

# **KANSAS DEPARTMENT OF TRANSPORTATION**

A DEPARTMENT OF THE STATE OF KANSAS

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2023**

**NOTE:** This information is available in alternative accessible formats. To obtain an alternative format, contact the Division of Communications, Eisenhower Building, 700 SW Harrison, 2nd Floor West, Topeka, KS, 66603-3754, or (785) 296-3585 (Voice)/Hearing Impaired - 711.



# **KANSAS DEPARTMENT OF TRANSPORTATION**

A DEPARTMENT OF THE STATE OF KANSAS

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2023**

**PREPARED BY: BUREAU OF FISCAL SERVICES**

**NOTE:** This information is available in alternative accessible formats. To obtain an alternative format, contact the Division of Communications, Eisenhower Building, 700 SW Harrison, 2nd Floor West, Topeka, KS, 66603-3754, or (785) 296-3585 (Voice)/Hearing Impaired - 711.

**THIS PAGE INTENTIONALLY BLANK**

Kansas Department of Transportation  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2023

Table of Contents

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Government Finance Officers Association	
Certificate of Achievement for Excellence in Financial Reporting .....	4
Letter of Transmittal .....	5
List of Principal Officials .....	10
Organizational Chart .....	11
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	14
Management's Discussion and Analysis (MD&A) .....	20
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position .....	34
Statement of Activities .....	35
Fund Financial Statements	
Balance Sheet - Governmental Funds .....	38
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position .....	39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities .....	41
Statement of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual	
State Highway Fund (Department's general fund) .....	42
Reconciliation of Statement of Revenues, Expenditures, and Other Financing Sources (Uses) - Budgetary Basis to the Statement of Revenues, Expenditures and Changes in Fund Balance - State Highway Fund (Department's general fund) .....	43
Statement of Net Position - Proprietary Funds .....	44
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds .....	45
Statement of Cash Flows - Proprietary Funds .....	46
Statement of Fiduciary Net Position - Custodial Funds .....	47
Statement of Changes in Fiduciary Net Position - Custodial Funds .....	48
Notes to the Financial Statements .....	51
Required Supplementary Information (Other than MD&A)	
Infrastructure Assets Modified Approach .....	82
Other Post Employment Benefits .....	85
Pension Plan .....	86
Supplementary Information	
Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds .....	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds .....	90

(continued)

Table of Contents (Continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
Supplementary Information (continued)	
Schedules of Revenues, Expenditures and Other Financing	
Sources (Uses) - Budget and Actual	
Rail Service Improvement Fund.....	91
Interagency Motor Vehicle Fuel Sales Fund.....	92
Traffic Records Enhancement Fund.....	93
Public Use General Aviation Airport Development Fund.....	94
Coordinated Public Transportation Assistance Fund.....	95
Other Federal Grants Fund.....	96
Conversion of Materials and Equipment Fund.....	97
Seat Belt Safety Fund.....	98
Transportation Technology Development Fund.....	99
Broadband Infrastructure Construction Grant Fund.....	100
Short Line Rail Improvement Fund.....	101
Drivers Education Scholarship Grant Fund.....	102
Highway Bond Debt Service Fund.....	103
Custodial Funds	
Combining Statement of Fiduciary Net Position - Custodial Funds.....	107
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds.....	108
STATISTICAL SECTION	
Financial Trends	
Net Position by Component.....	111
Changes in Net Position.....	112
Fund Balances of Governmental Funds.....	114
Changes in Fund Balances of Governmental Funds.....	115
Revenue Capacity	
Motor Fuel Taxes - Revenue Base and Rates.....	117
Motor Fuel Taxes - Receipts and Distribution.....	118
Motor Fuel Taxes - Principal Remitters.....	119
Vehicle Registration Fee Schedule.....	120
Vehicle Registrations, Drivers' Licenses and Vehicle Permits.....	121
Retailers' Sales Tax and Compensating Use Tax Rates.....	122
Retailers' Sales Tax and Compensating Use Tax Deposits.....	123
Debt Capacity	
Ratios of Outstanding Debt and Debt Margin Information.....	124
Highway Revenue Bond Coverage.....	125
Demographic and Economic Information	
Demographic and Economic Statistics.....	126
Principal Employers.....	127
Operating Information	
Department Workforce.....	128
Operating Indicators.....	129
Capital Asset Statistics.....	130
OTHER INFORMATION	
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.....	131



**INTRODUCTORY  
SECTION**

**Annual Comprehensive Financial Report  
For the fiscal year ended June 30, 2023**



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**State of Kansas Department of Transportation**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



September 15, 2023

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

Kansas Statutes Annotated 68-2315 requires the Kansas Department of Transportation (the Department) to annually prepare a comprehensive financial report of all funds for the preceding year, which shall include a report by an independent public accountant attesting that the financial statements present fairly the financial position of the Department in conformity with accounting principles generally accepted in the United States of America (GAAP). Pursuant to that requirement, we are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Department for the fiscal year ended June 30, 2023.

This report consists of management's representations concerning the finances of the Department. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report.

Department managers are responsible for establishing and maintaining internal controls to protect the Department's assets from loss, theft, or misuse, and to enable adequate accounting data to be compiled for preparation of financial statements in conformity with GAAP as applied to governmental units. The Department's internal controls are designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by departmental managers.

For the fiscal year ended June 30, 2023, the independent audit required by statute was performed by CliftonLarsonAllen LLP. The auditors concluded that there was a reasonable basis for rendering unmodified opinions and that the financial statements for the fiscal year ended June 30, 2023 are fairly presented in conformity with GAAP. Their report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement MD&A and should be read in conjunction with it. The Department's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Department**

The Department is an operating department of the State of Kansas and represents separate funds of the State that are not a part of the State General Fund. The Department was created by the Kansas Legislature in 1975 to succeed the State Highway Commission, which was established in

1917. The Secretary of Transportation is appointed by the Governor with the consent of the Senate. The Department has statutory responsibility to coordinate planning, development, and operation of various modes and systems of transportation in the State. However, the Department's actual authority varies by mode and system. Although the Kansas Turnpike Authority (KTA) cooperates with the Department to achieve these objectives, the KTA is not a part of this reporting entity.

The Department's annual budget is approved by the Kansas Legislature. The budget is prepared by fund with some of the expenditures appropriated with legal limits and other expenditures appropriated without legal limits. Those budget items appropriated with legal limits can only be amended with Legislative approval. Budget items appropriated without legal limits can be amended by the Department's management without Legislative approval.

### **Economic Condition and Outlook**

Economic forecasts are developed using a consensus process that involves the Legislative Research Department, Division of the Budget, and Department of Revenue for the State plus three consulting economists from state universities. The Consensus Revenue Estimating Group (CRE) meets bi-annually in April and November. The economic condition and outlook are based upon the April 2023 meeting.

Most economic variables and indicators have remained consistent since the Consensus Group last convened in November. While the U.S. and Kansas economies continue to grow, uncertainty remains as a number of economic indicators are estimated to show slightly higher real growth in the current year while seeing lower growth over the next few years as compared to the November forecast. Significant concerns exist for the economy as a whole relative to inflation and U.S. monetary policy, volatility in energy prices, U.S. trade and foreign policy, and the resolution of the U.S. debt limit. The economic forecast is based on no significant downturns or disruptions in the state or federal economy during the forecast period.

Real Kansas Gross State Product (GSP), which measures the cumulative economic output of the state's economy, is estimated to increase by 1.55 percent in calendar year (CY) 2023, 1.45 percent in CY 2024, and 1.8 percent in CY 2025. The November estimate showed real Kansas GSP increasing by 1.1 percent in CY 2023, 1.6 percent in CY 2024, and 1.95 in CY 2025. Current forecasts call for real U.S. Gross Domestic Product (GDP) to increase by 1.55 percent in CY 2023, 1.45 percent in CY 2024, and 1.8 percent in CY 2025. The November estimate had the real U.S. GDP increasing by 1.1 percent in CY 2023, 1.6 percent in CY 2024, and 1.95 percent in CY 2025.

Real Kansas Personal Income (KPI), a measure of the economic well-being of state residents from all the income that they receive, is expected to increase by 1.55 percent in CY 2023, 1.45 percent in CY 2024, and 1.8 percent in CY 2025. The real KPI forecast used in November showed KPI increasing by 1.1 percent in CY 2023, 1.6 percent in CY 2024, and 1.95 percent in CY 2025. Current estimates indicate overall real U.S. Personal Income (USPI) will increase by 1.55 percent in CY 2023, 1.45 percent in CY 2024, and 1.8 percent in CY 2025.

Current estimates indicate that the overall Kansas unemployment rate, which was 2.7 percent in CY 2022, is expected to increase to 3.3 percent in CY 2023 and 3.8 percent in CY 2024. Kansas unemployment expectations have improved slightly in the near term since November when the Kansas unemployed rate was estimated to be 3.5 percent in CY 2025, but the outlook has declined slightly when 3.6 percent was estimated for CY 2024. The national unemployment rate is expected to remain above the Kansas rate, with the U.S. rate now expected to be 4.5 percent in CY 2023 and 4.6 percent in CY 2024. A key factor in the estimate for the low annual

unemployment rate is the labor force participation rate has not recovered to pre-pandemic levels. The labor force participation rate is the number of people ages 16 and older who are employed or actively seeking employment, divided by the total non-institutionalized, civilian working-age population. The labor force participation rate in February 2023 was 66.4 percent compared to 67.1 percent in February 2020.

Kansas lost 158,400 non-farm jobs during the months of March and April 2020, but has since fully recovered, adding back 177,300 jobs as of February 2023, the most recent month for which jobs data was available at the time of the estimate. Sectors with the largest amount of jobs created over the last year include private education and health services, leisure and hospitality, and manufacturing. No sectors have lost jobs now as compared to a year ago.

Average weekly hours worked in the private sector in February 2023 decreased to 33.5 hours, a decrease of 0.8 hours from February 2022. Average real hourly earnings decreased slightly over the year by \$0.70 to \$29.12, which is a decrease of 2.3 percent. The Kansas job market continues to reflect more job openings than unemployed individuals, as current estimates indicate more than two job openings for every unemployed person for each month since October 2021.

## **Federal Funding**

The Infrastructure Investment and Jobs Act (IIJA) was signed into law on November 15, 2021, as Public Law 117-58. The IIJA authorizes about \$550 billion over federal fiscal years (FFY) 2022 through 2026 for transportation investments like: highway safety, transportation safety, public transportation, motor carrier safety, hazardous materials safety, rail, research, technology, and statistics programs. The IIJA replaces the FAST Act and provides Kansas with levels of funding greater than the FAST Act and the extensions.

### Highway Trust Fund

The Highway Trust Fund (HTF) was created by the federal Highway Revenue Act of 1956 as the primary tool for receiving highway user taxes and distributing the funds to state and local governments for qualifying highway project expenditures. The major revenue sources for the HTF are the federal motor fuels tax, truck-related taxes on tires and the sale of trucks and trailers, and heavy vehicle use.

For decades the Highway Trust Fund adequately funded the nation's roads, and in later years transit projects, as the revenue sources continued to support the spending on federal projects. However, in recent years the balances in the HTF began to take a downward slope and the solvency of the Highway Account of the Trust Fund became a major concern.

With the passage of IIJA, surface transportation programs have been authorized through 2026. Legislation transferred \$118 billion from the general fund of the Treasury to the Highway Trust Fund. The transfer did not create any new revenue sources from transportation users. Spending from the HTF exceeds revenues credited to the fund from taxes on motor fuels, heavy trucks, and tires. The Congressional Budget Office projects that, under the IIJA, both the highway and transit accounts of the Highway Trust Fund will be unable to meet all obligations in 2027.

### Obligation Limitation

Congress establishes an obligation limitation, which sets a limit on annual federal spending by states of the amount of federal funding apportioned to each state in contract authority. The limitation is typically less than the contract authority provided. The federal government does this to be responsive to current budget policies. Since the passage of SAFETEA-LU, there have been

numerous rescissions of federal funding resulting from Congressional action in annual transportation appropriations bills and other federal legislation. These rescissions require states to deduct a set amount of unobligated funds, which accumulate because states are not permitted to spend the entire amount of contract authority they receive due to a required obligation limitation. There is no scheduled rescission in FFY 2023.

### Conclusion

IIJA is the second consecutive legislation authorizing long term funding for transportation following the FAST Act. The Act authorizes surface transportation programs through September 30, 2026. Federal funding is clearly an important source of revenue for completing the remaining T-WORKS projects and implementing transportation investments of the Eisenhower Legacy Transportation Program.

It is critical for future planning purposes that federal funding be stable and predictable. A federal transportation reauthorization bill that creates a long-term funding program like IIJA provides that stability.

### **Future Financial Planning and Budgetary Outlook**

The 10-year Eisenhower Legacy Transportation Program (IKE) was passed in the 2020 Legislative Session and began in FY 2021. IKE implements a two-year rolling program approach, allowing Kansas to future-proof its investments. In the IKE program, highway modernization and expansion projects will be selected every two years and preservation will be prioritized. The Department will be better able to address community problems and capture emerging opportunities. This will allow communities to shift priorities and project scopes to better address current and future needs.

The IKE program will provide resources directed to the most pressing needs statewide each year, including rural broadband expansion, and provides more holistic transportation solutions. The Department will be able to provide an easier and streamlined application process for communities. With the IKE program, more resources will be provided to make local improvements through these new/expanded programs:

- Preservation
- Broadband
- Local Bridge
- Cost Share
- Strategic Safety Improvements
- Unmanned Aircraft Systems (UAS)
- Shortline Rail Program
- Driver's Education.

The IKE program authorizes the Secretary to issue highway revenue bonds so long as the Secretary certifies that, as of the date of issuance of any such bonds, the maximum annual debt service on all outstanding bonds and on such bonds proposed to be issued will not exceed 18% of State Highway Fund revenues projected for the then-current or any future fiscal year.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This was the 35<sup>th</sup> consecutive year that the Department has achieved this prestigious award. To be

awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

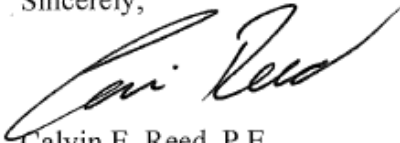
A Certificate of Achievement is valid for a period of one year only. The Department believes the current report continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

**Other Information**

This information is available in alternative accessible formats. To obtain an alternative format, contact the Division of Communications, Eisenhower Building, 700 SW Harrison, 2nd Floor West, Topeka, KS, 66603-3754, or (785) 296-3585 (Voice)/Hearing Impaired - 711.

The timely preparation of this report was achieved by the efficient and dedicated service of the entire staff of the Bureau of Fiscal Services. I would like to express appreciation to members of the Bureau and others throughout the Department who assisted and contributed to this report.

Sincerely,



Calvin E. Reed, P.E.  
Secretary of Transportation  
Director of Kansas Turnpike Authority

**KANSAS DEPARTMENT OF TRANSPORTATION**

**LIST OF PRINCIPAL OFFICIALS**

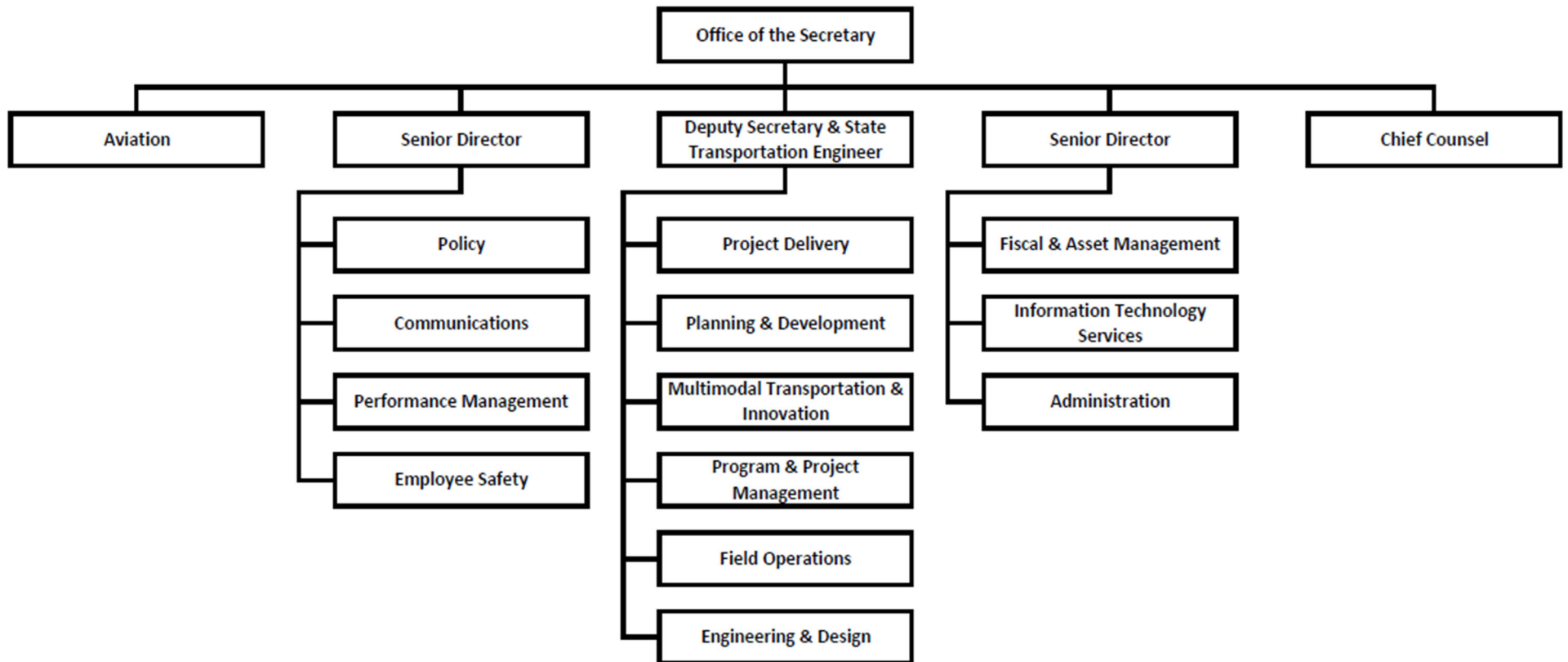
**Annual Comprehensive Financial Report  
As of September 15, 2023**

**EXECUTIVE STAFF**

<u>TITLE</u>	<u>NAME</u>
Secretary of Transportation	Calvin Reed
Deputy Secretary and State Transportation Engineer	Greg Schieber
Interim Senior Director	Pam Anderson
Interim Senior Director	Vanessa Lamoreaux
Chief Counsel	Gelene Savage
Director, Division of Engineering & Design	Scott King
Director, Division of Fiscal & Asset Management	Pam Anderson
Director, Division of Administration	Vacant
Director, Division of Planning & Development	Chris J. Herrick
Director, Division of Communications	Steve Hale
Director, Division of Information Technology Services	Shawn Brown*
Director, Division of Project Delivery	Tony Menke
Director, Division of Field Operations	Clay Adams
Director, Division of Multimodal Transportation & Innovation	Cory Davis
Director, Division of Performance Management	Vacant
Interim Director, Division of Program & Project Management	Colby Farlow
Director, Division of Employee Safety	Troy Whitworth
Director, Division of Policy	Joel Skelley
Director, Division of Aviation	Robert Brock

\* Reports directly to State of Kansas Office of Information Technology Services

# Kansas Department of Transportation



**THIS PAGE INTENTIONALLY BLANK**





**FINANCIAL  
SECTION**

**Annual Comprehensive Financial Report  
For the fiscal year ended June 30, 2023**



## INDEPENDENT AUDITORS' REPORT

Secretary of Transportation  
Kansas Department of Transportation  
Topeka, Kansas

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kansas Department of Transportation (the Department), a department of the State of Kansas, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the State Highway Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the Department of the State of Kansas are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of State of Kansas as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions were not modified with respect to this matter.

