%	2021	176,680	50,050	0	27,050	23,000	23,000
KDOT series 2010 A	2011	4.60%	2036	325,000	325,000	0	0	325,000	0
KDOT series 2012 B	2013	5.00%	2023	144,885	144,885	0	31,000	113,885	38,000
KDOT series 2012 C	2013	4.00 - 5.00%	2033	200,000	170,800	0	7,800	163,000	50,000
KDOT series 2014 A	2015	5.00%	2031	250,000	250,000	0	0	250,000	0
KDOT series 2014 B	2015	Variable	2020	212,875	48,265	0	48,265	0	0
KDOT series 2015 A	2016	2.75 - 5.00%	2025	190,875	190,875	0	0	190,875	0
KDOT series 2015 B	2016	5.00%	2036	400,000	400,000	0	0	400,000	0
KDOT series 2017 A	2018	5.00%	2038	200,000	200,000	0	1,000	199,000	8,945
KDOT series 2018 A	2019	5.00%	2038	173,035	173,035	0	650	172,385	1,405
				5,111,430	4,205,285	74,450	301,750	3,977,985	239,450
Plus deferred amounts:									
Net unamortized premium (discount)				0	269,763	11,318	35,947	245,134	0
Total revenue bonds payable				$ 10,222,860	4,475,048	85,768	337,697	4,223,119	239,450
Notes payable:									
Water supply storage in federal reservoirs				29,189	10,685	0	2,371	8,314	645
Total notes payable				$ 29,189	10,685	0	2,371	8,314	645
Arbitrage rebate payable					1	0	1	0	0
Capital leases payable					139,206	110,575	11,774	238,007	13,862
Claims					92,814	431,597	382,225	142,186	29,733
Special assessment payable					115	0	0	115	10
KPERS Employer liability					255,304	0	5,965	249,339	6,435
Compensated absences					111,381	68,684	60,915	119,150	55,661
Total OPEB liability					51,485	12,253	14,028	49,710	0
Net pension liability					1,891,987	345,149	339,021	1,898,115	0
Pollution remediation					76,320	739	0	77,059	14,767
Total governmental activities					$ 7,104,346	$ 1,054,765	$ 1,153,997	$ 7,005,114	$ 360,563

III. Detailed Notes On All Funds

	Issue Dates	Interest Rates	Maturity Through	Original Amount of Debt	June 30, 2019 Beginning Balance	Additions	Deletions	June 30, 2020 Ending Balance	Amounts Due In One Year
Business-type Activities									
Revenue bonds payable:									
KDFA series 2010 SRF 1,2 & 3 (CW & DW)	2011	1.68 - 5.95%	2030	$ 194,865	$ 130,715	$ 0	$ 130,715	$ 0	$ 0
KDFA series 2019 SRF-1	2019	5.00%	2031	47,445	47,445	0	5,935	41,510	0
KDFA series 2019 SRF (CW&DW)	2020	5.00%	2030	68,730	0	68,730	0	68,730	27,245
Plus deferred amounts:									
Net unamortized premium (discount)				0	10,849	4,579	1,095	14,333	3,585
Total revenue bonds payable				$ 311,040	189,009	73,309	137,745	124,573	30,830
Arbitrage rebate payable					40	23	0	63	0
Claims and judgments					296,058	253	5,051	291,260	38,189
Compensated absences					109	117	89	137	92
Other					9,174	0	197	8,977	0
Total OPEB liability					74	41	1	114	0
Net pension liability					6,076	1,159	1,184	6,051	0
Total business-type activities					$ 500,540	$ 74,902	$ 144,267	$ 431,175	$ 69,111

	Issue Dates	Interest Rates	Maturity Through	Original Amount of Debt	June 30, 2019 Beginning Balance	Additions	Deletions	June 30, 2020 Ending Balance	Amounts Due In One Year
Component Units									
Revenue bonds payable:									
KDFA series 2001 W-1	2002	3.00 - 5.00%	2022	$ 1,720	$ 375	$ 0	$ 120	$ 255	$ 125
KDFA series 2002 H	2003	2.50 - 4.70%	2022	3,765	760	0	240	520	250
KDFA series 2005 D	2005	3.79 - 5.18%	2022	20,980	4,155	0	1,335	2,820	1,405
KDFA series 2008 D	2008	5.10%	2038	1,600	1,600	0	0	1,600	0
KDFA series 2009 G	2009	2.50 - 4.75%	2024	825	325	0	60	265	265
KDFA series 2009 H-1 & H-2	2009	2.50 - 7.30%	2035	13,460	11,255	0	11,255	0	0
KDFA series 2009 J-1 & J-2	2009	2.50 - 7.00 %	2030	3,880	2,925	0	2,925	0	0
KDFA series 2009 K-1 & K-2	2010	2.63 - 5.63%	2040	6,140	5,260	0	4,760	500	160
KDFA series 2009 M-1 & M-2	2010	3.00 - 6.31%	2030	27,150	16,855	0	16,855	0	0
KDFA series 2010 A	2010	2.00 - 4.05%	2030	23,700	15,550	0	15,550	0	0
KDFA series 2010 B	2010	2.50 - 3.75%	2027	21,650	11,950	0	11,950	0	0
KDFA series 2010 G-1 & G-2	2010	2.00 - 6.60%	2040	20,050	18,435	0	575	17,860	595
KDFA series 2010 J	2010	0.75 - 4.45%	2030	14,765	9,285	0	9,285	0	0
KDFA series 2010 K-1 & K-2	2010	2.00 - 6.20%	2035	15,050	8,120	0	8,120	0	0
KDFA series 2010 M-1 & M-2	2010	2.00 - 5.10%	2026	14,865	10,850	0	10,850	0	0
KDFA series 2010 P-1 & P-2	2011	2.00 - 5.00%	2031	11,980	10,515	0	755	9,760	770
KDFA series 2010 U-1 & U-2	2011	1.80 - 6.20%	2029	25,180	12,175	0	1,150	11,025	1,155
KDFA series 2011 C	2011	2.00 - 4.50%	2036	13,450	10,290	0	440	9,850	455
KDFA series 2011 D-1, 2 & 3	2011	2.00 - 4.40%	2024	7,725	3,130	0	660	2,470	685
KDFA series 2011 G	2012	0.50 - 4.13%	2041	16,300	12,950	0	12,950	0	0
KDFA series 2012 A	2012	3.00 - 5.00%	2024	27,610	12,130	0	2,675	9,455	2,810
KDFA series 2012 D	2012	2.00 - 4.50%	2029	41,830	34,945	0	34,945	0	0
KDFA series 2012 F	2013	2.00 - 5.00%	2033	17,205	13,230	0	760	12,470	795
KDFA series 2012 H	2012	2.00 - 5.00%	2034	35,970	29,025	0	1,485	27,540	1,570
KDFA series 2014 A-1 & 2	2014	3.00 - 4.25%	2035	35,175	29,440	0	1,555	27,885	1,495
KDFA series 2014 C-1, 2, 3, 4 & 5	2014	3.00 - 5.00%	2039	56,655	49,510	0	2,155	47,355	2,670
KDFA seres 2014 D-1, 2, 3 & 4	2014	3.00 - 5.00%	2035	133,550	117,550	0	4,655	112,895	4,900
KDFA series 2013 G-1 & 2	2014	4.00 - 5.00%	2038	74,370	66,160	0	2,315	63,845	2,435
KDFA series 2015 B-1, 2 & 3	2015	3.00 - 5.00%	2037	61,865	53,750	0	2,105	51,645	2,205
KDFA series 2016 A	2016	2.00 - 4.00%	2040	97,815	88,265	0	3,445	84,820	3,580
KDFA series 2016 B-1, 2 & 3	2016	2.00 - 4.00%	2041	30,860	28,120	0	1,230	26,890	1,275
KDFA series 2016 C	2016	2.00 - 4.00%	2041	45,330	42,740	0	1,335	41,405	1,385
Series 2015 K	2016	0.61%	2021	1,500	757	0	251	506	252
2015 M FCIP	2016	0.75%	2023	2,136	1,234	0	305	929	307
KDFA series 2016 J	2017	2.00 - 5.00%	2036	9,245	8,575	0	275	8,300	290
KDFA series 2017 A	2017	3.00 - 5.00%	2042	67,510	60,480	0	3,130	57,350	2,320
KDFA series 2017 B	2017	2.52%	2032	2,884	2,710	0	270	2,440	92
KDFA series 2017 D	2018	3.00 - 5.50%	2038	36,075	35,120	0	1,825	33,295	1,700
KDFA series 2017 E	2018	1.97%	2025	8,100	6,575	0	1,045	5,530	1,065
KDFA series 2019 C-1, 2 & 3	2020	3.00 - 5.00%	2041	31,155	0	31,155	990	30,165	715
KDFA series 2020 A	2020	2.02%	2026	8,440	0	8,440	0	8,440	1,540
KDFA series 2020 B-1, 2, 3, 4, 5, 6 & 7	2020	2.00 - 5.00%	2035	76,525	0	76,525	145	76,380	8,635
KDFA series 2020 C	2020	3.125 - 5.00%	2039	10,480	0	10,480	0	10,480	370
KDFA series 2020 F	2020	2.00 - 4.00%	2030	8,270	0	8,270	0	8,270	720
KDFA series 2020 H-1 & 2	2020	2.125 - 5.00%	2034	11,220	0	11,220	0	11,220	740
Plus deferred amounts:									
Net unamortized premium (discount)				0	47,018	10,806	1,964	55,860	0
Total revenue bonds payable				$ 1,196,010	894,094	156,896	178,695	872,295	49,731
Other component units of university system					729,963	37,104	79,052	688,015	34,115
Arbitrage rebate payable					20	0	14	6	0
Capital leases					66,233	0	8,233	58,000	5,472
Compensated absences					88,648	81,704	69,936	100,416	67,243
Other					142,520	42	10,745	131,817	10,787
Total OPEB liability					39,508	12,237	10,316	41,429	0
Net pension liability					217,080	18,619	34,608	201,091	0
Total component units					$ 2,178,066	$ 306,602	$ 391,599	$ 2,093,069	$ 167,348

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, 2020, which have scheduled debt service amounts (expressed in thousands):

	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
Revenue bonds:						
2021	$ 239,450	$ 180,703	$ 27,245	$ 5,863	$ 49,731	$ 13,241
2022	248,685	169,688	15,580	4,264	50,666	12,210
2023	258,035	158,343	11,815	3,371	52,509	11,115
2024	210,165	147,654	13,105	2,780	52,568	10,093
2025	218,525	138,297	5,795	2,125	47,538	9,034
2026-2030	1,096,800	534,339	31,140	6,337	221,066	34,334
2031-2035	1,030,125	280,369	5,560	278	192,597	19,627
2036-2040	398,535	109,565	0	0	119,830	6,051
2041-2045	277,665	42,356	0	0	29,931	328
2046-2050	0	0	0	0	0	0
Unamortized premium	245,134	0	14,333	0	55,859	0
Totals	4,223,119	1,761,314	124,573	25,018	872,295	116,033
Notes payable:						
2021	645	327	0	0	0	0
2022	670	302	0	0	0	0
2023	696	276	0	0	0	0
2024	723	248	0	0	0	0
2025	752	220	0	0	0	0
2026-2030	4,056	631	0	0	0	0
2031-2035	772	31	0	0	0	0
Totals	8,314	2,035	0	0	0	0
KPERS Employer liability						
2021	6,435	19,365	0	0	0	0
2022	6,942	18,858	0	0	0	0
2023	7,489	18,311	0	0	0	0
2024	8,079	17,721	0	0	0	0
2025	8,715	17,085	0	0	0	0
2026-2030	55,020	73,980	0	0	0	0
2031-2035	80,394	48,606	0	0	0	0
2036-2040	76,265	13,932				
Totals	249,339	227,858	0	0	0	0
Capital leases payable	238,007	102,718	0	0	58,000	263,400
Long-term debt without scheduled Debt service:						
Arbitrage rebate payable	0	0	63	0	6	0
Claims and judgments	142,186	0	291,260	0	0	0
Special Assessments Payable	115	0	0	0	0	0
Compensated absences	119,150	0	137	0	100,416	0
Other post employment benefits	49,710	0	114	0	41,429	0
Net pension liability	1,898,115	0	6,051	0	201,091	0
Pollution remediation	77,059	0	0	0	0	0
Component units of university system	0	0	0	0	688,015	0
Other	0	0	8,977	0	131,817	0
Total long-term obligations	$ 7,005,114	$ 2,093,925	$ 431,175	$ 25,018	$ 2,093,069	$ 379,433

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, 2020. 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
2021	$ 0	$ 764	$ 2,287	$ 3,051
2022	32,010	653	2,071	34,734
2023	33,315	500	1,555	35,370
2024	34,675	324	1,001	36,000
2025	47,000	50	380	47,430
Total	$ 147,000	$ 2,291	$ 7,294	$ 156,585

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

III. Detailed Notes On All Funds

The coupon interest rate on outstanding fixed rate bonds varies from 3.00 percent to 5.50 percent. In addition, various bonds were issued as variable rate instruments whose rates change on a monthly basis. During the year, interest rates ranged from 0.421 percent to 2.182 percent on the monthly adjustable bonds.

Sales Tax Limited Obligation Bonds

Sales tax limited obligation bonds (STAR bonds) have been issued for various local governments throughout the state. Pursuant to issuance of the STAR bonds, the State and local governments have entered into Redevelopment District Tax Distribution Agreements. The agreements provide that the principal of, accreted value, and interest on the STAR bonds will be paid proportionally from the State's and the local governments' respective share of sales taxes generated within the related Districts. These bonds are special limited obligations of the State, where neither the principal of, redemption premium, if any, nor interest on these bonds constitutes a general obligation or indebtedness of, nor is the payment thereof guaranteed by the State. Accordingly, such STAR bonds are not included in the State's June 30, 2020 balance sheet. The State's portion of the STAR bonds at June 30, 2020 total $341.7 million.

Special Obligation and Private Activity Bonds

Special obligation bonds have various revenue streams that are pledged for repayment of principal and interest. These bonds are special limited obligations of KDFA, where neither the principal of, redemption premium, if any, nor interest on these bonds constitutes a general obligation or indebtedness of, nor is the payment thereof guaranteed by KDFA or the State. Accordingly, such special obligation bonds are not included in KDFA's June 30, 2020, balance sheet. KDFA's special obligation bonds at June 30, 2020, total $2.9 billion.

Private activity bonds are special limited obligations of KDFA and are made payable solely from a pledge of the applicable trust estate that is comprised of a particular designated revenue stream of the borrower. Accordingly, such private activity bonds are not included on KDFA's June 30, 2020, balance sheet. KDFA's private activity bonds at June 30, 2020, total $1.1 billion.

Notes Payable

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

The Kansas Water Office is charged by statute to meet, as nearly as possible, the anticipated future water supply needs of the citizens of Kansas. The agency has executed several water supply storage agreements with the Federal Government over the past 44 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, 2020, for portions of the storage designated as "future use" storage.

Lease Commitments

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

III. Detailed Notes On All Funds

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

Operating Leases

The State has commitments with non-state entities to lease certain buildings and equipment. Future minimum rental commitments for building and equipment operating leases as of June 30, 2020 are as follows (expressed in thousands):

Fiscal Year	
2021	$ 7,947
2022	7,086
2023	6,672
2024	5,976
2025	4,907
2026-2030	17,466
2031-2035	11,682
2036-2040	6,426
Total future minimum lease payments	$ 68,162
Rent expenditures/expenses for operating leases for the year ended June 30, 2020	$ 8,193

Capital Leases

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

The following schedule presents future minimum lease payments as of June 30, 2020 (expressed in thousands):

	Governmental Activities	
Year Ending June 30	Principal	Interest
2021	$ 13,862	$ 10,843
2022	13,947	10,229
2023	13,730	9,608
2024	13,644	9,034
2025	13,538	8,470
2026-2030	73,104	32,815
2031-2035	56,687	16,682
2036-2040	38,708	5,006
2041-2046	787	31
Total	$ 238,007	$ 102,718

III. Detailed Notes On All Funds

Leased land, buildings, and equipment under capital leases in capital assets at June 30, 2020, include the following (expressed in thousands):

	Governmental Activities
Land (non-depreciable)	$ 16,718
Buildings	260,472
Equipment	7,645
Less: Accumulated depreciation	(42,507)
Total	$ 242,328

KPERS Employer Liability

The 2017 Kansas Legislature passed Senate Substitute for House Bill 2052 which authorized a delay of $64.1 in fiscal year 2017 employer contributions. Section 43 of House Bill 2052 directs payment of the delayed employer contribution to be made in level annual amounts of $6.4 million at an interest rate of 7.75% over 20 years beginning in fiscal year 2018. House Substitute for Senate Bill 25, Section 90, provides the appropriation to the Kansas Department of Education for payment of the amount due in fiscal year 2020. Senate Bill 66, Section 79, provides the appropriation to the Kansas Department of Education for payment of the amount due in fiscal year 2021. As of June 30, 2020 the unpaid balance is $59.7 million.

The 2017 Kansas Legislature passed Senate Substitute for House Bill 2002 which directed the lapse of appropriation to the Kansas Department of Education and authorized the delay of $194.0 million is fiscal year 2019 employer contributions. House Bill 2002, Section 232, amended K.S.A. 74-4920, authorizing repayment of the delayed contributions to be amortized over twenty years at a level annual amount commencing in fiscal year 2020. The level annual amount was computed to be $19.4 million at an interest rate of 8.0%. House Substitute for Senate Bill 25, Section 90, provides the appropriation to the Kansas Department of Education for payment of the amount due in fiscal year 2020. Senate Bill 66, Section 79, provides the appropriation to the Kansas Department of Education for payment of the amount due in fiscal year 2021. As of June 30, 2020, the unpaid balance is $189.7 million.

