

***KANSAS DEVELOPMENT FINANCE AUTHORITY  
A COMPONENT UNIT OF THE STATE OF KANSAS***

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

AND

INDEPENDENT AUDITOR'S REPORT

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A COMPONENT UNIT OF THE STATE OF KANSAS

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FINANCIAL STATEMENTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**Kansas Development Finance Authority**  
Topeka, Kansas

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Kansas Development Finance Authority (KDFA), a component unit of the State of Kansas, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise KDFA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of KDFA, as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KDFA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

#### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise K DFA's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and

relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2024 on our consideration of KDFA'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 KDFA'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 KDFA's internal control over financial reporting and compliance.

*Allen, Gibbs & Houlik, L.C.*

CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS  
September 24, 2024

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
A COMPONENT UNIT OF THE STATE OF KANSAS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Years Ended June 30, 2024 and 2023

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The following discussion of the Kansas Development Finance Authority's (KDFA) operations and financial position should be read in conjunction with the financial statements and appropriate notes appearing elsewhere in this document.

**FINANCIAL HIGHLIGHTS**

- KDFA's total net position increased by \$42,550 from the previous year.
- During the year, KDFA's revenues exceeded expenses by \$42,550. KDFA had operating expenses of \$1,872,506 in 2024 compared to \$1,612,314 in 2023, and operating revenues of \$1,335,346 and \$1,374,152 for those same years.
- Revenues received but not earned (unearned revenues) decreased by \$274,968 to \$2,639,060 during fiscal 2024.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts: (1) management's discussion and analysis (this section) and (2) the basic financial statements. The financial statements also include notes which provide more detailed data.

**FINANCIAL ANALYSIS OF KDFA AS A WHOLE**

The following analysis focuses on KDFA's operating assets, deferred outflows, liabilities, and deferred inflows. The following table is reflective of restatement to 2022 related to the implementation of GASB 91.

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended June 30, 2024 and 2023

	In Thousands of Dollars			Increase (Decrease)	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
	2024	2023	2022	2023	2022
Current and other assets	\$ 178,524	\$ 186,505	\$ 202,267	\$ (7,981)	\$ (15,762)
Other noncurrent assets	2,811,121	2,938,523	2,863,559	(127,402)	74,964
Capital assets	232	376	534	(144)	(158)
<b>Total assets</b>	<u>2,989,877</u>	<u>3,125,404</u>	<u>3,066,360</u>	<u>(135,527)</u>	<u>59,044</u>
Deferred outflows - pension	405	440	291	(35)	149
Deferred outflows - OPEB	1	2	--	(1)	2
Deferred outflows - deferred refunding	1,552	2,219	3,293	(667)	(1,074)
<b>Total deferred outflows</b>	<u>1,958</u>	<u>2,661</u>	<u>3,584</u>	<u>(703)</u>	<u>(923)</u>
Long-term liabilities	2,815,260	2,943,883	2,869,710	(128,623)	74,173
Other liabilities	167,340	174,951	190,534	(7,611)	(15,583)
<b>Total liabilities</b>	<u>2,982,600</u>	<u>3,118,834</u>	<u>3,060,244</u>	<u>(136,234)</u>	<u>58,590</u>
Deferred inflows - pension	37	74	347	(37)	(273)
Deferred inflows - OPEB	24	25	24	(1)	1
<b>Total deferred inflows</b>	<u>61</u>	<u>99</u>	<u>371</u>	<u>(38)</u>	<u>(272)</u>
<b>Total net position</b>	<u>\$ 9,174</u>	<u>\$ 9,132</u>	<u>\$ 9,329</u>	<u>\$ 42</u>	<u>\$ (197)</u>
Operating revenues	\$ 1,335	\$ 1,374	\$ 2,443	\$ (39)	\$ (1,069)
Non-operating revenues	583	46	(691)	537	737
<b>Total revenues</b>	<u>1,918</u>	<u>1,420</u>	<u>1,752</u>	<u>498</u>	<u>(332)</u>
Operating expenses	1,873	1,612	1,657	261	(45)
Non-operating expenses	3	5	6	(2)	(1)
<b>Total expenses</b>	<u>1,876</u>	<u>1,617</u>	<u>1,663</u>	<u>259</u>	<u>(46)</u>
<b>Excess of revenues over expenses (expenses over revenues)</b>	<u>42</u>	<u>(197)</u>	<u>89</u>	<u>239</u>	<u>(286)</u>
<b>Change in net position</b>	<u>\$ 42</u>	<u>\$ (197)</u>	<u>\$ 89</u>	<u>\$ 239</u>	<u>\$ (286)</u>

**Total assets, deferred outflows, liabilities, deferred inflows, and net position:** Overall, the significant balance sheet accounts such as cash, investments, and unearned revenues fluctuate depending on the number and dollar amount of bond issuances completed each year. In fiscal 2024 and 2023, approximately \$146,714,000 and \$244,594,000 were issued in bonds each year, respectively. In fiscal 2023, GASB statement No. 91 was implemented and retroactively applied to 2022.



**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Years Ended June 30, 2024 and 2023

**Change in net position:** The majority of KDFFA's revenue comes from issuance fees and annual fees, which produce approximately 86% of KDFFA's operating revenues. The amount of revenues from KDFFA's issuance fee decreased to \$412,168 in 2024 from \$447,660 in 2023. Additionally, the amount of revenues from KDFFA's annual fee decreased to \$733,715 in 2024 from \$745,752 in 2023.

Overall operating expenses increased by \$260,192 as a result of increases and decreases to various expenditures. The amount recorded in salaries and related payroll expense increased by \$67,280 primarily due to annual cost of living adjustments to employee salaries. The amount recorded in pension (benefit) expense also increased by \$191,141 primarily due to employer pension expense increases as allocated from the annual KPERS GASB 68 actuarial report.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** Capital assets include furniture, office and computer equipment, building improvements and leases. Improvements are depreciated over the ten-year life of the lease. Furniture and equipment are depreciated over a three to five year time frame. Leases are depreciated over the five-year term of the lease. For additional information on capital assets, see Note 3.

**Long-term Debt:** See financial highlights above for discussion of unearned revenues. In the prior year, the adoption of GASB Statement No. 91 resulted in a significant impact on KDFFA's financial statements as debt that was previously classified as conduit debt is now being reported on KDFFA's balance sheet. For additional information on debt, see Notes 4, 5, 6 and supplementary information.

**ECONOMIC FACTORS**

In March of 2022, the Federal Reserve started raising the Federal Funds rate and stopped quantitative easing due to significant inflationary pressures. The Federal Reserve continued to increase the federal funds rate until July of 2023 setting the rate in a target range of 5.25% to 5.5%. As a result, municipal borrowing rates have been much higher than they were for the 20 months before the Federal Reserve started this tightening cycle. Currently, municipal borrowing rates are closer to their recent 25 year average. The combination of higher rates, and unusually full State coffers as a result of federal Covid stimulus funds resulted in the State of Kansas cash funding various projects, including renovation of the Docking State Office Building and construction of a laboratory for the Kansas Department of Health and Environment that in most years which would have been financed with KDFFA issued debt.

Most states including Kansas have now substantially depleted the stimulus funds and the 2024 Kansas legislature pivoted back to authorizing debt transactions for various capital projects to include \$20 million in bonds for a Wichita State University Hub for Advanced Manufacturing and Research, \$25 million to renovate the Strong student residential complex at Kansas State University, \$10 million for an energy conservation project at Emporia State University and \$119,000,000 for various projects for the State of Kansas and some additional projects at Kansas State University. The projects in the last group may still be cash funded subject to further discussion between the Kansas Division of Budget and legislators.