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department'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.

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, infrastructure assets reported using the modified approach, other postemployment benefits schedule and pension schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The combining and individual nonmajor fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

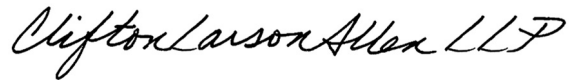
Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not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

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

Secretary of Transportation  
Kansas Department of Transportation

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2023, on our consideration of the Department'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 Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
September 15, 2023

**THIS PAGE INTENTIONALLY BLANK**



Management's Discussion and Analysis

**Kansas Department of Transportation  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(amounts expressed in thousands)**

The following section of our annual financial report presents our discussion and analysis of the Department's financial performance during the year. It is intended to assist you, the reader, in understanding how the various statements relate to each other and provide an objective and easily readable analysis of the Department's financial activities based on currently known facts, decisions and conditions. We encourage you to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal. Unless otherwise indicated, amounts are expressed in thousands of dollars.

**FINANCIAL HIGHLIGHTS**

- At June 30, 2023, the Department's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$12,951,477. Of this amount, \$820,489 is unrestricted and available to use to meet future obligations to citizens and creditors.
- The Department's net position increased by \$379,019 during the year.
- At the end of the fiscal year, the combined ending fund balances of the Department's governmental funds were \$968,245.
- The ending fund balances of governmental funds decreased by \$270,082.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of this Annual Comprehensive Financial Report consists of the auditors' report, this Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information and other supplementary information. This MD&A is intended to serve as an introduction to the Department's basic financial statements.

The basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private-sector business. These statements take a much longer view of the Department's finances than the fund-level statements.

The Statement of Net Position presents information on all the Department's assets, liabilities, deferred outflows of resources, and deferred inflows of resources. The net between these four items is reported as the Department's net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The Statement of Activities presents information showing how the Department's net position changed during the last fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.



Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Department's governmental activities include: maintenance and preservation; communications system; local support; general government; rail, air and public transportation; and interest on long-term debt. The business-type activities are the Transportation Revolving Fund and the Communication System Revolving Fund.

### **Fund financial statements**

The fund financial statements provide more detailed information about the Department's most significant funds – not the Department as a whole. A fund is an accounting device used to keep track of specific sources of funding and spending for particular purposes. Funds are used to ensure and demonstrate compliance with financial related legal requirements.

The Department has three kinds of funds:

- Governmental funds – Governmental funds focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a short-term view that helps determine whether there are more or fewer financial resources that can be spent in the future to finance the Department's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information explaining the differences between them is provided on the subsequent pages.

The Department maintains sixteen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the State Highway Fund (the Department's general fund) and the Debt Service Fund. These funds are considered major funds. Information from the other governmental funds is combined into a single, aggregated column. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in the ACFR.

A Budgetary Comparison Statement is provided for the State Highway Fund to demonstrate compliance with its budget. A reconciliation statement between this budgetary statement and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance is also provided.

- Proprietary funds – The proprietary fund statements report the business-type activities in the government-wide statements in more detail. The Transportation Revolving Fund is considered the only major fund.
- Custodial funds – The Department functions as a custodian for the cities and counties in holding tax money until it is distributed to those entities. Since these funds cannot be used to finance the Department's operations, they are excluded from the government-wide financial statements.

**Notes to financial statements**

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

**Required supplementary information**

In addition to the basic financial statements and accompanying notes, this section of our report presents certain information required to support the use of the modified approach for the reporting of infrastructure assets and information concerning the Department's progress in funding its obligation to provide other post-employment benefits.

**Other information**

Combining statements referred to earlier in connection with nonmajor governmental funds and budgetary schedules for funds not presented earlier are presented immediately following the required supplementary information.

**CONDENSED GOVERNMENT-WIDE FINANCIAL STATEMENTS AND ANALYSIS**

**Net Position**

The following table compares summary government-wide financial data at the end of the last two fiscal years:

	Summary of Net Position					
	Governmental Activities		Business-type Activities		Total	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Current and other assets	\$ 1,153,818	\$ 1,397,573	\$ 24,289	\$ 23,477	\$ 1,178,107	\$ 1,421,050
Capital assets	13,670,897	13,302,154	0	0	13,670,897	13,302,154
Total assets	14,824,715	14,699,727	24,289	23,477	14,849,004	14,723,204
Deferred outflows of resources						
Deferred pension outflows	50,061	32,628	0	0	50,061	32,628
Deferred OPEB outflows	1,177	1,131	0	0	1,177	1,131
Unamortized loss	2,285	4,999	0	0	2,285	4,999
Derivative instrument - interest rate swap	310	1,548	0	0	310	1,548
Total deferred outflows of resources	53,833	40,306	0	0	53,833	40,306
Other liabilities	276,524	125,147	0	0	276,524	125,147
Non-current liabilities	1,665,683	2,032,274	5	13	1,665,688	2,032,287
Total liabilities	1,942,207	2,157,421	5	13	1,942,212	2,157,434
Deferred inflow of resources						
Deferred pension inflows	6,720	31,800	0	0	6,720	31,800
Deferred OPEB inflows	2,428	1,818	0	0	2,428	1,818
Total deferred inflow of resources	9,148	33,618	0	0	9,148	33,618
Net position:						
Net investments in capital assets	11,951,011	11,370,662	0	0	11,951,011	11,370,662
Restricted	179,977	195,212	0	0	179,977	195,212
Unrestricted	796,205	983,120	24,284	23,464	820,489	1,006,584
Total net position	\$ 12,927,193	\$ 12,548,994	\$ 24,284	\$ 23,464	\$ 12,951,477	\$ 12,572,458

## Management's Discussion and Analysis

As noted earlier, over time, total net position may serve as a useful indicator of a government's financial position. At the end of the year, total net position was \$12,951,477, an increase of \$379,019.

Most of the Department's net position reflects its investment in capital assets such as land, buildings, equipment, and infrastructure, less any debt still outstanding used to acquire those assets. The Department uses these assets to provide services to the traveling public and they are not available for future spending. Although this investment is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from current sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Some of the Department's net position is restricted for use as debt service. An additional portion of the Department's net position is restricted for transportation purposes. The remaining balance of unrestricted net position is available for use in meeting ongoing obligations to citizens, creditors and employees.

The increase in net position investment in capital assets, reflects the activities of constructing new highways. Decreases in the unrestricted & restricted net position reflects the increase in constructing new highways from the Department's 10-year Eisenhower Legacy Transportation Program (IKE).

### Changes in Net Position

The following table summarizes and compares governmental and business-type activities for the years ended June 30, 2023 and 2022.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
<b>Revenues</b>						
Program revenues						
Capital grants	\$ 253,098	\$ 120,511	\$ 0	\$ 0	\$ 253,098	\$ 120,511
Operating grants	339,024	457,635	0	0	339,024	457,635
Vehicle registrations and drivers' licenses	247,560	240,333	0	0	247,560	240,333
Charges for service & other	14,376	9,083	326	526	14,702	9,609
General revenues						
Motor fuels tax	308,041	309,019	0	0	308,041	309,019
Sales and use taxes	733,564	668,451	0	0	733,564	668,451
Investment earnings	31,085	2,952	503	26	31,588	2,978
Unrestricted appropriations from other state funds	5,687	1,705	0	0	5,687	1,705
<b>Total revenues</b>	<u>1,932,435</u>	<u>1,809,689</u>	<u>829</u>	<u>552</u>	<u>1,933,264</u>	<u>1,810,241</u>
<b>Expenses</b>						
Maintenance and preservation	1,052,556	736,975	0	0	1,052,556	736,975
Communications system	8,218	9,528	9	9	8,227	9,537
Local support	202,262	140,990	0	0	202,262	140,990
General government	173,981	270,904	0	0	173,981	270,904
Rail, air and public transportation	74,989	62,559	0	0	74,989	62,559
Interest	42,230	61,292	0	0	42,230	61,292
<b>Total expenses</b>	<u>1,554,236</u>	<u>1,282,248</u>	<u>9</u>	<u>9</u>	<u>1,554,245</u>	<u>1,282,257</u>
<b>Change in net position</b>	378,199	527,441	820	543	379,019	527,984
<b>Net position - beginning</b>	12,548,994	12,021,553	23,464	22,921	12,572,458	12,044,474
<b>Net position - ending</b>	<u>\$ 12,927,193</u>	<u>\$ 12,548,994</u>	<u>\$ 24,284</u>	<u>\$ 23,464</u>	<u>\$ 12,951,477</u>	<u>\$ 12,572,458</u>

As a result of the activities of the Department during the past year net position increased \$379,019. Overall, revenues increased by 7% and expenses increased by 21%.

Governmental activities

Revenues for the year increased \$122,746 or about 7%. This increase was due primarily to the Department receiving more Sales and use taxes and Investment earnings revenues during fiscal year 2023.

Expenses for the year increased by \$271,988 or about 21%. The most significant increase was for Maintenance and preservation. Expenses for Maintenance and preservation activities were increased because the Department is in the third year of the 10-year Eisenhower Legacy Transportation Program (IKE) and expenses have increased considerably compared to the first two years.

Business-type activities

Business-type activities reflect the activities in the Transportation Revolving Fund and the Communication System Revolving Fund. Total revenues for these funds had a \$277 or 50% increase. Total expenses were static for these funds. The revenues for the programs increased due to Investment earnings.

**INDIVIDUAL FUND ANALYSIS**

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

**Governmental funds**

The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the Department's short-term financing requirements. In particular, unreserved fund balance may serve as a measure of the net resources available for spending at the end of the year.

The table on the following page summarizes and compares the balance sheets of the governmental funds at June 30, 2023 and June 30, 2022.

**Comparative Summary of Governmental Funds' Balance Sheets**

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>Change</u>	<u>% Change</u>
<b>Assets</b>				
Cash and investments	\$ 994,684	\$ 1,241,590	\$ (246,906)	(20)
Receivables	125,639	121,126	4,513	4
Inventories	28,433	28,331	102	0
Long-term receivable	5,062	6,526	(1,464)	(22)
Total assets	<u>\$ 1,153,818</u>	<u>\$ 1,397,573</u>	<u>\$ (243,755)</u>	(17)
<b>Liabilities</b>				
Current liabilities	\$ 135,977	\$ 91,565	\$ 44,412	49
Unearned revenue	23,351	39,129	(15,778)	(40)
Total liabilities	<u>159,328</u>	<u>130,694</u>	<u>28,634</u>	22
<b>Deferred inflows of resources</b>				
Unavailable revenue	\$ 26,245	\$ 28,552	\$ (2,307)	(8)
Total deferred inflows of resources	<u>26,245</u>	<u>28,552</u>	<u>(2,307)</u>	(8)
<b>Fund balances</b>				
Nonspendable:				
Materials & supplies	\$ 28,433	\$ 28,331	\$ 102	0
Long-term receivable	2,725	3,400	(675)	(20)
Restricted for:				
Debt service	111,248	139,129	(27,881)	(20)
Transportation	91,066	83,480	7,586	9
Assigned to:				
Next FY budget deficit	304,711	84,208	220,503	262
Unassigned	430,062	899,779	(469,717)	(52)
Total fund balances	<u>968,245</u>	<u>1,238,327</u>	<u>(270,082)</u>	(22)
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,153,818</u>	<u>\$ 1,397,573</u>	<u>\$ (243,755)</u>	(17)

Total fund balances for all governmental funds decreased by \$270,082 during the year.

The fund balance decrease is the result of decreasing assets. The decrease in assets was due to the spending increase on constructing new highways resulting in lower Cash and investments balances at the end of FY 2023. The fund balance decrease of the State Highway Fund (the Department's general fund) is the result of spending increases for the IKE program during FY 2023. The State Highway Fund's fund balance includes the budgeted amount assigned to FY 2024's projected budget deficit. This deficit is using covered by reserves held by the Fund. The fund balance for the Debt Service Fund decreased slightly during FY 2023 as Department paid off the Highway Revenue bond series 2012C during FY 2023. Other government funds' fund balance increased due to the creation of four new funds by the IKE program in FY 2021: Transportation Technology Development Fund, Broadband Infrastructure Construction Grant Fund, Short Line Rail Improvement Fund, and Driver's Education Scholarship Grant Fund. These funds are newer and starting to see more expenditures as the projects get underway. In FY 2023, the restricted for transportation fund balance increased by 9%. This increase is due to the newer funds started by the IKE program having projects that haven't gotten underway yet.

Management's Discussion and Analysis

The table below summarizes the governmental funds' revenue, expenditures, and other financing sources (uses) and compares them to the prior year.

<b>Comparative Statement of Governmental Funds Revenues, Expenditures, and Other Financing Sources (Uses)</b>				
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>Change</u>	<u>% Change</u>
<b>Revenues</b>				
Motor fuel taxes	\$ 308,186	\$ 308,998	\$ (812)	(0)
Vehicle registrations and permits	247,560	240,333	7,227	3
Operating grants	341,732	454,637	(112,905)	(25)
Capital grants	253,240	120,299	132,941	111
Sales and use taxes	732,876	668,882	63,994	10
Investment earnings	30,069	487	29,582	6,074
Other	13,034	8,877	4,157	47
Appropriations from other state funds	5,687	1,705	3,982	234
Total revenues	<u>1,932,384</u>	<u>1,804,218</u>	<u>128,166</u>	7
<b>Expenditures</b>				
Current operating:				
Maintenance	175,504	134,446	41,058	31
Preservation	666,940	504,622	162,318	32
Modernization	155,604	132,575	23,029	17
Expansion and enhancement	429,610	189,433	240,177	127
Communications system	6,803	7,563	(760)	(10)
Local support	143,011	102,475	40,536	40
Transportation planning and modal support	132,628	91,670	40,958	45
Administration	71,180	59,888	11,292	19
Distributions to other state funds	120,719	229,937	(109,218)	(47)
Debt service:				
Principal	231,410	127,385	104,025	82
Interest and fees	72,712	79,999	(7,287)	(9)
Total expenditures	<u>2,206,121</u>	<u>1,659,993</u>	<u>546,128</u>	33
Excess (deficiency) of revenues over expenditures	<u>(273,737)</u>	<u>144,225</u>	<u>(417,962)</u>	(290)
<b>Other financing sources (uses)</b>				
Sale of assets	2,755	1,404	1,351	96
Lease initiation	900	0	900	0
Transfers-in	307,446	243,814	63,632	26
Transfers-out	<u>(307,446)</u>	<u>(243,814)</u>	<u>(63,632)</u>	26
Total other financing sources (uses)	<u>3,655</u>	<u>1,404</u>	<u>2,251</u>	160
Net change in fund balances	(270,082)	145,629	(415,711)	(285)
Fund balances - beginning of year	1,238,327	1,092,698	145,629	13
Fund balances - end of year	<u>\$ 968,245</u>	<u>\$ 1,238,327</u>	<u>\$ (270,082)</u>	(22)

Revenues for the year increased by \$128,166 or 7%. Expenditures for the year increased by \$546,128 or 33%. In revenue, the increase is due to more Sales and use taxes revenues and Investment earnings. The main increase in expenditures were Preservation and Expansion and enhancement. These expenditures increased because FY 2023 was the third year of IKE program.

### **Proprietary funds**

The proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. See the discussion of business-type activities at the government-wide section above.

### **BUDGETARY HIGHLIGHTS**

During the course of the year, the budget for the State Highway Fund was amended by the State Legislature to reflect updated revenue projections and to more accurately reflect the level of activity being accomplished by the Department. In addition, certain budget changes were made to reflect conditions of the state economy. The original budget (adopted by the 2022 Legislature) projected a budgetary surplus of \$824,954. The final budget (adopted by the 2023 Legislature) projected a budgetary deficit of \$927,389. The budgetary deficit is covered by reserves held by the Fund.

Significant differences between the original and final budget include:

- The budget for Intergovernmental, Sales and use taxes, and Investment earnings revenues was increased for the anticipated level of activity expected.
- The budget for Construction with and without legal limits was increased for the anticipated level of activity expected to be accomplished by the Department.

Some expenditures are appropriated by the Legislature with legal limitations and other expenditures are appropriated without legal limits. These appropriations are made at the fund level and are displayed on the Budgetary Statements included in this document. The allocations of the appropriations displayed are for internal control and reporting purposes only. The legal level of budgetary control is at the cumulative total, not at the "line item" displayed on the accompanying budget statements. Actual cumulative expenditures for those items with legal limits did not exceed those limits. For additional detail of these appropriations, see Note 2 to the financial statements.

Significant variances from the final approved budget and actual end-of-year results include:

- The budget variance for Intergovernmental, and Investment earnings revenues increased due to actual level of activity.
- The budget variance for Construction without legal limits increased due to increases in project costs.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** At June 30, 2023, the total investment in capital assets was \$13,670,897. The table on the following page summarizes those assets and compares them to the prior year.