Master Lease Purchase Program

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

Defeasance of Debt

Primary Government

For financial reporting purposes, the State has in substance defeased certain bonds by issuing additional debt. Thus, the related liability and trust assets to pay the defeased bonds have been removed from the financial statements in the year of defeasance. Defeased debt at June 30, 2020, and changes for the fiscal year then ended are as follows (expressed in thousands):

III. Detailed Notes On All Funds

Bond Issue	6/30/2019 Beginning Balance	Current Year Defeased	Payments	6/30/2020 Ending Balance
Governmental Activities				
KDFA Series 2009 M-1	$ 0	$ 32,695	$ 32,695	$ 0
KDFA Series 2009 M-2	0	26,725	26,725	0
KDFA Series 2009 N	0	5,280	5,280	0
Total governmental activities	$ 0	$ 64,700	$ 64,700	$ 0

Component Unit

For financial reporting purposes, the Kansas Development Finance Authority has in substance defeased certain revenue and lease revenue bonds by issuing additional debt. Thus, the related liability and trust assets to pay the defeased lease revenue bonds have been removed from the financial statements in the year of defeasance. Defeased debt at June 30, 2020, and changes for the fiscal year then ended are as follows (expressed in thousands):

Bond Issue	6/30/2019 Beginning Balance	Current Year Defeased	Payments	6/30/2020 Ending Balance
Component Units				
KDFA series 2009 K-1	$ 0	$ 4,610	$ 4,610	$ 0
KDFA series 2009 K-1	0	1,650	1,650	0
KDFA series 2009 M-1	0	13,635	13,635	0
KDFA series 2010 M-2	0	10,565	10,565	0
KDFA series 2010 K-2	0	5,800	5,800	0
KDFA series 2012 D	0	31,710	31,710	0
KDFA series 2010 N	0	11,740	11,740	0
Total component units	$ 0	$ 79,710	$ 79,710	$ 0

Arbitrage Rebate Payable

Estimated arbitrage rebate payables have been calculated and liabilities recorded of $0 for Governmental Activities, $63 thousand for Business-type Activities, and $6 thousand for Component Units.

Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2020, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2020 financial statements are as follows debit (credit) (expressed in thousands):

	Change in Fair Value		Fair Value at June 30, 2020		
	Classification	Amount	Classification	Amount	Notional
Governmental activities					
Cash flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow of resources	$ (646)	Debt	$ (7,239)	$ 72,000
Investment derivative instruments:					
Pay-fixed interest rate swaps	Investment revenue	(398)	Investment	(7,235)	75,000

III. Detailed Notes On All Funds

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 derivatives, 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 derivatives where KDOT pays fixed and receives a floating rate. Interest rates have trended lower since inception of the pay fixed swaps. Therefore, the mark-to-market value is generally more negative to KDOT.

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

(iii) Reduce interest expense from expected benefit resulting from the difference between tax-exempt and taxable rates. This is a function of swaps where KDOT receives a percentage of 1-Month LIBOR when hedging tax-exempt variable debt, with the expectation of receiving an ongoing net benefit from paying a lower fixed rate at the time of putting on the swap transaction. The historical average ratio of 1-Month LIBOR (short-term taxable rates) versus tax-exempt rates (a direct function of tax rates) is approximately 67 percent, but the ratio of long-term taxable rates and long-term tax-exempt rates is normally significantly higher than 67 percent. Therefore, the fixed rate payable in exchange for a smaller percentage of LIBOR will be significantly less than a long-term tax-exempt fixed rate. This reduction in fixed rate is the value of the benefit, the risk being tax rates change over the life of the percentage of LIBOR swap, or the variable rates on KDOT's hedged bonds do not closely match the percentage of LIBOR variable rate on the swap. The value of such a swap is determined by the prevailing level of taxable interest rates,

III. Detailed Notes On All Funds

with no reference to tax-exempt interest rates.

The following table provides a summary of the basic terms of the swap agreements as of June 30, 2020 (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 2014 B						Matured 9/1/2019			
* Series 2014 B						Matured 9/1/2019			
* Series 2004 C	$ 147,000	$ 72,000	11/23/2004	9/1/2024	3.571%	63.5% of USD-LIBOR + 0.29%	$ (7,239)	Goldman Sachs Bank USA	A1/A+/A+
**Series 2004 C	75,000	75,000	7/1/2007	9/1/2024	3.571%	62.329% of 10 Year CMS	(7,235)	Goldman Sachs Bank USA	A1/A+/A+
						Total Fair Value	$ (14,474)		

* - 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, 2020, 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 2014 B Swaps (Formerly 2002 B and C Swaps) - 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. On September 1, 2019, the interest rate swaps associated with the Series 2014B Bonds matured.

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

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

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

Credit risk. As of June 30, 2020, 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

III. Detailed Notes On All Funds

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.

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, 2020:

Other government tax abatement programs affecting the State of Kansas revenues entered into as of June 30, 2020					
Name of government	Tax being abated	Dollar amount of taxes abated for fiscal year 2020	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	$1.7 million	Economic Development	N/A	N/A
Brown County	Ad Valorem Property Tax	$1.4 million	Economic Development	N/A	N/A
Brown County	Ad Valorem Property Tax	$1.2 million	Economic Development	N/A	N/A
Brown County	Ad Valorem Property Tax	$2.6 million	IRB	N/A	N/A
Johnson County	Ad Valorem Property Tax	$1.1 million	IRB	N/A	N/A
Johnson County	Ad Valorem Property Tax	$2.0 million	IRB	N/A	N/A
Montgomery County	Ad Valorem Property Tax	$5.0 million	IRB	N/A	N/A
Montgomery County	Ad Valorem Property Tax	$5.8 million	IRB	N/A	N/A
Montgomery County	Ad Valorem Property Tax	$1.1 million	IRB	N/A	N/A
Montgomery County	Ad Valorem Property Tax	$1.3 million	IRB	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 2020 was $35.7 million.

IV. Other Information

B. Risk Management

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

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

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

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

The Tort Claims Fund (TCF) provides payment of compromises, settlements, and final judgments arising from claims against the State or an employee of the State under the Kansas Tort Claims Act, and costs of defending the State or an employee. When the balance in the TCF is insufficient to pay a claim, a transfer is made from the State General Fund to the TCF. The maximum claim liability allowed under the Kansas Tort Claims Act is $500,000 per occurrence or accident. At June 30, 2020, 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, 2020 (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	$ 59,188	$ 10,734	$ (13,220)	$ 56,702	$ 48,302	$ 8,400
Health and Dental Care Claims	24,992	355,662	(359,557)	21,097	64	21,034
Post Employment Health and Dental Claims	404	8,006	(8,109)	301	3	299
Total	$ 84,584	$ 374,402	$ (380,886)	$ 78,100	$ 48,369	$ 29,733
Prior Fiscal Year						
State Self-Insurance Fund	$ 62,524	$ 11,414	$ (14,750)	$ 59,188	$ 49,427	$ 9,761
Health and Dental Care Claims	27,994	365,847	(368,849)	24,992	80	24,913
Post Employment Health and Dental Claims	729	9,213	(9,538)	404	1	403
Total	$ 91,247	$ 386,474	$ (393,137)	$ 84,584	$ 49,508	$ 35,077

Notes:

1. Claims liability ending balance is based on Actuary IBNR modeling estimates using claims lag data through June 30, 2020.
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.
4. Non-current liability represents the remaining IBNR reserve for the prior fiscal year.

C. Contingencies and Commitments

Litigation

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

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

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

IV. Other Information

arguments. Following a decision by the Kansas Court of Appeals, the matter is likely to be appealed to the Kansas Supreme Court.

The taxpayer had remitted $48.5 million in tax, interest and penalty. If the taxpayer ultimately prevails in this matter, he would be entitled to a refund of that amount, plus accrued interest and possibly attorney fees. Currently, the tax and interest refund total would be approximately $60.0 million. The taxpayer's chances of success are reasonably possible. The State has recorded a liability for $60.0 million related to this case.

Kansas SAFE Act, Kansas Secretary of State, The State is currently involved in two cases that challenge the Kansas SAFE Act. The cases are currently on appeal. The district court has issued injunctions against parts of the Kansas SAFE Act in both cases. The State continues to vigorously contest the merits of both cases. The amount of the liability, if any, is unknown at this time.

Thomas Edward Blumer V State of Kansas, Case 2019-CV-720, District Court of Shawnee County, Kansas, The plaintiff claims that the end of the fiscal year fee sweep of the Kansas Securities Fee Fund in excess of the costs of operating the Kansas Securities Commission is a violation of both Article 11 of the Kansas Constitution and the commerce clause and the Fourteenth Amendment of the United States Constitution. The suit seeks termination of future excess fee sweeps from the Fund as well as repayment to the fund of the excess fee sweeps for fiscal year 2017, fiscal year 2018, and fiscal year 2019 plus prejudgment interest and attorney fees. If successful, the total claim against the state general fund could be in excess of $40 million. Based on the outcome of prior fee fund sweep litigation, material loss is likely. Repayment of swept funds would likely occur over several fiscal years and will be dependent on the actions of the executive and legislative branches.

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

Michael Bahnmaier v. Wichita State University, U.S. District Court for District of Kansas, Michael Bahnmaier filed a complaint for himself and on behalf of class members similarly situated stemming from an alleged data security incident experienced by WSU in December 2019. WSU tendered the defense of the lawsuit to Gallagher Limited, the cyber security insurance provider contracted by the Kansas Board of Regents. The insurance company issued a reservation of rights letter but is providing a defense under the insurance policy. WSU is being represented by insurance defense firm Baker Hostetler. Currently, the parties are in early, informal settlement discussions. While settlement appears to be a possibility, WSU is preparing a motion to dismiss the claims if settlement is not reached.

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

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

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

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

Minjarez-Almeida et al. v. Kansas Board of Regents and Kansas State University, in the District Court of Shawnee County, Kansas, Case No. 2020-CV-000378.

IV. Other Information

Plank v. Kansas State University and Kansas Board of Regents, in the United States District Court for the District of Kansas, Case No. 2020-CV-2335.

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

M.B. and S.E., et al. v. Laura Kelly, et al., in the United States District Court for the District of Kansas, Case No. 18-CV-2617-JWL-GEB. This case involves a federal civil rights action against the Governor, Secretary of the Department for Children and Families, Secretary of the Department of Health and Environment, and the Secretary of the Department for Aging and Disability Services alleging the improper care and treatment of children who have been or will be placed into foster care in the protective custody of the Department for Children and Families (DCF). The Office of the Attorney General retained outside counsel, and through counsel has vigorously defended the case. Upon a Motion to Dismiss, Governor Kelly was dismissed as a defendant by the Court in June 2020. Later in June the parties reach a mediated settlement that does not require the expenditure of material funds other than what DCF has budgeted for in its current budget and fiscal year 2021 budget request. The settlement was reviewed and approved by the state finance council but must go through a court directed settlement approval process which should occur in fiscal year 2021. The plaintiffs have requested nearly $3.9 million in attorney fees and expenses. The state defendants will oppose that amount however, the likelihood that the subsequent fee award will be in excess of one million dollars is high.

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 $202.3 million has been recorded for estimated claims.

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.

IV. Other Information

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 2020 pollution remediation liability is estimated at $47.30 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 $17.96 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 2021.

State Water Plan Orphan Sites Program

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

IV. Other Information

The State Water Plan and Environmental Stewardship Fund will be the primary source of funding to provide the ten percent State cost share and perform O&M requirements for NPL sites as well as to address environmental contamination issues identified at orphan sites. The annual budget for the SWP fund contains funding for both agency costs, payments to EPA for state cost share and contractual cost. It is difficult to predict what the future costs for the State Water Plan will be, however, the State has recorded a liability for $0.83 million which is the amount known to be budgeted in fiscal year 2021 for this program.

State Fee Funded Programs

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

The Storage Tank Act establishes two separate Trust Funds to assist owners and operators of storage tanks with the cost of remedial actions. Both funds are designed to provide financial assistance to owners and operators of facilities where contamination from petroleum storage tanks has occurred. The Trust Funds are financed from a $.01 fee placed on each gallon of petroleum (except aviation fuel) product manufactured in or imported into the State. The funds will be abolished on July 1, 2024, by the sunset provision unless reenacted by the Legislature.

To date, 2,289 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 if funding is available.

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

IV. Other Information

The annual budget for the UST fund contains funding for both agency costs and contractual cost which include funding for reimbursements of applicants and the direct payment of contractors who perform both emergency response activities and corrective actions at the sites. The exact amount of future costs is unknown. The State has recorded a liability of $9.0 million for UST fund activities which represents the amount budgeted for fiscal year 2021. A similar reimbursement fund has been created for Aboveground Petroleum Storage Tanks (AST). To date, 208 sites have been approved to receive reimbursement of approved costs under the AST fund identified in K.S.A. 65-34,129.

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 above ground 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.

The annual budget for the AST fund contains funding for both agency costs and contractual cost which include funding for reimbursements of applicants and the direct payment of contractors who perform both emergency response activities and corrective actions at the sites. The exact amount of future costs is unknown. The State has recorded a liability of $1.20 million for AST fund activities which represents the amount budgeted for fiscal year 2021.

Kansas Drycleaner Environmental Response Act

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

There are currently 186 sites approved for corrective action under the KDTF. The corrective action at these sites is performed based on a site prioritization system and the agency is not liable for costs of corrective action in excess of the $5 million cap at each site or in excess of the funding available to the program. The annual budget for the KDTF contains funding for agency and contractual cost. An estimate of future costs is unknown, however, the State has recorded a liability of $0.77 million for the Drycleaner Environmental Response Program. This amount represents the amount currently budgeted for future corrective action.

Kansas State University – Old Chemical Waste Landfill

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

Kansas State University – Ashland Bottoms

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

IV. Other Information

E. Other Post-Employment Benefits

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

Benefits provided:

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

Long-term disability benefit: Monthly benefit is 60 percent of the member's monthly compensation, with a minimum of $100 and maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability occurs after age 60, benefits are payable while disability continues, for a period of 5 years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the term of the disability or 24 months per lifetime, whichever is less. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of living increase.

Group life waiver of premium benefit: Upon the death of an employee who is receiving monthly disability benefits, the plan will pay a lump-sum benefit to eligible beneficiaries. The benefit amount will be 150 percent of the greater of the member's annual rate of compensation at the time of disability of the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for 5 or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100 percent of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual life insurance plan.

Members covered by benefit terms. At June 30, 2020, the following members were covered by the benefit terms:

	Primary Government		
	Employer	Nonemployer	Component Units
Inactive employees or beneficiaries currently receiving benefit payments	418	94	14,159
Active employees	17,421	12,161	3,539
	17,839	12,255	17,698

IV. Other Information

Total OPEB Liability

At June 30, 2020, the State reported a total OPEB liability as follows (in thousands):

	Primary Government		
Total OPEB liability	Employer	Nonemployer	Component Units
	$ 39,169	$ 10,655	$ 34,250

The total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2018 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	3.50 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-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on actuarial experience study for the period July 1, 2014 – June 30, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2018 KPERS pension valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability		
	Primary Government		
	Employer	Nonemployer	Component Units
Balance at fiscal year-end 6/30/19	$ 40,364	$ 11,196	$ 33,292
Changes for the year:			
Service cost	3,743	1,049	6,464
Interest	1,621	450	1,490
Effect of economic/demographic gains or losses	(2,627)	(942)	(4,927)
Effect of assumptions changes or inputs	564	146	459
Benefit payments	(4,496)	(1,244)	(2,528)
Net changes	(1,195)	(541)	958
Balance at fiscal year-end 6/30/20	$ 39,169	$ 10,655	$ 34,250

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate decreased from 3.87 percent on June 30, 2018 to 3.50 percent on June 30, 2019.

IV. Other Information

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Primary Government:			
Employer's total OPEB liability	$ 40,666	$ 39,169	$ 37,635
Nonemployer's total OPEB liabilty	$ 11,042	$ 10,655	$ 10,260
Component Unit:			
Component Unit's total OPEB liability	$ 35,361	$ 34,250	$ 32,960

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, 2020, the State recognized OPEB expense as follows (in thousands):

	Primary Government		Component Units
	Employer	Nonemployer	
OPEB expense	$ 4,596	$ 1,328	$ 6,867

At June 30, 2020, 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	$ 13	$ 5,237	$ 0	$ 1,159	$ 950	$ 9,262
Changes in assumptions	507	1,269	131	344	412	869
Benefit payments subsequent to the measurement date	5,141	0	1,244	0	2,528	0
Total	$ 5,661	$ 6,506	$ 1,375	$ 1,503	$ 3,890	$ 10,131

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling $8.9 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, 2021. 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	
2021	$ (768)	$ (172)	$ (1,090)
2022	(768)	(172)	(1,090)
2023	(768)	(172)	(1,090)
2024	(768)	(172)	(1,090)
2025	(768)	(172)	(1,090)
Thereafter	(2,146)	(512)	(3,319)
	$ (5,986)	$ (1,372)	$ (8,769)

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, 2020, 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:

	2020
Total OPEB liability	$ 41,429
Deferred outflows of resources	$ 5,109
Deferred inflows of resources	$ 10,223
OPEB expense	$ 7,875

F. Employee Retirement Systems and Pension Plans

Special Funding Situation

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

General Information about the Pension Plan

Plan description: The State participates in KPERS, a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at https://www.kpers.org/annualreport2019.pdf or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

IV. Other Information

Benefits provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points" (Police and Firemen' normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. The accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50 percent of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump-sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current member employees and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 years with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contributions rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6 percent of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15 percent of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.00 percent contribution rate for the Death and Disability Program) and the statutory contribution rates for Fiscal Year 2019 are as follows:

IV. Other Information

	Actuarial employer rate	Statutory employer capped rate
State employees	8.28%	13.21%
School employees	14.59	13.21
State/School employees (combined rate)	13.23	13.21
Local government employees	8.89	8.89
Police and Firemen	20.05	20.05
Judges	14.69	14.68

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 2020 are as follows:

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

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

	Primary Government		
Year Ended June 30:	Employer	Nonemployer	Component Units
2020	$ 142,035	$ 74,432	$ 21,242
2019	122,627	68,116	20,326

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

At June 30, 2020, 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	$ 1,219,855	$ 684,311	$ 201,091

IV. Other Information

The collective net pension liability was measured by KPERS as of June 30, 2019, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. 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, 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the State's proportion and increase (decrease) from its proportion measured as of June 30, 2018 were as follows:

	Proportion as of June 30, 2019	Increase (decrease) in proportion from June 30, 2018
Primary Government Employer:		
State/School group	17.274%	0.224%
KP&F	7.805	(0.371)
Judges	100.000	0.000
Nonemployer	10.580	0.063
Component Units		
State/School group	2.671	(0.213)
KP&F	1.502	(0.050)
Local group	0.942	(0.065)

For the year ended June 30, 2020, the State recognized pension expense as follows (in thousands):

	Primary Government		Component Units
	Employer	Nonemployer	
Pension expense	$ 89,277	$ 55,547	$ 6,198

At June 30, 2020, 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	$ 14,172	$ 33,050	$ 5,945	$ 17,699	$ 2,389	$ 4,827
Net difference between projected and actual earnings on pension plan investments	21,506	0	11,374	0	3,486	0
Changes in proportionate share	19,357	61,334	12,382	8,678	3,295	35,870
Changes in assumptions	37,213	921	18,378	252	5,576	107
Contributions subsequent to measurement date	142,035	0	74,432	0	21,242	0
Total	$ 234,283	$ 95,305	$ 122,511	$ 26,629	$ 35,988	$ 40,804

IV. Other Information

The $237.7 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, 2021. 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**
2020	$ 9,290	$ 15,207	$ (5,830)
2021	(20,934)	(3,580)	(11,027)
2022	(1,175)	3,802	(6,473)
2023	9,288	5,796	(2,299)
2024	474	225	(429)
	$ (3,057)	$ 21,450	$ (26,058)

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2018 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	7.75 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.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the three year period beginning January 1, 2013.