KDFFA anticipates issuing approximately \$280 million to provide funds for the Kansas Department of Health and Environment Water State Revolving Loan Fund Program.

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Years Ended June 30, 2024 and 2023

On the private activity bond side, KDFA has presently induced or is working on five affordable housing multifamily transactions and anticipates additional transactions over the next year as developers take advantage of both the federal and state low-income housing tax credit incentive.

The State of Kansas monthly revenues have continued to generally equal or exceed Consensus Revenue Estimates for the State in fiscal years 2024 and 2025, although the tax legislation passed during the special legislative session during June 2024 introduces some additional uncertainty for the accuracy of the estimates.

**CONTACTING KDFA'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of KDFA's finances and to demonstrate KDFA's accountability for funds received. If you have questions about this report or need additional information, contact KDFA at 534 S. Kansas Avenue, Suite 800, Topeka, KS 66603.

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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BALANCE SHEETS

June 30, 2024 and 2023

**ASSETS AND DEFERRED OUTFLOWS**

	2024	2023
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 141,203	\$ 154,748
Cash held with fiscal agent	1,840	1,687
Investments	10,302,835	10,113,830
Investments, restricted	2,639,060	2,914,028
Accounts receivable	138,135	120,681
Tax revenue receivable	410,000	340,000
Other receivables	576	685
Prepaid expenses	79,732	91,969
Bonds receivable from primary government and component units, current portion	164,810,872	172,766,787
Total current assets	178,524,253	186,504,415
<b>NON-CURRENT ASSETS</b>		
Tax revenue receivable	8,245,000	8,690,000
Bonds receivable from primary government and component units, long-term portion	2,802,875,778	2,929,832,754
Capital assets:		
Furniture and equipment	387,364	375,676
Building improvements	585,984	585,984
Right-to-use lease	402,204	402,204
Less accumulated depreciation and amortization	(1,143,880)	(987,668)
Total net capital assets	231,672	376,196
Total non-current assets	2,811,352,450	2,938,898,950
Total assets	2,989,876,703	3,125,403,365
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows - pension	405,409	440,209
Deferred outflows - OPEB	1,431	1,601
Deferred outflows - deferred refunding	1,551,462	2,219,272
Total deferred outflows of resources	1,958,302	2,661,082
Total assets and deferred outflows of resources	\$ 2,991,835,005	\$ 3,128,064,447

**LIABILITIES, DEFERRED INFLOWS AND NET POSITION**

	<u>2024</u>	<u>2023</u>
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt, net of premium/discount	\$ 166,135,259	\$ 173,774,598
Accrued salaries and related benefits	808,645	720,152
Lease liability, current portion	76,722	84,047
Accounts payable	19,452	34,129
Unearned revenue, current portion	297,640	336,770
Notes payable, current portion	1,920	1,920
Total current liabilities	<u>167,339,638</u>	<u>174,951,616</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of premium/discount	2,811,757,853	2,940,074,215
Unearned revenue	2,341,420	2,577,258
Lease liability	--	76,722
Notes payable	476	2,392
Total OPEB liability	10,084	9,459
Net pension liability	1,150,439	1,142,757
Total long-term liabilities	<u>2,815,260,272</u>	<u>2,943,882,803</u>
Total liabilities	<u>2,982,599,910</u>	<u>3,118,834,419</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - pension	37,575	74,024
Deferred inflows - OPEB	23,859	24,893
Total deferred inflows of resources	<u>61,434</u>	<u>98,917</u>
<b>NET POSITION</b>		
Invested in capital assets	152,554	211,115
Unrestricted	9,021,107	8,919,996
	<u>9,173,661</u>	<u>9,131,111</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,991,835,005</u>	<u>\$ 3,128,064,447</u>

The accompanying notes are an integral part of these financial statements.

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION

Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Issuance fees	\$ 412,168	\$ 447,660
Annual fees	733,715	745,752
Application fees	6,200	3,000
Miscellaneous revenue	183,263	177,740
<b>Total operating revenues</b>	<b>1,335,346</b>	<b>1,374,152</b>
Operating expenses:		
Salaries and related payroll expense	1,205,055	1,137,775
Pension expense	125,981	(65,160)
OPEB expense	(239)	2,294
Telecommunications	10,124	9,711
Maintenance agreements and repairs	21,886	20,116
Publication fees and advertising	--	389
Rents	6,566	6,552
Insurance	58,892	55,366
Travel	243	675
Continuing education expenses	13,324	11,512
Professional services	198,046	208,714
Memberships and subscriptions	8,703	8,464
Professional and office supplies	19,912	21,685
Depreciation and amortization	187,076	181,099
Miscellaneous	16,937	13,122
<b>Total operating expenses</b>	<b>1,872,506</b>	<b>1,612,314</b>
<b>Operating profit (loss)</b>	<b>(537,160)</b>	<b>(238,162)</b>
Non-operating revenues (expenses):		
Investment income	390,356	257,176
Interest on leases	(2,742)	(4,602)
Net change in fair value of investments	192,096	(211,671)
<b>Total non-operating revenues (expenses)</b>	<b>579,710</b>	<b>40,903</b>
Excess of revenues over expenses (expenses over revenue)	<b>42,550</b>	<b>(197,259)</b>
Net position, beginning of year	<b>9,131,111</b>	<b>9,328,370</b>
Net position, end of year	<b>\$ 9,173,661</b>	<b>\$ 9,131,111</b>

The accompanying notes are an integral part of these financial statements.

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Cash received from others	\$ 1,317,892	\$ 1,343,177
Cash paid to others	(1,868,442)	(1,831,787)
<b>Net cash flow from operating activities</b>	<b>(550,550)</b>	<b>(488,610)</b>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(42,552)	(23,468)
Proceeds from sale of capital assets	--	4,111
Payments on leases	(84,047)	(82,186)
Interest paid on leases	(2,742)	(4,602)
Proceeds from note payable	--	5,750
Payments on note payable	(1,916)	(1,438)
<b>Net cash flow from capital and related financing activities</b>	<b>(131,257)</b>	<b>(101,833)</b>
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	655,365	613,121
Purchase of investments	(569,402)	(25,697)
Interest and dividends on investments	582,452	45,505
<b>Net cash flow from investing activities</b>	<b>668,415</b>	<b>632,929</b>
<b>Net change in cash and cash equivalents</b>	<b>(13,392)</b>	<b>42,486</b>
Cash and cash equivalents, beginning of year	156,435	113,949
<b>Cash and cash equivalents, end of year</b>	<b>\$ 143,043</b>	<b>\$ 156,435</b>
Cash and cash equivalents	\$ 141,203	\$ 154,748
Cash held with fiscal agent	1,840	1,687
<b>Total cash</b>	<b>\$ 143,043</b>	<b>\$ 156,435</b>
Reconciliation of operating income to net cash flow from operating activities:		
Operating income (loss)	\$ (537,160)	\$ (238,162)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation and amortization	187,076	181,099
(Gain) on sale of capital assets	--	(4,111)
Change in assets, deferred outflows, liabilities and deferred inflows:		
(Increase) decrease in:		
Accounts receivable	(17,454)	(30,975)
Other receivables	109	70
Prepaid expenses	12,237	(2,154)
Deferred outflows - pension	34,800	(149,505)
Deferred outflows - OPEB	170	(1,536)
Accrued salaries and related benefits	88,493	90,184
Accounts payable	(14,677)	(1,430)
Unearned revenue	(274,968)	(302,560)
Total OPEB liability	625	2,659
Net pension liability	7,682	239,758
Deferred inflows - pension	(36,449)	(273,118)
Deferred inflows - OPEB	(1,034)	1,171
<b>Net cash flow from operating activities</b>	<b>\$ (550,550)</b>	<b>\$ (488,610)</b>

The accompanying notes are an integral part of these financial statements.