Summary of Capital Assets (net of depreciation/amortization)		
	Governmental Activities	
	6/30/2023	6/30/2022
Land (excluding right of way)	\$ 7,465	\$ 7,436
Right of way and permanent easements	283,832	262,770
Total land	291,297	270,206
Roadways	9,732,459	9,675,897
Bridges	2,667,023	2,650,712
Construction in progress	747,265	513,598
Total infrastructure and related construction in progress	13,146,747	12,840,207
Buildings	64,475	54,186
Road, office and shop equipment	166,557	134,461
Right-to-use lease assets and SBITA assets	1,821	3,094
Total buildings and equipment	232,853	191,741
Total capital assets	\$ 13,670,897	\$ 13,302,154

These amounts are stated at cost or estimated historical cost net of depreciation on those assets being depreciated. For additional information related to capital assets, see Note 5 to the financial statements. The Department has elected to report qualified infrastructure assets using the modified approach. See the discussion later in this document for an explanation of the modified approach and required disclosures.

**Long-term debt.** At the end of the fiscal year, the Department had total bonds outstanding of \$1,504,000. This includes \$103,415 par value of bonds due in the next fiscal year. The Department has \$100,454 of net unamortized premium (discount) not included in this amount. The Department has acted as the issuer on all State Highway Fund debt. For additional information related to long-term debt, see Note 8 to the financial statements.

All bonds issued by the Department have been rated by the three national bond-rating agencies. The Department no longer has Short-rate Bonds. The ratings assigned to the Department's bonds that have not been refunded are as follows:

	Fixed-rate Bonds
Moody's Investors Service	Aa2
Standard & Poor's Rating Services	AA
Fitch Ratings	AA-

Additional information about the Department's long-term debt and derivative instruments can be found in Notes 8 and 9 to the financial statements.

### THE MODIFIED APPROACH TO REPORTING INFRASTRUCTURE ASSETS

Typically, capital assets are capitalized and subsequently depreciated, thereby spreading their costs to governmental activities over the estimated useful lives of the assets. When reporting infrastructure assets, an alternative to the recording of depreciation has been developed and is



recognized as GAAP. This "modified approach" assumes that infrastructure assets have an indefinite life if they are properly maintained and preserved. When this approach is employed, the assets are not depreciated. However, expenses that preserve the asset and return it to its original state are recorded in the year when they are incurred. Only those expenditures that increase the efficiency or capacity of the asset are capitalized.

Before a government can use the modified approach, it must meet two requirements. First, the government must manage the eligible assets using an asset management system that has the characteristics set forth below. Second, the government must document that the eligible assets are being preserved approximately at (or above) a condition level established and disclosed by the government.

To meet the first requirement, the asset management system should:

- a. Have an up-to-date inventory of infrastructure assets,
- b. Perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale, and
- c. Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the conditional level established and disclosed by the government.

The Department's infrastructure assets (the State Highway System) are made up of two networks: Roadway system and Bridge system.

The Roadway system network consists of both Interstate and Non-interstate highway systems maintained by the Department. Roadways are also referred to as Roadway Pavement. Both systems have been affected by changes at the Federal level in measurement, condition reporting, and management prescribed in 23 CFR 490 and 23 CFR 515. While the Federal regulations do not specifically say that the state must use the measures as defined, the Department elected to follow the Federal pavement measures for consistency in reporting pavement conditions to the public.

The condition of the Roadway system is assessed using a Pavement Management System, which measures the condition of the pavement surface. Management has defined a target and minimum acceptable performance level for both the Interstate and Non-interstate systems. The Department uses the Federal measurement scale to summarize the roadway condition as Good, Fair, and Poor.

The Department has targets to maintain these systems at levels higher than the minimum acceptable condition. The latest reported measurements of performance were collected in Spring 2022 and reported in April 2023. The latest reported measurements indicate that 57.8% of Interstate roads are "Good", which does not meet the 60% minimum. The stated minimum acceptable performance level for Non-interstate roads is 50% "Good". The latest reported measurements indicate 59.1% of the Non-interstate roads are "Good". FY 2020 was the final year of the 10-year T-WORKS program. FY 2021 began the new 10-year IKE program. The Department is working to slow the decline in pavement condition and start to turn it around. In FY 2023, the Department expects to see a trend back up. Data for 2023 has been collected, but is still being processed following the new Federal criteria. The estimated expenditures needed to maintain the system at the minimum acceptable condition level was \$223,000 for Interstate roads and \$1,044,000 for Non-interstate roads for FY 2023. The actual expenses were \$144,223 for Interstate roads and \$797,117 for Non-interstate roads. The Department spent \$78,777 less than estimated on Interstate roads and \$246,883 less than estimated on Non-interstate roads. The estimated expenditures needed to maintain the system at the minimum acceptable condition level are based on the projects expected to be bid on during the fiscal year. The variances can be

significant due to how long the individual projects take to be completed and the scheduling of the bids.

The second network that makes up the Department's infrastructure assets is the Bridge system. During a detailed bridge inspection, each major structural bridge component (deck, superstructure, and substructure or the overall culvert) is evaluated using a rating scale from 0 (failed) to 9 (excellent) for each component. All bridge condition data is compiled in the field by the inspectors, reviewed in the office, and then entered into a Bridge Management System. The Performance Measures are the percent of State-owned bridge deck area in "Good" and "Poor" condition, with the minimum condition rating of each bridge component being defined as follows: Good Condition Rating – 7, 8, or 9, Fair Condition Rating – 5 or 6, and Poor Condition Rating – 0, 1, 2, 3, or 4.

The Department has targets to maintain these systems at levels higher than the minimum acceptable condition for bridges. The Department's Performance Measure targets are to have more than 70% of State-owned Bridge Deck Area in "Good" condition and less than 3% of State-owned Bridge Deck Area in "Poor" condition. The latest evaluation, based on inspections made throughout the year, indicates a current Condition Level of "Good" Deck Area of 71% and "Poor" Deck Area of 2.5%. The estimated expenditures needed to maintain the bridge system at the minimum acceptable condition level was \$80,000 for FY 2023. The actual expenses were \$161,211. The Department spent \$81,211 more than estimated on bridges. The estimated expenditures needed to maintain the system at the minimum acceptable condition level are based on the projects expected to be bid on during those fiscal years. The variances can be significant due to how long the individual projects take to be completed and the scheduling of the bids.

### **ECONOMIC AND OTHER FACTORS**

The 10-year Eisenhower Legacy Transportation Program (IKE) was passed in the 2020 Legislative Session and began in FY 2021. IKE implements a two-year rolling program approach, allowing Kansas to future-proof its investments. In the IKE program, highway modernization and expansion projects will be selected every two years and preservation will be prioritized. The Department will be better able to address community problems and capture emerging opportunities. This will allow communities to shift priorities and project scopes to better address current and future needs.

The IKE program will provide resources directed to the most pressing needs statewide each year, including rural broadband expansion, and provides more holistic transportation solutions. The Department will be able provide an easier and streamlined application process for communities. With the IKE program, more resources will be provided to make local improvements through these new/expanded programs:

- Preservation
- Broadband
- Local Bridge
- Cost Share
- Strategic Safety Improvements
- Unmanned Aircraft Systems (UAS)
- Shortline Rail Program
- Driver's Education.

The IKE program authorizes the Secretary to issue highway revenue bonds so long as the Secretary certifies that, as of the date of issuance of any such bonds, the maximum annual debt

service on all outstanding bonds and on such bonds proposed to be issued will not exceed 18% of State Highway Fund revenues projected for the then-current or any future fiscal year.

### **REQUESTS FOR INFORMATION**

This Annual Comprehensive Financial Report is intended to provide the reader a general overview of the finances of the Kansas Department of Transportation. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Division of Communications, Eisenhower Building, 700 SW Harrison, 2nd Floor West, Topeka, KS, 66603-3754, or (785) 296-3585 (Voice)/Hearing Impaired - 711.

**THIS PAGE INTENTIONALLY BLANK**



**Basic Financial Statements**

Government-wide Financial Statements

Kansas Department of Transportation  
Statement of Net Position  
June 30, 2023  
(amounts in thousands)

	Governmental Activities	Business- type Activities	Total
<b>ASSETS</b>			
Cash:			
Unrestricted	\$ 459,473	\$ 17,035	\$ 476,508
Restricted	110,671	0	110,671
Investments, at fair value	424,540	0	424,540
Receivables	125,639	1,665	127,304
Materials and supplies	28,433	0	28,433
Other long-term receivables	5,062	5,589	10,651
Capital assets:			
Land, including right of way and permanent easements	291,297	0	291,297
Infrastructure (including construction in progress)	13,146,747	0	13,146,747
Buildings and improvements (net of accumulated depreciation)	64,475	0	64,475
Road, office and shop equipment (net of accumulated depreciation)	166,557	0	166,557
Right-to-use lease assets & SBITA assets (net of accumulated amortization)	1,821	0	1,821
Total assets	<u>14,824,715</u>	<u>24,289</u>	<u>14,849,004</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	50,061	0	50,061
Other post employment benefits related	1,177	0	1,177
Unamortized loss on refunding	2,285	0	2,285
Accumulated decrease in fair value of hedging derivative instruments	310	0	310
Total deferred outflows of resources	<u>53,833</u>	<u>0</u>	<u>53,833</u>
<b>LIABILITIES</b>			
Accounts payable	142,332	0	142,332
Accrued interest	22,336	0	22,336
Derivative instrument - interest rate swap	1,062	0	1,062
Noncurrent liabilities:			
Due within one year:			
Right-to-use lease liability and SBITA liability	663	0	663
Compensated absences	6,716	0	6,716
Bonds payable	103,415	0	103,415
Due in more than one year:			
Right-to-use lease liability and SBITA liability	1,227	0	1,227
Compensated absences	1,864	0	1,864
Bonds payable	1,501,039	0	1,501,039
Unearned revenues and other credits	23,351	5	23,356
Other post employment benefits liability	3,011	0	3,011
Net pension liability	135,191	0	135,191
Total liabilities	<u>1,942,207</u>	<u>5</u>	<u>1,942,212</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	6,720	0	6,720
Other post employment benefits liability related	2,428	0	2,428
Total deferred inflow of resources	<u>9,148</u>	<u>0</u>	<u>9,148</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,951,011	0	11,951,011
Restricted for:			
Debt service	88,913	0	88,913
Transportation	91,064	0	91,064
Unrestricted	796,205	24,284	820,489
Total net position	<u>\$ 12,927,193</u>	<u>\$ 24,284</u>	<u>\$ 12,951,477</u>

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

Kansas Department of Transportation  
Statement of Activities  
For the Year Ended June 30, 2023  
(amounts in thousands)

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Charges for Services		Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
		Vehicle Registrations and Drivers' Licenses	Other					
<b>Governmental activities</b>								
Maintenance and preservation	\$ 1,052,556	\$ 0	\$ 0	\$ 191,776	\$ 253,098	\$ (607,682)	\$ 0	\$ (607,682)
Communications system	8,218	0	0	0	0	(8,218)	0	(8,218)
Local support	202,262	0	0	137,105	0	(65,157)	0	(65,157)
General government	173,981	247,560	14,376	10,143	0	98,098	0	98,098
Rail, air and public transportation	74,989	0	0	0	0	(74,989)	0	(74,989)
Interest on long-term debt	42,230	0	0	0	0	(42,230)	0	(42,230)
Total governmental activities	<u>1,554,236</u>	<u>247,560</u>	<u>14,376</u>	<u>339,024</u>	<u>253,098</u>	<u>(700,178)</u>	<u>0</u>	<u>(700,178)</u>
<b>Business-type activities</b>								
Transportation revolving fund	0	0	283	0	0	0	283	283
Communications system	9	0	43	0	0	0	34	34
Total business-type activities	<u>9</u>	<u>0</u>	<u>326</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>317</u>	<u>317</u>
<b>Total</b>	<u>\$ 1,554,245</u>	<u>\$ 247,560</u>	<u>\$ 14,702</u>	<u>\$ 339,024</u>	<u>\$ 253,098</u>	<u>(700,178)</u>	<u>317</u>	<u>(699,861)</u>
<b>General revenues</b>								
Motor fuel taxes						308,041	0	308,041
Sales and use taxes						733,564	0	733,564
Investment earnings						31,085	503	31,588
Unrestricted appropriations from other state funds						5,687	0	5,687
Total general revenues						<u>1,078,377</u>	<u>503</u>	<u>1,078,880</u>
Change in net position						<u>378,199</u>	<u>820</u>	<u>379,019</u>
Net position - beginning of year						<u>12,548,994</u>	<u>23,464</u>	<u>12,572,458</u>
Net position - ending						<u>\$ 12,927,193</u>	<u>\$ 24,284</u>	<u>\$ 12,951,477</u>

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

**THIS PAGE INTENTIONALLY BLANK**





**Basic Financial Statements**

Fund Financial Statements

Kansas Department of Transportation  
Balance Sheet  
Governmental Funds  
June 30, 2023  
(amounts in thousands)

	State Highway Fund (Department's general fund)	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash:				
Unrestricted	\$ 369,157	\$ 0	\$ 90,316	\$ 459,473
Restricted	0	110,671	0	110,671
Investments, at fair value	424,540	0	0	424,540
Receivables:				
Federal aid	10,586	0	0	10,586
Accrued taxes	92,217	0	0	92,217
Local governments	19,518	0	0	19,518
Accrued interest	1,203	577	70	1,850
Loans and other	789	0	679	1,468
Materials and supplies	28,433	0	0	28,433
Long-term receivable:				
Loans and other	2,725	0	2,337	5,062
Total assets	<u>\$ 949,168</u>	<u>\$ 111,248</u>	<u>\$ 93,402</u>	<u>\$ 1,153,818</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Vouchers payable	\$ 121,642	\$ 0	\$ 2,336	\$ 123,978
Retainage payable	2,627	0	0	2,627
Accrued salaries and wages	9,372	0	0	9,372
Unearned revenue	23,351	0	0	23,351
Total liabilities	<u>156,992</u>	<u>0</u>	<u>2,336</u>	<u>159,328</u>
Deferred inflows of resources				
Unavailable revenue	26,245	0	0	26,245
Total deferred inflows of resources	<u>26,245</u>	<u>0</u>	<u>0</u>	<u>26,245</u>
Fund balances:				
Nonspendable:				
Materials and supplies	28,433	0	0	28,433
Long-term receivable	2,725	0	0	2,725
Restricted for:				
Debt service	0	111,248	0	111,248
Transportation	0	0	91,066	91,066
Assigned				
Next FY budget deficit	304,711	0	0	304,711
Unassigned	430,062	0	0	430,062
Total fund balances	<u>765,931</u>	<u>111,248</u>	<u>91,066</u>	<u>968,245</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 949,168</u>	<u>\$ 111,248</u>	<u>\$ 93,402</u>	<u>\$ 1,153,818</u>

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

Kansas Department of Transportation  
Reconciliation of the Balance Sheet of the Governmental Funds  
to the Statement of Net Position  
June 30, 2023  
(amounts in thousands)

---

<b>Total fund balances - Governmental Funds</b>	\$	968,245
---	----	---------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, right-to-use lease assets, and SBITA assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Land, including right of way	\$ 291,297	
Infrastructure (including construction in progress)	13,146,747	
Other capital assets, right-to-use lease assets, or SBITA assets net of depreciation or amortization	232,853	13,670,897

Other deferred outflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Deferred pension outflows	50,061	
Other post employment benefits contributions	1,177	
Loss on refunding	2,285	
Accumulated decrease in fair value of hedging derivative instruments	310	53,833

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable (including unamortized premiums)	(1,604,454)	
Accrued interest	(22,336)	
Claims	(6,350)	
Lease liability and SBITA liability	(1,890)	
Compensated absences	(8,580)	
Derivative instruments (including net interest rate swap positions and change in fair value of hedging derivative instruments)	(1,062)	
Other post employment benefits liability	(3,011)	
Net pension liability	(135,191)	(1,782,874)

Other deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds.

Deferred pension inflows	(6,720)	
Changes of Assumptions (Other post employment benefits liability)	(2,428)	(9,148)

Some revenues will be collected after year-end, but are not available soon enough to pay the current year's expenditures and therefore are deferred in the funds.

26,240

<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>12,927,193</b>
--	-----------	-------------------

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

Kansas Department of Transportation  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2023  
(amounts in thousands)

	State Highway Fund (Department's general fund)	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Motor fuel taxes	\$ 308,186	\$ 0	\$ 0	\$ 308,186
Vehicle registrations and permits	247,560	0	0	247,560
Operating grants	316,471	0	25,261	341,732
Capital grants	253,240	0	0	253,240
Sales and use taxes	732,876	0	0	732,876
Investment earnings	27,326	2,091	652	30,069
Other	9,631	0	3,403	13,034
Appropriations from other state funds	2,687	0	3,000	5,687
Total revenues	<u>1,897,977</u>	<u>2,091</u>	<u>32,316</u>	<u>1,932,384</u>
<b>Expenditures</b>				
Current operating:				
Maintenance	169,060	0	6,444	175,504
Preservation	666,940	0	0	666,940
Modernization	155,604	0	0	155,604
Expansion and enhancement	429,610	0	0	429,610
Communication system	6,803	0	0	6,803
Local Support	143,011	0	0	143,011
Transportation planning and modal support	79,247	0	53,381	132,628
Administration	70,439	0	741	71,180
Distributions to other state funds	120,700	0	19	120,719
Debt service:				
Principal	0	231,410	0	231,410
Interest and fees	0	72,712	0	72,712
Total expenditures	<u>1,841,414</u>	<u>304,122</u>	<u>60,585</u>	<u>2,206,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56,563</u>	<u>(302,031)</u>	<u>(28,269)</u>	<u>(273,737)</u>
<b>Other financing sources (uses)</b>				
Sale of assets	0	0	2,755	2,755
Right-to-use lease initiation and SBITA initiation	900	0	0	900
Transfers-in	98	274,248	33,100	307,446
Transfers-out	<u>(307,348)</u>	<u>(98)</u>	<u>0</u>	<u>(307,446)</u>
Total other financing sources (uses)	<u>(306,350)</u>	<u>274,150</u>	<u>35,855</u>	<u>3,655</u>
Net change in fund balances	(249,787)	(27,881)	7,586	(270,082)
Fund balances - beginning of year	1,015,718	139,129	83,480	1,238,327
Fund balances - end of year	<u>\$ 765,931</u>	<u>\$ 111,248</u>	<u>\$ 91,066</u>	<u>\$ 968,245</u>

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

Kansas Department of Transportation  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of the Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2023  
 (amounts in thousands)

**Net change in fund balances - governmental funds** \$ (270,082)

Amounts reported for governmental activities in the statement of activities are different because:

The costs of acquiring or constructing capital assets (including infrastructure), right-to-use leasing assets, or entering into SBITA asset agreements are reported as expenditures in the governmental funds. In the Statement of Activities, the cost of non-infrastructure assets is spread over the useful lives of the assets through the recording of depreciation and amortization expense. In the current period, capital outlays exceeded depreciation and amortization.