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

- Price inflation assumption lowered from 3.00 percent to 2.75 percent
- Investment return assumption was lowered from 8.00 percent to 7.75 percent
- General wage growth assumption was lowered from 4.00 to 3.5 percent
- Payroll growth assumption was lowered from 4.00 percent to 3.00 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 June 30, 2019 are summarized in the following table:

IV. Other Information

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.85%
Fixed income	13	1.25
Yield driven	8	6.55
Real return	11	1.71
Real estate	11	5.05
Alternatives	8	9.85
Short-term investments	2	(0.25)
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.75 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 2019 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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Primary Government:			
Employer's proportionate share of the collective net pension liability	$ 1,683,116	$ 1,219,855	$ 830,668
Nonemployer's proportionate share of the collective net pension liability	936,650	684,311	472,553
Component Unit:			
Component Unit's proportionate share of the collective net pension liability	277,651	201,091	136,875

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

IV. Other Information

Other Retirement Plans

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

Employees participating in the Regents' mandatory retirement plan are required to contribute 5.5 percent of their salary, up to the maximum dollar amount permitted by the Internal Revenue Code. During fiscal year 2020, employees contributed approximately $52.85 million. During fiscal year 2020, the 8.5 percent employer contribution totaled approximately $82.40 million, representing covered wages of approximately $970 million. These employees, along with employees who participate in the KPERS retirement program, may also elect to participate, up to the maximum dollar amount permitted by the Internal Revenue Code, in the Regents' voluntary retirement plan, which allows the member to purchase a 403(b) contract to supplement the mandatory retirement plan. All employees, as well as student employees, also may elect to participate, up to the maximum dollar amount permitted by the Internal Revenue Code, in the State's 457 deferred compensation program, to supplement their retirement savings.

The retirement plan for the School for the Blind and the School for the Deaf are also covered by KPERS in the 401(a) defined benefit plan. The KPERS employee rate is 6 percent for Tier I, Tier II and III members. The employer rate is 14.41 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 2020 expenditures from these appropriations amounted to $840.0 million and are recorded within the General fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.

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

H. Subsequent Events

Bonds and Notes

Short-term Debt

Certificate of Indebtedness – On July 1, 2020, the Pooled Money Investment Board (PMIB) issued a $900 million Certificate of Indebtedness per K.S.A. 75-3725a. See Note III, Section H, Short-term Obligations, for additional information on issuance of a Certificate of Indebtedness.

Accrued Receivables for Children's Initiatives Fund – In July 2020, receivables were posted to the State Treasurer's receivables for the Children's Initiatives Fund in the amount of $37.5 million per Senate Bill No. 66, Section 50(q), Session of 2020. See Note III, Section H, Short-term Obligations, for additional information.

IV. Other Information

Accrued Receivables for Economic Development Initiatives Fund – In July 2020, receivables were posted to the State Treasurer's receivables for the Economic Development Initiatives Fund in the amount of $31.9 million per Senate Bill No. 66, Section 50(h), Session 2020. See Note III, Section H, Short-term Obligations, for additional information.

Accrued Receivables for Correctional Institutions' Building Fund – In July 2020, receivables were posted to the State Treasurer's receivables for the Correctional Institutions' Building Fund in the amount of $4.0 million per Senate Bill No. 66, Section 50(i), Session 2020. See Note III, Section H, Short-term Obligations, for additional information.

Accrued Receivables for Kansas Endowment for Youth Fund – In July 2020, receivables were posted to the State Treasurer's receivables for the Kansas Endowment for Youth Fund in the amount of $0.19 million per Senate Bill No. 66, Section 50(r), Session 2020. See Note III, Section H, Short-term Obligations for additional information.

Accrued Receivables for Expanded Lottery Act Revenues Fund – In July 2020, receivables were posted to the State Treasurer's receivables for the Expanded Lottery Act Revenues Fund in the amount of $88.7 million per Senate Bill No. 66, Section 50(p), Session 2020. See Note III, Section H, Short-term Obligations for additional information.

Accrued Receivables for Ad Valorem Taxes – In July 2020, receivables were posted to the State Treasurer's receivables in the amount of $36.1 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 2020, receivables were posted to the State Treasurer's receivables in the amount of $18.0 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 2020, the Kansas Development Finance Authority issued its Series 2020P bonds for Wichita State University in the amount of $79.5 million for the purpose of refunding KDFA Series 2012A and for providing new money for construction of a School of Business Building and for acquiring housing previously constructed on campus. The bonds were issued with interest rates ranging from 2.0% to 5.0% and a maturity date of June 1, 2050.

In July 2020, the Kansas Development Finance Authority issued its Series 2020K lease financing in the amount of $37.2 million for the DOA for the purpose of refunding the Topeka Public Building Commission Series 2007A and Series 2007B for economic savings. The lease rate is 2.24% with a final maturity of June 1, 2036.

In September 2020, the Kansas Development Finance Authority issued its Series 2020R bonds for the Department of Administration in the amount of $81.4 million for the purpose of refunding KDFA Series 2010E, 2010O, and 2011B for economic savings. The bonds were issued with interest rates ranging from 2.0% to 5.0% and a maturity date of November 1, 2034.

In September 2020, the Kansas Development Finance Authority issued its Series 2020S bonds for the Department of Administration in the amount of $6.5 million for the purpose of refunding KDFA Series 2010F for economic savings. The bonds were issued with interest rates ranging from 3.0% to 4.0% and a maturity date of November 1, 2031.

In September 2020, the Kansas Development Finance Authority issued its Series 2020T bonds for the Department of Commerce in the amount of $61.4 million for the purpose of refunding KDFA Series 2011K for economic savings. The bonds were issued with interest rates of 5.0% and a maturity date of June 1, 2023.

IV. Other Information

In October 2020, the University of Kansas Athletics Department issued $31.5 million of private placement bond debt with an interest rate of 3.5% with a final maturity of October 2045. The proceeds of the bonds were used to refund $29.8 million in outstanding principal of the Series 2014F Athletic bonds.

In December 2020, the Kansas Development Finance Authority anticipates issuing its Series 2020W bonds for the University of Kansas Medical Center in approximate amount of $8.4 million for the purpose of refunding KDFA Series 2010P-1 and Series 2010P-2 for economic savings.

I. Economic Condition

The Consensus Revenue Estimating Group met on November 6, 2020 to revise State General Fund revenue estimates for fiscal year 2021 and make its first official assessment of fiscal year 2022.

For fiscal year 2021, the estimate was increased by $477.2 million, or 6.6 percent, above the previous estimate made in April 2020. The revised estimate of $7.7 billion represents 11.7 percent above final fiscal year 2020 receipts.

For fiscal year 2022, it is estimated that revenues will decrease by $224.1 million, or 2.9 percent, below the newly revised fiscal year 2021 figure. The initial estimate for fiscal year 2022 is $7.5 billion.

No legislation enacted by the 2020 Legislature for the 2020 Session or 2020 Special Session had an impact on State General Fund estimates by the Consensus Revenue Group in April 2020.

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

J. COVID-19

In December 2019, a novel strain of coronavirus (which leads to the disease known as “COVID-19”) was discovered in Wuhan, China. Since that date, the virus has spread throughout the world and on March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended worldwide mitigation measures. The impact of the COVID-19 pandemic on the U.S. economy is expected to be broad-based and to negatively impact national, state and local economies. In response to such expectations, President Trump on March 13, 2020 declared a “national emergency,” which among other effects allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic impacts. A variety of federal, state and local government efforts have been initiated in response to the COVID-19 outbreak.

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

IV. Other Information

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

On March 28, 2020, Governor Kelly issued Executive Order 20-16, making Kansas the 22nd state in the nation to institute a temporary, statewide stay-home order. The stay-home order expired on May 3 and Phase One of the State's reopening plan began on May 4. Currently, the State is in Phase Out step of the original reopening plan which may be modified as deemed appropriate by each County governing body within the state. The Governor and the Strengthening People and Revitalizing Kansas (SPARK) Taskforce created a website to provide information for the public regarding distribution and uses of the Coronavirus Relief Fund. See https://Covid.ks.gov. The Kansas Department of Health and Environment (KDHE) also created a website that is updated Monday, Wednesday, and Friday each week in an effort to be transparent with Kansans regarding COVID case status: number of Kansans testing positive, number of hospitalizations, deaths, and negative tests. Other information available on these sites include COVID testing, health and safety awareness, and relevant communications from the Governor, the SPARK Taskforce and the Kansas Department of Health and Environment. See https://Coronavirus.kdheks.gov.

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

- Establishing the SPARK Taskforce and the Recovery Office to coordinate disbursement of CARES Act moneys, including the State's $1.0 billion Coronavirus Relief Fund. The Taskforce is composed of business, community, and legislative leaders from across Kansas and county governments.

  The Coronavirus Relief Fund has been allocated to the following major categories of need within the State. More detail is available at https://Covid.ks.gov.

o	Public Health	$178.3 million
o	Essential Needs	$155.6 million
o	Business Resiliency & Workforce	$137.9 million
o	Education	$66.4 million
o	Connectivity	$60.0 million
o	County Allocation	$400.0 million

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

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

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

IV. Other Information

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

- Announcing a plan for adjustments to the FY 2021 budget. The Allotment Plan totals a little more than $704 million and includes items requiring approval from the Legislature. The largest portion of the plan proposes to delay the $132 million payment to the Pooled Money Investment Board ("PMIB") for FY 2021 and requests an additional loan of $132 million, for a total of $264 million.

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

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

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

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

The State opted to defer employer social security payroll tax deposits as authorized under the CARES Act. The amount of employer social security payroll tax payments required between March 27, 2020 and December 31, 2020, have been deferred with 50% of the deferred amount payable December 31, 2021 and the remainder payable December 31, 2022. This created a liability at June 30, 2020 of $20.9 million. State agencies recorded expenditures for the employer charges and those amounts are currently being held for payment of the amounts due in fiscal years 2022 and 2023.

On August 8, 2020, a Presidential Memorandum was issued authorizing deferral of the employee portion of social security taxes for the period between September 1, 2020 and December 31, 2020. The State declined to defer employee social security payroll tax deposits as authorized in the Presidential Memorandum.

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

On November 6, 2020, the State's Consensus Revenue Estimating Group met to revise State General Fund revenue estimates for fiscal year 2021 and make its first official assessment of fiscal year 2022. For fiscal year 2021, the estimate was increased by $477.2 million, or 6.6 percent, above the previous estimate made in April 2020. The revised estimate of $7.708 billion represents 11.7 percent above final fiscal year 2020 receipts. For fiscal year 2022, it is estimated that revenues will decrease by $224.1 million, or 2.9 percent, below the newly revised fiscal year 2021 amount. The initial estimate for fiscal year 2022 is $7.5 billion.

IV. Other Information

The estimates for FY 2020 and FY 2021 include the state fiscal effect of the federal tax law changes from the CARES Act. The stimulus checks received by individuals and families are not subject to state income taxes but are an attempt by the federal government to replace some of the lost income and to prevent larger immediate declines in the economy as a result of the COVID-19 outbreak. These stimulus checks and other provisions of the CARES Act will help bolster consumption and income temporarily. The CARES Act also includes several federal tax provisions that will impact Kansas individual and corporate income tax receipts. The Department of Revenue estimates that the CARES Act will reduce SGF receipts by a total of $70 million in FY 2021.

The Kansas economy has been slow to recover from the severe contraction of the spring of 2020 and is expected to continue a slow recovery through fiscal year 2022. The forecasted rates of growth in the Kansas economy have been reduced for calendar year 2020; however, anticipated growth in calendar years 2021 and 2022 have improved. Nominal Gross State Product is now expected to decrease by 3.7 percent in calendar year 2020, down from the previous projected decline of 3.4 percent. Nominal Gross State Product is expected to grow by 3.6 percent and 3.8 percent in calendar years 2021 and 2022, respectively. This represents increases from the previous estimates of 3.4 percent and 3.7 percent.

Current estimates indicate the overall Kansas unemployment rate, which was 3.2 percent in calendar year 2019, is expected to nearly double in calendar year 2020 to 6.3 percent, which is down slightly from 6.4 percent at the April 2020 estimate. Kansas unemployment rates are now forecasted to drop to 4.3 percent in calendar year 2021, which is down from a forecast of 5.9 percent at the time of the previous estimate and further recover to 3.8 percent in calendar year 2022. The Kansas unemployment rates are expected to remain below the National rates.

The number of unemployed Kansans and the number of unemployment insurance claims increased substantially from September 2019 to September 2020. There were 7,231 individuals receiving unemployment insurance benefits in September 2019 and 89,518 individuals receiving unemployment insurance benefits in September 2020. The September 2020 unemployment figures are down from the May 2020 peak of 123,520.

The economic forecast does retain significant concern for the economy as a whole due to uncertainty related to the progression of the coronavirus disease pandemic, the timing and efficacy of COVID-19 vaccines, and recovery efforts made by local, state, and federal governments, as well as more typical concerns related to costs of health care, volatility in energy prices, tariffs or possible trade war effects on commodity prices, and consumer demand for products and services subject to sales taxation.

COVID-19 developments and related governmental and regulatory responses are rapidly changing. Because of the evolving nature of the COVID-19 outbreak and the uncertainty of its duration, the cumulative impact of the crises on the State cannot be fully determined at this time. The State is closely monitoring the impact of COVID-19 on its operations and ultimately, the underlying financial impact.