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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STATEMENTS OF CASH FLOWS  
(Continued)

Years Ended June 30, 2024 and 2023

**Non-Cash Transactions**

The following items are not included in the statements of revenues, expenses, and changes in net position or the statement of cash flows because the amount are paid by various other entities directly to the bond paying agents or trustees.

	<u>2024</u>	<u>2023</u>
Principal payments and redemptions made on revenue bonds	<b>\$ 179,153,701</b>	\$ 190,320,833
Proceeds from revenue bonds	<b>43,198,000</b>	239,929,793
Amortization of deferred refunding	<b>667,810</b>	1,074,098
Net change in bonds receivable from primary government and component units	<b>\$(134,912,891)</b>	\$ 50,683,058

The accompanying notes are an integral  
part of these financial statements.

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
A COMPONENT UNIT OF THE STATE OF KANSAS**

NOTES TO FINANCIAL STATEMENTS

**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity - the 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 of Kansas (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.

Executive Reorganization Order No. 30 transferred the Housing Division of the Kansas Department of Commerce and Housing, effective July 1, 2003, to be organized and administered in accordance with the KDFA Act. The new corporation is called the Kansas Housing Resources Corporation (KHRC). KDFA and KHRC have board members in common, but KHRC does not meet the criteria as outlined in the following paragraph to be a component unit of KDFA. Therefore, KHRC issues its own financial statements, and is not included in this report.

Accounting principles generally accepted in the United States of America require that the reporting entity include: (1) the primary government, (2) organizations for which the government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading. KDFA has been determined to be a component unit of the State of Kansas. KDFA is financially accountable to the State, and the State exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, and has the ability to significantly influence operations and accountability for fiscal matters, scope of public service, and special financing relationships.

To accomplish its objectives, KDFA is empowered to acquire and dispose of real and personal property; to borrow money and issue notes, bonds, or other obligations; to make secured or unsecured loans for any of the purposes for which it may issue bonds (except making loans directly to individuals to finance housing projects); to offer technical assistance to the State or any of its political subdivisions; to enter into contracts to provide such services; and to assist minority businesses in obtaining loans or other means of financial assistance. There are no other organizations or agencies whose financial statements should be combined and presented with these financial statements.

Bonds and other debt instruments issued by KDFA are limited obligations of KDFA, payable solely from and secured by a lien on the proceeds, monies, revenues, rights, interests, titles, and/or mortgages pledged under the indentures and resolutions authorizing each particular financing transaction. Bonds and other debt instruments issued by KDFA do not constitute an indebtedness of the State, or any political subdivision thereof, or an indebtedness for which the full faith and credit or the taxing powers of the State, or any political subdivision thereof, are pledged. Under State laws, KDFA and its subsidiaries are considered a governmental entity for purposes of the Kansas Tort Claims Act, which limits the liability of KDFA and its employees.

Basis of Accounting - KDFA is organized as a proprietary activity; therefore, the accompanying financial statements are prepared on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when incurred.



**KANSAS DEVELOPMENT FINANCE AUTHORITY  
A COMPONENT UNIT OF THE STATE OF KANSAS**

NOTES TO FINANCIAL STATEMENTS

**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Cash and Investments - K DFA considers all short-term investments with an original maturity of three months or less to be cash equivalents. K DFA monitors the insurance and/or amount of securities pledged by financial institutions as collateral to secure the deposits of K DFA in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). Statutes authorize K DFA, "to invest monies of K DFA not required for immediate use."

As of June 30, 2024 and 2023, investments consist of funds invested in the Kansas Municipal Investment Pool (KMIP) and Vanguard investment account. The KMIP is an external investment pool not SEC (Securities and Exchange Commission) registered, which is regulated by the State. The investment in the KMIP is valued at cost. The Vanguard investment account is valued at fair value.

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.

Cash Held for Others - K DFA has a Custodial Agreement with UMB Bank, N.A. for UMB Bank, N.A. to act as a depository for wire transfers of good faith deposits (Deposits) which may be a requirement in the Notice of Bond Sale. UMB Bank, N.A. holds the Deposits until notified by K DFA of the successful bidder. Deposits submitted by unsuccessful bidders will not be accepted or shall be returned in the same manner received. If a bid is accepted, and the successful bidder complies with all terms and conditions of the Notice of Bond Sale, UMB Bank, N.A. transfers the Deposit to the State Treasurer one day before the bond closing date and the amount is deducted from the purchase price. No interest on the Deposit is paid by K DFA. There were no amounts recorded as cash held for others as of June 30, 2024 or 2023.

Accounts Receivable - K DFA uses the reserve method of accounting for bad debts. Under this method, all uncollectible accounts are charged to the allowance account, and bad debt expense is determined by adjusting the balance in the allowance account to a reserve considered reasonable by management. K DFA has recorded \$0 and \$318, as an allowance for uncollectible accounts as of June 30, 2024 and 2023, respectively.

Bonds Receivable from Primary Government and Component Units - The bonds receivable from primary government and component units were recorded in relation to the implementation of GASB Statement No. 91 and represent a transfer of future revenues within the same financial reporting entity. This intra-entity transfer of future revenues is reported as a bond receivable by the transferred government (K DFA).

Capital Assets - Capital assets are carried at historical cost less depreciation or amortization. Individual items with an initial cost of more than \$1,000 are capitalized. In addition, similar acquisitions of similar assets that on an individual basis are below the capitalization threshold, but are significant in total, are also capitalized. Major renewals and betterments are capitalized, and maintenance and repairs, which do not improve or extend the life of the respective assets,

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NOTES TO FINANCIAL STATEMENTS

**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

are charged against earnings in the current period. Depreciation and amortization are provided on the straight-line method over estimated useful lives ranging from two to ten years.

Unearned Revenue - Unearned revenue consists of prepaid annual fees. Cash received and invested is considered restricted, as the funds are to be available for the provision of specified services for existing bond issues and related credits on refunding bond issues.

Income Taxes - KDFA is exempt from all federal, state, and local income, sales, and property taxes.

Net Position - Net position of KDFA is classified in two components. The investment in capital assets consists of capital assets reduced by the outstanding balances of borrowings that are related to the acquisition of those assets. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets net position.

Deferred Inflows of Resources/Deferred Outflows of Resources - In addition to assets, the balance sheet 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. KDFA has three items that qualify for reporting in this category. They are the deferred outflows for pensions, OPEB, and deferred refunding. A deferred refunding charge results from the difference in 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. See Note 7 and 9, respectively, for more information on these deferred outflows related to pensions and OPEB, respectively.

In addition to liabilities, the balance sheet 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. KDFA has two items that qualify for reporting in this category. They are the deferred inflows for pensions and OPEB. See Note 7 and 9, respectively, for more information on these deferred inflows.

Compensated Absences - Under terms of KDFA's Paid Time Off (PTO) policy, KDFA employees are granted leave for vacation, sickness and other personal time under a single accrual. PTO leave is earned in varying amounts dependent on tenure and employment status. Employees are paid for the PTO they have accrued at employment end. Compensated absences are included in the accrued salaries and related benefits on the balance sheet.