Cost of acquisition or construction of infrastructure assets	\$ 459,084	
Cost of replacing or disposing of infrastructure assets	(131,453)	
Cost of acquisition or construction of other capital assets, leasing right-to-use lease assets, or entering into SBITA.	65,981	
Depreciation and amortization expense	(22,412)	371,200

In governmental funds, the proceeds of the sale of capital assets are reported as an increase in financial resources (revenue), but in the statement of activities, only the gain on the sale of those assets is reported. The difference is the book value of the assets sold or otherwise replaced. (2,456)

The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. However, neither of these transactions has any effect on the net position of the government taken as a whole. Also, governmental funds report the effect of premiums, discounts and similar items when the debt is issued. These amounts are deferred and amortized in the statement of activities. The net effect of these differences is as follows:

Bond principal payments	231,410	
Amortization of deferred charges and other bond related costs	25,420	256,830

Due to the difference between accrual and modified accrual basis of accounting some expenses recorded in the Statement of Activities are recorded in different periods in the governmental funds. These expenses include interest and the liability for compensated absences, claims, pension, hedging derivative instruments, and other post employment benefits. 25,015

Revenues recorded on the Statement of Activities that do not provide current financial resources are not recorded in governmental funds. (2,308)

**Change in net position of governmental activities** \$ 378,199

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

Kansas Department of Transportation  
Statement of Revenues, Expenditures, and Other Financing Sources (Uses)  
State Highway Fund (Department's General Fund)  
Budget and Actual -- Budgetary Basis  
For the Year Ended June 30, 2023  
(amounts in thousands)

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

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

---

Kansas Department of Transportation  
 Reconciliation of  
 Statement of Revenues, Expenditures, and Other Financing Sources (Uses)  
 State Highway Fund (Department's General Fund)  
 Budget and Actual -- Budgetary (Non-GAAP) Basis  
 to  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 State Highway Fund (Department's General Fund)  
 For the Year Ended June 30, 2023  
 (amounts in thousands)

---

Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	\$ (917,245)
Budgetary basis revenues and appropriations from other state funds are adjusted to GAAP basis (budgetary basis is on a cash basis for certain revenue streams such as taxes, investment earnings, and intergovernmental revenue)	28,949
Net encumbrances are reported as expenditures for budgetary reporting purposes	505,148
Budgetary expenditures and distributions to other state funds have been adjusted to GAAP basis (budgetary basis is on a cash basis for certain expenditure streams such as maintenance, construction, and management)	<u>133,361</u>
Net change in fund balance as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ (249,787)</u></u>

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

Kansas Department of Transportation  
Statement of Net Position  
Proprietary Funds  
June 30, 2023  
(amounts in thousands)

	Transportation Revolving Fund	Nonmajor Communication System Revolving Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash:			
Unrestricted	\$ 12,428	\$ 4,607	\$ 17,035
Interest and other receivables	160	18	178
Current portion of loans and leases receivable	1,462	25	1,487
Total current assets	<u>14,050</u>	<u>4,650</u>	<u>18,700</u>
Noncurrent assets:			
Loans and leases receivable	5,586	3	5,589
Total noncurrent assets	<u>5,586</u>	<u>3</u>	<u>5,589</u>
Total assets	<u>19,636</u>	<u>4,653</u>	<u>24,289</u>
<b>LIABILITIES</b>			
Noncurrent liabilities:			
Unearned lease revenue	<u>0</u>	<u>5</u>	<u>5</u>
Total noncurrent liabilities	<u>0</u>	<u>5</u>	<u>5</u>
Total liabilities	<u>0</u>	<u>5</u>	<u>5</u>
<b>NET POSITION</b>			
Unrestricted	<u>19,636</u>	<u>4,648</u>	<u>24,284</u>
Total net position	<u>\$ 19,636</u>	<u>\$ 4,648</u>	<u>\$ 24,284</u>

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



Kansas Department of Transportation  
 Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2023  
 (amounts in thousands)

	Transportation Revolving Fund	Nonmajor Communication System Revolving Fund	Total
<b>Operating revenues:</b>			
Interest on loans	\$ 265	\$ 0	\$ 265
Service fees	18	5	23
Lease income	0	38	38
Total operating revenues	<u>283</u>	<u>43</u>	<u>326</u>
<b>Operating expenses:</b>			
Commodities	0	9	9
Total operating expenses	<u>0</u>	<u>9</u>	<u>9</u>
<b>Operating income</b>	<u>283</u>	<u>34</u>	<u>317</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings	366	137	503
Total nonoperating revenues (expenses)	<u>366</u>	<u>137</u>	<u>503</u>
<b>Income (loss) before transfers</b>	<u>649</u>	<u>171</u>	<u>820</u>
<b>Change in Net Position</b>	649	171	820
Total net position - beginning	18,987	4,477	23,464
Total net position - ending	<u>\$ 19,636</u>	<u>\$ 4,648</u>	<u>\$ 24,284</u>

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

Kansas Department of Transportation  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2023  
(amounts in thousands)

	Transportation Revolving Fund	Nonmajor Communication System Revolving Fund	Total
<b>Cash flows from operating activities:</b>			
Principal collections on loans	\$ 1,497	\$ 0	\$ 1,497
Interest on loans collected	288	0	288
Service fees collected	20	5	25
Collection on leases	0	54	54
Net cash provided by operating activities	<u>1,805</u>	<u>59</u>	<u>1,864</u>
<b>Cash flows from investing activities:</b>			
Interest received on investments	327	123	450
Net cash provided by investing activities	<u>327</u>	<u>123</u>	<u>450</u>
Net increase in cash	2,132	182	2,314
Cash - beginning	10,296	4,425	14,721
Cash - ending	<u>\$ 12,428</u>	<u>\$ 4,607</u>	<u>\$ 17,035</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 283	\$ 34	\$ 317
Adjustments to reconcile operating income to net cash			
Effect of changes in operating assets and liabilities:			
Loans receivable	1,497	0	1,497
Interest and service fees receivable	25	0	25
Leases receivable	0	33	33
Unearned lease revenue	0	(8)	(8)
Total adjustments	<u>1,522</u>	<u>25</u>	<u>1,547</u>
Net cash provided by operating activities	<u>\$ 1,805</u>	<u>\$ 59</u>	<u>\$ 1,864</u>

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

---

Kansas Department of Transportation  
 Statement of Fiduciary Net Position  
 Custodial Funds  
 June 30, 2023  
 (amounts in thousands)

---

	Custodial Funds
Assets:	
Cash	\$ 39,849
Receivables	12,473
Total assets	\$ 52,322
Liabilities:	
Due to cities and counties	\$ 52,322
Total liabilities	\$ 52,322
Fiduciary net position:	
Fiduciary net position	\$ 0
Total fiduciary net position	\$ 0

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

---

Kansas Department of Transportation  
 Statement of Changes in Fiduciary Net Position  
 Custodial Funds  
 For the Fiscal Year ended June 30, 2023  
 (amounts in thousands)

---

	Custodial Funds
Additions:	
Collections for other governments	\$ 156,086
Transfer from custodial fund	2,500
Total additions	\$ 158,586
Deductions:	
Payments to other governments	\$ 156,086
Transfer to custodial fund	2,500
Total deductions	\$ 158,586
Net Increase (decrease) in fiduciary net position	\$ 0
Total net position - beginning	0
Total net position - ending	\$ 0

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



**Basic Financial Statements**

Notes to the Financial Statements

---

# Kansas Department of Transportation

## Index of Notes

- Note 1 Summary of Significant Accounting Policies
  - A. Reporting entity
  - B. Government-wide and fund financial statements
  - C. Measurement focus, basis of accounting, and financial statement presentation
  - D. Cash and investments
  - E. Inventories
  - F. Restricted assets
  - G. Capital assets, right-to-use lease assets, and SBITA assets
  - H. Compensated absences
  - I. Long-term obligations
  - J. Right-to-use lease liabilities and SBITA liabilities
  - K. Pensions, deferred outflows of resources, deferred inflows of resources, net position, and postemployment benefits other than pensions (OPEB)
  - L. Fund balance reporting and classifications
  - M. Use of estimates
  - N. Future Governmental Accounting Standards Board Statements
- Note 2 Budgeting, Budgetary Control and Legal Compliance
- Note 3 Cash and Investments
- Note 4 Interfund Transactions
  - A. From/To other state funds
  - B. Intra-agency fund transfers
- Note 5 Capital Assets, Right-to-use Lease Assets, and SBITA Assets
- Note 6 Right-to-use Lease Liabilities and SBITA Liabilities
  - A. Right-to-use lease liabilities - Buildings
  - B. Right-to-use lease liabilities - Equipment & Furnishings
  - C. Subscription-Based Information Technology Arrangements (SBITA) liabilities
- Note 7 Compensated Absences
- Note 8 Bonds Payable
- Note 9 Derivative Instruments
- Note 10 Commitments
- Note 11 Contingent Liabilities
- Note 12 Pension Plan
  - A. Plan description
  - B. Benefits provided
  - C. Contributions
  - D. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions
  - E. Actuarial assumptions
  - F. Discount rate
  - G. Sensitivity of the Department proportionate share of the net pension liability to changes in the discount rate
  - H. Pension plan fiduciary net position
- Note 13 Other Post-Employment Benefits - KPERS Death and Disability Plan
  - A. Plan description
  - B. Benefits provided
  - C. Total OPEB liability
  - D. Actuarial assumptions and other inputs
  - E. Sensitivity of the total OPEB liability to changes in the discount rate
  - F. Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates
- Note 14 Relationship with Other State Agencies

**Kansas Department of Transportation**  
**Notes to the Financial Statements**  
**June 30, 2023**  
(amounts expressed in thousands)

**Note 1. Summary of Significant Accounting Policies**

The financial statements of the Kansas Department of Transportation (the Department), a Department of the State of Kansas (the State), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Department are described below.

A. Reporting entity – The Department is an operating department of the State and represents separate funds of the State that are not a part of the State General Fund. There are no component units. The Secretary of Transportation is appointed by the Governor. The Department was created in 1975 by the Kansas Legislature to succeed the State Highway Commission, which was established in 1917. The Department has statutory responsibility to coordinate planning, development, and operation of the various modes and systems of transportation in the State. However, the actual authority varies by mode and system. Although the Kansas Turnpike Authority (KTA) cooperates with the Department to achieve its objectives, the KTA is not a part of this reporting entity.

B. Government-wide and fund financial statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the Department. The fiduciary responsibilities of the Department are reported in the custodial funds. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation.

The Statement of Net Position presents the Department’s non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets plus deferred outflows of resources less liabilities and deferred inflows of resources are reported as net position. Net position is displayed in three categories: *net investment in capital assets* which consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds attributable to the acquisition, deferred flows related to debt (gain/loss on refunding), construction or improvement of those assets; *restricted net position* which results when constraints are placed on asset use either externally (creditors, contributors, etc.) or by law either through constitutional provisions or enabling legislation; and *unrestricted net position* which consists of the net position portion that does not meet the definitions of the two preceding categories.

Unrestricted net position may have constraints imposed by management, but these can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate statements are provided for governmental funds, proprietary funds and custodial funds. However, custodial funds are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. In addition to the State Highway Fund, the Debt Service Fund is reported as a major fund. The State Highway Fund is the Department's general fund, which is the primary operating fund and accounts for all financial resources except those required to be accounted for in another fund. The Debt Service Fund accounts for the resources accumulated for and payments made for principal and interest on the Department's highway related bonded debt. All other governmental funds are aggregated and reported as nonmajor funds.

The Transportation Revolving Fund (TRF) provides assistance for transportation projects to local governmental units in Kansas and is reported as a major proprietary fund. The nonmajor proprietary fund was established to purchase communication system equipment for sale or lease to public safety agencies with a target of creating a statewide interoperable communication system and related activities.

The custodial funds account for assets temporarily held by the Department for the various local city and county governments.

C. Measurement focus, basis of accounting, and financial statement presentation – The government-wide financial statements are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds financial statements. The economic resources measurement focus accounts for and reports all economic resources and liabilities no matter when they affect current financial resources. The accrual basis of accounting reports revenues when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenues as soon as all eligibility requirements have been met.

Governmental fund financial statements are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The current financial resources measurement focus primarily measures and reports the sources, uses and balances of current financial resources. The modified accrual basis of accounting reports revenues when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues to be available if they are collected within 60 days of the end of the fiscal year for tax revenues and 30 days of the end of the fiscal year for all other revenues. Expenditures generally are recorded when a liability is incurred, as in accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when the payment is due.

Those revenues susceptible to accrual are sales and use taxes, motor fuel taxes, federal grant revenues, certain reimbursable city and county construction costs incurred by the Department and other monies received shortly after the end of the fiscal year. Federal grant monies are received



after the incurrence of qualifying expenditures. As a result, the federal share of all qualifying services, commodities, or capital outlay received or performed prior to year-end has been accrued.

Custodial fund financial statements are prepared using the *current financial resources measurement focus* are prepared using the *accrual basis of accounting* discussed above.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of sales and services and administrative expenses. Other revenues and expenses are reported as nonoperating revenues and expenses.

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

D. Cash and investments – Cash includes amounts in the “common cash pool” in the State Treasury, which is invested by the Pooled Money Investment Board (PMIB). Interest is allocated to the Department based on the average daily cash balance in the State Highway Fund, the Rail Service Improvement Fund, the Capital Projects Fund, the Highway Bond Debt Service Fund, the Transportation Revolving Fund and the Communication System Revolving Fund. The State General Fund retains earnings on cash in other Departmental funds. In compliance with GASB Statement No. 72, the Department categorizes its investments using the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

E. Inventories – Materials and supplies inventories are valued at cost using the weighted average cost method. In the government-wide financial statements, inventories are reported using the consumption method whereby an expense is recognized when the inventory is consumed. In the governmental funds financial statements, the cost of inventories is reported using the purchases method where expenditures are recorded when an inventory item is purchased and a portion of the fund balance is non-spendable to denote it is not available for subsequent expenditure.

F. Restricted assets – For the highway revenue bonds, the Department is required to make monthly transfers to the Debt Service Fund equal to one-sixth of the amount due on the next semi-annual interest payment date. In addition, monthly transfers equal to one-twelfth of the principal due on the next principal payment date must be transferred to the Debt Service Fund.

G. Capital assets, right-to-use lease assets, and SBITA assets – Capital assets (which include land, buildings, equipment, infrastructure and construction in progress), Right-to-use lease assets, and SBITA assets are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$250,000 for software assets, leased buildings with an individual cost over the life of the lease of \$100,000, leased equipment, except for copiers with an individual cost over the life of the lease of \$5,000, leased copiers with an individual cost over the life of the lease of \$10,000, leased SBITA assets with an individual cost over the life of the lease of \$100,000, and \$5,000 for all other capital assets (amounts not rounded and not expressed in thousands) and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if constructed prior to June 30, 2001. Donated capital assets are recorded at estimated acquisition value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (those long-lived assets reported by governmental activities that are normally stationary in nature and can normally be preserved for a significantly longer life than most capital assets), the Department chose to include all such items regardless of their acquisition date or amount. The Department was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the assets being recorded and using an appropriate price-level index to deflate the cost to the estimated construction year.) As the Department constructs or acquires additional infrastructure assets, they are capitalized and reported at historical cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Building and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Road equipment	5 to 25
Office equipment	8
Shop equipment	8
Other equipment	8

Right-to-use lease assets and SBITA assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Infrastructure assets are reported using the modified approach as defined in GASB Statement No. 34. When using the modified approach, only those projects that add efficiency or capacity to the highway system are capitalized. Infrastructure assets are not depreciated. Expenditures that preserve those assets are expensed.

H. Compensated absences – A liability (including associated payroll taxes) is recorded in the government-wide statements for accumulated vacation leave that is expected to be liquidated at a future date. Under certain circumstances retiring employees can be paid for a portion of their unused sick leave. The Department contributes to a State fund to cover these payments and no additional accrual is required.

I. Long-term obligations – Long-term debt is reported as a liability on the government-wide and proprietary funds financial statements. In addition, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are expensed when incurred. In the governmental fund financial statements, bond premiums and discounts are recognized in the period bonds are sold. The face amount of the debt issued plus premiums received on issuance is reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures on the governmental fund financial statements.

J. Right-to-use lease liabilities and SBITA liabilities – During the year ended June 30, 2023, the Department implemented the GASB issued Statement No. 96, “Subscription-Based Information Technology Arrangements” (GASB 96). During the year ended June 30, 2022, the Department GASB issued Statement No. 87, “Leases” (GASB 87). These standards require the recognition of certain right-to-use leases assets/liabilities and SBITA assets/liabilities for right-to-use leases or

agreements that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. They established a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset and SBITA are financings of the agreement asset. Under these standards, a lessee is required to recognize a right-to-use lease liability or SBITA liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable or SBITA receivable and a deferred inflow of resources. The Department has applied the provisions of these standards to the beginning of the periods of adoption.

K. Pensions, deferred outflows of resources, deferred inflows of resources, net position, and postemployment benefits other than pensions (OPEB)

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 plan’s fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liability. The Department’s general fund has been used to liquidate pension and OPEB 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.

Deferred outflows of resources/Deferred inflows of resources – In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Department has four items that qualify for reporting in this category. First is the unamortized loss on refunding reported in the balance sheet. An unamortized loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Second is the accumulated decrease in fair value of hedging derivative instruments, which is discussed in Note 9. Third is deferred outflows for pensions, which is discussed in Note 12. Last is deferred outflows for OPEB, which is discussed in Note 13.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Department has three items that qualify for reporting in this category: unavailable revenue, deferred inflows for pensions, and deferred inflows for other post-employment benefits (OPEB). Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sales and excise taxes. These amounts are deferred and recognized as an inflow of resources in the period that the

amounts become available. See Note 12 for more information on the deferred inflows for pensions. See Note 13 for more information on the deferred inflows for other post-employment benefits (OPEB).