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, 2020
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and other financing sources:				
Property tax	$ 12,400	$ 11,800	$ 15	$ (11,785)
Income and inheritance tax	4,242,000	3,690,000	3,768,789	78,789
State sales tax	2,344,993	2,300,000	2,352,523	52,523
Consumer's and retailer's compensating use tax	440,000	460,000	479,060	19,060
Tobacco and liquor taxes	226,700	223,500	235,085	11,585
Severance taxes	34,700	19,800	20,692	892
Insurance premiums taxes	182,000	172,000	172,479	479
Other taxes	11,200	8,300	13,461	5,161
Operating grants	0	0	0	0
Investment earnings	54,000	54,300	37,720	(16,580)
Transfers	(167,600)	(164,500)	(107,780)	56,720
Charges for services, other revenues and financing sources	51,300	50,000	53,495	3,495
Total revenues and other financing sources	7,431,693	6,825,200	7,025,539	200,339
Expenditures and other financing uses:				
Current:				
General government	497,779	435,426	390,648	(44,778)
Human resources	1,275,657	1,323,116	1,230,649	(92,467)
Education	4,919,542	4,898,041	4,885,526	(12,515)
Public safety	455,112	525,166	462,694	(62,472)
Agriculture and natural resources	14,125	14,330	13,375	(955)
Health and environment	764,838	758,835	630,264	(128,571)
Total expenditures and other financing uses	7,927,053	7,954,914	7,613,156	(341,758)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(495,360)	(1,129,714)	(587,617)	$ 542,097
Fund balances, beginning of year	(124,526)	446,727	(676)	
Fund balances, end of year	$ (619,886)	$ (682,987)	$ (588,293)	

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, 2020

(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	(587,617)
Current year encumbrances are reported as expenditures for budgetary reporting purposes		43,740
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(28,914)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		52,274
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		623,801
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	103,284

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Social Services
For the Fiscal Year Ended June 30, 2020
(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	$ 3,656	$ 3,656	$ 3,234	$ (422)
Operating grants	456,899	464,305	715,536	251,231
Investment earnings	326	326	542	216
Transfers	1,113,963	1,184,988	1,132,130	(52,858)
Charges for services, other revenues and financing sources	105,581	105,521	121,888	16,367
Total revenues and other financing sources	1,680,425	1,758,796	1,973,330	214,534
Expenditures and other financing uses:				
Current:				
Human resources	1,665,016	1,962,766	1,962,766	0
Total expenditures and other financing uses	1,665,016	1,962,766	1,962,766	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ 15,409	$ (203,970)	$ 10,564	$ 214,534

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, 2020
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	10,564
Current year encumbrances are reported as expenditures for budgetary reporting purposes		58,778
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(25,043)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		(35,035)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		47,542
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	56,806

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Health and Environment
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and Other Financing Sources:				
Insurance premiums taxes	$ 206,500	$ 206,000	$ 225,324	$ 19,324
Other taxes	0	0	1,411	1,411
Operating grants	1,550,084	1,552,280	2,786,020	1,233,740
Investment earnings	24	24	826	802
Transfers	11,277	10,572	(1,123,073)	(1,133,645)
Charges for services, other revenues & financing sources	376,849	376,449	384,205	7,756
Total revenues and other financing sources	2,144,734	2,145,325	2,274,713	129,388
Expenditures and Other Financing Uses:				
Current:				
Health and environment	2,216,747	2,319,136	2,319,136	0
Total expenditures and other financing uses	2,216,747	2,319,136	2,319,136	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ (72,013)	$ (173,811)	$ (44,423)	$ 129,388

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, 2020
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	(44,423)
Current year encumbrances are reported as expenditures for budgetary reporting purposes		101,138
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(50,579)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		(67,001)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		81,965
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	21,100

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Education
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and Other Financing Sources:				
Property tax	$ 710,420	$ 710,718	$ 707,903	$ (2,815)
Severance taxes	11,100	11,687	11,687	0
Operating grants	485,495	485,495	484,968	(527)
Investment earnings	9	9	7	(2)
Transfers	211,779	211,779	205,035	(6,744)
Charges for services, other revenues & financing sources	64,691	64,691	66,917	2,226
Total revenues and other financing sources	1,483,494	1,484,379	1,476,517	(7,862)
Expenditures and Other Financing Uses:				
Current:				
Education	1,480,530	1,479,310	1,479,310	0
Total expenditures and other financing uses	1,480,530	1,479,310	1,479,310	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ 2,964	$ 5,069	$ (2,793)	$ (7,862)

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, 2020
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	(2,793)
Current year encumbrances are reported as expenditures for budgetary reporting purposes		10,138
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(8,014)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		5,121
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		(1,880)
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	2,572

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Transportation Fund
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Motor fuel taxes	$ 307,584	$ 308,281	$ 301,220	$ (7,061)
Vehicle registrations and permits	222,203	226,371	221,654	(4,717)
Intergovernmental	431,364	433,542	448,518	14,976
Sales and use taxes	536,699	531,892	545,915	14,023
Investment earnings	6,722	12,950	11,124	(1,826)
Other	4,808	5,044	5,416	372
Transfers from other state funds	1,055	1,072	1,045	(27)
Total revenues	1,510,435	1,519,152	1,534,892	15,740
Expenditures, with legal limits:				
Current operating:				
Maintenance	152,892	151,202	130,933	(20,269)
Construction	68,210	67,509	58,216	(9,293)
Local support	1,842	2,025	1,815	(210)
Transportation planning and modal support	13,546	13,817	12,973	(844)
Administration	50,637	52,574	44,188	(8,386)
Expenditures with legal limits	287,127	287,127	248,125	(39,002)
Expenditures, without legal limits:				
Current operating:				
Maintenance	450	475	676	201
Construction	730,185	757,062	714,165	(42,897)
Local support	30,000	32,000	24,952	(7,048)
Transportation planning and modal support	27,075	27,268	19,440	(7,828)
Administration	1,048	1,048	1,582	534
Transfers to other state funds	364,754	364,734	365,498	764
Expenditures without legal limits	1,153,512	1,182,587	1,126,313	(56,274)
Total expenditures	1,440,639	1,469,714	1,374,438	(95,276)
Excess of revenues over expenditures	69,796	49,438	160,454	111,016
Other financing sources (uses):				
Transfers-in	0	71,746	71,952	206
Transfers-out	(229,868)	(229,628)	(230,790)	(1,162)
Total other financing sources (uses)	(229,868)	(157,882)	(158,838)	(956)
Excess of revenues and other sources over expenditures and other uses	$ (160,072)	$ (108,444)	$ 1,616	$ 110,060

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, 2020

(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	1,616
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		(6,104)
Current year encumbrances are reported as expenditures for budgetary reporting purposes		214,336
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		(38,838)
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	171,010

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Executive
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues and Other Financing Sources:				
Operating grants	$ 28,123	$ 28,123	1,063,514	1,035,391
Investment earnings	47	47	652	605
Transfers	700	700	(8,492)	(9,192)
Charges for services, other revenues & financing sources	94	94	102	8
Total revenues and other financing sources	28,964	28,964	1,055,776	1,026,812
Expenditures and Other Financing Uses:				
Current:				
General government	28,168	23,995	23,995	0
Total expenditures and other financing uses	28,168	23,995	23,995	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ 796	$ 4,969	$ 1,031,781	$ 1,026,812

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, 2020
(expressed in thousands)

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	$	1,031,781
Current year encumbrances are reported as expenditures for budgetary reporting purposes		42
Expenditures on prior year encumbrances are not reported for budgetary reporting purposes		(1)
Budgetary expenditures and transfers to other state funds have been adjusted to GAAP basis		(3,669)
Budgetary basis revenues and transfers from other state funds have been adjusted to GAAP basis		(1,018,938)
Changes in Fund Balance as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance	$	9,215

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. Prior to fiscal year 2018, Required Supplementary Information pages were calculated using a different method. The actual condition levels for fiscal year 2017 were converted to the current Federal methodology, as noted on the following page.

Data collected in Spring and Summer 2020 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 2020 is reported in April of the following year for Interstates and June for Non-interstates. Since 2020 data is not available and the table was updated to show what the Federal method conditions would have been in prior years, the 2017 row was retained to maintain three years in the series.

	Interstate Miles		Non-interstate Miles	
Fiscal Year	Minimum Acceptable Condition Level*	Actual Condition Level*	Minimum Acceptable Condition Level*	Actual Condition Level*
2017**	≥ 60	66.9	≥ 50	64.0
2018	≥ 60	63.2	≥ 50	61.2
2019	≥ 60	60.0	≥ 50	58.3
2020	≥ 60	N/A	≥ 50	N/A

* Percent of miles in "Good" N/A – Not Available
** - Prior years were converted to the current Federal methodology as noted in the prior paragraph.

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. 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 $97 million in fiscal year 2020. 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 $277 million in fiscal year 2020. The estimated expenditure amounts are based on the projected T-WORKS program funding levels for preservation that are anticipated to be needed to maintain the system. The actual expenses are based on project expenditures for preservation and some capacity and modernization costs that improve the roadway surface. The following table compares the estimated expenditures needed to maintain the system at a minimum acceptable condition level with actual amounts spent for the current and prior years (expressed in thousands).

	Interstate Miles		Non-interstate Miles	
Fiscal Year	Minimum Acceptable Condition Level	Actual Expenses	Minimum Acceptable Condition Level	Actual Expenses
2016	$ 97,000	$ 173,099	$ 241,000	$ 391,530
2017	83,000	137,753	242,000	332,824
2018	87,000	35,529	253,000	230,637
2019	92,000	29,463	265,000	238,410
2020	97,000	54,530	277,000	234,198

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
2018	>70	75	<3	1
2019	>70	72	<3	1
2020	>70	72	<3	1.5

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 $90 million for fiscal year 2020.

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
2016	$85,000	$124,954
2017	77,000	100,122
2018	81,000	56,463
2019	85,000	76,931
2020	90,000	112,884

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 Three Fisal Years*

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

* GASB 75 requires presentation of ten years. As of June 30, 2020, only three 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, 2019: 3.50%
June 30, 2018: 3.87%
June 30, 2017: 3.58%
June 30, 2016: 2.85%

Schedule of the State's Proportionate Share of the Net Pension Liability
Kansas Pension Retirement Plan
Last 7 Years*

	2020	2019	2018	2017	2016	2015	2014
Measurement date	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	17.274%	17.053%	17.976%	18.384%	18.702%	18.323%	18.936%
Police and Firemen	7.805%	8.176%	8.745%	7.805%	7.446%	7.451%	7.90%
Judges	100%	100%	100%	100%	100%	100%	100%
Proportionate share of the collective net pension liability	$ 1,219,856	$ 1,211,979	$ 1,313,129	$ 1,329,325	$ 1,364,406	$ 1,234,936	$ 1,469,597
Covered payroll	$ 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	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	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%
Primary Government: Nonemployer							
State's proportion of the net pension liability of the special funding group	97.817%	97.485%	96.545%	96.710%	96.390%	100.000%	100.000%
State's proportionate share of the collective net pension liability	$ 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	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%
Component Units							
Proportion of the net pension liability							
State/School employees	2.671%	2.884%	3.218%	3.410%	3.516%	3.407%	3.587%
Police and Firemen	1.502%	1.552%	1.568%	1.434%	1.345%	1.215%	1.775%
Local	0.942%	1.007%	1.079%	1.082%	1.123%	1.169%	1.279%
Proportionate share of the collective net pension liability	$ 201,091	$ 217,080	$ 246,569	$ 259,191	$ 268,020	$ 240,024	$ 288,521
Covered payroll	$ 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	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	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%

* GASB 68 requires a presentation of 10 years. As of June 30, 2020 only seven years of information is available

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

Schedule of State Contributions
Kansas Pension Retirement Plan
Last 7 Years*

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

* GASB 68 requires a presentation of 10 years. As of June 30, 2020 only seven years of information is available

Note: Covered payroll is measured as of the fiscal year end, the most recent of which is June 30, 2020

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.

OTHER SUPPLEMENTARY INFORMATION

Listing of Non-Major Governmental Funds

Special Revenue Funds

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

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

Capital Projects Funds

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

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

Debt Service Funds

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

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

Combining Balance Sheet - Non-major Governmental Funds
June 30, 2020
(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	$ 93,636	$ 28,162	$ 0	$ 0
Investments	11,738	0	0	0
Receivables, net	12,049	1,164	0	77,349
Due from other funds	0	103	26,626	0
Due from component units	0	0	0	0
Inventories	401	1,666	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	$ 117,824	$ 31,095	$ 26,626	$ 77,349
LIABILITIES				
Accounts payable and other liabilities	$ 11,854	$ 1,130	$ 2,423	$ 13,923
Due to other funds	0	0	0	27,089
Advances from other funds	0	0	0	0
Unearned revenue	2,119	0	0	0
Total liabilities	13,973	1,130	2,423	41,012
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	0
Unavailable revenue - other	1,861	164	0	72,639
Total deferred inflows of resources	1,861	164	0	72,639
FUND BALANCES				
Nonspendable:				
Inventories	401	1,666	0	0
Restricted for:				
Capital Projects	0	0	0	0
Debt Service	0	0	0	0
General government	75,604	0	0	0
Human Resources	2,971	0	24,203	0
Education	3	0	0	0
Public Safety	8,976	28,135	0	0
Agriculture and natural resources	14,035	0	0	0
Highways and other transportation	0	0	0	0
Unassigned	0	0	0	(36,302)
Total fund balance	101,990	29,801	24,203	(36,302)
Total liabilities, deferred inflows of resources, and fund balance	$ 117,824	$ 31,095	$ 26,626	$ 77,349

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

	Special Revenue Funds			
	Agriculture	Attorney General	Administration	Highway Patrol
ASSETS				
Cash and cash equivalents	$ 19,682	$ 28,353	$ 28,312	$ 35,745
Investments	0	0	0	0
Receivables, net	1,650	413	0	358
Due from other funds	0	0	0	0
Due from component units	0	0	0	0
Inventories	0	0	1,835	514
Advances to other funds	0	0	0	0
Other assets	0	0	0	0
Restricted cash and cash equivalents	0	0	14	0
Restricted investments	0	0	0	0
Total assets	$ 21,332	$ 28,766	$ 30,161	$ 36,617
LIABILITIES				
Accounts payable and other liabilities	$ 2,841	$ 1,644	$ 21,608	$ 5,504
Due to other funds	234	0	0	0
Advances from other funds	787	0	0	0
Unearned revenue	0	0	0	0
Total liabilities	3,862	1,644	21,608	5,504
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	0
Unavailable revenue - other	0	0	0	0
Total deferred inflows of resources	0	0	0	0
FUND BALANCES				
Nonspendable:				
Inventories	0	0	1,835	514
Restricted for:				
Capital Projects	0	0	0	0
Debt Service	0	0	0	0
General government	0	21,474	6,718	0
Human Resources	0	0	0	0
Education	0	0	0	0
Public Safety	0	5,648	0	30,599
Agriculture and natural resources	17,470	0	0	0
Highways and other transportation	0	0	0	0
Unassigned	0	0	0	0
Total fund balance	17,470	27,122	8,553	31,113
Total liabilities, deferred inflows of resources, and fund balance	$ 21,332	$ 28,766	$ 30,161	$ 36,617

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

	Special Revenue Funds			
	Historical Society	Labor	Commerce	Insurance
ASSETS				
Cash and cash equivalents	$ 6,100	$ 29,218	$ 47,182	$ 35,797
Investments	0	0	801	0
Receivables, net	441	9,308	6,292	54
Due from other funds	0	0	9,430	0
Due from component units	0	0	0	0
Inventories	0	0	41	0
Advances to other funds	0	0	0	0
Other assets	0	0	0	0
Restricted cash and cash equivalents	0	0	0	0
Restricted investments	0	0	0	0
Total assets	$ 6,541	$ 38,526	$ 63,746	$ 35,851
LIABILITIES				
Accounts payable and other liabilities	$ 278	$ 2,173	$ 4,640	$ 880
Due to other funds	0	0	0	0
Advances from other funds	0	0	0	0
Unearned revenue	0	0	0	0
Total liabilities	278	2,173	4,640	880
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	0
Unavailable revenue - other	0	8,264	5,000	0
Total deferred inflows of resources	0	8,264	5,000	0
FUND BALANCES				
Nonspendable:				
Inventories	0	0	41	0
Restricted for:		0	0	
Capital Projects	0	0	0	0
Debt Service	0	0	0	0
General government	0	0	54,065	34,971
Human Resources	0	28,089	0	0
Education	6,263	0	0	0
Public Safety	0	0	0	0
Agriculture and natural resources	0	0	0	0
Highways and other transportation	0	0	0	0
Unassigned	0	0	0	0
Total fund balance	6,263	28,089	54,106	34,971
Total liabilities, deferred inflows of resources, and fund balance	$ 6,541	$ 38,526	$ 63,746	$ 35,851

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

	Special Revenue Funds			
	Judicial	State Library	Revenue	Secretary of State
ASSETS				
Cash and cash equivalents	$ 22,161	$ 996	$ 18,722	$ 21,520
Investments	0	0	0	0
Receivables, net	213	0	72	63
Due from other funds	0	0	0	0
Due from component units	0	0	0	0
Inventories	0	0	0	0
Advances to other funds	0	0	0	0
Other assets	0	0	0	0
Restricted cash and cash equivalents	0	0	0	0
Restricted investments	0	0	0	0
Total assets	$ 22,374	$ 996	$ 18,794	$ 21,583
LIABILITIES				
Accounts payable and other liabilities	$ 2,507	$ 19	$ 4,466	$ 499
Due to other funds	0	0	0	0
Advances from other funds	0	0	0	0
Unearned revenue	0	0	0	0
Total liabilities	2,507	19	4,466	499
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	0
Unavailable revenue - other	0	0	0	0
Total deferred inflows of resources	0	0	0	0
FUND BALANCES				
Nonspendable:				
Inventories	0	0	0	0
Restricted for:				
Capital Projects	0	0	0	0
Debt Service	0	0	0	0
General government	19,867	0	14,328	21,084
Human Resources	0	0	0	0
Education	0	977	0	0
Public Safety	0	0	0	0
Agriculture and natural resources	0	0	0	0
Highways and other transportation	0	0	0	0
Unassigned	0	0	0	0
Total fund balance	19,867	977	14,328	21,084
Total liabilities, deferred inflows of resources, and fund balance	$ 22,374	$ 996	$ 18,794	$ 21,583

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

	Special Revenue Funds		
	State Treasurer	Wildlife, Parks and Tourism	Legislative
ASSETS			
Cash and cash equivalents	$ 4,007	$ 56,729	$ 213
Investments	0	0	0
Receivables, net	3	2,681	0
Due from other funds	26,429	0	0
Due from component units	0	0	0
Inventories	0	0	0
Advances to other funds	175,914	0	0
Other assets	0	0	0
Restricted cash and cash equivalents	0	0	0
Restricted investments	0	0	0
Total assets	$ 206,353	$ 59,410	$ 213
LIABILITIES			
Accounts payable and other liabilities	$ 202,534	$ 4,731	$ 0
Due to other funds	0	0	0
Advances from other funds	0	0	0
Unearned revenue	0	0	0
Total liabilities	202,534	4,731	0
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	0	0	0
Unavailable revenue - other	0	0	0
Total deferred inflows of resources	0	0	0
FUND BALANCES			
Nonspendable:			
Inventories	0	0	0
Restricted for:			
Capital Projects	0	0	0
Debt Service	0	0	0
General government	3,819	0	213
Human Resources	0	0	0
Education	0	0	0
Public Safety	0	0	0
Agriculture and natural resources	0	54,679	0
Highways and other transportation	0	0	0
Unassigned	0	0	0
Total fund balance	3,819	54,679	213
Total liabilities, deferred inflows of resources, and fund balance	$ 206,353	$ 59,410	$ 213