Pensions - 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 Kansas Public Employees Retirement System's (KPERS) 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, KPERS' administrative expenses, current year benefit changes, and other changes in KPERS' fiduciary net position less employee contributions and projected earnings on plan investments.

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
A COMPONENT UNIT OF THE STATE OF KANSAS**

NOTES TO THE FINANCIAL STATEMENTS

**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

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.

Operating Revenues and Expenses - The principal revenues of KDFa are issuance and annual fee revenues received from borrowers. KDFa also recognizes operating revenue from application fees and other revenues earned related to the operation of KDFa, and operating expenses for administrative expenses. All other revenues and expenses are reported as non-operating revenues and expenses.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Related Parties - KDFa from time to time purchases goods and supplies from other State agencies for administrative and office purposes. In addition, the Kansas Housing Resources Corporation and the Kansas Department of Health and Environment reimburses KDFa for shared staff-related expenses incurred during the year.

**2. CASH AND INVESTMENTS**

KDFa has adopted a formal investment policy. The primary objectives of investment activities are, in priority order, safety, yield and liquidity. The standard of care to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio.

As of June 30, 2024 and 2023, KDFa has \$484,005 and \$539,370, respectively, invested in the State of Kansas Municipal Investment Pool. As of June 30, 2024 and 2023, KDFa has \$12,457,890 and \$12,488,488, respectively, invested in Vanguard short-term index funds.

*Custodial Credit Risk.* Custodial credit risk is the risk that, in the event of the failure of the counterparty, KDFa will not be able to recover the value of its deposits or investments that are in the possession of an outside party. The bank balances of KDFa's deposits at June 30, 2024

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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NOTES TO THE FINANCIAL STATEMENTS

**2. CASH AND INVESTMENTS (CONTINUED)**

and 2023 totaled \$142,757 and \$154,081, respectively. UMB Bank will pledge collateral to a Federal Reserve account for bank balances in excess of the Federal Deposit Insurance Corporation (FDIC) limit, as well as by the standard coverage of the FDIC.

*Credit Risk.* KDFA's policy limits investments to those allowed by State statute, and further to those with one of the top two ratings from Standard & Poor's or Moody's Investor Services, depending on the type of investment. As of June 30, 2024 and 2023, KDFA was invested in the Kansas Municipal Investment Pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The Vanguard Short-Term Bond Index Fund's (Fund) underlying securities are U.S. government, high quality (investment-grade) corporate, and investment-grade international dollar-denominated bonds. The Fund's underlying securities have an average rating of Aa.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from the fluctuations in interest rates, KDFA's investment policy limits investment maturities as follows: the portion of the portfolio equal to 150% of the current year annual operating expense budget shall be continuously invested in obligations which have maturities of 12 months or less. Monies in excess of the 150% may be invested in obligations greater than 12 months, but no more than 60 months.

KDFA had the following investments, excluding certificates of deposit, with the noted investment maturities:

Investment Type	June 30, 2024	June 30, 2024		Fair Value Hierarchy
		Investment Maturities (In Years)		
		Less than 1	1-5	
KMIP	\$ 484,005	\$ 484,005	\$ --	N/A
Vanguard Short-Term Bond Index Fund	<u>12,457,890</u>	<u>12,457,890</u>	<u>--</u>	Level 1
Total	<u>\$ 12,941,895</u>	<u>\$ 12,941,895</u>	<u>\$ --</u>	

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
A COMPONENT UNIT OF THE STATE OF KANSAS**

NOTES TO THE FINANCIAL STATEMENTS

**2. CASH AND INVESTMENTS (CONTINUED)**

Investment Type	June 30, 2023			Fair Value Hierarchy
	June 30, 2023	Investment Maturities (In Years)		
		Less than 1	1-5	
KMIP	\$ 539,370	\$ 539,370	\$ --	N/A
Vanguard Short-Term Bond Index Fund	12,488,488	12,488,488	--	Level 1
Total	<u>\$ 13,027,858</u>	<u>\$ 13,027,858</u>	<u>\$ --</u>	

KDFA's investments during the year did not vary substantially from those at year-end in amounts or level of risk.

*Fair value measurements.* Following is a description of the valuation methodologies used for assets measured at fair value in the table above.

An investment's categorization within the valuation hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

The Vanguard short-term bond index fund investment is valued at Level 1 using quoted prices in active markets for identical assets.

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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NOTES TO THE FINANCIAL STATEMENTS

**3. CAPITAL ASSETS**

Capital assets activity for the years ended June 30, 2024 and 2023 was as follows:

	June 30, 2023 Balance	Increases	Transfers and Decreases	June 30, 2024 Balance
Furniture and equipment	\$ 375,676	\$ 42,553	\$ (30,865)	\$ 387,364
Building improvements	585,984	--	--	585,984
Right-to-use leases	402,204	--	--	402,204
Total capital assets being depreciated	<u>1,363,864</u>	<u>42,553</u>	<u>(30,865)</u>	<u>1,375,552</u>
Less accumulated depreciation:				
Furniture and equipment	(270,196)	(46,759)	30,865	(286,090)
Building improvements	(470,916)	(58,132)	--	(529,048)
Right-to-use leases	(246,556)	(82,185)	--	(328,742)
Total accumulated depreciation and amortization	<u>(987,668)</u>	<u>(187,076)</u>	<u>30,865</u>	<u>(1,143,880)</u>
Total capital assets, net	<u>\$ 376,196</u>	<u>\$ (144,523)</u>	<u>\$ --</u>	<u>\$ 231,672</u>

  

	June 30, 2022 Balance	Increases	Transfers and Decreases	June 30, 2023 Balance
Furniture and equipment	\$ 398,743	\$ 23,468	\$ (46,535)	\$ 375,676
Building improvements	585,984	--	--	585,984
Right-to-use leases	402,204	--	--	402,204
Total capital assets being depreciated	<u>1,386,931</u>	<u>23,468</u>	<u>(46,535)</u>	<u>1,363,864</u>
Less accumulated depreciation:				
Furniture and equipment	(275,949)	(40,782)	46,535	(270,196)
Building improvements	(412,785)	(58,131)	--	(470,916)
Right-to-use leases	(164,370)	(82,186)	--	(246,556)
Total accumulated depreciation and amortization	<u>(853,104)</u>	<u>(181,099)</u>	<u>46,535</u>	<u>(987,668)</u>
Total capital assets, net	<u>\$ 533,827</u>	<u>\$ (157,631)</u>	<u>\$ --</u>	<u>\$ 376,196</u>

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS

**4. LONG-TERM LIABILITIES**

The following is a summary of long-term liability transactions for K DFA for the periods ended June 30, 2024 and 2023:

	June 30, 2023	Additions	Deductions	June 30, 2024	Current Portion
Long-term debt					
Publicly placed revenue bonds	\$ 2,928,935,000	\$ 11,040,000	\$ 153,955,000	\$ 2,786,020,000	\$ 140,985,000
Privately placed revenue bonds	29,347,664	32,158,000	8,394,313	53,111,351	8,562,320
Lease revenue bond	26,790,038	--	3,734,818	23,055,220	3,896,978
Governmental bond	9,030,000	--	375,000	8,655,000	410,000
Net unamortized premium (discount)	119,746,111	890,418	13,584,988	107,051,541	12,280,961
Other long-term liabilities					
Lease liabilities	160,769	--	84,047	76,722	76,722
Note payable	4,312	--	1,916	2,396	1,920
Net pension liability	1,142,757	356,909	349,227	1,150,439	--
Total OPEB liability	9,459	1,034	409	10,084	--
<b>Total long-term liabilities</b>	<b>\$ 3,115,166,110</b>	<b>\$ 44,446,361</b>	<b>\$ 180,479,718</b>	<b>\$ 2,979,132,753</b>	<b>\$ 166,213,901</b>
	June 30, 2022	Additions	Deductions	June 30, 2023	Current Portion
Long-term debt					
Publicly placed revenue bonds	\$ 2,882,610,000	\$ 210,915,000	\$ 164,590,000	\$ 2,928,935,000	\$ 147,765,000
Privately placed revenue bonds	37,866,000	--	8,518,336	29,347,664	8,394,313
Lease revenue bond	30,364,047	--	3,574,009	26,790,038	3,734,818
Governmental bond	--	9,030,000	--	9,030,000	340,000
Net unamortized premium (discount)	104,369,806	29,014,793	13,638,488	119,746,111	13,540,467
Other long-term liabilities					
Lease liabilities	242,955	--	82,186	160,769	84,047
Note payable	--	5,750	1,438	4,312	1,920
Net pension liability	902,999	655,683	415,925	1,142,757	--
Total OPEB liability	6,800	4,015	1,356	9,459	--
<b>Total long-term liabilities</b>	<b>\$ 3,056,362,607</b>	<b>\$ 249,625,241</b>	<b>\$ 190,821,738</b>	<b>\$ 3,115,166,110</b>	<b>\$ 173,860,565</b>

Publicly placed and privately placed revenue bonds - Interest rates on the revenue bonds vary between 0.207% and 5.625%. The debt service requirements as of June 30, 2024, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2025	\$ 262,670,796	\$ 149,547,320	\$ 113,123,476
2026	255,185,265	148,061,379	107,123,886
2027	247,911,134	146,764,492	101,146,642
2028	246,965,785	152,079,160	94,886,625
2029	246,282,492	157,841,500	88,440,992
2030 - 2034	1,095,697,057	746,008,500	349,688,557
2035 - 2039	771,474,792	554,534,000	216,940,792
2040 - 2044	636,583,340	528,035,000	108,548,340
2045 - 2049	219,685,070	196,542,000	23,143,070
2050 - 2054	63,005,614	59,718,000	3,287,614
	<b>\$ 4,045,461,345</b>	<b>\$ 2,839,131,351</b>	<b>\$ 1,206,329,994</b>

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS

**4. LONG-TERM LIABILITIES (CONTINUED)**

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.

Lease revenue bond - Interest rate on the lease revenue bond is 2.24%. The debt service requirements as of June 30, 2024, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2025	\$ 4,413,415	\$ 3,896,978	\$ 516,437
2026	4,504,165	4,075,020	429,145
2027	4,590,915	4,253,051	337,864
2028	4,678,165	4,435,569	242,596
2029	4,454,414	4,311,175	143,239
2030	2,130,096	2,083,427	46,669
	<u>\$ 24,771,170</u>	<u>\$ 23,055,220</u>	<u>\$ 1,715,950</u>

The lease revenue bond is payable solely from revenues, rents and receipts or subject to annual appropriations.

Governmental bond - Interest rate on the governmental bond is 4.97%. The debt service requirements as of June 30, 2024, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2025	\$ 844,268	\$ 410,000	\$ 434,268
2026	912,109	500,000	412,109
2027	941,164	555,000	386,164
2028	968,534	610,000	358,534
2029	996,085	670,000	326,085
2030 - 2034	5,649,522	4,610,000	1,039,522
2035	1,351,651	1,300,000	51,651
	<u>\$ 11,663,333</u>	<u>\$ 8,655,000</u>	<u>\$ 3,008,333</u>

Bond series 2023B for the Ridgeview TIF project is structured as a governmental bond issue for tax purposes. The property is owned by the City of Olathe, Kansas and all the pledges of TIF revenues are governmental. The purpose of the financing is to reimburse the developer for construction of the Olathe soccer complex by monetizing the tax revenues now rather than allowing the developer to collect the revenue annually and over time. This bond is offset by a tax revenue receivable on KDFA's balance sheet.



**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS

**5. LEASE LIABILITIES**

<u>Description and purpose</u>	<u>Date of lease agreement</u>	<u>Amount of original agreement</u>	<u>Lease term</u>	<u>Interest rates</u>	<u>Amount outstanding</u>	
					<u>June 30, 2024</u>	<u>June 30, 2023</u>
Sharp MX6071 Copier	7/1/2020	\$ 16,068	52 months	2.2400%	\$ 1,126	\$ 4,454
Office lease	7/1/2020	394,860	59 months	2.2400%	75,596	156,315
		\$ 410,928			\$ 76,722	\$ 160,769

<u>Year Ending June 30,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 77,576	\$ 76,722	\$ 854

**6. PRIVATE ACTIVITY BONDS**

Private activity bonds are special limited obligations of KDFA and are made payable solely from a pledge of the applicable trust estate that is comprised of a particular designated revenue stream of the borrower. These private activity bonds meet the definition of conduit debt per GASB Statement 91 and are therefore not included on KDFA's balance sheet. The amounts of private activity bonds outstanding as of June 30, 2024 and 2023 were \$804,875,131 and \$741,005,147, respectively.

From the inception of the program through June 30, 2024 and 2023, the Beginning Farmer Loan Program had issued \$123,879,882 and \$117,382,219 in bonds, respectively.

**7. EMPLOYEES RETIREMENT SYSTEM**

General Information about the Pension Plan

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

*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 with ten or more years of credited service, may retire as early as age 55, 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".

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
A COMPONENT UNIT OF THE STATE OF KANSAS**

NOTES TO FINANCIAL STATEMENTS

**7. EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

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 chose 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% 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% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. 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 and the statutory contribution rate was 12.57% and 13.11%, respectively, for the fiscal year ended June 30, 2024 and 10.08% and 13.11%, respectively, for the fiscal year ended June 30, 2023. Contributions to

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS

**7. EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

the pension plan from KDFA were \$119,948 and \$117,705 for the years ended June 30, 2024 and 2023, respectively.

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

Net pension liability activity for the years ended June 30 was as follows:

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
Net pension liability	\$ 1,150,439	\$ 1,142,757
Measurement date	June 30, 2023	June 30, 2022
Valuation date	December 31, 2022	December 31, 2021
Proportion	0.0165%	0.0160%
Change in proportion	0.0005%	0.0000%

The collective net pension liability is measured by KPERS each June 30, and the total pension liability used to calculate the collective net pension liability is determined by an actuarial valuation as of each December 31, rolled forward to June 30. KDFA's proportion of the collective net pension liability was based on the ratio of KDFA's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School Subgroup within KPERS for the fiscal years ended June 30, 2023 and 2022. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

For the years ended June 30, 2024 and 2023, KDFA recognized pension expense (benefit) of \$125,981 and (\$65,160), respectively. At June 30, 2024 and 2023, KDFA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>June 30, 2024</b>		<b>June 30, 2023</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 41,681	\$ --	\$ 25,330	\$ 496
Net difference between projected and actual earnings on pension plan investments	78,301	--	96,241	--
Changes in proportionate share	38,352	37,575	25,269	73,528
Changes in assumptions	127,127	--	175,664	--
KDFA contributions subsequent to measurement date	119,948	--	117,705	--
Total	\$ 405,409	\$ 37,575	\$ 440,209	\$ 74,024

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
A COMPONENT UNIT OF THE STATE OF KANSAS**

NOTES TO FINANCIAL STATEMENTS

**7. EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

The \$119,948 reported as deferred outflows of resources related to pensions resulting from KDFA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

<b>Year ended June 30:</b>	
2025	\$ 65,219
2026	53,783
2027	112,449
2028	16,077
2029	358
	<hr style="width: 100%;"/>
	<b>\$ 247,886</b>

*Actuarial assumptions.* The total pension liability for KPERS in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.50% to 12%, including price inflation
Long-term rate of return, net of investment expense, and including price inflation	7%

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study conducted for the three-year period beginning January 1, 2016. The experience study is dated January 7, 2020.