Net Position – Net investment in capital assets, restricted for transportation and restricted for debt service are each shown separately on the Statement of Net Position. Restricted for transportation and restricted for debt service are restricted for externally imposed constraints.

L. Fund balance reporting and classifications – GASB Statement No. 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are: nonspendable, restricted, committed, assigned, and unassigned.

Fund balance classification policies and procedures

*Nonspendable* – assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact, such as the corpus of a permanent fund or foundation.

*Restricted* – amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation.

*Committed* – amounts constrained on use, imposed by formal action of the government's highest level of decision-making authority. For the committed fund balance, the Department's highest level of decision-making authority is the State Legislature. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is through the passage of a legislative bill. Committed fund balances do not lapse at year-end.

*Assigned* – amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated Department official. For assigned fund balance, the Department is authorized to assign amounts to a specific purpose. By statute, the authorization to assign fund balances is delegated by the State Legislature to the Secretary.

*Unassigned* – all other resources such as: the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the State Highway Fund (the Department's general fund) except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

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

M. Use of estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. Future Governmental Accounting Standards Board Statements – At June 30, 2023, GASB has issued statements not yet required to be implemented by the Department. The following statements might impact the Department:

GASB Statement No. 99, “Omnibus 2022”, was issued in April 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, the Paycheck Protection Program (PPP), and SBITAs are effective for fiscal years beginning after June 15, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments” are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 100, “Accounting Changes and Error Corrections”, was issued in June 2022. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101, “Compensated Absences”, was issued in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

## **Note 2. Budgeting, Budgetary Control and Legal Compliance**

Annual budgets are submitted to the Governor in accordance with State law. The budgets are legally enacted as appropriations after approval by the Governor and the State Legislature. All budgets are adopted on a budgetary basis consistent with State policies whereby cash basis transactions and encumbrances are recognized. Encumbrances are obligations to a specific fiscal year made up of purchase orders, contracts, or salary commitments. All appropriations lapse at year-end unless carried over by the State Legislature.

Some expenditures are appropriated by the State Legislature with legal limitations and other expenditures are appropriated without legal limitations. The Department’s executive management can modify those expenditures without limitations, subject to the availability of funds. Increases to spending limitations can only be affected through actions by the Governor and State Legislature. Allocations to the Departmental functions are made for internal control purposes only.

FY 2023 appropriated budgets subject to legal limitations were adopted by the State Legislature for the agency operations portion of the State Highway Fund. This includes: regular maintenance, construction (internal payroll and other operating expenditures for design, right of way and inspection), local planning support (excluding local aid programs), transportation planning and modal support (excluding local aid and contracts with other state agencies), administration (excluding claims, fees, and contracts with other state agencies), payment for city connecting links and capital improvements for buildings, and certain transfers to other state funds. The legal

level of budgetary control is the cumulative total of appropriations of the State Highway Fund (the Department's general fund) subject to legal limitations.

Appropriated budgets with no legal limitations were adopted by the State Legislature for the following funds: Rail Service Improvement, Interagency Motor Vehicle Fuel Sales, Traffic Records Enhancement, Coordinated Public Transportation Assistance, Other Federal Grants, Public Use General Aviation Airport Development, Conversion of Materials & Equipment, Seat Belt Safety, Transportation Technology Development, Broadband Infrastructure Construction Grant, Short Line Rail Improvement, and Driver's Education Scholarship Grant special revenue funds; the Highway Bond Debt Service Fund and the following portions of the State Highway Fund: preservation, expansion and modernization, support for local aid programs, administration and transportation planning (claims and contracts with other state agencies), capital improvements for other than buildings, and certain transfers to other state funds.

Throughout the fiscal year, the Department updates budgetary data. Those budgets are subject to legal limitations by the State Legislature and can only be amended with the Legislature's approval. The Department can amend the budgets without legal limitations without legislative approval. For the year ended June 30, 2023, several individual expenditure groups without legal limitations exceeded the budget established by the Department's internal budgeting process in these funds: State Highway, Interagency Motor Vehicle Fuel Sales, Traffic Records Enhancement, Seat Belt Safety, Coordinated Public Transportation Assistance, and Highway Bond Debt Service.

### **Note 3. Cash and Investments**

Cash and investments held on the Department's behalf are governed by State statute. The Secretary of Transportation, by statute, is responsible for management of the Department's invested monies. The PMIB has been designated as the investment agent for the direct investments of the Department. The Department has adopted an investment policy which relates to the State Highway Fund, the Debt Service Fund, the Capital Projects Fund and the Rail Service Improvement Fund and seeks to mitigate various risks associated with the investment of money in debt securities yet meets the Department's investment objectives. These objectives are preservation of capital, maintenance of liquidity, and return on investment. It is the Department's policy to diversify its investment portfolio to mitigate custodial credit risk, credit risk, concentration risk, and interest rate risk.

#### Custodial Credit Risk – Deposits and Investments

The custodial credit risk is the risk that, in the event of the failure of a bank or other counterparty, the Department's deposits or the value of its investments may not be recovered.

Cash, other than imprest and petty cash funds, is part of the common cash pool of the State Treasury. The PMIB invests funds in the common cash pool. Collateral is required for deposits made by the common cash pool that are not covered by federal deposit insurance. The market value of the collateral must equal 100% of the uninsured deposit and is held by the State Treasurer or an independent third party in the State Treasurer's name. In addition, securities are segregated for the benefit of the Department. The Department's deposits and investments are not exposed to custodial credit risk. At June 30, 2023, the Department's share in the State's common cash pool is summarized in the table on the next page:

Notes to Financial Statements

Total cash	
Statement of Net Position:	
Unrestricted Cash	\$ 476,508
Restricted Cash	110,671
Custodial Funds Statement	39,849
Less:	
Imprest Funds	(30)
Department's Share in State's Common Cash Pool	\$ 626,998

The Department categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The levels are listed below for Department's investments as of June 30, 2023. The fair value of Level 2 investments are determined based on a market valuation approach using direct market observations and quantitative pricing models.

<u>Investments by fair value level</u>	<u>06/30/2023</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Agency Securities	\$ 48,966	\$ 0	\$ 48,966	\$ 0
Commercial Paper	\$ 375,574	\$ 0	\$ 375,574	\$ 0
	\$ 424,540	\$ 0	\$ 424,540	\$ 0

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. In order to mitigate credit risk, the Department's policy limits investments to securities in one of the top two long-term or short-term rating categories by Moody's Investor's Service and Standard & Poor's Corporation.

The Standard & Poor's Corporation's ratings of the debt securities in the Department's investment portfolio as of June 30, 2023 are summarized in the table in the following table:

<u>Quality Rating</u>	<u>Agency Securities</u>	<u>Commercial Paper</u>	<u>Total</u>
AA+ (Long-term)	\$ 48,966	\$ 0	\$ 48,966
A1+ (Short-term)	0	295,881	295,881
A1 (Short-term)	0	79,693	79,693
	\$ 48,966	\$ 375,574	\$ 424,540

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Department's investment policy places the concentration limits on a single issuer listed on the following page:

U.S. Treasury	100%
Each Federal Agency	50%
Each Repurchase Agreement Counterparty	10%
All other issuers	5%

The maximum percentage of the Department's investment portfolio (book value at the date of acquisition) permitted in each eligible security is as follows:

Average Daily Balance	100%
U. S. Treasury Obligations	100%
Federal Agency Obligations	70%
Municipal Bonds	10%
Certificates of Deposit/Bankers' Acceptances	25%
Repurchase Agreements	50%
Mutual Funds/Unit Investment Trusts	10%
Commercial Paper	50%
Corporate Bonds	20%
Guaranteed Investment Contracts	25%

While none of these exceed the limits of the investment policy, the Department had investments in debt securities that exceeded 5% of the total investment portfolio in the following securities at June 30, 2023:

FHLB Discount Notes	\$ 48,966
Bank of Montreal	39,933
Johnson & Johnson	39,864
Honeywell	39,760
Amazon	39,733
Metlife	39,546
Nestle	39,340
Pricoa	39,170
Royal Bank of Canada	38,986
Toronto Dominion	29,723
Toyota	29,519

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The longer the period until a security matures the greater the risk of interest fluctuation. The Department's investment policy establishes maximum maturities by investment type, as seen on the following page:



---

Notes to Financial Statements

Bankers' Acceptances and Commercial Paper	270 days
Repurchase Agreements	1 year
Guaranteed Investment Contract	1 year*
* - or Term Related to Fund	
Certificate of Deposit	2 years
Corporate Bonds	3 years
Municipal Bonds	5 years
U.S. Treasury and Federal Agency Obligations	10 years

In addition, the Department manages its investments with the goal of holding securities until maturity.

Investments administered by PMIB for the governmental funds as of June 30, 2023 and their weighted average maturity are summarized in the following schedule.

<u>Investment Type</u>	<u>Fair Value</u>	<u>WAM*</u>
Agency Securities	\$ 48,966	0.4
Commercial Paper	\$ 375,574	0.2
	\$ 424,540	
Portfolio Weighted Average Maturity		
* - Weighted Average Maturity (years)		

**Note 4. Interfund Transactions**

A. From/To other state funds - As required by State law, the Department receives from and makes transfers to certain funds involving other State agencies. The table below summarizes the FY 2023 appropriations from other state funds and distributions to other state funds.

Appropriations from:	
Department of Administration (a)	\$ 5,550
Adjutant General (b)	137
Appropriations to governmental funds from other state funds	\$ 5,687
Distributions to:	
Highway Patrol (c)	\$ 65,046
Department of Revenue (d)	50,547
Department of Wildlife and Parks (e)	3,603
Other state funds	1,523
Total distributions to other state funds	\$ 120,719

(a) The Department received \$3,000 for the American Rescue Plan State Relief Fund, \$1,451 for a refund for debt service related to Statehouse renovations, and \$1,099 which is equal to what it would have received had State-owned vehicles been privately owned and paid appropriate registration fees from the State Department of Administration.

(b) The Department received a transfer from the Adjutant General for emergency management.

(c) Transfers to the Kansas Highway Patrol are for the purpose of funding the operations of the Kansas Highway Patrol, financing the Motor Carrier Inspection Program, and other highway safety programs.

(d) Throughout the year, the Department transfers funds to the Department of Revenue for the purpose of financing the cost of operation for the Division of Vehicles within the Department of Revenue.

(e) Transfers were made to the Department of Wildlife and Parks for the purpose of financing the Access Road Fund and the Bridge Maintenance Fund.

B. Intra-agency fund transfers – Monthly transfers are made from the State Highway Fund to the Debt Service Fund to fund the debt service requirements for the Department.

As mandated by the Legislature, annual transfers are made from the State Highway Fund to fund the activities of the nonmajor Rail Service Improvement Fund, Public Use General Aviation Airport Development Fund, Coordinated Public Transportation Assistance Fund, Transportation Technology Development Fund, Broadband Infrastructure Construction Grant Fund, Short Line Rail Improvement Fund, and Driver’s Education Scholarship Grant Fund.

A transfer from the Debt Service Fund to the State Highway Fund was recorded for interest earnings.

	State Highway Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Transfer out:				
State Highway Fund	\$ 0	\$ 274,248	\$ 33,100	\$ 307,348
Debt Service Fund	98	0	0	98
	<u>\$ 98</u>	<u>\$ 274,248</u>	<u>\$ 33,100</u>	<u>\$ 307,446</u>

**Note 5. Capital Assets, Right-to-use Assets, and SBITA Assets**

Capital asset, right-to-use asset, and SBITA asset activity related to governmental activities for the year ended June 30, 2023 is shown on the following page.

Notes to Financial Statements

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land and permanent easements	\$ 270,206	\$ 21,167	\$ (76)	\$ 291,297
Infrastructure	12,326,609	102,125	(29,252)	12,399,482
Construction in progress	513,598	335,792	(102,125)	747,265
Total capital assets not being depreciated	<u>13,110,413</u>	<u>459,084</u>	<u>(131,453)</u>	<u>13,438,044</u>
Capital assets being depreciated:				
Buildings	131,597	15,109	(639)	146,067
Road, office and shop equipment	401,830	48,422	(16,867)	433,385
Total capital assets being depreciated	<u>533,427</u>	<u>63,531</u>	<u>(17,506)</u>	<u>579,452</u>
Right-to-use lease assets and SBITA assets being amortized:				
Right-to-use lease assets				
Equipment & Furnishings	106	8	(106)	8
Buildings	5,968	688	0	6,656
SBITA	1,549	204	0	1,753
Total Right-to-use lease assets and SBITA assets being amortized	<u>7,623</u>	<u>900</u>	<u>(106)</u>	<u>8,417</u>
Less accumulated depreciation/amortization:				
Buildings	(77,411)	(4,181)	0	(81,592)
Road, office and shop equipment	(267,369)	(14,585)	15,126	(266,828)
Lease assets and SBITA assets				
Right-to-use lease assets				
Equipment & Furnishings	(30)	(2)	30	(2)
Buildings	(2,950)	(3,065)	0	(6,015)
SBITA	0	(579)	0	(579)
Total accumulated depreciation/amortization	<u>(347,760)</u>	<u>(22,412)</u>	<u>15,156</u>	<u>(355,016)</u>
Total capital assets, right-to-use lease assets, and SBITA assets being depreciated/amortized, net	<u>193,290</u>	<u>42,019</u>	<u>(2,456)</u>	<u>232,853</u>
Total capital assets, net	<u>\$ 13,303,703</u>	<u>\$ 501,103</u>	<u>\$ (133,909)</u>	<u>\$ 13,670,897</u>

The Department determines if an arrangement is a lease at inception. Leases are included in capital assets and lease liabilities in the statements of net position.

Right-to-use lease assets represent the Department's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. SBITA assets represent the Department's subscription-based information technology arrangements. Right-to-use lease assets and SBITA assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Right-to-use lease assets and SBITA assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Right-to-use lease liabilities and SBITA liabilities represent the Department's obligation to make lease payments arising from the right-to-use lease and SBITA. Right-to-use lease liabilities and SBITA liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The terms may include options to extend or terminate the right-to-use lease or SBITA when it is reasonably certain that the Department will exercise that option.

The Department has elected to recognize payments for short-term right-to-use lease or SBITA with a right-to-use lease or SBITA term of 12 months or less as expenses as incurred. These leases are not included as right-to-use lease or SBITA liabilities or right-to-use lease assets or SBITA assets on the statements of net position.

As a result of implementation of the GASB issued Statement No. 96 (GASB 96), “Subscription-Based Information Technology Arrangements” (SBITA), \$1,549 in lease assets for SBITA has been added to the beginning balance presented above. As these lease assets are offset by an equal amount of lease liabilities, the Department does not report a restatement of beginning net position for the implementation of GASB 96. These lease assets were classified as operating leases prior to the implementation of GASB 96 and were not included in the capital assets at June 30, 2022.

Depreciation and amortization expense was charged to the functions as follows:

Maintenance and preservation	\$	15,917
Communications system		1,415
General government		5,080
	\$	<u>22,412</u>

**Note 6. Right-to-use Lease Liabilities and SBITA Liabilities**

Right-to-use lease liabilities and SBITA liabilities for the year ended June 30, 2023 are comprised of the amounts below:

Governmental Funds	Beginning Balance	Additions	Reductions	Ending Balance	Amount due Within One Year
Lease liabilities					
Right-to-use leases					
Building leases	\$ 3,066	\$ 688	\$ 3,131	\$ 623	\$ 156
Equipment and furnishings leases	76	8	78	6	2
SBITA leases	1,549	204	492	1,261	505
Total lease liabilities	<u>\$ 4,691</u>	<u>\$ 900</u>	<u>\$ 3,701</u>	<u>\$ 1,890</u>	<u>\$ 663</u>

As a result of implementation of GASB 96, \$1,549 in subscriptions liabilities for SBITAs has been added to the beginning balance presented above. As these SBITA liabilities are offset by an equal amount of SBITA assets, the Department does not report a restatement of beginning net position for the implementation of GASB 96.

Right-to-use lease liabilities and SBITA liabilities represent the Department’s obligation to make payments arising from the lease. Right-to-use lease liabilities and SBITA liabilities are recognized at the commencement date based on the present value of expected payments over the term, less any incentives. Interest expense is recognized ratably over the contract term. The term may include options to extend or terminate the lease when it is reasonably certain that the Department will exercise that option.

The Department has elected to recognize payments for short-term right-to-use leases with a lease term of 12 months or less as expenses as incurred. These right-to-use leases are not included as lease liabilities or right-to-use lease assets on the Statement of Net Position.

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

A. Right-to-use lease liabilities - Buildings

On July 1, 2010, the Department entered into a lease agreement with Western Avenue, LLC to lease warehouse storage space located at 2035 SW Western Avenue, Topeka, Kansas. Monthly payments are due for the period July 2021 through June 2026. The Department's incremental borrowing rate for this lease is 0.60% per fiscal year.

On September 22, 2022, the Department entered into a lease agreement with Bioscience & Technology Business to lease office space located at 2029 Becker Drive, Lawrence, Kansas. Biannual payments are due for the period September 2022 through March 2027. The Department's incremental borrowing rate for this lease is 2.68% per fiscal year.

The future minimum lease obligations and the net present value of these minimum lease payments for building leases are shown in the aggregate in the table below:

<b>Fiscal Year Ending</b>				
<b>June 30</b>	<b>Principal</b>		<b>Interest</b>	<b>Total</b>
<b>Governmental Funds</b>				
2024	\$ 156	\$	14	\$ 170
2025	159		11	170
2026	163		7	170
2027	145		2	147
	<u>\$ 623</u>	<u>\$</u>	<u>34</u>	<u>\$ 657</u>

B. Right-to-use lease liabilities - Equipment & Furnishings

Drexel Technologies, Inc. – KIP9900 Copiers – The Department entered into a lease purchase agreement with Drexel Technologies, Inc. on July 1, 2021. The lease allows the Department to maintain use of copiers. Payments including principal and interest are due monthly through June 30, 2025. The Department's incremental borrowing rate is 0.35% per fiscal year. This lease was terminated in FY 2023.

Pitney Bowes – Postage Meter - The Department entered into a lease purchase agreement with Pitney Bowes on July 1, 2022. The lease allows the Department to maintain use of a postage meter. Payments including principal and interest are due quarterly through June 30, 2027. The Department's incremental borrowing rate is 2.68% per fiscal year.