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

	Special Revenue Funds			Capital Projects Funds
	Transportation-Special Revenue	State Water Plan	Peace Officer Training	Transportation-Capital Projects
ASSETS				
Cash and cash equivalents	$ 60,830	$ 1	$ 1,543	$ 0
Investments	0	0	0	0
Receivables, net	5,806	2,048	0	0
Due from other funds	0	12,176	0	0
Due from component units	0	0	0	
Inventories	0	0	0	0
Advances to other funds	0	0	0	0
Other assets	0	0	0	0
Restricted cash and cash equivalents	0	0	0	0
Restricted investments	0	0	0	0
Total assets	$ 66,636	$ 14,225	$ 1,543	$ 0
LIABILITIES				
Accounts payable and other liabilities	$ 3,374	$ 1,360	$ 26	$ 0
Due to other funds	93	0	0	0
Advances from other funds	0	0	0	0
Unearned revenue	0	0	0	0
Total liabilities	3,467	1,360	26	0
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	103	0	0
Unavailable revenue - other	0	0	0	0
Total deferred inflows of resources	0	103	0	0
FUND BALANCES				
Nonspendable:				
Inventories	0	0	0	0
Restricted for:				
Capital Projects	0	0	0	0
Debt Service	0	0	0	0
General government	0	0	0	0
Human Resources	0	0	0	0
Education	0	0	0	0
Public Safety	0	0	1,517	0
Agriculture and natural resources	0	12,762	0	0
Highways and other transportation	63,169	0	0	0
Unassigned	0	0	0	0
Total fund balance	63,169	12,762	1,517	0
Total liabilities, deferred inflows of resources, and fund balance	$ 66,636	$ 14,225	$ 1,543	$ 0

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

	Capital Projects Funds		Debt Service Funds
	State Buildings (Appropriated)	Capitol Complex Buildings	Master Lease Program
ASSETS			
Cash and cash equivalents	$ 3,416	$ 971	$ 2,561
Investments	0	0	0
Receivables, net	0	0	5,858
Due from other funds	52,936	0	334
Due from component units	0	0	0
Inventories	0	0	0
Advances to other funds	0	0	862
Other assets	0	0	0
Restricted cash and cash equivalents	0	3	0
Restricted investments	0	0	0
Total assets	$ 56,352	$ 974	$ 9,615
LIABILITIES			
Accounts payable and other liabilities	$ 2,324	$ 0	$ 3
Due to other funds	0	0	0
Advances from other funds	0	0	0
Unearned revenue	0	0	0
Total liabilities	2,324	0	3
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	0	0	0
Unavailable revenue - other	0	0	0
Total deferred inflows of resources	0	0	0
FUND BALANCES			
Nonspendable:			
Inventories	0	0	0
Restricted for:			
Capital Projects	54,028	974	0
Debt Service	0	0	9,612
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	54,028	974	9,612
Total liabilities, deferred inflows of resources, and fund balance	$ 56,352	$ 974	$ 9,615

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

	Debt Service Funds		
	Corrections	Pooled Funds	Armories
ASSETS			
Cash and cash equivalents	$ 0	$ 0	$ 0
Investments	0	0	0
Receivables, net	0	0	0
Due from other funds	0	0	0
Due from component units	0	0	0
Inventories	0	0	0
Advances to other funds	0	0	0
Other assets	0	0	0
Restricted cash and cash equivalents	7	0	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 - 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, 2020
(expressed in thousands)

	Debt Service Funds			
	Labor	Bond and Interest	Highway Debt Service	Total Non-major Governmental
ASSETS				
Cash and cash equivalents	$ 0	$ 60	$ 0	$ 545,917
Investments	0	0	0	12,539
Receivables, net	0	0	81	125,903
Due from other funds	0	0	0	128,034
Due from component units	0	0	0	0
Inventories	0	0	0	4,457
Advances to other funds	0	0	0	176,776
Other assets	0	0	0	0
Restricted cash and cash equivalents	0	1,365	132,506	133,896
Restricted investments	0	0	0	0
Total assets	$ 0	$ 1,425	$ 132,587	$ 1,127,522
LIABILITIES				
Accounts payable and other liabilities	$ 0	$ 67	$ 0	$ 290,808
Due to other funds	0	0	0	27,416
Advances from other funds	0	0	0	787
Unearned revenue	0	0	0	2,119
Total liabilities	0	67	0	321,130
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	0	0	0	103
Unavailable revenue - other	0	0	0	87,928
Total deferred inflows of resources	0	0	0	88,031
FUND BALANCES				
Nonspendable:				
Inventories	0	0	0	4,457
Restricted for:				
Capital Projects	0	0	0	55,002
Debt Service	0	1,358	132,587	143,565
General government	0	0	0	252,143
Human Resources	0	0	0	55,263
Education	0	0	0	7,243
Public Safety	0	0	0	74,875
Agriculture and natural resources	0	0	0	98,946
Highways and other transportation	0	0	0	63,169
Unassigned	0	0	0	(36,302)
Total fund balance	0	1,358	132,587	718,361
Total liabilities, deferred inflows of resources, and fund balance	$ 0	$ 1,425	$ 132,587	$ 1,127,522

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2020
(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	320	0	0	0
Gross receipts tax	7,616	0	0	0
Charges for services	182,919	18,220	53,329	30,153
Operating grants	5,209	1,243	0	53,540
Capital grants	104	0	0	0
Investment earnings (loss)	1,005	116	382	2
Other revenues	2,177	5,938	2,395	2
Total revenues	199,350	25,517	56,106	83,697
Expenditures:				
Current:				
General government	150,907	0	0	0
Human resources	17,903	0	12,484	0
Education	0	0	32,445	0
Public safety	8,644	28,137	0	138,361
Agriculture and natural resources	8,885	0	0	0
Highways and other transportation	0	0	0	0
Health and environment	0	0	7,194	0
Debt service:				
Principal	2,395	88	0	0
Interest	447	60	0	0
Total expenditures	189,181	28,285	52,123	138,361
Excess of revenues over (under) expenditures	10,169	(2,768)	3,983	(54,664)
Other financing sources (uses):				
Sale of assets	0	0	0	0
Issuance of bonds	0	0	0	0
Issuance of capital leases	0	0	0	0
Premium on issuance of debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers, net	400	7,954	(3,000)	23,073
Total other financing sources (uses)	400	7,954	(3,000)	23,073
Net change in fund balances	10,569	5,186	983	(31,591)
Fund balances, beginning of year	91,421	24,615	23,220	(4,711)
Revisions to beginning fund balances	0	0	0	0
Fund balances, beginning of year (restated)	91,421	24,615	23,220	(4,711)
Fund balances, end of year	$ 101,990	$ 29,801	$ 24,203	$ (36,302)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Special Revenue Funds			
	Agriculture	Attorney General	Administration	Highway Patrol
Revenues:				
Property tax	$ 0	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	0	0
Sales and excise tax	0	1,000	0	2,724
Gross receipts tax	0	0	0	0
Charges for services	23,562	15,885	2,358	20,457
Operating grants	11,684	7,087	333	12,227
Capital grants	0	0	0	0
Investment earnings (loss)	11	42	64	43
Other revenues	1,730	3,948	19,073	575
Total revenues	36,987	27,962	21,828	36,026
Expenditures:				
Current:				
General government	0	19,664	23,264	0
Human resources	0	0	0	0
Education	0	0	0	0
Public safety	0	18,473	0	93,496
Agriculture and natural resources	37,443	0	0	0
Highways and other transportation	0	0	0	0
Health and environment	0	0	0	0
Debt service:				
Principal	352	0	37,520	77
Interest	385	0	62,609	0
Total expenditures	38,180	38,137	123,393	93,573
Excess of revenues over (under) expenditures	(1,193)	(10,175)	(101,565)	(57,547)
Other financing sources (uses):				
Sale of assets	0	0	0	0
Issuance of bonds	0	0	0	0
Issuance of capital leases	0	0	0	0
Premium on issuance of debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers, net	904	7,633	100,901	57,421
Total other financing sources (uses)	904	7,633	100,901	57,421
Net change in fund balances	(289)	(2,542)	(664)	(126)
Fund balances, beginning of year	17,759	29,664	9,217	31,239
Revisions to beginning fund balances	0	0	0	0
Fund balances, beginning of year (restated)	17,759	29,664	9,217	31,239
Fund balances, end of year	$ 17,470	$ 27,122	$ 8,553	$ 31,113

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Special Revenue Funds			
	Historical Society	Labor	Commerce	Insurance
Revenues:				
Property tax	$ 0	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	22,244	0
Sales and excise tax	921	0	0	0
Gross receipts tax	0	0	19	16,069
Charges for services	621	6,978	227	34,403
Operating grants	1,224	21,044	39,486	0
Capital grants	0	0	0	0
Investment earnings (loss)	33	0	422	0
Other revenues	24	3,085	2,983	22
Total revenues	2,823	31,107	65,381	50,494
Expenditures:				
Current:				
General government	0	0	80,956	27,983
Human resources	0	35,937	0	0
Education	2,772	0	4,289	0
Public safety	0	0	0	0
Agriculture and natural resources	0	0	0	0
Highways and other transportation	0	0	0	0
Health and environment	0	0	0	0
Debt service:				
Principal	0	0	21,035	0
Interest	0	0	3,478	0
Total expenditures	2,772	35,937	109,758	27,983
Excess of revenues over (under) expenditures	51	(4,830)	(44,377)	22,511
Other financing sources (uses):				
Sale of assets	0	0	0	0
Issuance of bonds	0	0	0	0
Issuance of capital leases	0	0	0	0
Premium on issuance of debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers, net	24	997	27,593	(7,337)
Total other financing sources (uses)	24	997	27,593	(7,337)
Net change in fund balances	75	(3,833)	(16,784)	15,174
Fund balances, beginning of year	6,188	31,922	70,890	19,797
Revisions to beginning fund balances	0	0	0	0
Fund balances, beginning of year (restated)	6,188	31,922	70,890	19,797
Fund balances, end of year	$ 6,263	$ 28,089	$ 54,106	$ 34,971

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Special Revenue Funds			
	Judicial	State Library	Revenue	Secretary of State
Revenues:				
Property tax	$ 0	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	0	0
Sales and excise tax	0	0	4,493	0
Gross receipts tax	0	0	249	0
Charges for services	31,376	0	27,312	5,071
Operating grants	487	2,215	0	9,517
Capital grants	0	0	0	0
Investment earnings (loss)	45	0	0	108
Other revenues	1,877	3	289	0
Total revenues	33,785	2,218	32,343	14,696
Expenditures:				
Current:				
General government	41,479	0	82,330	5,645
Human resources	0	0	0	0
Education	0	2,255	0	0
Public safety	0	0	0	0
Agriculture and natural resources	0	0	0	0
Highways and other transportation	0	0	0	0
Health and environment	0	0	0	0
Debt service:				
Principal	0	0	331	0
Interest	0	0	727	0
Total expenditures	41,479	2,255	83,388	5,645
Excess of revenues over (under) expenditures	(7,694)	(37)	(51,045)	9,051
Other financing sources (uses):				
Sale of assets	0	0	0	0
Issuance of bonds	0	0	0	0
Issuance of capital leases	0	0	0	0
Premium on issuance of debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers, net	684	11	49,921	229
Total other financing sources (uses)	684	11	49,921	229
Net change in fund balances	(7,010)	(26)	(1,124)	9,280
Fund balances, beginning of year	26,877	1,003	15,452	11,804
Revisions to beginning fund balances	0	0	0	0
Fund balances, beginning of year (restated)	26,877	1,003	15,452	11,804
Fund balances, end of year	$ 19,867	$ 977	$ 14,328	$ 21,084

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Special Revenue Funds		
	State Treasurer	Wildlife, Parks and Tourism	Legislative
Revenues:			
Property tax	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	0
Sales and excise tax	0	1,222	0
Gross receipts tax	0	0	0
Charges for services	815	48,540	68
Operating grants	0	29,967	0
Capital grants	0	0	0
Investment earnings (loss)	4,833	319	0
Other revenues	23,871	54	0
Total revenues	29,519	80,102	68
Expenditures:			
Current:			
General government	24,358	0	0
Human resources	0	0	0
Education	0	0	0
Public safety	0	0	0
Agriculture and natural resources	0	86,174	0
Highways and other transportation	0	0	0
Health and environment	0	0	0
Debt service:			
Principal	0	80	0
Interest	0	0	0
Total expenditures	24,358	86,254	0
Excess of revenues over (under) expenditures	5,161	(6,152)	68
Other financing sources (uses):			
Sale of assets	0	0	0
Issuance of bonds	0	0	0
Issuance of capital leases	0	0	0
Premium on issuance of debt	0	0	0
Payment to refunded bond escrow agent	0	(1,038)	0
Transfers, net	(5,008)	10,307	0
Total other financing sources (uses)	(5,008)	9,269	0
Net change in fund balances	153	3,117	68
Fund balances, beginning of year	3,666	51,562	145
Revisions to beginning fund balances	0	0	0
Fund balances, beginning of year (restated)	3,666	51,562	145
Fund balances, end of year	$ 3,819	$ 54,679	$ 213

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Special Revenue Funds			Capital Projects Funds
	Transportation-Special Revenue	State Water Plan	Peace Officer Training	Transportation-Capital Projects
Revenues:				
Property tax	$ 0	$ 0	$ 0	$ 0
Income and inheritance tax	0	0	0	0
Sales and excise tax	0	2,615	0	0
Gross receipts tax	0	0	0	0
Charges for services	0	5,561	779	0
Operating grants	7,583	0	0	0
Capital grants	0	0	0	0
Investment earnings (loss)	377	0	0	113
Other revenues	2,455	3,526	154	0
Total revenues	10,415	11,702	933	113
Expenditures:				
Current:				
General government	0	0	0	0
Human resources	0	0	0	0
Education	0	26	0	0
Public safety	0	0	774	0
Agriculture and natural resources	0	10,506	0	0
Highways and other transportation	29,572	0	0	0
Health and environment	0	2,132	0	0
Debt service:				
Principal	0	0	0	0
Interest	0	0	0	0
Total expenditures	29,572	12,664	774	0
Excess of revenues over (under) expenditures	(19,157)	(962)	159	113
Other financing sources (uses):				
Sale of assets	874	0	0	0
Issuance of bonds	0	0	0	0
Issuance of capital leases	0	0	0	0
Premium on issuance of debt	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0
Transfers, net	21,000	2,759	4	(72,005)
Total other financing sources (uses)	21,874	2,759	4	(72,005)
Net change in fund balances	2,717	1,797	163	(71,892)
Fund balances, beginning of year	60,452	10,965	1,354	71,892
Revisions to beginning fund balances	0	0	0	0
Fund balances, beginning of year (restated)	60,452	10,965	1,354	71,892
Fund balances, end of year	$ 63,169	$ 12,762	$ 1,517	$ 0

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Capital Projects Funds		Debt Service Funds
	State Buildings (Appropriated)	Capitol Complex Buildings	Master Lease Program
Revenues:			
Property tax	$ 62,568	$ 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	1	30
Other revenues	0	0	0
Total revenues	62,568	1	30
Expenditures:			
Current:			
General government	412	0	233
Human resources	4,248	0	0
Education	45,273	0	0
Public safety	5,821	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	5,855	2,985
Interest	0	2,835	292
Total expenditures	55,754	8,690	3,510
Excess of revenues over (under) expenditures	6,814	(8,689)	(3,480)
Other financing sources (uses):			
Sale of assets	0	0	0
Issuance of bonds	0	0	0
Issuance of capital leases	0	0	1,317
Premium on issuance of debt	0	0	0
Payment to refunded bond escrow agent	0	0	0
Transfers, net	(6,227)	9,318	0
Total other financing sources (uses)	(6,227)	9,318	1,317
Net change in fund balances	587	629	(2,163)
Fund balances, beginning of year	53,441	345	11,775
Revisions to beginning fund balances	0	0	0
Fund balances, beginning of year (restated)	53,441	345	11,775
Fund balances, end of year	$ 54,028	$ 974	$ 9,612

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2020
(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	2	0
Other revenues	0	0	0
Total revenues	0	2	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	4,755	8,210	785
Interest	210	2,168	128
Total expenditures	4,965	10,378	913
Excess of revenues over (under) expenditures	(4,965)	(10,376)	(913)
Other financing sources (uses):			
Sale of assets	0	0	0
Issuance of bonds	0	0	0
Issuance of capital leases	0	0	0
Premium on issuance of debt	0	0	0
Payment to refunded bond escrow agent	0	(65,156)	0
Transfers, net	4,965	75,532	913
Total other financing sources (uses)	4,965	10,376	913
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, 2020
(expressed in thousands)

	Debt Service Funds			
	Labor	Bond and Interest	Highway Debt Service	Total Non-major Governmental
Revenues:				
Property tax	$ 0	$ 0	$ 0	$ 62,568
Income and inheritance tax	0	0	0	22,244
Sales and excise tax	0	0	0	13,295
Gross receipts tax	0	0	0	23,953
Charges for services	0	0	0	508,634
Operating grants	0	0	0	202,846
Capital grants	0	0	0	104
Investment earnings (loss)	0	33	834	8,815
Other revenues	0	0	0	74,181
Total revenues	0	33	834	916,640
Expenditures:				
Current:				
General government	0	16,271	0	473,502
Human resources	240	0	0	70,812
Education	0	0	0	87,060
Public safety	0	0	0	293,706
Agriculture and natural resources	0	745	0	143,753
Highways and other transportation	0	0	0	29,572
Health and environment	0	0	0	9,326
Debt service:				
Principal	0	43,045	115,765	243,278
Interest	35	27,619	92,295	193,288
Total expenditures	275	87,680	208,060	1,544,297
Excess of revenues over (under) expenditures	(275)	(87,647)	(207,226)	(627,657)
Other financing sources (uses):				
Sale of assets	0	0	0	874
Issuance of bonds	0	74,450	0	74,450
Issuance of capital leases	0	0	0	1,317
Premium on issuance of debt	0	11,318	0	11,318
Payment to refunded bond escrow agent	0	0	0	(66,194)
Transfers, net	275	1,186	209,843	520,270
Total other financing sources (uses)	275	86,954	209,843	542,035
Net change in fund balances	0	(693)	2,617	(85,622)
Fund balances, beginning of year	0	2,051	129,970	803,983
Revisions to beginning fund balances	0	0	0	0
Fund balances, beginning of year (restated)	0	2,051	129,970	803,983
Fund balances, end of year	$ 0	$ 1,358	$ 132,587	$ 718,361