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. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS

**7. EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities	23.5%	5.20%
Non-U.S. equities	23.5	6.40
Private equity	8.0	9.50
Private real estate	11.0	4.45
Yield driven	8.0	4.70
Real return	11.0	3.25
Fixed income	11.0	1.55
Short-term investments	4.0	0.25
Total	<u>100.0%</u>	

*Discount rate.* The discount rate used by KPERS to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate was based on member and employer contributions. The State/School employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, 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 2023 was 1.2%. The State/School employers are currently contributing the full actuarial contribution rate. The expected KPERS employer actuarial contribution rate was modeled for future years, assuming all actuarial assumptions are met in the future years. 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 KDFA's proportionate share of the collective net pension liability to changes in the discount rate.* The following presents KDFA's proportionate share of the collective net pension liability calculated using the discount rate of 7% for fiscal 2023 and 2022, respectively, as well as what KDFA'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%) or 1-percentage-point higher (8%) than the current rate:

	<u>1% Decrease 6%</u>	<u>Current Discount Rate 7%</u>	<u>1% Increase 8%</u>
June 30, 2024	\$ 1,654,761	\$ 1,150,439	\$ 729,090
June 30, 2023	1,615,525	1,142,757	747,675

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
A COMPONENT UNIT OF THE STATE OF KANSAS**

NOTES TO FINANCIAL STATEMENTS

**7. EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

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

As provided by K.S.A. 1995 Supp. 74-4911f, the President of KDFA (President), an appointed official, may elect not to be a member of KPERS. Upon this election, KDFA contributes to the plan on the official's behalf an amount equal to 8% of the official's salary. The current President has not made this election.

**8. DEFERRED COMPENSATION PLAN**

As a component unit of the State of Kansas, KDFA participates in the State's Deferred Compensation Plan, a voluntary defined contribution retirement plan, as authorized by Internal Revenue Services (IRS) Code Section 457. Salary reduction agreements are made with eligible employees whereby prescribed amounts are withheld from the employee's pay and remitted to the Trustee, Great West Financial, which invests the withholdings in allowable investments in accordance with the investment instructions of the employees. These monies are not available to employees until termination or retirement from employment, death, or unforeseeable emergency. Any classified or unclassified employees, except those employed on an emergency, temporary, or intermittent basis, are eligible on their first day of employment to participate in this plan. During both fiscal year 2024 and 2023, five employees of KDFA participated in this plan.

All assets under this plan are held in trust for the exclusive benefit of participants and their beneficiaries. For this purpose, an annuity contract or custodial account described in IRS Code Section 497(g) is treated as a trust.

**9. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS**

**KPERS Death and Disability OPEB Plan**

*Plan Description.* KDFA participates in an agent multiple-employer defined benefit other post-employment benefit (OPEB) plan (Plan) which is administered by KPERS. The Plan provides long-term disability benefits and life insurance benefits for disabled members to KPERS members, as provided by K.S.A. 74-04927. 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% (prior to January 1, 2006, 66 2/3%) 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.

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NOTES TO FINANCIAL STATEMENTS

**9. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

Long-term disability benefit: Monthly benefit is 60% 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 65<sup>th</sup> birthday or retirement date, whichever occurs first. If the disability occurs after age 60, benefits are payable while disability continues, for a period of five 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% of the greater of the member's annual rate of compensation at the time of disability or the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five 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% 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.

Employees covered by benefit terms. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	7
	7
	7

Total OPEB Liability

Total OPEB liability activity for the years ended June 30 was as follows:

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
Total OPEB Liability	\$ 10,084	\$ 9,459
Measurement date	June 30, 2023	June 30, 2022
Valuation date	December 31, 2022	December 31, 2021

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS

**9. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

*Actuarial assumptions and other inputs.* The total OPEB liability in the December 31, 2022 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%
Payroll growth	3%
Salary increases, including inflation	3.50 to 10%, including price inflation
Discount rate	3.65% for June 30, 2023 measurement date
Healthcare cost trend rates	Not applicable for the coverage in this plan
Retiree share of benefit cost	Not applicable for the coverage in this plan

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

Mortality rates were based on the RP-2014 mortality tables, as appropriate, with adjustment for mortality improvements based on Scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on actuarial experience study for the period July 1, 2016 - June 30, 2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2022 KPERS pension valuation.

Changes in the Total OPEB Liability

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
	<u>Total OPEB Liability</u>	<u>Total OPEB Liability</u>
<b>Beginning balance</b>	\$ 9,459	\$ 6,800
<b>Changes for the year:</b>		
Service cost	3,058	5,485
Interest	443	265
Effect of economic/demographic gains or losses	(2,890)	(4,810)
Effect of assumptions changes or inputs	14	1,719
Benefit payments	--	--
<b>Net changes</b>	<u>625</u>	<u>2,659</u>
<b>Ending balance</b>	<u>\$ 10,084</u>	<u>\$ 9,459</u>

*Changes of assumptions.* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate increased from 3.54% on June 30, 2022 to 3.65% on June 30, 2023 and increased from 2.16% on June 30, 2021 to 3.54% on June 30, 2022.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of KDFA, as well as what KDFA's total OPEB liability would be if it were



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NOTES TO FINANCIAL STATEMENTS

**9. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

calculated using a discount rate that is 1-percentage-point lower (2.65%/2.54%) or 1-percentage-point higher (4.65%/4.54%) than the current discount rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b><u>2.65% / 2.54%</u></b>	<b><u>3.65% / 3.54%</u></b>		<b><u>4.65% / 4.54%</u></b>
June 30, 2023	\$ 9,886	\$ 10,084		\$ 10,124
June 30, 2022	9,243	9,459		9,522

*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, 2024 and 2023, KDFA recognized OPEB (benefit) expense of (\$239) and \$2,294, respectively. At June 30, 2024 and 2023, KDFA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>June 30, 2024</b>		<b>June 30, 2023</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ --	\$ 22,788	\$ --	\$ 23,637
Changes in assumptions	1,431	1,071	1,061	1,256
Benefit payments subsequent to the measurement date	--	--	--	--
Total	<b>\$ 1,431</b>	<b>\$ 23,859</b>	<b>\$ 1,061</b>	<b>\$ 24,893</b>

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$0 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

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NOTES TO FINANCIAL STATEMENTS

**9. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Deferred Outflows (Inflows) of Resources</u>
2024	\$ (3,740)
2025	(3,740)
2026	(3,740)
2027	(3,598)
2028	(3,054)
Thereafter	<u>(4,556)</u>
	<u>\$ (22,428)</u>

**10. RISK MANAGEMENT**

KDFA is exposed to various risks of loss related to torts: professional liability, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. KDFA has not made a claim against any of the insurance policies.