The future minimum lease obligations and the net present value of these minimum lease payments to equipment & furnishings are shown in the aggregate in the table below:

<b>Fiscal Year Ending</b>				
<b>June 30</b>	<b>Principal</b>		<b>Interest</b>	<b>Total</b>
<b>Governmental Funds</b>				
2024	\$ 2	\$	0	\$ 2
2025	2		0	2
2026	1		0	1
2027	1		0	1
	<u>\$ 6</u>	<u>\$</u>	<u>0</u>	<u>\$ 6</u>

C. Subscription-Based Information Technology Arrangements (SBITA) liabilities

Castle Rock Associates – KanDrive OneApp & KanDrive OnePhone – The Department entered into a software arrangement with Castle Rock Associates on September 6, 2019. The software arrangement is for the KanDrive software and app. Payments including principal and interest are due monthly through September 1, 2025. The Department’s incremental borrowing rate is 3.03% per fiscal year.

Castle Rock Associates – KanRoad CARS, KanRoad OneWeb, and KanRoad TG Imports – The Department entered into a software arrangement with Castle Rock Associates on September 6, 2019. The software arrangement is for the KanRoad software. Payments including principal and interest are due monthly through September 1, 2025. The Department’s incremental borrowing rate is 3.03% per fiscal year.

Innovative Process Solutions, Inc. – Record & Workflow System – The Department entered into a software arrangement with Innovative Process Solutions, Inc. on June 25, 2020. The software lease is for the Record & Workflow System software. Payments including principal and interest are due annually through July 1, 2024. The Department’s incremental borrowing rate is 2.68% per fiscal year.

ConvergeOne, Inc. – CISCO Umbrella DNS Security – The Department entered into a software arrangement with ConvergeOne, Inc. on October 9, 2019. The software arrangement is for the CISCO Umbrella DNS Security software. Payments including principal and interest are due annually through July 1, 2024. The Department’s incremental borrowing rate is 2.45% per fiscal year.

Info Tech, Inc. – Bid Express – The Department entered into a software arrangement with Info Tech, Inc. on October 19, 2022. The software arrangement is for the Bid Express software. Payments including principal and interest are due annually through October 14, 2031. The Department’s incremental borrowing rate is 3.39% per fiscal year.

The future minimum subscription obligations and the net present value of these minimum subscription payments to SBITAs are shown in the aggregate in the table below:

<b>Fiscal Year Ending</b>				
<b>June 30</b>	<b>Principal</b>		<b>Interest</b>	<b>Total</b>
Governmental Funds				
2024	\$ 505	\$	27	\$ 532
2025	520		12	532
2026	106		5	111
2027	20		4	24
2028	20		4	24
2029 - 2033	90		8	98
	<u>\$ 1,261</u>	<u>\$</u>	<u>60</u>	<u>\$ 1,321</u>

**Note 7. Compensated Absences**

Changes in the liability for compensated absences are reflected in the table on the following page.

Notes to Financial Statements

	Governmental Activities
Beginning balance	\$ 8,388
Retired	(6,584)
Increase in leave balance	6,776
Ending balance	<u>\$ 8,580</u>
Amount due within one year	<u>\$ 6,716</u>

Compensated absences in the governmental funds are liquidated from the State Highway Fund.

**Note 8. Bonds Payable**

Bonds Payable for the year ended June 30, 2023 is comprised of the amounts below:

Series	Final Scheduled Maturity	Original Principal Amount	6/30/2022 Balance	Additions	Reductions	6/30/2023 Principal Amount Outstanding	Amount due Within One Year
<b>Governmental Funds</b>							
<b>State of Kansas Highway Revenue Bonds:</b>							
Series 2004C	09/01/24	\$ 147,000	\$ 114,990	\$ 0	\$ 33,315	81,675	\$ 34,675
Series 2010A	09/01/35	325,000	325,000	0	0	325,000	0
Series 2012B, Refunding	09/01/22	144,885	39,885	0	39,885	0	0
Series 2012C	09/01/32	200,000	105,400	0	105,400	0	0
Series 2014A	09/01/30	250,000	250,000	0	0	250,000	0
Series 2015A, Refunding	09/01/24	190,875	143,030	0	47,910	95,120	47,740
Series 2015B	09/01/35	400,000	400,000	0	0	400,000	0
Series 2017A	09/01/37	200,000	187,540	0	3,535	184,005	8,655
Series 2018A	09/01/37	173,035	169,565	0	1,365	168,200	12,345
Total before adjustments			1,735,410	0	231,410	1,504,000	103,415
Adjustments							
Net unamortized premium (discount)			128,588	0	28,134	100,454	0
Total after adjustments			<u>\$ 1,863,998</u>	<u>\$ 0</u>	<u>\$ 259,544</u>	<u>\$ 1,604,454</u>	<u>\$ 103,415</u>

The Highway Revenue bonds are special obligations of the State, secured by and payable from a gross pledge of all revenues in the State Highway Fund (the Department's general fund). Annual principal and interest payments on the Highway Revenue bonds are expected to require approximately 8.9% of the pledged revenue. The total principal and interest remaining to be paid on the Highway Revenue bonds is \$1,960,692. In September 2022, the Department paid off the Highway Revenue bond series 2012C in the amount of \$105,400.

The deferred outflow Loss on Refunding resulted from a prior year debt refunding. The amount is being amortized using the weighted average method. Amortization for the year ended June 30, 2023 was \$2,714.

The coupon interest rate on outstanding fixed rate bonds varies from 3.571% to 5.00%. In addition, various bonds were issued as variable rate instruments whose rates change on a monthly basis. During the year, interest rates ranged from 1.549% to 4.119% on the monthly adjustable bonds. The Highway Revenue Bonds Series 2010A (Build America Bonds – Direct Payment to Issuer) have a stated interest rate of 4.596%. After deducting the 33.01% Federal subsidy of interest, the net interest cost to the Department is 3.08%.

All Highway Revenue bonds were issued pursuant to the provisions of Section 68-2314 et seq. of the Kansas Statutes Annotated and the 1992 Resolution and supplements thereto. The statutes provide that, as of July 1, 1991, the Secretary of Transportation was authorized to issue bonds. The Department has the authority to issue additional bonds provided that at the time of issuance the projected debt service on State Highway Fund (SHF) debt in the current or any future year is estimated to not exceed 18% of SHF revenues projected for the then-current or any future fiscal year.

The Department has a covenant to provide annual revenues to the State Highway Fund (the Department's general fund) at least equal to 300% of the annual debt service requirement of the Highway Revenue bonds. The chart below indicates that the GAAP basis revenues, adjusted in conformity with bond covenants, as a percentage of current year's required debt service exceeds the coverage requirement.

Calculation of Revenue Bond Coverage				
Adjusted GAAP Revenues	Principal	Bond Service Charges	Total	Bond Coverage
\$ 1,897,977	\$ 231,410	\$ 72,804	\$ 304,214	624 %

A resolution adopted by the Secretary of Transportation in anticipation of issuing the Series 1999 Bonds changed the definition of revenues to be used for the above bond coverage test. With the retirement of all pre-1999 Series bonds, the definition of adjusted revenues has been expanded to include reimbursements received from the federal government.

Debt service requirements to the maturity of the bonds (including the demand obligation bonds), based upon the current debt service schedule, are indicated in the following schedule.

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
Governmental Funds			
2024	\$ 103,415	\$ 64,870	\$ 168,285
2025	106,125	60,606	166,731
2026	106,055	55,829	161,884
2027	106,515	50,514	157,029
2028	107,160	45,173	152,333
2029 - 2033	549,870	146,556	696,426
2034 - 2038	424,860	33,144	458,004
	<u>\$ 1,504,000</u>	<u>\$ 456,692</u>	<u>\$ 1,960,692</u>

For the Highway Revenue bonds, the Department is required to make monthly transfers to the Debt Service Fund equal to one-sixth of the amount due on the next semi-annual interest payment date. In addition, monthly transfers equal to one-twelfth of the principal due on the next principal payment date must be transferred to the Debt Service Fund. Accrued interest is paid on the variable rate bonds on a monthly basis. Monthly transfers are made from the State Highway Fund in amounts sufficient to meet these obligations.



As of June 30, 2023, aggregate debt service requirements of the Department’s variable rate debt and net receipts/payments on associated hedging derivative instruments are in the table below. The following table assumes that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their entire term. However, these rates will vary. This will require interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments to also vary. Refer to Note 9 for information on derivative instruments.

Fiscal Year Ended	Hedging Derivative Instruments			
	Principal	Interest	(Net)	Total
June 30				
2024	\$ 34,675	\$ 2,182	\$ 106	\$ 36,963
2025	47,000	334	217	47,551
Total	<u>\$ 81,675</u>	<u>\$ 2,516</u>	<u>\$ 323</u>	<u>\$ 84,514</u>

**Note 9. Derivative Instruments**

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

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

In June 2008, the GASB issued Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments” (GASB 53). GASB 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The Department adopted GASB 53 in Fiscal Year 2010. All derivatives are reported on the Statement of Net Position at fair value and all hedges must be tested for effectiveness to qualify for hedge accounting. The tests are outlined in GASB 53. Depending on the test results, the changes in fair value are either reported on the Statement of Net Position as a deferral or in the Statement of Activities as investment revenue or loss. Most derivatives are stand-alone instruments. At certain instances as outlined in GASB 53, for those that have an additional embedded instrument, or hybrid instruments, the statement calls for bifurcating and accounting for the transaction as two separate components.

In June 2011, the GASB issued Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53” (GASB 64), addressing the application of hedge accounting termination provisions. GASB 64 requires for hedge accounting to cease upon the replacement of a swap counterparty unless the counterparty has committed or experienced an act of default or a termination event as both are described in the swap agreement. It was applicable for periods beginning after June 15, 2011. The Department adopted GASB 64 beginning Fiscal Year 2012.

In February 2015, the GASB issued Statement No. 72, “Fair Value Measurement and Application” (GASB 72), addressing the accounting and financial reporting issues related to fair value measurements. GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between swap counterparties at the measurement date, which includes the non-performance risk. The Statement is effective for reporting periods beginning after June 15, 2015. The Department adopted GASB 72 beginning Fiscal Year 2016.

The income approach is used to obtain the fair value of the swaps, where future amounts (the expected swap cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows, and time value of money. Where applicable under the income approach, the option pricing model technique, such as the Black-Derman-Toy model, or other appropriate option pricing model is used. This valuation technique is applied consistently across all the swaps. Given the observability of inputs that are significant to the entire measurement, the fair values of the Department swaps are categorized as Level 2.

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

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

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

(i) Mitigate the effect of fluctuations in variable interest rates. This is the primary function of the swaps. The Department pays a fixed rate and receives a floating rate. In an interest rate environment whose level is generally higher than the rate at which the Department is fixed, the swap would result in a positive value to the Department. Correspondingly, a lower rate environment than the fixed rate would result in a negative value to the Department. The value primarily depends on the overall level of interest rates on the reporting date compared to what the

Department pays. The overall level of long-term interest rates from period to period is the primary driver of changes in value recorded from the investment derivatives where the Department pays fixed and receives a floating rate. Interest rates have trended lower since inception of the pay fixed swaps. Therefore, the mark-to-market value is generally more negative to the Department.

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

(iii) Reduce interest expense from expected benefit resulting from the difference between tax-exempt and taxable rates. This is a function of swaps where the Department receives a percentage of 1-Month LIBOR when hedging tax-exempt variable debt, with the expectation of receiving an ongoing net benefit from paying a lower fixed rate at the time of putting on the swap transaction. The historical average ratio of 1-Month LIBOR (short-term taxable rates) versus tax-exempt rates (a direct function of tax rates) is approximately 67%, but the ratio of long-term taxable rates and long-term tax-exempt rates is normally significantly higher than 67%. Therefore, the fixed rate payable in exchange for a smaller percentage of LIBOR will be significantly less than a long-term tax-exempt fixed rate. This reduction in fixed rate is the value of the benefit, the risk being tax rates change over the life of the percentage of LIBOR swap, or the variable rates on the Department's hedged bonds do not closely match the percentage of LIBOR variable rate on the swap. The value of such a swap is determined by the prevailing level of taxable interest rates, with no reference to tax-exempt interest rates. Beginning July 3, 2023, the Department has changed from LIBOR to Secured Overnight Financing Rate (SOFR).

Below is a table that summarizes the basic terms of the swap agreements as of June 30, 2023.

Associated Bonds	Initial Notional	Current Notional	Effective Date	Maturity Date	Rate Paid	Rate Received	Fair Value	Bank Counterparty	Counterparty Ratings
* Series 2004 C	\$147,000	\$40,005	11/23/04	9/1/24	3.571%	63.5% of USD-LIBOR + 0.29%	(\$310)	Goldman Sachs Bank USA	A1/A+/A+
** Series 2004 C	\$75,000	\$41,670	7/1/07	9/1/24	3.571%	62.329% of 10 Year CMS	(\$752)	Goldman Sachs Bank USA	A1/A+/A+
Total Fair Value							(\$1,062)		

\* - Considered fair value hedge

\*\* - Considered investment derivative

## Detailed Discussion

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

*Terms, fair values, and credit risk.* The terms, including the fair values and credit ratings of the outstanding swaps as of June 30, 2023, are shown in the table above. The Department's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled or anticipated reductions in the associated bonds payable.

**2004C Swaps** – In connection with the issuance of \$147,000 of variable-rate Series 2004B and 2004C Highway Revenue Bonds on November 12, 2004, the Department competitively bid a floating-to-fixed interest rate swap. The executed transaction consisted of a \$147,000 20-year amortizing floating-to-fixed interest rate swap whereby the Department pays the counterparty a fixed rate of 3.571% and receives 63.5% of LIBOR plus 29 basis points. The Department was able to take advantage of market conditions and effectively create fixed-rate debt at a rate lower than available in the traditional tax-exempt cash market.

Since many tax-exempt and municipal issuers fund capital projects with long-term traditional or synthetic fixed-rate debt, but are constrained to investing short-term for liquidity reasons, in a normal or upwardly sloped yield curve they incur “negative carry” (cost of borrowing exceeds investment rate). The Department determined that it could mitigate this imbalance by executing the Constant Maturity Swap (CMS). On June 15, 2007, based on the results of a previously distributed competitively bid request for quotes for a swap provider, effective July 1, 2007, the Department amended the floating index from 63.5% plus 29 basis points to 62.329% of the 10-year LIBOR CMS rate on \$75,000 of the existing \$147,000 swap.

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

*Credit risk.* As of June 30, 2023, the Department has no credit risk exposure on the swap transactions. This is due to the swaps having negative mark-to-market values, meaning the counterparties are exposed to the Department in the amount of the derivatives' mark-to-market values. However, should interest rates change and the mark-to-market values of the swaps become positive, the Department would be exposed to credit risk.

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

*Basis risk.* Basis risk is the risk that the interest rate paid by the Department on underlying variable rate bonds to bondholders differs from the variable swap rate received from the applicable counterparty. The Department bears basis risk on each of its swaps. The swaps have

basis risk since the Department receives a percentage of LIBOR to offset the actual variable bond rate the Department pays on its bonds. The Department is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Department pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost savings from the swap may not be realized.

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

**Note 10. Commitments**

Contractual commitments encumbered at June 30, 2023 were \$2,198,797. These contractual commitments will be funded by revenues from various Federal, State, and local sources. These revenues will be primarily in the form of matching Federal highway construction funds, motor fuel tax monies and vehicle registrations and permits. This revenue is expected to be received in time to meet cash requirements as the obligations become due. The following table provides a summary of the contractual commitments encumbered as of June 30, 2023.

Fund	Commitments
State Highway (Department's general fund)	\$ 2,153,718
Rail Service Improvement	15,657
Interagency Motor Vehicle Fuel Sales	43
Traffic Records Enhancement	608
Public Use General Aviation Airport Development	7,642
Other Special Revenue Funds	21,129
Total Commitments	<u>\$ 2,198,797</u>

**Note 11. Contingent Liabilities**

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is also a defendant in various lawsuits. In the opinion of the Department's Chief Counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Department. In compliance with State statute, the Department retains the risk of loss and the liability for claims, other than those covered by commercial vehicle liability. Settlements did not exceed coverage in any of the last three years.

In addition, the Department participates in the State's Workers Compensation Self-Insurance Fund (the Fund). The Department pays a premium to the State for coverage under the Fund. For fiscal year 2023, the Department's contribution rate is 2.002% of covered payroll. The State retains all the risk of loss related to the Fund.

Any uninsured losses are accounted for in the State Highway Fund (the Department's general fund). Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated based on historic experience and counsel's legal opinion.

At June 30, 2023, the amount of these liabilities included in accounts payable of the government-wide Statement of Net Position was \$6,350 and is the Department’s best estimate based on available information. Changes in the reported liability for the last two years are as follows:

Fiscal Year	Beginning Liability	Current Claims and Changes in Estimates	Claims Paid	Ending Liability
2022	\$ 4,473	\$ (1,029)	\$ 576	\$ 2,868
2023	2,868	4,588	1,106	6,350

**Note 12. Pension Plan**

A. Plan description - The Department 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 [www.kpers.org](http://www.kpers.org), by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603), or by calling 1-888-275-5737.

B. 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”.

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

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement, a member employee may receive a lump-sum payment of up to 50% 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 retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

C. 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 July 1, 2009 through December 31, 2014. KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law establishes the KPERS member-employee contribution rate at 6% of covered

salary for KPERS 1, KPERS 2 and KPERS 3 members. Member employee’s 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 be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rate was 10.08% and 13.11%, respectively, for the fiscal year ended June 30, 2023. The actuarially determined employer contribution rate was 9.97% for the fiscal year ended June 30, 2022. The statutory contribution rate was 13.33% for the fiscal year ended June 30, 2022. Contributions to the pension plan from the Department were \$13,824 for the year ended June 30, 2023.

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the Department reported a liability of \$135,191 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The Department’s proportion of the net pension liability was based on the ratio of the Department’s actual contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2022. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2022, the Department’s proportion was 1.89%, which was an decrease of 0.13% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Department recognized pension expense of \$13,920. At June 30, 2023, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources in the following table.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,997	\$ 59
Net difference between projected and actual earnings on pension plan investments	11,386	0
Changes of Assumptions	20,781	0
Changes in proportion (and difference between contributions and proportionate share of contributions)	1,073	6,661
Contributions subsequent to measurement	13,824	0
Total	<u>\$ 50,061</u>	<u>\$ 6,720</u>

A total of \$13,824 was reported as deferred outflows of resources related to pensions resulting from the Department’s contributions subsequent to the measurement date. It will be recognized as a reduction of the net pension liability for the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows on the next page.