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, 2020
(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	$ 6,290	$ 8,643	$ 300	$ 3,153	$ 3,862	$ 22,248
Restricted cash and cash equivalents	0	0	0	0	280	280
Receivables,net	632	11,048	0	2,321	111	14,112
Inventories	0	2,768	0	0	0	2,768
Total current assets	6,922	22,459	300	5,474	4,253	39,408
Noncurrent assets:						
Investments	0	0	0	0	0	0
Receivables, net	0	0	0	12,652	183	12,835
Capital assets (net of accumulated depreciation)	0	3,683	0	0	0	3,683
Total noncurrent assets	0	3,683	0	12,652	183	16,518
Total assets	6,922	26,142	300	18,126	4,436	55,926
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows - pensions	0	1,184	0	0	0	1,184
Deferred outflows - OPEB	0	14	0	0	0	14
Total deferred outflows of resources	0	1,198	0	0	0	1,198
LIABILITIES						
Current liabilities:						
Accounts payable and other liabilities	$ 17	$ 19,388	$ 0	$ 0	$ 0	$ 19,405
Due to other funds	0	2,447	0	0	0	2,447
Short-term compensated absences	11	0	0	0	0	11
Short-term portion of long-term liabilities	8,149	0	0	0	0	8,149
Total current liabilities	8,177	21,835	0	0	0	30,012
Noncurrent liabilities:						
Compensated absences	5	0	0	0	0	5
Claims and judgments	28,060	0	0	0	0	28,060
Bonds, notes and loans payable	0	0	0	0	0	0
Unearned lease revenue	0	0	0	0	304	304
Arbitrage rebate payable	0	0	0	0	0	0
Net pension liability	0	6,051	0	0	0	6,051
Total OPEB liability	0	114	0	0	0	114
Total noncurrent liabilities	28,065	6,165	0	0	304	34,534
Total liabilities	36,242	28,000	0	0	304	64,546
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pensions	0	285	0	0	0	285
Deferred inflows - OPEB	0	19	0	0	0	19
Total deferred inflows of resources	0	304	0	0	0	304
NET POSITION						
Net investment in capital assets	0	3,683	0	0	0	3,683
Restricted for:						
Debt service	0	0	0	0	280	280
Unrestricted	(29,320)	(4,647)	300	18,126	3,852	(11,689)
Total net position	$ (29,320)	$ (964)	$ 300	$ 18,126	$ 4,132	$ (7,726)

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Non-major Proprietary Funds
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Business-Type Activities					
	Workers Compensation	Lottery	Intergovernmental Transfer Program	Transportation Revolving Fund	Communication Systems Revolving Fund	Total
Operating revenues:						
Charges for services	$ 2,578	$ 609,054	$ 0	$ 37	$ 159	$ 611,828
Other revenue	234	4,619	52	538	0	5,443
Total operating revenues	2,812	613,673	52	575	159	617,271
Operating expenses:						
Personal services	228	6,432	0	0	0	6,660
Supplies and services	1,676	268,783	2	0	9	270,470
Lottery prize awards	0	166,527	0	0	0	166,527
Depreciation	0	978	0	0	0	978
Insurance claims and expenses	1,346	0	0	0	0	1,346
Other expenses	863	11,779	0	0	0	12,642
Total operating expenses	4,113	454,499	2	0	9	458,623
Operating income (loss)	(1,301)	159,174	50	575	150	158,648
Nonoperating revenues (expenses):						
Investment earnings	0	0	49	31	43	123
Interest expense	0	0	0	0	0	0
Other revenues (expenses)	0	(10,010)	0	0	0	(10,010)
Total nonoperating revenues (expenses)	0	(10,010)	49	31	43	(9,887)
Net income (loss)	(1,301)	149,164	99	606	193	148,761
Transfers in	0	0	0	0	0	0
Transfers out	0	(147,434)	0	0	0	(147,434)
Change in net position	(1,301)	1,730	99	606	193	1,327
Net position - beginning	(28,019)	(2,694)	201	17,520	3,939	(9,053)
Net position - ending	$ (29,320)	$ (964)	$ 300	$ 18,126	$ 4,132	$ (7,726)

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, 2020
(expressed in thousands)

	Printing	Accounting Services	Motor Pool	Information Technology	Aircraft	Building Maintenance	Architectural Services
ASSETS							
Current assets:							
Cash and cash equivalents	$ 3,349	$ 15,112	$ 2,070	$ 17,614	$ 179	$ 9,815	$ 1,229
Cash and cash equivalents, restricted	0	64,286	0	0	0	0	0
Receivables, net	0	9	0	6,772	0	0	5
Inventories	0	0	1,443	6,674	0	0	0
Total current assets	3,349	79,407	3,513	31,060	179	9,815	1,234
Noncurrent assets:							
Capital assets not being depreciated	0	0	0	0	0	5,646	0
Capital assets (net of accumulated depreciation)	1,735	0	204	2,404	0	44,849	269
Total noncurrent assets	1,735	0	204	2,404	0	50,495	269
Total assets	5,084	79,407	3,717	33,464	179	60,310	1,503
LIABILITIES							
Current liabilities:							
Accounts payable and other liabilities	132	373	14	2,396	43	1,192	147
Due to other funds	0	0	30	57	0	0	0
Short-term compensated absences	89	280	0	391	0	309	63
Short-term portion of long-term liabilities	0	21,333	0	0	0	2,457	0
Total current liabilities	221	21,986	44	2,844	43	3,958	210
Noncurrent liabilities:							
Compensated absences	44	138	0	193	0	153	31
Claims and judgments	0	67	0	0	0	0	0
Bonds, notes and loans payable	0	0	0	0	0	29,765	0
Advances from other funds	0	0	27	0	0	0	0
Total noncurrent liabilities	44	205	27	193	0	29,918	31
Total liabilities	265	22,191	71	3,037	43	33,876	241
NET POSITION							
Net investment in capital assets	1,735	0	204	2,404	0	18,273	269
Unrestricted	3,084	57,216	3,442	28,023	136	8,161	993
Total net position	$ 4,819	$ 57,216	$ 3,646	$ 30,427	$ 136	$ 26,434	$ 1,262

Combining Statement of Net Position - Internal Service Funds - Concluded
June 30, 2020
(expressed in thousands)

	State Workers Compensation Self-Insurance	Capitol Security	Wildlife	Personnel Services	GIS Services	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 26,141	$ 262	$ 189	$ 31	$ 2,156	$ 78,147
Cash and cash equivalents, restricted	0	0	0	0	0	64,286
Receivables,net	0	0	0	0	82	6,868
Inventories	0	0	0	0	0	8,117
Total current assets	26,141	262	189	31	2,238	157,418
Noncurrent assets:						
Infrastructure	0	0	0	0	0	5,646
Capital assets (net of accumulated depreciation)	0	0	6	0	0	49,467
Total noncurrent assets	0	0	6	0	0	55,113
Total assets	26,141	262	195	31	2,238	212,531
LIABILITIES						
Current liabilities:						
Accounts payable and other liabilities	132	17	0	0	0	4,446
Due to other funds	0	0	0	0	0	87
Short-term compensated absences	59	6	0	0	0	1,197
Short-term portion of long-term liabilities	8,400	0	0	0	0	32,190
Total current liabilities	8,591	23	0	0	0	37,920
Noncurrent liabilities:						
Compensated absences	29	3	0	0	0	591
Claims and judgements	48,302	0	0	0	0	48,369
Bonds, notes and loans payable	0	0	0	0	0	29,765
Advances from other funds	0	0	0	0	0	27
Total noncurrent liabilities	48,331	3	0	0	0	78,752
Total liabilities	56,922	26	0	0	0	116,672
NET POSITION						
Net investment in capital assets	0	0	6	0	0	22,891
Unrestricted	(30,781)	236	189	31	2,238	72,968
Total net position	$ (30,781)	$ 236	$ 195	$ 31	$ 2,238	$ 95,859

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Printing	Accounting Services	Motor Pool	Information Technology	Aircraft	Building Maintenance	Architectural Services
Operating revenues:							
Charges for services	$ 8,520	$ 9,724	$ 294	$ 52,556	$ 73	$ 23,196	$ 1,966
Other revenue	0	21,419	1,519	0	0	85	0
Total operating revenues	8,520	31,143	1,813	52,556	73	23,281	1,966
Operating expenses:							
Salaries and wages	2,193	5,628	0	9,186	0	8,272	1,416
Supplies and services	5,521	5,039	0	37,758	73	7,753	878
Depreciation	212	0	33	607	0	2,666	33
Insurance claims and expenses	0	0	0	0	0	0	0
Other expenses	0	0	0	490	0	4	0
Total operating expenses	7,926	10,667	33	48,041	73	18,695	2,327
Operating income (loss)	594	20,476	1,780	4,515	0	4,586	(361)
Nonoperating revenues (expenses):							
Investment earnings	0	0	0	0	0	0	0
Interest expense	0	0	0	0	0	(1,537)	0
Other expenses	0	0	0	0	0	(2)	0
Total nonoperating revenues (expenses)	0	0	0	0	0	(1,539)	0
Net income (loss)	594	20,476	1,780	4,515	0	3,047	(361)
Transfers in	0	1,097	0	0	0	0	0
Transfers out	(159)	(77)	0	(418)	0	(2,665)	(65)
Change in net position	435	21,496	1,780	4,097	0	382	(426)
Net position - beginning	4,384	35,720	1,866	26,330	136	26,052	1,688
Net position - ending	$ 4,819	$ 57,216	$ 3,646	$ 30,427	$ 136	$ 26,434	$ 1,262

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds - Concluded
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	State Workers Compensation Self-Insurance	Capitol Security	Wildlife	Personnel Services	GIS Services	Total
Operating revenues:						
Charges for services	$ 0	$ 408	$ 19	$ 8	$ 548	$ 97,312
Other revenue	21,390	0	0	0	500	44,913
Total operating revenues	21,390	408	19	8	1,048	142,225
Operating expenses:						
Salaries and wages	1,506	384	0	0	0	28,585
Supplies and services	1,755	6	6	10	233	59,032
Depreciation	0	0	1	0	0	3,552
Insurance claims and expenses	13,238	0	0	0	0	13,238
Other expenses	0	0	0	0	0	494
Total operating expenses	16,499	390	7	10	233	104,901
Operating income (loss)	4,891	18	12	(2)	815	37,324
Nonoperating revenues (expenses):						
Investment earnings	296	0	0	0	0	296
Interest expense	0	0	0	0	0	(1,537)
Other expenses	0	0	0	0	(32)	(34)
Total nonoperating revenues (expenses)	296	0	0	0	(32)	(1,275)
Net income (loss)	5,187	18	12	(2)	783	36,049
Transfers in	0	0	0	0	0	1,097
Transfers out	0	0	0	0	(166)	(3,550)
Change in net position	5,187	18	12	(2)	617	33,596
Net position - beginning	(35,968)	218	183	33	1,621	62,263
Net position - ending	$ (30,781)	$ 236	$ 195	$ 31	$ 2,238	$ 95,859

STATISTICAL

SECTION

Contents **Page**

Financial Trends 165

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 170

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

Debt Capacity 171

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 172

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 173

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 comprehensive annual financial reports for the relevant year.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	$ 9,219,935	$ 9,279,477	$ 9,323,734	$ 9,791,994	$ 9,664,367	$ 9,683,734	$ 10,103,755	$ 10,188,970	$ 10,262,233	$ 10,549,360
Restricted	869,678	920,031	1,162,509	1,238,216	1,110,905	1,123,007	952,208	1,269,556	1,642,511	1,973,947
Unrestricted	122,947	286,900	512,524	(45,468)	(2,041,601)	(3,127,429)	(3,205,914)	(2,617,412)	(2,069,123)	(2,106,232)
Total governmental activities net position	$ 10,212,560	$ 10,486,408	$ 10,998,767	$ 10,984,742	$ 8,733,671	$ 7,679,312	$ 7,850,049	$ 8,841,114	$ 9,835,621	$ 10,417,075
Business-type activities										
Net investment in capital assets	$ 6,194	$ 54,273	$ 43,844	$ 299	$ 320	$ 675	$ 580	$ 528	$ 4,555	$ 3,705
Restricted	466,317	474,957	496,714	536,957	1,021,260	1,168,392	1,264,332	1,395,748	1,599,217	1,477,151
Unrestricted	90,826	171,381	215,568	331,144	(6,523)	(8,024)	(8,839)	(11,033)	(13,741)	(11,689)
Total business-type activities net position	$ 563,337	$ 700,611	$ 756,126	$ 868,400	$ 1,015,057	$ 1,161,043	$ 1,256,073	$ 1,385,243	$ 1,590,031	$ 1,469,167
Primary government										
Net investment in capital assets	$ 9,226,129	$ 9,333,750	$ 9,367,578	$ 9,792,293	$ 9,664,687	$ 9,684,409	$ 10,104,335	$ 10,189,498	$ 10,266,788	$ 10,553,065
Restricted	1,335,995	1,394,988	1,659,223	1,775,173	2,132,165	2,291,399	2,216,540	2,665,304	3,241,728	3,451,098
Unrestricted	213,773	458,281	728,092	285,676	(2,048,124)	(3,135,453)	(3,214,753)	(2,628,445)	(2,082,864)	(2,117,921)
Total primary government net position	$ 10,775,897	$ 11,187,019	$ 11,754,893	$ 11,853,142	$ 9,748,728	$ 8,840,355	$ 9,106,122	$ 10,226,357	$ 11,425,652	$ 11,886,242

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	$ 1,084,268	$ 1,199,474	$ 822,456	$ 778,620	$ 898,782	$ 729,837	$ 678,024	$ 799,293	$ 738,005	$ 801,776
Human resources	4,053,711	2,736,768	2,702,954	2,614,673	2,660,656	2,648,404	2,683,036	2,800,874	2,970,240	3,254,522
Education	5,091,475	5,014,709	5,130,332	5,209,211	5,364,450	6,095,595	5,410,778	5,754,793	6,146,720	6,394,277
Public safety	711,734	589,676	610,878	589,939	576,079	582,235	573,067	608,472	613,587	706,925
Agriculture and natural resources	105,710	120,242	124,244	122,995	119,297	131,105	133,706	144,841	136,345	145,469
Highways and other transportation	885,153	1,006,995	928,140	863,577	887,297	824,742	729,852	625,195	749,537	815,065
Health and environment	258,964	1,425,544	2,129,953	2,285,022	2,358,837	2,566,146	2,593,728	2,725,566	2,824,494	2,968,528
Interest expense	144,443	152,361	139,500	138,718	123,273	146,939	179,304	172,560	200,355	183,730
Total governmental activities expenses	12,335,458	12,245,769	12,588,457	12,602,755	12,988,671	13,725,003	12,981,495	13,631,594	14,379,283	15,270,292
Business-type activities:										
Water pollution and safety	44,780	59,646	36,301	26,955	26,434	28,036	30,608	16,003	16,321	10,588
Health care stabilization	30,286	6,442	37,160	29,729	88,338	38,675	38,878	41,576	52,468	29,814
Employment security	971,158	736,736	527,345	369,720	292,794	239,649	194,032	163,254	132,918	1,372,249
Workers' compensation	5,217	4,718	3,723	6,734	6,946	3,725	3,710	5,502	3,956	4,113
Lottery	199,015	335,018	465,555	444,796	459,748	475,860	473,074	496,065	518,400	454,499
Intergovernmental transfer program	170	695	0	1,271	80	346	267	219	2	2
Transportation revolving loans	3,429	3,488	3,908	2,883	2,052	1,182	812	47	9	9
Total business-type activities expenses	1,254,055	1,146,743	1,073,992	882,088	876,392	787,473	741,381	722,666	724,074	1,871,274
Total primary government expenses	$ 13,589,513	$ 13,392,512	$ 13,662,449	$ 13,484,843	$ 13,865,063	$ 14,512,476	$ 13,722,876	$ 14,354,260	$ 15,103,357	$ 17,141,566
Program Revenues										
Governmental activities:										
General government	$ 342,849	$ 446,341	$ 327,902	$ 379,499	$ 356,922	$ 357,970	$ 369,458	$ 353,800	$ 401,430	$ 453,064
Human resources	2,988,161	983,660	1,003,914	933,347	829,528	847,019	837,023	839,476	816,232	904,248
Education	692,079	484,634	488,135	480,375	484,378	477,369	487,926	484,530	492,063	492,101
Public safety	312,685	175,242	173,663	142,821	115,526	127,485	128,689	133,543	133,095	218,868
Agriculture and natural resources	80,324	92,906	103,625	90,502	96,057	105,772	106,658	127,643	121,811	128,701
Highways and other transportation	850,859	672,116	639,443	730,609	618,334	574,560	643,674	622,867	675,790	668,431
Health and environment	190,052	1,939,093	1,911,061	2,115,889	2,135,875	2,258,274	2,299,910	2,347,914	2,511,826	2,946,672
Total governmental activities revenues	5,457,009	4,793,992	4,647,743	4,873,042	4,636,620	4,748,449	4,873,338	4,909,773	5,152,247	5,812,085
Business-type activities:										
Water pollution and safety	46,056	36,902	51,651	64,757	51,531	33,847	36,523	34,879	41,375	41,551
Health care stabilization	31,570	29,350	27,027	25,348	27,372	27,575	28,463	28,121	26,441	28,554
Employment security	401,477	435,729	422,553	409,368	426,989	345,567	262,321	283,318	285,224	272,460
Workers' compensation	9,004	4,932	1,779	5,016	7,613	3,647	3,756	2,583	586	2,578
Lottery	273,995	499,479	610,317	598,731	615,051	636,389	629,148	673,457	706,310	609,054
Intergovernmental transfer program	0	0	0	0	0	0	0	50	42	37
Transportation revolving fund	730	815	2,214	497	326	308	281	224	180	159
Total business-type activities revenues	762,832	1,007,207	1,115,541	1,103,717	1,128,882	1,047,333	960,492	1,022,632	1,060,158	954,393
Total primary government revenues	$ 6,219,841	$ 5,801,199	$ 5,763,284	$ 5,976,759	$ 5,765,502	$ 5,795,782	$ 5,833,830	$ 5,932,405	$ 6,212,405	$ 6,766,478
Net (Expense) Revenue										
Government activities	$ (6,878,449)	$ (7,451,777)	$ (7,940,714)	$ (7,729,713)	$ (8,352,051)	$ (8,976,554)	$ (8,108,157)	$ (8,721,821)	$ (9,227,036)	$ (9,458,207)
Business-type activities	(491,223)	(139,536)	41,549	221,629	252,490	259,860	219,111	299,966	336,084	(916,881)
Total primary net (expense) revenue	$ (7,369,672)	$ (7,591,313)	$ (7,899,165)	$ (7,508,084)	$ (8,099,561)	$ (8,716,694)	$ (7,889,046)	$ (8,421,855)	$ (8,890,952)	$ (10,375,088)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Taxes										
Property tax	$ 610,463	$ 626,121	$ 641,553	$ 623,983	$ 644,964	$ 646,985	$ 669,275	$ 698,404	$ 739,403	$ 770,483
Income and inheritance tax	3,033,559	3,203,760	3,382,048	2,610,490	2,864,790	2,633,381	2,719,177	3,996,581	4,387,339	4,165,859
Sales and excise tax	3,289,025	3,424,419	3,510,478	3,599,390	3,607,478	3,758,095	3,810,037	3,901,264	3,920,659	3,988,320
Gross receipts tax	161,280	163,862	177,215	198,479	215,145	299,421	311,858	407,329	400,594	423,398
Investment earnings	48,684	(19,548)	58,671	42,199	7,805	15,855	23,896	32,232	52,635	51,014
Other revenue	237,319	313,929	489,719	402,911	474,171	484,227	540,855	521,597	545,993	494,410
Transfers	69,530	122,855	165,514	171,891	164,266	169,929	160,358	206,487	174,920	146,177
Total governmental activities revenues	7,449,860	7,835,398	8,425,198	7,649,343	7,978,619	8,007,893	8,235,456	9,763,894	10,221,543	10,039,661
Business-type activities:[1]										
Investment earnings	39,149	21,265	6,298	12,681	14,731	29,373	14,769	17,862	44,699	51,187
Other revenue	524,020	378,400	188,955	96,708	49,973	26,682	21,508	17,885	(1,075)	891,007
Transfers	(69,530)	(122,855)	(165,514)	(171,891)	(164,266)	(169,929)	(160,358)	(206,487)	(174,920)	(146,177)
Total business-type activities revenues	493,639	276,810	29,739	(62,502)	(99,562)	(113,874)	(124,081)	(170,740)	(131,296)	796,017
Total primary government revenues	$ 7,943,499	$ 8,112,208	$ 8,454,937	$ 7,586,841	$ 7,879,057	$ 7,894,019	$ 8,111,375	$ 9,593,154	$ 10,090,247	$ 10,835,678
Change in Net Position										
Governmental activities	$ 571,411	$ 383,621	$ 484,484	$ (80,370)	$ (373,432)	$ (968,661)	$ 127,299	$ 1,042,073	$ 994,507	$ 581,454
Business-type activities	2,416	137,274	71,288	159,127	152,928	145,986	95,030	129,226	204,788	(120,864)
Total primary government	$ 573,827	$ 520,895	$ 555,772	$ 78,757	$ (220,504)	$ (822,675)	$ 222,329	$ 1,171,299	$ 1,199,295	$ 460,590