KDFA has commercial insurance coverage related to miscellaneous professional liability with a limit of liability of \$10,000,000 and retention of \$200,000 deductible. KDFA also has commercial insurance coverage on personal property with a limit of \$1,453,000 and \$1,000 deductible, which includes coverage on electronic data processing equipment, media, and data. This policy also provides general liability coverage with a \$2,000,000 per occurrence / \$4,000,000 aggregate limit. In addition, there is a Public Officials and Employees Liability Insurance Policy with an aggregate limit of \$2,000,000 and a deductible of \$1,000. Insurance settlements have not exceeded insurance coverage for the past three fiscal years. In addition, KDFA purchased public official surety bonds for an additional coverage of \$1,500,000. KDFA also participates as a Non-State group in the State's employee health benefit plan.

**11. PENDING GASB PRONOUNCEMENTS**

GASB Statement No. 101, Compensated Absences, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this statement are effective for financial statements for the KDFA's fiscal year ending June 30, 2025.

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
A COMPONENT UNIT OF THE STATE OF KANSAS**

NOTES TO FINANCIAL STATEMENTS

**11. PENDING GASB PRONOUNCEMENTS (CONTINUED)**

GASB Statement No. 102, Certain Risk Disclosures, will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The provisions of this statement are effective for financial statements for the KDFA's fiscal year ending June 30, 2026.

GASB Statement No. 103, Financial Reporting Model Improvements, improves five key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability:

- 1) Management Discussion and Analysis (MD&A) This statement requires that information presented in MD&A be limited to related topics discussed in five sections: 1) Overview of Financial Statements, 2) Financial Summary, 3) Detailed Analyses, 4) Significant Capital Asset and Long-Term Financing Activity and 5) Currently Known Facts, Decisions, or Conditions. MD&A should also explain why balances and results of operations changed and avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections. MD&A should continue to distinguish between the primary government and its discretely presented component units.
- 2) Unusual or Infrequent Items are described as transactions and other events that are either unusual in nature or infrequent in occurrence. These items are required to be displayed separately as the last presented flow of resources prior to the net change in resource flows in government-wide, governmental fund, and proprietary fund statements of resource flows
- 3) Presentation of Proprietary Fund statement of Revenues, Expenses and Changes in Fund Net position should continue to distinguish between operating and nonoperating revenues and expenses and provides additional guidance on determining nonoperating revenues and expenses. Additional subtotals are required to be presented to show a subtotal for "operating income (loss) and noncapital subsidies" prior to reporting other nonoperating revenues and expenses. Subsidies are defined within the statement.
- 4) Major Component Unit Information is required to be presented separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If readability is impacted, combining statements of major component units should be presented after the fund financial statements.
- 5) Budgetary Comparison Information is required to be presented as required supplementary information (RSI) and variances between original and final budget amounts and variances between final and actual amounts are required to be presented. Explanation of significant difference must be presented in notes to the RSI.

The provisions of this statement are effective for financial statements for the KDFA's fiscal year ending June 30, 2026.

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NOTES TO FINANCIAL STATEMENTS

**12. SUBSEQUENT EVENTS**

KDFA evaluated subsequent events through September 24, 2024, the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to, or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2024

Schedule of Changes in  
Total OPEB Liability

Last Seven Fiscal Years\*

	2024	2023	2022	2021	2020	2019	2018
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB liability</b>							
Service cost	\$ 3,058	\$ 5,485	\$ 5,149	\$ 5,653	\$ 5,398	\$ 5,350	\$ 5,409
Interest	443	265	284	919	1,673	2,167	2,088
Effect of economic/demographic gains or losses	(2,890)	(4,810)	(6,257)	(11,149)	(7,180)	(4,741)	--
Effect of assumptions changes or inputs	14	1,719	(61)	(1,528)	(241)	113	--
Benefit payments	--	--	--	(13,485)	(20,227)	(20,227)	(20,227)
<b>Net change in total OPEB liability</b>	625	2,659	(885)	(19,590)	(20,577)	(17,338)	(12,730)
<b>Total OPEB liability - beginning</b>	9,459	6,800	7,685	27,275	47,852	65,190	77,920
<b>Total OPEB liability - ending</b>	<u>\$ 10,084</u>	<u>\$ 9,459</u>	<u>\$ 6,800</u>	<u>\$ 7,685</u>	<u>\$ 27,275</u>	<u>\$ 47,852</u>	<u>\$ 65,190</u>
<b>Covered payroll</b>	\$ 897,831	\$ 840,391	\$ 794,505	\$ 765,276	\$ 882,372	\$ 851,388	\$ 868,803
<b>Total OPEB liability as a percentage of covered payroll</b>	1.12%	1.13%	0.86%	1.00%	3.09%	5.62%	7.50%

\*GASB 75 requires presentation of ten years. As of June 30, 2024, only seven years of information is available.

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.

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

June 30, 2024: 3.65%  
June 30, 2023: 3.54%  
June 30, 2022: 2.16%  
June 30, 2021: 2.21%  
June 30, 2020: 3.50%  
June 30, 2019: 3.87%  
June 30, 2018: 3.58%  
June 30, 2017: 2.85%

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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REQUIRED SUPPLEMENTARY INFORMATION**

**SHARE OF THE COLLECTIVE NET PENSION LIABILITY  
Kansas Public Employees Retirement System  
Last Ten Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
KDFA's proportion of the collective net pension liability	0.0165%	0.0160%	0.0160%	0.0155%	0.0181%	0.0179%	0.0189%	0.0194%	0.0186%	0.0166%
KDFA's proportionate share of the net pension liability	\$ 1,150,439	\$ 1,142,757	\$ 902,999	\$ 1,156,236	\$ 1,170,992	\$ 1,164,739	\$ 1,272,837	\$ 1,303,753	\$ 1,285,093	\$ 1,058,007
KDFA's covered payroll	\$ 897,831	\$ 840,391	\$ 840,391	\$ 765,276	\$ 882,372	\$ 851,388	\$ 868,803	\$ 830,945	\$ 795,550	\$ 726,959
KDFA's proportionate share of the net pension liability as a percentage of its covered payroll	128%	136%	107%	151%	133%	137%	147%	157%	162%	146%
Plan fiduciary net position as a percentage of the total pension liability	70.70%	69.75%	76.40%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%

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

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF KDFA'S CONTRIBUTIONS  
Kansas Public Employees Retirement System  
Last Ten Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 119,948	\$ 117,705	\$ 112,024	\$ 113,058	\$ 110,276	\$ 116,561	\$ 102,252	\$ 93,917	\$ 90,657	\$ 80,621
Contributions in relation to the contractually required contribution	<u>(119,948)</u>	<u>(117,705)</u>	<u>(112,024)</u>	<u>(113,058)</u>	<u>(110,276)</u>	<u>(116,561)</u>	<u>(102,252)</u>	<u>(93,917)</u>	<u>(90,657)</u>	<u>(80,621)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
KDFA's covered-employee payroll ^	\$ 954,241	\$ 897,831	\$ 840,391	\$ 794,505	\$ 765,276	\$ 882,372	\$ 851,388	\$ 868,803	\$ 830,945	\$ 795,550
Contributions as a percentage of covered-employee payroll	12.57%	13.11%	13.33%	14.23%	14.41%	13.21%	12.01%	10.81%	10.91%	10.13%

^ Covered payroll is measured as of the fiscal year end, the most recent of which was June 30, 2024.