---

Notes to Financial Statements

Year ended June 30	
2024	\$ (8,417)
2025	(7,792)
2026	(3,199)
2027	(9,904)
2028	(205)
Total	\$ (29,517)

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

Percent Inflation	2.75%
Salary increases, including wage increases	12.00%, including inflation
Long-term rate of return net of investment expense, and including price of inflation	7.00%

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, 2021 valuation were based on the results of an actuarial experience study conducted for the three year period beginning January 1, 2017.

Below are the actuarial assumption changes adopted by the pension plan based on the experience study:

- Price inflation assumption remained the same at 2.75%
- Investment return assumption was lowered from 7.25% to 7.00%
- General wage growth assumption remained the same at 12.00%

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 table on the following page:



Notes to Financial Statements

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	23.50%	5.20%
Non-U.S. equity	23.50%	6.40%
Private equity	8.00%	9.50%
Private real estate	11.00%	4.45%
Yield driven	8.00%	4.70%
Real return	11.00%	3.25%
Fixed income	11.00%	1.55%
Short-term investments	4.00%	0.25%
Total	100.00%	

F. Discount rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the Department will be made at contractually required rates, actuarially determined. 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.

G. Sensitivity of the Department proportionate share of the net pension liability to changes in the discount rate – The table below presents the Department’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Department’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Department's proportionate share of the net pension liability	\$ 191,120	\$ 135,191	\$ 88,451

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

**Note 13. Other Post-Employment Benefits - KPERS Death and Disability Plan**

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

B. 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.

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 5 years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the term of the disability or 24 months per lifetime, whichever is less. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of-living increase.

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

*Members covered by benefit terms.* As of December 31, 2021, the following members were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	39
Active Employees	1,980
Total	<u>2,019</u>

C. Total OPEB Liability – The Department’s total OPEB liability of \$3,011 was measured as of June 30, 2022, and was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022.

D. Actuarial assumptions and other inputs – The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the actuarial assumptions and other inputs on the next page, applied to all periods included in the measurement, unless otherwise noted:

Notes to Financial Statements

Price inflation	2.75%
Payroll growth	3.00% near-term growth, 4.00% long-term growth
Salary increases, including inflation	3.50% to 10.00%, including inflation
Discount rate	3.54%
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-Year Municipal Bond Index.

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

The actuarial assumptions used in the June 30, 2022 valuation were based on actuarial experience study during 2016 – 2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2021 KPERS pension valuation.

Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at fiscal year-end June 30, 2022</b>	\$ 3,980
<b>Changes for the year:</b>	
Service cost	550
Interest on total OPEB liability	91
Effect of economic/demographic gains or losses	(387)
Effect of assumptions changes or inputs	(578)
Benefit payments	(645)
<b>Balance at fiscal year-end June 30, 2023</b>	<u>\$ 3,011</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 2.16% on June 30, 2021 to 3.54% on June 30, 2022.

E. Sensitivity of the total OPEB liability to changes in the discount rate – The table below presents the total OPEB liability of the Department, as well as what the Department’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability \$	3,096 \$	3,011 \$	2,919

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

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

For the year ended June 30, 2023, the Department recognized OPEB expense of \$305. At June 30, 2023, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to measurement	\$ 1,053	\$ 0
Changes in assumptions	124	588
Differences between expected and actual experience	0	1,840
Total	<u>\$ 1,177</u>	<u>\$ 2,428</u>

For fiscal year 2023, the deferred outflow of resources related to the contributions subsequent to the measurement date totals \$1,053. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30</u>	
2024	\$ 336
2025	336
2026	336
2027	332
2028	297
Thereafter	667
Total	<u>\$ 2,304</u>

**Note 14. Relationship with Other State Agencies**

The Department of Administration, the Office of the State Treasurer, the Pooled Money Investment Board, the Department of Revenue, the Kansas Development Finance Authority and the Department of Corrections provide services to the Department. Charges for their services are reflected as expenditures in the financial statements. The Department also participates in projects with the Kansas Turnpike Authority and works with the Department of Health and Environment, the Department of Agriculture and the State Historical Society to assure that projects comply with statutory and regulatory requirements.

The Kansas Highway Patrol (KHP) and the Department share certain facilities throughout the State. The Department also provides some support services to the KHP. Transactions relevant to these joint facilities and support services, other than the Motor Carrier Inspection Program discussed in Note 4, are reflected in the revenues.



**Required Supplementary Information**

**Kansas Department of Transportation  
Required Supplementary Information  
For the Year Ended June 30, 2023**

**Infrastructure (amounts in thousands):**

Information needed to support the use of the Modified Approach for Infrastructure Reporting:

**Roadway Pavement**

The Department's highway pavement is made up of two systems: Interstate Highways and Non-interstate Highways. The Department's highway pavement is also referred to as Roadways. The Department uses Federal regulations 23 CFR 490 and 23 CFR 515 to report pavement condition.

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

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

Data collected in Spring and Summer 2023 is still being processed to produce the Federal method's condition measures. It is consistent with Federal reporting regulations since data collected in calendar year 2023 is reported in April of the following year for Interstates and June for Non-interstates.

Required Supplementary Information

Fiscal Year	Interstate Miles		Non-interstate Miles	
	Minimum Acceptable Condition Level*	Actual Condition Level*	Minimum Acceptable Condition Level*	Actual Condition Level*
2020	≥ 60	58.1**	≥ 50	58.5
2021	≥ 60	56.6**	≥ 50	58.6
2022	≥ 60	57.8**	≥ 50	59.1
2023	≥ 60	N/A	≥ 50	N/A
* - Percent of miles in “Good” ** - FY 2020 ended T-WORKS program. FY 2021 starts the IKE program. The Department expects to see a trend back up in FY 2023.				

The Department’s target is to continually maintain and improve the condition of the State Highway System. To achieve this target it is necessary to perform maintenance activities and replace those assets that can no longer be economically maintained. The Department concentrates resources on items that are measured. As noted above, the Actual Condition Level did not meet the Minimum Acceptable Condition Level. FY 2020 is the final year of the 10-year T-WORKS program. FY 2021 was the first year of the new 10-year IKE program. The Department is working to slow the decline in pavement condition and start to turn it around. In FY 2023, the Department expects to see a trend back up.

To maintain the Interstate Highways at or above the stated minimum condition level, it was estimated that annual preservation and replacement expenditures must be approximately \$223,000 in FY 2023. To maintain the Non-interstate Highways at or above the stated minimum condition level, it was estimated that annual preservation and replacement expenditures must be approximately \$1,044,000 in FY 2023. The estimated expenditure amounts are based on the projected IKE program funding levels for preservation that are anticipated to be needed to maintain the system. The actual expenses are based on project expenditures for preservation and some capacity and modernization costs that improve the roadway surface. The following table compares the estimated expenditures needed to maintain the system at a minimum acceptable condition level with actual amounts spent for the current and prior years.

Fiscal Year	Interstate Highways		Non-interstate Highways	
	Estimated Expenditures Needed to Maintain the System at the Minimum Acceptable Condition Level*	Actual Expenses*	Estimated Expenditures Needed to Maintain the System at the Minimum Acceptable Condition Level*	Actual Expenses*
2019	\$92,000	\$29,463	\$265,000	\$238,410
2020	97,000	54,530	277,000	234,198
2021	52,000	94,582	426,000	392,362
2022	113,000	87,007	635,000	503,564
2023	223,000	144,223	1,044,000	797,117
* - amounts in \$1,000				

**Bridges**

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

The Performance Measures are the percent of State-owned bridge deck area in “Good” and “Poor” condition, with the minimum condition rating of each bridge component being defined as follows:

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

The table below compares the actual percentage of State-owned Bridge Deck Area in “Good” and “Poor” condition to the Department’s Performance Measures for the current and prior years. The Department’s Performance Measure targets are to have more than 70% of State-owned Bridge Deck Area in “Good” condition and less than 3% of State-owned Bridge Deck Area in “Poor” condition.

State Bridge Performance Measures				
Fiscal Year	Minimum Percentage of “Good” Deck Area	Actual Percentage of “Good” Deck Area	Percentage of “Poor” Deck Area	Actual Percentage of “Poor” Deck Area
2021	> 70	71	< 3	2.0
2022	> 70	72	< 3	2.4
2023	> 70	71	< 3	2.5

The Department’s target is to continually improve the condition of the State’s bridge system. To achieve this target, it is necessary to perform maintenance activities and to replace those bridges that can no longer be economically maintained. To maintain the State’s bridges at or better than the stated acceptable percentages of bridge deck area in “Good” and “Poor” condition, it is estimated that annual preservation and replacement expenditures must be approximately \$80,000 for FY 2023. The table below compares the estimated annual expenditures with the actual expenditures for the current and prior years.

Fiscal Year	Estimated Expenditures Needed to Maintain the System at the Minimum Acceptable Percentages*	Actual Expenses*
2019	\$85,000	\$76,931
2020	90,000	112,884
2021	171,000	143,721
2022	121,000	132,771
2023	80,000	161,211
*- amounts in \$1,000		

*Note: The estimates in this table are to maintain the bridges at the minimum percentage of “good” deck area.*



Required Supplementary Information

**Other Post-Employment Benefits (amounts in thousands):**

GASB 75 requires a presentation of 10 years for the following table. As of June 30, 2023, only six years of information is available.

Schedule of Changes in the Department's Total Other Post Employment Benefits (OPEB) Liability And Related Ratios						
Fiscal year	2018	2019	2020	2021	2022	2023
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
<b>Total OPEB Liability</b>						
Beginning Balance	\$ 4,981	\$ 5,054	\$ 4,489	\$ 4,538	\$ 3,940	\$ 3,980
Service cost	484	430	433	465	529	550
Interest on total OPEB liability	149	190	184	169	95	91
Effect of economic/demographic gains or losses	0	(789)	(292)	(987)	(312)	(387)
Effect of assumptions changes or inputs	(122)	(43)	53	129	3	(578)
Benefit payments	(438)	(353)	(329)	(374)	(275)	(645)
Ending Balance	<u>\$ 5,054</u>	<u>\$ 4,489</u>	<u>\$ 4,538</u>	<u>\$ 3,940</u>	<u>\$ 3,980</u>	<u>\$ 3,011</u>
Total OPEB	\$ 5,054	\$ 4,489	\$ 4,538	\$ 3,940	\$ 3,980	\$ 3,011
Covered payroll	\$ 90,714	\$ 88,614	\$ 90,937	\$ 91,557	\$ 94,671	\$ 92,204
Total OPEB as a percentage of covered payroll	5.57%	5.07%	4.99%	4.30%	4.20%	3.27%

There are no assets accumulated in a trust for payment of benefits.

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

Required Supplementary Information

**Pension Plan (amounts in thousands):**

GASB 68 requires a presentation of 10 years for the following tables:

Schedule of the Department's Proportionate Share of the Net Pension Liability										
Fiscal year Measurement date	2014 6/30/2013	2015 6/30/2014	2016 6/30/2015	2017 6/30/2016	2018 6/30/2017	2019 6/30/2018	2020 6/30/2019	2021 6/30/2020	2022 6/30/2021	2023 6/30/2022
Proportion of the net pension liability (asset)	2.48%	2.34%	2.45%	2.29%	2.14%	1.98%	1.99%	2.00%	2.02%	1.89%
Proportionate share of the net pension liability (asset)	\$ 180,215	\$ 149,527	\$ 169,665	\$ 154,084	\$ 143,686	\$ 129,128	\$ 128,916	\$ 149,233	\$ 113,637	\$ 135,191
Covered payroll	\$ 109,460	\$ 106,434	\$ 105,860	\$ 95,703	\$ 94,013	\$ 97,526	\$ 98,130	\$ 99,058	\$ 99,510	\$ 106,073
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	164.64%	140.49%	160.27%	161.00%	152.84%	132.40%	131.37%	150.65%	114.20%	127.45%
Plan fiduciary net position as a percentage of the total pension liability	59.94%	66.60%	64.95%	65.10%	67.12%	68.88%	69.88%	66.30%	76.40%	69.75%

Schedule of Department Contribution - Net Pension Liability										
Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 10,067	\$ 10,551	\$ 10,644	\$ 10,432	\$ 11,199	\$ 12,647	\$ 14,052	\$ 14,032	\$ 13,041	\$ 13,824
Contributions in relation to the contractually required contribution	10,067	10,551	10,644	10,432	11,199	12,647	14,052	14,032	13,041	13,824
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 104,484	\$ 106,434	\$ 105,860	\$ 95,703	\$ 94,013	\$ 97,526	\$ 98,130	\$ 99,058	\$ 99,510	\$ 106,073
Contributions as a percentage of covered payroll	9.63%	9.91%	10.05%	10.90%	11.91%	12.97%	14.32%	14.17%	13.11%	13.03%

There are no assets accumulated in a trust for payment of benefits.

Below are the actuarial assumption changes adopted by the pension plan based on the experience study for fiscal year ended June 30, 2023:

- Price inflation assumption remained the same at 2.75%
- Investment return assumption was lowered from 7.25% to 7.00%
- General wage growth assumption remained the same at 12.00%



**Supplementary Information**

Governmental Funds

## KANSAS DEPARTMENT OF TRANSPORTATION

### Nonmajor Governmental Funds

**Capital Projects Fund** is the fund that accounts for bonds proceeds.

**Special Revenue Funds** are used to account for particular Department activities created by receipt of grants or designated revenues:

**Rail Service Improvement Fund** – The purpose of this fund is to facilitate the financing, acquisition, or rehabilitation of railroads in the State.

**Interagency Motor Vehicle Fuel Sales Fund** – The purpose of this fund is to account for the monies generated from the sale of motor vehicle fuels to other state agencies.

**Traffic Records Enhancement Fund** – The purpose of this fund is to enhance and upgrade the traffic records system.

**Public Use General Aviation Airport Development Fund** – The purpose of this fund is to administer a grant program for planning, constructing, reconstructing or rehabilitating the facilities of public use general aviation airports in the State.

**Other Special Revenue Funds** – This is the combination of 9 funds:

**Coordinated Public Transportation Assistance Fund** – The purpose of this fund is to provide financial assistance to transportation systems that provide coordinated transportation services to elderly persons, persons with disabilities and the general public.

**Other Federal Grants Fund** – The purpose of this fund is to record federal grant activity other than those received on an on-going basis for highway construction.

**Conversion of Materials and Equipment Fund** – The purpose of this fund is to account for the monies generated from auction proceeds and sales of material and capital equipment and to utilize said proceeds for the purchase of new capital equipment and materials.

**Seat Belt Safety Fund** – The purpose of this fund is to promote and provide education on occupant protection among children, including, but not limited to, programs in Kansas schools.

**Transportation Technology Development Fund** – The purpose of this fund is to provide assistance with the planning, assessment and fielding of new capabilities and innovative technology for all modes of transportation, including, but not limited to, aviation and highway transportation.

**Broadband Infrastructure Construction Grant Fund** – The purpose of this fund is to provide grants for the expansion of broadband service in the state of Kansas.

**Short Line Rail Improvement Fund** – The purpose of this fund is to provide assistance to any qualified railroad track maintenance expenditure constructed by an eligible entity.

**Driver's Education Scholarship Grant Fund** – The purpose of this fund is to provide grants to assist qualified individuals to become safe drivers.

**American Rescue Plan State Relief Fund** – The purpose of this fund is to record federal grant activity for the Federal American Rescue Plan Act (HR 1319).