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable:										
Inventory	$ 6,620	$ 7,593	$ 7,446	$ 7,851	$ 5,308	$ 4,754	$ 4,154	$ 4,958	$ 5,274	$ 5,196
Unassigned	(182,683)	207,530	390,890	(5,376)	(285,048)	(509,152)	(518,746)	59,068	447,554	550,916
Total General Fund	$ (176,063)	$ 215,123	$ 398,336	$ 2,475	$ (279,740)	$ (504,398)	$ (514,592)	$ 64,026	$ 452,828	$ 556,112
Social Services Fund										
Nonspendable:										
Inventory	$ 0	$ 0	$ 0	$ 23	$ 1,346	$ 1,320	$ 1,404	$ 307	$ 234	$ 306
Restricted for:										
Human resources	56,200	56,773	61,041	58,794	22,029	55,090	50,526	64,640	66,371	123,105
Total Social Services Fund	$ 56,200	$ 56,773	$ 61,041	$ 58,817	$ 23,375	$ 56,410	$ 51,930	$ 64,947	$ 66,605	$ 123,411
Health and Environment Fund[1]										
Restricted for:										
Health and Environment	$ 0	$ 101,844	$ 138,777	$ 187,268	$ 198,181	$ 186,382	$ 102,385	$ 104,438	$ 137,996	$ 159,096
Total Health and Environment Fund	$ 0	$ 101,844	$ 138,777	$ 187,268	$ 198,181	$ 186,382	$ 102,385	$ 104,438	$ 137,996	$ 159,096
Education Fund[2]										
Restricted for:										
Education	$ 0	$ 0	$ 0	$ 0	$ 11,568	$ 5,688	$ 10,434	$ 8,097	$ 8,619	$ 11,191
Total Education Fund	$ 0	$ 0	$ 0	$ 0	$ 11,568	$ 5,688	$ 10,434	$ 8,097	$ 8,619	$ 11,191
Transportation Fund										
Nonspendable:										
Inventory	$ 23,968	$ 24,940	$ 24,363	$ 23,983	$ 23,465	$ 24,598	$ 25,615	$ 24,266	$ 23,095	$ 24,320
Long-term receivable	0	0	0	0	1,495	9,721	8,597	7,572	6,348	5,224
Prepaid Insurance	0	0	0	1,096	391	27	0	0	0	0
Restricted for:										
Highways and other transportation	248,808	102,629	292,903	432,854	387,128	423,250	203,607	457,590	674,053	846,187
Total Transportation Fund	$ 272,776	$ 127,569	$ 317,266	$ 457,933	$ 412,479	$ 457,596	$ 237,819	$ 489,428	$ 703,496	$ 875,731
Executive Fund[4]										
Restricted for:										
Education	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 12,454
Total Executive Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 12,454
Transportation-Capital Projects Fund[3]										
Unassigned	$ (379,464)	$ (504,312)	$ (321,812)	$ (383,215)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total Transportation - Capital Projects Fund	$ (379,464)	$ (504,312)	$ (321,812)	$ (383,215)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Health Policy Authority[1]										
Unassigned	$ (16,319)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total Health Policy Authority Fund	$ (16,319)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Governmental Funds										
Nonspendable:										
Long-Term Receivables	$ 0	$ 6,275	$ 4,487	$ 4,153	$ 4,085	$ 4,493	$ 0	$ 0	$ 0	$ 0
Inventory	0	4	0	3,613	4,121	3,254	3,408	4,281	3,794	4,457
Restricted for:										
Capital projects	33,134	67,654	52,789	43,137	44,972	39,338	42,666	54,207	53,786	55,002
Debt Service	101,204	82,836	60,756	59,912	158,784	154,852	125,371	127,401	143,804	143,565
General government	243,636	350,578	355,907	309,541	221,805	190,921	227,228	235,985	248,428	252,143
Human resources	22,574	24,698	34,929	51,847	51,649	35,123	40,078	56,614	58,716	55,263
Education	8,959	15,669	17,837	16,255	7,531	7,032	7,106	6,595	7,194	7,243
Public safety	40,305	44,056	61,931	68,200	67,616	69,307	77,103	71,910	70,072	74,875
Agriculture and natural resources	47,663	53,988	56,521	41,306	62,678	67,970	68,108	79,132	93,795	98,946
Highways and other transportation	25,902	19,306	19,348	29,014	35,748	42,906	48,874	55,217	132,344	63,169
Health and environment	41,293	0	0	0	0	0	0	0	0	0
Assigned to:										
Debt Service	106,038	113,867	109,231	121,317	0	0	0	0	0	0
Unassigned	0	0	0	0	(147,000)	(147,004)	0	0	(4,711)	(36,302)
Total All Other Governmental Funds	$ 670,708	$ 778,931	$ 773,736	$ 748,295	$ 511,989	$ 468,192	$ 639,942	$ 691,342	$ 807,222	$ 718,361

[1] Health Policy Authority was merged into the Department of Health and Environment during fiscal year 2012.
[2] This fund is a major fund starting in fiscal year 2015, all prior years is included in All Other Government Funds.
[3] 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	$ 7,032,605	$ 7,474,894	$ 7,637,721	$ 7,144,913	$ 7,269,247	$ 7,373,018	$ 7,518,125	$ 8,904,737	$ 9,326,991	$ 9,432,852
Charges for services	752,092	758,369	871,562	922,162	829,508	871,358	892,647	921,792	931,421	1,042,309
Intergovernmental (operating and capital grants)	4,723,639	3,955,974	3,780,418	3,955,175	3,807,458	3,867,624	3,983,564	3,958,728	4,184,075	4,745,955
Investment earnings	42,170	9,394	31,200	47,697	8,689	19,127	20,207	29,588	52,908	51,115
Other revenues (includes extraordinary items)	213,449	319,926	435,276	382,441	464,638	432,119	520,482	507,340	493,038	449,608
Total revenues	12,763,955	12,518,557	12,756,177	12,452,388	12,379,540	12,563,246	12,935,025	14,322,185	14,988,433	15,721,839
Expenditures										
General government	1,052,688	1,120,050	668,180	743,637	895,287	961,724	656,778	682,412	867,297	790,580
Human resources	4,040,706	2,741,155	2,697,933	2,632,279	2,678,419	2,657,162	2,689,000	2,786,742	2,981,296	3,246,897
Education	5,090,986	5,015,177	5,132,786	5,207,568	5,363,336	6,097,651	5,409,503	5,755,270	5,888,957	6,393,261
Public safety	720,548	614,237	631,164	635,851	583,720	642,870	573,356	598,532	615,749	837,319
Agriculture and natural resources	114,677	124,041	130,156	128,294	131,411	132,893	136,421	145,712	142,213	155,062
Highways and other transportation	1,022,332	1,101,841	1,042,855	1,026,126	1,158,149	1,123,268	1,002,043	765,556	791,171	863,014
Health and environment	259,139	1,426,387	2,134,837	2,286,017	2,359,955	2,565,616	2,587,752	2,723,561	2,828,041	2,968,703
Debt service:										
Principal	187,832	204,455	238,498	222,209	170,094	199,563	211,470	226,792	244,316	254,876
Interest	153,293	146,679	140,544	139,887	135,803	183,145	206,814	203,537	229,138	213,415
Total expenditures	12,642,201	12,494,022	12,816,953	13,021,868	13,476,174	14,563,892	13,473,137	13,888,114	14,588,178	15,723,127
Excess of revenues over (under) expenditures	121,754	24,535	(60,776)	(569,480)	(1,096,634)	(2,000,646)	(538,112)	434,071	400,255	(1,288)
Other Financing Sources (Uses)										
Issuance of bonds	370,053	178,448	554,016	59,963	705,645	1,421,780	147,000	200,000	173,035	74,450
Issuance of notes payable	0	0	0	0	3,858	0	0	0	0	0
Issuance of capital leases	0	0	0	11,777	12,550	66,961	9,944	8,038	12,403	110,575
Premium on issuance of debt	0	0	0	5,644	83,565	122,880	51,500	42,212	26,962	11,318
Issuance of refunding bonds	0	0	0	58,550	191,290	190,875	5,890	0	0	0
Premium on issuance of refunding debt	0	0	0	7,909	32,882	0	0	0	0	0
Payment to refunded bonds escrow agent	0	0	0	(53,095)	(223,238)	(223,778)	(30,298)	0	0	(66,194)
Transfers, net	75,071	129,104	170,825	177,054	161,739	181,453	166,526	211,387	180,136	148,630
Other financing sources (uses)	0	0	(100,489)	0	0	0	0	0	1,982	874
Extraordinary items	0	0	0	0	0	0	0	0	0	0
Total other financing sources (uses)	445,124	307,552	624,352	267,802	968,291	1,760,171	350,562	461,637	394,518	279,653
Net change in fund balances	566,878	$ 332,087	$ 563,576	$ (301,678)	$ (128,343)	$ (240,475)	$ (187,550)	$ 895,708	$ 794,773	$ 278,365
Debt service as a percentage of noncapital expenditures	2.70%	2.81%	3.02%	2.85%	2.35%	2.71%	3.19%	3.18%	3.28%	3.03%

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Private Earning										
Agricultural, Forestry, Fishing and Hunting	$ 317,562	$ 476,468	$ 424,247	$ 509,533	$ 566,214	$ 704,803	$ 459,943	$ 427,448	$ 526,194	$ 638,012
Mining	1,119,291	1,312,659	2,450,391	2,363,628	2,250,743	2,367,335	1,969,502	1,227,827	1,596,513	1,320,499
Utilities	880,301	1,019,849	1,072,857	1,038,267	1,035,120	963,811	892,628	854,969	916,780	905,723
Construction	4,192,919	4,295,913	4,584,441	4,927,057	5,155,475	5,316,772	5,386,163	5,667,795	5,877,665	6,277,104
Manufacturing	11,217,913	12,245,199	12,858,450	12,975,820	12,586,349	12,716,447	12,139,158	12,460,616	13,021,664	13,149,161
Wholesale trade	4,549,753	4,622,713	4,804,592	4,893,810	5,129,704	5,111,042	5,075,305	5,092,875	5,316,181	5,479,665
Retail trade	4,893,380	5,070,180	5,137,811	5,276,719	5,306,422	5,511,376	5,584,989	5,492,437	5,572,337	5,676,796
Transportation and warehousing	2,824,582	3,035,855	3,383,190	3,471,380	3,527,677	3,628,316	4,304,914	4,951,775	5,632,640	5,192,729
Information	2,362,177	2,282,041	2,393,542	2,442,177	2,579,813	1,669,187	1,951,470	2,836,196	3,439,311	3,758,941
Finance and insurance	4,512,022	4,847,908	5,012,431	5,362,230	5,520,793	5,747,020	5,749,575	6,259,213	6,400,498	6,348,630
Real estate and rental and leasing	976,563	965,612	1,040,947	1,244,046	1,258,576	1,368,350	3,075,124	3,281,897	3,928,362	4,109,827
Professional, scientific, and technical services	5,294,398	5,437,098	5,606,490	5,966,214	6,190,944	6,638,906	7,255,278	7,446,156	7,698,632	7,910,024
Management of companies and enterprises	1,503,770	1,384,309	1,474,957	1,624,865	1,979,648	3,373,787	2,842,291	2,472,038	2,892,415	3,402,562
Administrative and waste management services	3,163,367	3,511,110	3,702,063	3,939,882	4,002,036	3,937,420	3,835,490	4,072,608	4,335,055	4,335,074
Educational services	684,460	720,020	761,842	785,353	823,275	860,898	839,841	882,978	908,191	929,806
Health care and social assistance	8,893,444	9,226,828	9,466,219	9,667,124	9,832,906	10,244,837	10,706,593	11,180,382	11,504,842	11,926,378
Arts, entertainment, and recreation	338,025	356,520	424,011	461,991	481,064	489,989	486,506	581,530	608,089	607,522
Accommodation and food services	2,114,290	2,158,100	2,318,669	2,364,565	2,496,760	2,659,544	2,776,777	2,718,521	2,811,075	2,870,081
Other services, except public administration	2,986,984	3,151,597	3,199,920	3,377,835	3,464,098	3,536,207	3,411,910	3,807,073	3,955,406	4,182,994
Government										
Federal, civilian	2,560,832	2,628,836	2,344,005	2,250,015	2,275,401	2,368,551	2,382,658	2,435,334	2,537,806	2,612,308
Military	3,490,732	3,739,591	2,886,228	2,761,891	2,712,249	2,609,762	2,510,669	2,484,301	2,521,941	2,581,203
State and local	10,799,866	10,961,004	11,282,155	11,309,364	11,633,575	11,695,808	12,278,513	12,416,135	12,838,865	13,063,582

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government Activities										
Revenue bonds payable (includes demand bonds)	$ 3,077,604	$ 3,066,913	$ 2,726,723	$ 2,681,470	$ 3,292,111	$ 4,603,952	$ 4,554,120	$ 4,543,721	$ 4,475,048	$ 4,223,119
Sales tax limited obligation	225,548	192,045	139,662	105,033	0	0	0	0	0	0
Note payable	20,031	18,399	63,100	15,350	18,093	17,047	13,722	11,932	10,685	8,314
Capital leases payable	129,089	114,926	97,515	91,027	80,809	137,708	138,422	136,728	139,206	238,007
Arbitrage rebate payable	827	136	136	190	184	237	23	23	1	0
Claims and judgements	88,797	88,501	102,385	154,457	148,976	119,145	117,482	110,980	92,814	142,186
Special assessment payable	0	0	0	0	0	0	2,342	2,341	115	115
KPERS Employer liability	0	0	0	0	0	0	0	0	255,304	249,339
Compensated absences	126,241	120,131	118,656	120,831	113,015	112,219	109,073	109,249	111,381	119,150
Other post employment benefits	47,188	51,998	55,079	58,631	59,504	4,266	0	55,638	51,485	49,710
Net pension liability	0	0	0	0	1,750,877	2,078,136	2,046,598	2,021,444	1,891,987	1,898,115
Pollution remediation	73,660	69,152	63,575	65,678	48,747	63,053	78,256	91,863	76,320	77,059
Total governmental activities	3,788,985	3,722,201	3,366,831	3,292,667	5,512,316	7,135,763	7,060,038	7,083,919	7,104,346	7,005,114
Business-Type Activities										
Revenue bonds payable	767,878	620,153	474,771	452,317	407,056	327,577	238,594	213,799	189,009	124,573
Note payable	0	0	0	0	0	0	0	0	0	0
Arbitrage rebate payable	173	176	196	190	237	340	295	56	40	63
Unemployment benefits loan	170,821	4,602	50,209	0	0	0	0	0	0	0
Claims and judgements	221,160	199,234	200,180	198,631	258,093	263,484	271,907	279,873	296,058	291,260
Compensated absences	73	68	75	89	92	92	95	105	109	137
Other post employment benefits	300	343	378	412	424	26	0	73	74	114
Net pension liability	0	0	0	0	5,520	6,475	6,472	6,459	6,076	6,051
Other	17,597	17,093	12,992	11,965	11,680	11,732	11,222	10,407	9,174	8,977
Total business-type activities	1,178,002	841,669	738,801	663,604	683,102	609,726	528,585	510,772	500,540	431,175
Component Units										
Revenue bonds payable	691,971	667,137	619,256	809,260	825,775	941,839	939,823	930,425	894,094	872,295
Note payable	0	0	0	0	0	0	0	0	0	0
Other component units of university system	217,034	263,592	262,421	333,000	406,927	790,803	750,454	752,267	729,963	688,013
Capital leases payable	13,616	11,761	11,991	9,380	7,752	6,500	7,125	70,145	66,233	58,000
Arbitrage rebate payable	51	46	49	51	404	29	39	20	20	6
Compensated absences	69,101	73,516	68,897	78,918	78,459	84,423	79,588	85,404	88,648	100,416
Other post employment benefits	41,794	48,078	56,415	64,993	71,015	1,816	508	40,023	39,508	41,430
Net pension liability	0	0	0	0	240,024	268,020	259,191	246,569	217,080	201,092
Pollution remediation	3,700	1,200	0	0	0	0	0	0	0	0
Other	61,395	54,711	48,676	252,759	221,062	208,246	184,423	170,567	142,520	131,817
Total component units	1,098,662	1,120,041	1,067,705	1,548,361	1,851,418	2,301,676	2,221,151	2,295,420	2,178,066	2,093,069
Total	$ 6,065,649	$ 5,683,911	$ 5,173,337	$ 5,504,632	$ 8,046,836	$ 10,047,165	$ 9,809,774	$ 9,890,111	$ 9,782,952	$ 9,529,358