**KANSAS DEVELOPMENT FINANCE AUTHORITY  
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NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

*Changes in benefit terms for KPERS.* Effective January 1, 2014, KPERS Tier 1 members' employee contribution rate increased to 5% and then on January 1, 2015, will increase to 6% with an increase in benefit multiplier to 1.85% for future years of service. For Tier 2 members retiring after July 1, 2012, the cost of living adjustments (COLA) are eliminated, but members will receive a 1.85% multiplier for all years of service.

January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan are those 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 Legislature changed the working after retirement rules for members who retire on or after January 1, 2019. 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% to 2.75%.
- The investment return assumption was lowered from 8% to 7.75%.
- The general wage growth assumption was lowered from 4% to 3.50%.
- The payroll growth assumption was lowered from 4% to 3%.

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%.

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
A COMPONENT UNIT OF THE STATE OF KANSAS**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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

- The investment return assumption was lowered from 7.75% to 7.50%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3% to 2.75%.

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

KPERS:

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

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

December 31, 2021 assumption changes included a decrease of the investment return assumption from 7.25% to 7%.

## SUPPLEMENTARY INFORMATION

**KANSAS DEVELOPMENT FINANCE AUTHORITY  
A COMPONENT UNIT OF THE STATE OF KANSAS**

**PRIVATE ACTIVITY BONDS**

Years Ended June 30, 2024 and 2023

Name	Original Principal Amount	Series	Type of Bonds	Balance at 6/30/2024	Balance at 6/30/2023
Spirit AeroSystems, Inc. Project	80,000,000	2005J	Taxable Revenue Bonds	80,000,000	80,000,000
Northeast Renaissance Center Apartments	3,800,000	2007B-2	Multifamily Housing Revenue Bonds	786,333	788,481
University of Kansas Hospital Authority (KUHA) - (KU Health System) Variable Rate	25,000,000	2011J	Variable Rate Demand Health Facilities Revenue Bonds	19,470,000	20,260,000
Village Shalom Obligated Group Project	12,155,000	2013E	Refunding Revenue Bonds	4,017,459	4,808,494
Adventist Health System	30,000,000	2014C-ADV		10,000,000	12,000,000
Lifespace Communities, Inc. - Claridge Court Project	5,485,000	2014G		--	730,000
Madison Street Apartments	7,600,000	2016L	Senior Housing Revenue Bonds	3,220,383	3,250,467
Stormont-Vail HealthCare, Inc.	102,220,000	2016M,N,O	Health Facilities Revenue Bonds	68,390,000	72,635,000
Hillcrest Apartments, LP	6,100,000	2017F-1 F-2	Senior Housing Revenue Bonds	4,323,424	4,404,801
Nettleton Manor Apartments Project	7,325,000	2018C-1	Multi-family Revenue Bonds	5,745,503	5,824,515
Nettleton Manor Apartments Project	675,000	2018C-2	Multi-family Revenue Bonds	935,261	974,480
Village Shalom, Inc. Project	41,085,000	2018A	Health Facilities Revenue Bonds	41,085,000	41,085,000
Village Shalom, Inc. Project	19,500,000	2018B	Health Facilities Revenue Bonds	--	2,800,000
Turtle Hill Townhomes	4,000,000	2018D	Low Income Housing Revenue Bonds	3,440,000	3,470,000
Stormont-Vail HealthCare, Inc. - Health Facilities Refunding 2011F	36,265,000	2019K	Privately Placed Health Facilities Revenue Bonds	25,465,000	30,385,000
YMCA Lofts	6,120,000	2019L	Privately Placed Low Income Housing Revenue Bonds	6,120,000	4,713,430
Suburban Water	4,300,000	2019P	Privately Placed Industrial Facility Revenue Bonds	3,563,332	3,732,323
Town House Renaissance LP Project	20,000,000	2020D	Privately Placed Affordable Housing Revenue Bonds	9,205,311	9,344,318
Kansas City Venture Group Refundings (Boulevard, The Falls, Heather Glen)	43,750,000	2020LMN	Privately Placed Multifamily Housing Revenue Bonds	43,750,000	43,750,000
Silver City Preservation LLC - Silver City Apartments	21,618,000	2020J	Privately Placed Multifamily Housing Revenue Bond	15,782,601	15,980,039
Curtis Homes	4,081,000	2020Q	Affordable Multifamily Housing Governmental Note	2,280,000	3,652,008
Stormont-Vail HealthCare, Inc.	35,390,000	2021F	Privately Placed Health Facilities Revenue Bonds	33,120,000	33,945,000
Stormont-Vail HealthCare, Inc. (Ref 2013J)	40,145,000	2021G	Privately Placed Health Facilities Refunding Revenue Bonds	36,330,000	38,130,000
Sunrise Towers Apartments	19,000,000	2021H	Privately Placed Multifamily Housing Revenue Bonds	18,334,080	18,564,190
Adventist Health System	178,440,000	2021B	Hospital Revenue Bonds	167,695,000	167,695,000
Davidson' Landing Apartment Homes	14,533,000	2021E	Affordable Multifamily Housing Revenue Bonds	14,533,000	14,533,000
Union at The Loop	35,000,000	2021N	Privately Placed Multifamily Housing Revenue Bonds	35,000,000	35,000,000
Hays Medical Center, Inc.	50,105,000	2021S	Privately Placed Taxable Convertible Health Care Facilities Refunding Revenue Bonds	44,645,000	47,410,000
Sante Fe Trail Apartments	2,823,000	2022H-1	Privately Placed Multifamily Governmental Note	2,823,000	2,823,000
Sante Fe Trail Apartments	1,325,000	2022H-2	Privately Placed Multifamily Housing Revenue Bonds	-	1,313,004
Salina RAD	11,700,000	2022B	Privately Placed Multifamily Housing Revenue Bonds	3,644,998	4,054,597
Oakdale Senior Village	10,430,000	2023D-1	Publicly Placed Multifamily Tax-Exempt Mortgage-backed Bonds	10,375,623	10,430,000
Oakdale Senior Village	2,519,000	2023D-2	Publicly Placed Multifamily Housing Revenue Bonds	2,519,000	2,519,000
YMCA Lofts	680,000	2023H	Privately Placed Low Income Housing Revenue Bonds	680,000	--
Clarion Park Housing Project	19,013,000	2023K-1	Privately Placed Multifamily Housing Revenue Construction/Permanent Note	19,013,000	--
Clarion Park Housing Project	15,987,000	2023K-2	Privately Placed Multifamily Housing Revenue Construction Note	15,196,823	--
Canterbury Village Apartments	8,500,000	2024A	Privately Placed Multifamily Housing Revenue Bonds	8,500,000	--
Canyon Creek Apartments	36,936,000	2024C	Publicly Placed Multifamily Housing Revenue Bonds	36,936,000	--
City Hall Apartments	7,900,000	2024D-1	Privately Placed Multifamily Housing Revenue Bonds	7,900,000	--
City Hall Apartments	14,500,000	2024D-2	Privately Placed Multifamily Housing Revenue Bonds	50,000	--
				<u>\$ 804,875,131</u>	<u>\$ 741,005,147</u>

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*

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
**Kansas Development Finance Authority**  
Topeka, 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 Kansas Development Finance Authority (KDFA) which comprise the balance sheet as of June 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered KDFA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KDFA's internal control. Accordingly, we do not express an opinion on the effectiveness of KDFA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether KDFA'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control on 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 KDFA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Allen, Gibbs & Houlik, L.C*  
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS  
September 24, 2024