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)
2011	2,869,917	37,418	36.1	13.28	481,120	6.7%
2012	2,886,281	40,883	36.1	-	482,798	6.0%
2013	2,894,630	43,916	36.0	-	485,147	5.8%
2014	2,902,507	45,546	36.1	-	492,301	4.9%
2015	2,911,641	45,876	36.1	-	492,905	4.6%
2016	2,907,289	47,228	36.5	-	491,577	4.5%
2017	2,913,123	48,559	36.6	-	499,651	3.6%
2018	2,911,505	51,471	36.9	-	500,383	3.6%
2019	2,913,314	53,426	(6)	-	499,445	3.4%
2020	(6)	(6)	(6)	-	499,240	7.5%

Data Sources:

(1) U.S. Department of Commerce, BEA Web Site:
https://www.bea.gov/regional/bearfacts/action.cfm
(2) U.S. Department of Commerce, BEA Web Site:
https://www.bea.gov/regional/bearfacts/action.cfm
(3) State Department of Health and Environment:
http://www.kdheks.gov/phi/AS_Tables/AS_2017_Tables_and_Figures/population/Table_B2.pdf
(4) State Department of Education Web Site:
http://www.ksde.org
(5) State Department of Labor, Kansas Labor Market Information Services Web Site:
https://klic.dol.ks.gov/vosnet/analyzer/trend.aspx?session=labforce
(6) Information is not available at this time.

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

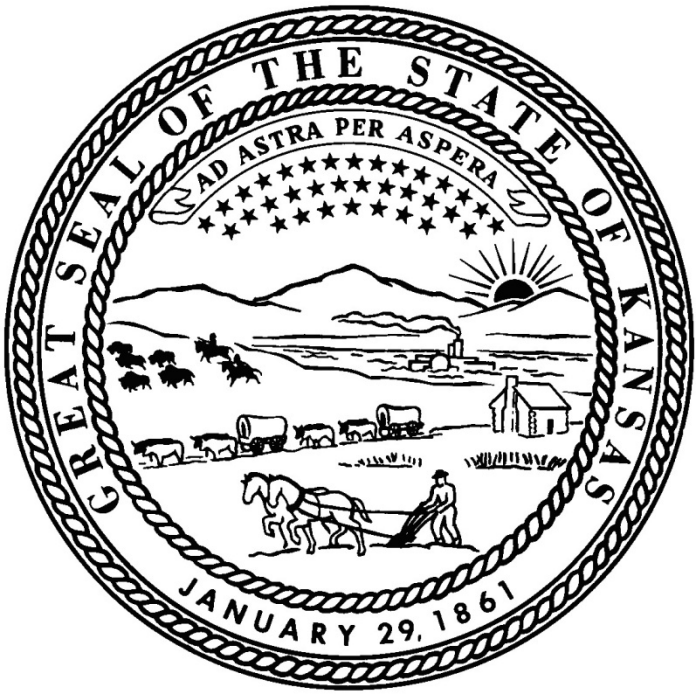
2020	2011
Employer	**Employer**
Dillons Companies Inc.	State Government (excluding Universities)
Federal Government	KU and KUMC
National Beef Packing Company	Spirit Aerosystems
Olathe School District / USD 233	Hawker Beechcraft Corp.
Spirit Aerosystems	Cessna Aircraft Corporation
State Government	Embarq Corp.
Textron Aviation Inc.	Sprint Communications Co. LP
University of Kansas Hospital Authority	Royal Caribbean Cruises Ltd.
Wal-mart Associates Inc.	B&V - Baker Guam JV
Wichita Public Schools / USD 259	Via Christi Regional Medical Ctr.

Source:
2020 from Kansas Department of Labor, Labor Market Information Services and the Bureau of Labor Statistics; Quarterly Census of Employment and Wages (QCEW)
2011 from State of Kansas, Comprehensive Annual Financial Report for Fiscal Year 2011

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	5,846	5,490	5,275	5,287	5,275	5,433	5,468	4,798	5,294	5,289
Public Safety	5,520	5,415	5,445	5,400	5,426	5,253	5,225	4,706	5,234	5,244
Education	18,096	18,446	18,402	18,400	18,388	18,874	18,877	19,369	19,191	19,623
Transportation	3,164	2,968	2,880	2,737	2,737	2,516	2,516	1,846	2,355	2,351
Agriculture and Natural Resources	1,430	1,412	1,301	1,302	1,303	1,272	1,265	783	1,282	1,275
Human Resources	8,679	7,470	7,058	7,001	6,643	6,754	6,592	5,671	6,747	7,085
Total	42,735	41,201	40,361	40,127	39,772	40,102	39,943	37,173	40,103	40,867

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, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 15, 2020. Our report includes a reference to other auditors who audited the financial statements of the various component units of the six state universities, the Kansas Development Finance Authority (KDFA), the Kansas Center for Entrepreneurship (KCE), the Kansas Turnpike Authority (KTA), the Information Network of Kansas, Inc. (INK), and the Kansas Lottery (Non-major enterprise fund of the State) as described in our report on the State's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the various component units of the six state universities, KCE and INK were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting (internal control) to determine the 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.

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 have not been identified. However, as described in the accompanying financial statement schedule of findings, we did identify 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 financial statement schedule of findings listed as 2020-001 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 deficiencies described in the accompanying financial statement schedule of findings listed as 2020-002 and 2020-003 to be significant deficiencies.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

State of Kansas' Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 15, 2020

2020 – 001 – Unemployment Insurance Fund

Type of Finding:

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

Condition: The Department of Administration (DOA) is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America: this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The Kansas Department of Labor is responsible for reconciling the Unemployment Insurance Fund bank accounts and providing accurate information to the DOA for preparation of the financial statements. During the cash and investments reconciliation and review process, it was determined that the State materially misstated the following balances in the Unemployment Insurance Fund: restricted cash, unearned revenue, other revenue, and insurance claims and expenses.

Criteria or specific requirement: Cash and investment resources often represent significant assets of governmental, enterprise, and fiduciary funds. These resources are necessary for the delivery of governmental services and programs, or to carry out fiduciary responsibilities. The cash and investment footnote disclosure is made available to inform financial statement users about deposits and investment risk that could affect a government's ability to provide services and meet its obligations as they become due.

Context: As of June 30, 2020, the State materially misstated the following balances in the Unemployment Insurance Fund: restricted cash, unearned revenue, other revenue, and insurance claims and expenses.

Restricted cash, unearned revenue, other revenue: Beginning in March 2020, the State was significantly impacted by the effects of the COVID-19 pandemic. Between April and June 2020, the Kansas Department of Labor, specifically the Unemployment Insurance Fund, received new federal funds. At the time year-end bank reconciliations were submitted to the Office of Accounts and Reports, the Kansas Department of Labor was told their June beginning balance on the Federal website was incorrect, resulting in reconciling differences. Upon further investigation of new federal relief funds, in November 2020 the Kansas Department of Labor determined the year-end June bank balance on the Federal website was accurate, however the Office of Accounts and Reports was not made aware. As a result, Unemployment Insurance Funds were not appropriately accounted for in the year-end bank reconciliations or in the Statewide Management Accounting and Reporting Tool (SMART).

Insurance claims and expenses: When Kansas Department of Labor receives federal unemployment dollars, they record cash and revenue in SMART. Related payments are recorded in SMART when the payments are settled as expenditures. Payments in transit at year end were not recorded in SMART as a liability and as such the Treasurer's office was not aware of the in-transit disbursements. As a result, Unemployment Insurance funds were not appropriately accounted for in the year-end bank reconciliations or in the SMART.

Effect: Cash, unearned revenue, revenues, expenses and ending fund net position can be materially misstated at the close of the fiscal year if journal entries and bank reconciliations are not properly performed and reviewed.

Cause: During our audit, we identified the following items related to the Unemployment Insurance Fund:

- The Unemployment Insurance Fund overstated restricted cash and other revenues and understated unearned revenue and expenses by material amounts. Two adjustments were posted to correct items resulting from the year-end bank reconciliations for the Trust and Benefit cash accounts:

    - The first adjustment was posted for approximately $59.8 million to decrease cash and increase expenses to record outstanding EFT payments from June 29 and June 30 that were improperly excluded from the year-end bank reconciliation.

    - The second adjustment, which increased cash and unearned revenue for approximately $11.6 million and $23.0 million, respectively, and decreased revenue for approximately $11.4 million, resulted from improperly recording certain federal funds received in April, May, and June in SMART, and for excluding certain deposits from SMART and the year-end cash balance. The federal funds received in April, May and June predominantly related to new programs created from the COVID-19 pandemic.

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

Views of responsible officials and planned corrective actions:

Actions planned in response to finding: The State of Kansas is committed to continuous improvements in our financial reporting. As errors or omissions are discovered we will implement process changes to ensure accurate reporting of those areas. Going forward, as a part of fiscal year-end audit requests, KDOL will provide cash reconciliation information related to the Unemployment Insurance Trust Fund that is complete and accurate. Any new information after audit requests are submitted will be communicated timely to OAR for inclusion in the CAFR.

OAR will review this additional fiscal year-end cash reconciliation to ensure complete and accurate recording of related cash, unearned revenue, revenues, expenses and ending fund net position.

Responsible party: Dawn Palmberg, Kansas Department of Labor

Planned completion date for corrective action plan: Will be implemented during fiscal year ending June 30, 2021

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

2020 – 002 – Tax Revenue and Accounts Receivable

Type of Finding:

- **Significant Deficiency in Internal Control over Financial Reporting**

Condition: Throughout the year, the State collects tax payments from various tax types, including individual income, corporate income, withholding, sales taxes, and others. Subsequent to year-end, the Department of Revenue submits reports to the DOA to calculate the year-end taxes receivable, unearned revenue, and revenue adjustments for the current fiscal year.

Criteria or specific requirement: The State is required to report a receivable, allowance for doubtful accounts, deferred inflows of resources and related revenue at the close of each fiscal year based on the State's revenue recognition policy. Year-end financial reporting is the responsibility of the Financial Integrity Team within the DOA. The State of Kansas utilizes a financial management system called the Statewide Management Accounting and Reporting Tool (SMART). When an agency (other than the DOA) utilizes the SMART system, the accounting clerk of that agency or another agency employee with specific rights in SMART, records and codes financial activity in SMART.

For the agencies that do not use SMART to record year-end financial activity such as accounts receivable, the Financial Integrity Team sends out a questionnaire at the end of each fiscal year to these agencies to collect all necessary financial information. The Financial Integrity Team inputs this information into SMART at a summary level for recording in the CAFR. Period end account reconciliations and accruals are posted either by the Financial Integrity Team or by the underlying agency. Account reconciliations performed include the recording of accounts receivable, allowance for doubtful accounts, deferred inflows of resources and revenue. The Financial Integrity Team reviews back up documentation for agency calculated accruals.

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. For most tax types, including retailers' sales tax, the State considers collections in the month of July subsequent to year-end as revenue as these collections predominantly relate to the June tax filing period from the current fiscal year.

Context: A passed adjustment was reflected to revenue and accounts receivable in the General Fund and Transportation Fund. This was a result of incomplete information provided to the DOA by the Kansas Department of Revenue during the fiscal year-end close process.

Effect: After receipt of the unadjusted trial balance, it was identified that revenue and accounts receivable were understated. As a result of audit procedures, a passed adjustment was reflected in the General Fund and Transportation Fund for approximately $19.8 million and $5.9 million, respectively.

Cause: For June 2020 tax returns payments for retailers' sales and other tax types, the State used amounts collected between July 1 - July 27, 2020, rather than the entire month of July 2020.

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

Views of responsible officials and planned corrective actions:

Actions planned in response to finding: The State of Kansas is committed to continuous improvements in our financial reporting. As errors or omissions are discovered we will implement process changes to ensure accurate reporting of those areas. Going forward we will include in our process of requesting fiscal year-end accounts receivable information, a specific reminder for KDOR to provide complete and accurate documentation as to all retail sales tax collections for the full month of July.

Responsible party: Jocelyn Gunter, Director of Accounts and Reports

Planned completion date for corrective action plan: Will be implemented during fiscal year ending June 30, 2021

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

2020 – 003 – Capital Asset Calculations – Universities

Type of Finding

- **Significant Deficiency in Internal Control over Financial Reporting**

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

Criteria or specific requirement: A strong system of internal control is a key to the effective safeguarding and reporting of an organization's assets.

Context: During the fiscal year, KUMC management identified the following errors within the capital asset module:

- KUMC utilized inconsistent asset lives across numerous categories. This resulted in both excess and deficient depreciation expense for previous periods. The net adjustment to correct this error was to reduce accumulated depreciation by $15 million.

- Certain infrastructure assets were duplicated in the fixed asset module, which resulted in approximately $4.8 million in excess depreciation expense for previous periods. The net adjustment to correct this error was to reduce accumulated depreciation by approximately $4.8 million.

- Two assets within building improvements had been depreciated beyond their asset lives which resulted in approximately $560,000 of in excess depreciation expenses in previous periods. The net adjustment to correct this error was to reduce accumulated depreciation by approximately $560,000.

Effect: As of June 30, 2019, KUMC had recorded excess depreciation expense in previous periods in the aggregate amount of approximately $20 million. In order to correct this error, KUMC recorded an entry during fiscal year 2020 to reduce depreciation and related accumulated depreciation by $20 million. (Given the amount was determined not to be significant, management determined a restatement of prior year information was not considered necessary.)

Cause: During previous years, KUMC did not adequately review and reconcile the depreciation module. During the year ended June 30, 2020, while implementing a new fixed asset module, personnel discovered these incorrect asset lives, duplicate assets and excess depreciation while migrating assets to the new system.

Repeat Finding: This is not a repeat finding.

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

Views of responsible officials and planned corrective actions:

Actions planned in response to finding: KUMC will consistently apply assigned asset lives to the various classes within the capital asset module in accordance with the capitalization policy. Any deviations from the policy deemed appropriate and necessary will be documented with a business purpose and impact. Asset lives will be reviewed annually to confirm proper application. Depreciation will be reconciled to the depreciable assets total in the trial balance, which would detect duplicate capital assets and other issues. These reviews will be documented.

Responsible party: Katherine Girgis, Director of Accounting & Financial Reporting, KUMC

Planned completion date for corrective action plan: June 30, 2021

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

Section III – Prior Year Financial Statement Findings

2019 – 001 – Prior Period Adjustment

Condition: The State considers revenues reported in the governmental funds to be available if the revenues are due at year-end and collected within sixty days thereafter. The Kansas Department of Health and Environment Medicaid Drug Rebate Program revenue is considered to be available if collected within ninety days thereafter. The finding was a significant deficiency due to an understatement of prior period unavailable revenue and an overstatement of prior period accounts receivable in the Health and Environment Fund.

Recommendation: We recommend the State continue to improve and modify financial close procedures, specifically, related to collections subsequent to a fiscal year as a means to ensure the accounts receivable, related revenue, and unearned revenue balances are materially accurate.

Current Year Status: Through work performed during fiscal year 2020, prior year significant deficiency appears to be mitigated for the Kansas Department of Health and Environment Medicaid Drug Rebate Program.

2019 – 002 – Allowance for Doubtful Accounts, Deferred Inflows of Resources and Revenue

Condition: At year-end, the State records accounts receivable, allowance for uncollectible accounts, deferred inflows of resources and revenue based on information provided by the Kansas Department of Health and Environment (KDHE) related to the Medicaid Drug Rebate Program. KDHE bills drug manufacturers once per quarter. The fiscal agent provides a drug rebate aging report on a quarterly basis. The finding was a significant deficiency due to revenue, allowance for doubtful accounts, and related deferred inflows of resources were overstated, while Medicaid assistance expenditures and accrued expenditures were understated.

Recommendation: We recommend the State implement a comprehensive review process over the DA-32 reports received from State Agencies to ensure the information received is accurate and is materially reasonable based on historical information.

Current Year Status: Through work performed during fiscal year 2020, prior year significant deficiency appears to be mitigated for the Kansas Department of Health and Environment Medicaid Drug Rebate Program.