Kansas Department of Transportation  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023  
(amounts in thousands)

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Capital Projects Fund	Rail Service Improvement	Interagency Motor Vehicle Fuel Sales	Traffic Records Enhancement	Public Use General Aviation Airport Development	Other Special Revenue Funds	
<b>ASSETS</b>							
Cash: Unrestricted	\$ 0	\$ 19,571	\$ 245	\$ 1,576	\$ 8,528	\$ 60,396	\$ 90,316
Restricted	0	0	0	0	0	0	0
Investments, at fair value:							
Unrestricted	0	0	0	0	0	0	0
Restricted	0	0	0	0	0	0	0
Receivables:							
Federal aid	0	0	0	0	0	0	0
Accrued interest	0	70	0	0	0	0	70
Loans and other	0	679	0	0	0	0	679
Materials and supplies	0	0	0	0	0	0	0
Long-term receivables:							
Loans and other	0	2,337	0	0	0	0	2,337
Total assets	<u>\$ 0</u>	<u>\$ 22,657</u>	<u>\$ 245</u>	<u>\$ 1,576</u>	<u>\$ 8,528</u>	<u>\$ 60,396</u>	<u>\$ 93,402</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Vouchers payable	\$ 0	\$ 671	\$ 0	\$ 22	\$ 486	\$ 1,157	\$ 2,336
Deferred revenue	0	0	0	0	0	0	0
Retainage payable	0	0	0	0	0	0	0
Due to other Department fund	0	0	0	0	0	0	0
Accrued salaries and wages	0	0	0	0	0	0	0
Total liabilities	<u>0</u>	<u>671</u>	<u>0</u>	<u>22</u>	<u>486</u>	<u>1,157</u>	<u>2,336</u>
Fund balances:							
Restricted for:							
Transportation	0	21,986	245	1,554	8,042	59,239	91,066
Total fund balances	<u>0</u>	<u>21,986</u>	<u>245</u>	<u>1,554</u>	<u>8,042</u>	<u>59,239</u>	<u>91,066</u>
Total liabilities and fund balances	<u>\$ 0</u>	<u>\$ 22,657</u>	<u>\$ 245</u>	<u>\$ 1,576</u>	<u>\$ 8,528</u>	<u>\$ 60,396</u>	<u>\$ 93,402</u>

Kansas Department of Transportation  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023  
(amounts in thousands)

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Capital Projects Fund	Rail Service Improvement	Interagency Motor Vehicle Fuel Sales	Traffic Records Enhancement	Public Use General Aviation Airport Development	Other Special Revenue Funds	
<b>Revenues</b>							
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0	0	0	0
Operating grants	0	21,042	0	0	0	4,219	25,261
Capital grants	0	0	0	0	0	0	0
Sales and use taxes	0	0	0	0	0	0	0
Investment earnings	0	633	0	0	0	19	652
Other	0	0	2,525	368	0	510	3,403
Appropriations from other state funds	0	0	0	0	0	3,000	3,000
<b>Total revenues</b>	<b>0</b>	<b>21,675</b>	<b>2,525</b>	<b>368</b>	<b>0</b>	<b>7,748</b>	<b>32,316</b>
<b>Expenditures</b>							
Current operating:							
Maintenance	0	0	3,054	0	0	3,390	6,444
Communications system	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0
Local support	0	0	0	0	0	0	0
Transportation planning and modal support	0	28,028	0	482	3,794	21,077	53,381
Administration	0	0	0	0	0	741	741
Debt service:							
Principal	0	0	0	0	0	0	0
Interest and fees	0	0	0	0	0	0	0
Distributions to other state funds	0	0	0	0	0	19	19
<b>Total expenditures</b>	<b>0</b>	<b>28,028</b>	<b>3,054</b>	<b>482</b>	<b>3,794</b>	<b>25,227</b>	<b>60,585</b>
Excess (deficiency) of revenues over expenditures	0	(6,353)	(529)	(114)	(3,794)	(17,479)	(28,269)
<b>Other financing sources (uses)</b>							
Sale of assets	0	0	0	0	0	2,755	2,755
Issuance of debt	0	0	0	0	0	0	0
Premium on issuance of bonds	0	0	0	0	0	0	0
Transfers-in	0	5,000	0	0	5,000	23,100	33,100
Transfers-out	0	0	0	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>25,855</b>	<b>35,855</b>
Net changes in fund balances	0	(1,353)	(529)	(114)	1,206	8,376	7,586
Fund balances - beginning of year	0	23,339	774	1,668	6,836	50,863	83,480
<b>Fund balances - end of year</b>	<b>\$ 0</b>	<b>\$ 21,986</b>	<b>\$ 245</b>	<b>\$ 1,554</b>	<b>\$ 8,042</b>	<b>\$ 59,239</b>	<b>\$ 91,066</b>

Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Rail Service Improvement Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	0	0	0	0
Sales and use taxes	0	0	0	0
Investment earnings	58	90	574	484
Other	675	27,600	21,664	(5,936)
Appropriations from other state funds	0	0	0	0
<b>Total revenues</b>	<b>733</b>	<b>27,690</b>	<b>22,238</b>	<b>(5,452)</b>
<b>Expenditures, with legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
<b>Total expenditures, with legal limits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenditures, without legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	5,750	19,020	10,120	8,900
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
<b>Total expenditures, without legal limits</b>	<b>5,750</b>	<b>19,020</b>	<b>10,120</b>	<b>8,900</b>
<b>Total expenditures</b>	<b>5,750</b>	<b>19,020</b>	<b>10,120</b>	<b>8,900</b>
Excess (deficiency) of revenues over expenditures	(5,017)	8,670	12,118	3,448
<b>Other financing sources (uses):</b>				
Transfers-in	5,000	5,000	5,000	0
Transfers-out	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (17)	\$ 13,670	17,118	\$ 3,448

**Explanation of the differences between Budgetary Basis and GAAP Basis reporting**

Budgetary basis revenues are adjusted to GAAP basis	(563)
Budgetary basis expenditures adjusted to GAAP basis	(28,028)
Expenditures on prior year encumbrances are not reported for budgetary reporting	269
Current year encumbrances are reported as expenditures for budgetary reporting purposes	9,851
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ (1,353)

Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Interagency Motor Vehicle Fuel Sales Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	0	0	0	0
Sales and use taxes	0	0	0	0
Investment earnings	0	0	0	0
Other	1,400	1,700	2,525	825
Appropriations from other state funds	0	0	0	0
Total revenues	<u>1,400</u>	<u>1,700</u>	<u>2,525</u>	<u>825</u>
<b>Expenditures, with legal limits:</b>				
<b>Current operating:</b>				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, with legal limits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures, without legal limits:</b>				
<b>Current operating:</b>				
Maintenance	1,400	1,700	3,007	(1,307)
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, without legal limits	<u>1,400</u>	<u>1,700</u>	<u>3,007</u>	<u>(1,307)</u>
Total expenditures	<u>1,400</u>	<u>1,700</u>	<u>3,007</u>	<u>(1,307)</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>(482)</u>	<u>(482)</u>
<b>Other financing sources (uses):</b>				
Transfers-in	0	0	0	0
Transfers-out	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 0</u>	<u>\$ 0</u>	<u>(482)</u>	<u>\$ (482)</u>

**Explanation of the differences between Budgetary Basis and GAAP Basis reporting**

Current year encumbrances are reported as expenditures for budgetary reporting purposes	11
Expenditures on prior year encumbrances are not reported for budgetary reporting	<u>(58)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	<u>\$ (529)</u>



Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Traffic Records Enhancement Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	0	0	0	0
Sales and use taxes	0	0	0	0
Investment earnings	0	0	0	0
Other	350	350	368	18
Appropriations from other state funds	0	0	0	0
Total revenues	<u>350</u>	<u>350</u>	<u>368</u>	<u>18</u>
<b>Expenditures, with legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, with legal limits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures, without legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	450	450	619	(169)
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, without legal limits	<u>450</u>	<u>450</u>	<u>619</u>	<u>(169)</u>
Total expenditures	<u>450</u>	<u>450</u>	<u>619</u>	<u>(169)</u>
Excess (deficiency) of revenues over expenditures	<u>(100)</u>	<u>(100)</u>	<u>(251)</u>	<u>(151)</u>
<b>Other financing sources (uses):</b>				
Transfers-in	0	0	0	0
Transfers-out	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (100)</u>	<u>\$ (100)</u>	<u>(251)</u>	<u>\$ (151)</u>

**Explanation of the differences between Budgetary Basis and GAAP Basis reporting**

Current year encumbrances are reported as expenditures for budgetary reporting purposes	448
Expenditures on prior year encumbrances are not reported for budgetary reporting	(289)
Budgetary expenditures have been adjusted for GAAP basis adjustments	(22)
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	<u>\$ (114)</u>

Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Public Use General Aviation Airport Development Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	0	0	0	0
Sales and use taxes	0	0	0	0
Investment earnings	0	0	0	0
Other	0	0	0	0
Appropriations from other state funds	0	0	0	0
Total revenues	0	0	0	0
<b>Expenditures, with legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, with legal limits	0	0	0	0
<b>Expenditures, without legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	5,000	7,114	1,582	5,532
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, without legal limits	5,000	7,114	1,582	5,532
Total expenditures	5,000	7,114	1,582	5,532
Excess (deficiency) of revenues over expenditures	(5,000)	(7,114)	(1,582)	5,532
<b>Other financing sources (uses):</b>				
Transfers-in	5,000	10,000	5,000	(5,000)
Transfers-out	0	0	0	0
Total other financing sources (uses)	5,000	10,000	5,000	(5,000)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 0	\$ 2,886	3,418	\$ 532

**Explanation of the differences between Budgetary Basis and GAAP Basis reporting**

Current year encumbrances are reported as expenditures for budgetary reporting purposes	509
Expenditures on prior year encumbrances are not reported for budgetary reporting	(2,269)
Budgetary expenditures have been adjusted for GAAP basis adjustments	(452)
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ 1,206

Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Coordinated Public Transportation Assistance Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	0	0	0	0
Sales and use taxes	0	0	0	0
Investment earnings	0	0	0	0
Other	0	0	0	0
Appropriations from other state funds	0	0	0	0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures, with legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, with legal limits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures, without legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	19,152	14,991	16,664	(1,673)
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, without legal limits	<u>19,152</u>	<u>14,991</u>	<u>16,664</u>	<u>(1,673)</u>
Total expenditures	<u>19,152</u>	<u>14,991</u>	<u>16,664</u>	<u>(1,673)</u>
Excess (deficiency) of revenues over expenditures	<u>(19,152)</u>	<u>(14,991)</u>	<u>(16,664)</u>	<u>(1,673)</u>
<b>Other financing sources (uses):</b>				
Transfers-in	11,000	11,000	11,000	0
Transfers-out	0	0	0	0
Total other financing sources (uses)	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>0</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (8,152)</u>	<u>\$ (3,991)</u>	<u>(5,664)</u>	<u>\$ (1,673)</u>

**Explanation of the differences between Budgetary Basis and GAAP Basis reporting**

Current year encumbrances are reported as expenditures for budgetary reporting purposes	8,292
Expenditures on prior year encumbrances are not reported for budgetary reporting	(5,238)
Budgetary expenditures have been adjusted for GAAP basis adjustments	<u>(35)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	<u>\$ (2,645)</u>

Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Other Federal Grants Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	3,530	6,205	4,219	(1,986)
Sales and use taxes	0	0	0	0
Investment earnings	0	0	0	0
Other	0	0	0	0
Appropriations from other state funds	0	0	0	0
Total revenues	<u>3,530</u>	<u>6,205</u>	<u>4,219</u>	<u>(1,986)</u>
<b>Expenditures, with legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, with legal limits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures, without legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	3,530	3,180	277	2,903
Administration	0	3,025	905	2,120
Distributions to other state funds	0	0	0	0
Total expenditures, without legal limits	<u>3,530</u>	<u>6,205</u>	<u>1,182</u>	<u>5,023</u>
Total expenditures	<u>3,530</u>	<u>6,205</u>	<u>1,182</u>	<u>5,023</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>3,037</u>	<u>3,037</u>
<b>Other financing sources (uses):</b>				
Transfers-in	0	0	0	0
Transfers-out	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 0</u>	<u>\$ 0</u>	<u>3,037</u>	<u>\$ 3,037</u>
<b>Explanation of the differences between Budgetary Basis and GAAP Basis reporting</b>				
Budgetary basis expenditures adjusted to GAAP basis			2,979	
Current year encumbrances are reported as expenditures for budgetary reporting purposes			251	
Expenditures on prior year encumbrances are not reported for budgetary reporting			<u>(3,043)</u>	
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis			<u>\$ 3,224</u>	

Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Conversion of Materials & Equipment Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	0	0	0	0
Sales and use taxes	0	0	0	0
Investment earnings	0	0	0	0
Other	0	0	0	0
Appropriations from other state funds	0	0	0	0
<b>Total revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures, with legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
<b>Total expenditures, with legal limits</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures, without legal limits:</b>				
Current operating:				
Maintenance	1,960	2,036	3	2,033
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
<b>Total expenditures, without legal limits</b>	<u>1,960</u>	<u>2,036</u>	<u>3</u>	<u>2,033</u>
<b>Total expenditures</b>	<u>1,960</u>	<u>2,036</u>	<u>3</u>	<u>2,033</u>
Excess (deficiency) of revenues over expenditures	<u>(1,960)</u>	<u>(2,036)</u>	<u>(3)</u>	<u>2,033</u>
<b>Other financing sources (uses):</b>				
Sale of Assets	1,960	1,378	2,755	1,377
Transfers-in	0	0	0	0
Transfers-out	0	0	0	0
<b>Total other financing sources (uses)</b>	<u>1,960</u>	<u>1,378</u>	<u>2,755</u>	<u>1,377</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (0)</u>	<u>\$ (658)</u>	2,752	<u>\$ 3,410</u>

**Explanation of the differences between Budgetary Basis and GAAP Basis reporting**

Budgetary basis expenditures adjusted to GAAP basis	113
Current year encumbrances are reported as expenditures for budgetary reporting purposes	3
Expenditures on prior year encumbrances are not reported for budgetary reporting	<u>(3,503)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	<u>\$ (635)</u>

Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Seat Belt Safety Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	0	0	0	0
Sales and use taxes	0	0	0	0
Investment earnings	0	0	0	0
Other	600	500	469	(31)
Appropriations from other state funds	0	0	0	0
Total revenues	<u>600</u>	<u>500</u>	<u>469</u>	<u>(31)</u>
<b>Expenditures, with legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, with legal limits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures, without legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	600	600	653	(53)
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, without legal limits	<u>600</u>	<u>600</u>	<u>653</u>	<u>(53)</u>
Total expenditures	<u>600</u>	<u>600</u>	<u>653</u>	<u>(53)</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>(100)</u>	<u>(184)</u>	<u>(84)</u>
<b>Other financing sources (uses):</b>				
Transfers-in	0	0	0	0
Transfers-out	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 0</u>	<u>\$ (100)</u>	<u>(184)</u>	<u>\$ (84)</u>

**Explanation of the differences between Budgetary Basis and GAAP Basis reporting**

Current year encumbrances are reported as expenditures for budgetary reporting purposes	(64)
Budgetary expenditures have been adjusted for GAAP basis adjustments	56
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	<u>\$ (192)</u>

Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Transportation Technology Development Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	0	0	0	0
Sales and use taxes	0	0	0	0
Investment earnings	0	0	0	0
Other	0	0	0	0
Appropriations from other state funds	0	0	0	0
Total revenues	0	0	0	0
<b>Expenditures, with legal limits:</b>				
<b>Current operating:</b>				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, with legal limits	0	0	0	0
<b>Expenditures, without legal limits:</b>				
<b>Current operating:</b>				
Maintenance	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	5,000	494	4,506
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, without legal limits	0	5,000	494	4,506
Total expenditures	0	5,000	494	4,506
Excess (deficiency) of revenues over expenditures	0	(5,000)	(494)	4,506
<b>Other financing sources (uses):</b>				
Transfers-in	2,000	2,000	2,000	0
Transfers-out	0	0	0	0
Total other financing sources (uses)	2,000	2,000	2,000	0
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 2,000	\$ (3,000)	1,506	\$ 4,506

**Explanation of the differences between Budgetary Basis and GAAP Basis reporting**

Current year encumbrances are reported as expenditures for budgetary reporting purposes	494
Budgetary expenditures have been adjusted for GAAP basis adjustments	0
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ 2,000

Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Broadband Infrastructure Construction Grant Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	0	0	0	0
Sales and use taxes	0	0	0	0
Investment earnings	0	0	0	0
Other	0	0	41	41
Appropriations from other state funds	0	0	0	0
<b>Total revenues</b>	<b>0</b>	<b>0</b>	<b>41</b>	<b>41</b>
<b>Expenditures, with legal limits:</b>				
<b>Current operating:</b>				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
<b>Total expenditures, with legal limits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenditures, without legal limits:</b>				
<b>Current operating:</b>				
Maintenance	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	5,000	10,000	4,608	5,392
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
<b>Total expenditures, without legal limits</b>	<b>5,000</b>	<b>10,000</b>	<b>4,608</b>	<b>5,392</b>
<b>Total expenditures</b>	<b>5,000</b>	<b>10,000</b>	<b>4,608</b>	<b>5,392</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(5,000)</b>	<b>(10,000)</b>	<b>(4,567)</b>	<b>5,433</b>
<b>Other financing sources (uses):</b>				
Transfers-in	5,000	5,000	5,000	0
Transfers-out	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>\$ 0</b>	<b>\$ (5,000)</b>	<b>433</b>	<b>\$ 5,433</b>
<b>Explanation of the differences between Budgetary Basis and GAAP Basis reporting</b>				
Budgetary basis revenues are adjusted to GAAP basis			0	
Current year encumbrances are reported as expenditures for budgetary reporting purposes			1,022	
Budgetary expenditures have been adjusted for GAAP basis adjustments			391	
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis</b>			<b>\$ 1,846</b>	



Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Short Line Rail Improvement Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	0	0	0	0
Sales and use taxes	0	0	0	0
Investment earnings	0	0	0	0
Other	0	0	0	0
Appropriations from other state funds	0	0	0	0
<b>Total revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenditures, with legal limits:</b>				
<b>Current operating:</b>				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
<b>Total expenditures, with legal limits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenditures, without legal limits:</b>				
<b>Current operating:</b>				
Maintenance	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	5,000	7,162	4,984	2,178
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
<b>Total expenditures, without legal limits</b>	<b>5,000</b>	<b>7,162</b>	<b>4,984</b>	<b>2,178</b>
<b>Total expenditures</b>	<b>5,000</b>	<b>7,162</b>	<b>4,984</b>	<b>2,178</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(5,000)</b>	<b>(7,162)</b>	<b>(4,984)</b>	<b>2,178</b>
<b>Other financing sources (uses):</b>				
Transfers-in	5,000	5,000	5,000	0
Transfers-out	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>\$ 0</b>	<b>\$ (2,162)</b>	<b>16</b>	<b>\$ 2,178</b>

**Explanation of the differences between Budgetary Basis and GAAP Basis reporting**

Current year encumbrances are reported as expenditures for budgetary reporting purposes	996
Budgetary expenditures have been adjusted for GAAP basis adjustments	666
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis</b>	<b>\$ 1,678</b>

Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Drivers Education Scholarship Grant Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	0	0	0	0
Sales and use taxes	0	0	0	0
Investment earnings	0	0	0	0
Other	0	0	0	0
Appropriations from other state funds	0	0	0	0
Total revenues	0	0	0	0
<b>Expenditures, with legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
Total expenditures, with legal limits	0	0	0	0
<b>Expenditures, without legal limits:</b>				
Current operating:				
Maintenance	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	100	300	0	300
Administration	0	0	0	0
Capital improvements	0	0	0	0
Transfers to other state funds	0	0	0	0
Total expenditures, without legal limits	100	300	0	300
Total expenditures	100	300	0	300
Excess (deficiency) of revenues over expenditures	(100)	(300)	0	(300)
<b>Other financing sources (uses):</b>				
Transfers-in	100	300	100	200
Transfers-out	0	0	0	0
Total other financing sources (uses)	100	300	100	200
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 0	\$ 0	100	\$ (100)
<b>Explanation of the differences between Budgetary Basis and GAAP Basis reporting</b>				
Current year encumbrances are reported as expenditures for budgetary reporting purposes			0	
Budgetary expenditures have been adjusted for GAAP basis adjustments			0	
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis			\$ 100	

Kansas Department of Transportation  
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses)  
Highway Bond Debt Service Fund  
Budget and Actual -- Budgetary Basis  
For the Fiscal Year Ended June 30, 2023  
(amounts in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Motor fuel taxes	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle registrations and permits	0	0	0	0
Intergovernmental	0	0	0	0
Sales and use taxes	0	0	0	0
Investment earnings	88	638	1,786	1,148
Other	0	0	0	0
Appropriations from other state funds	0	0	0	0
<b>Total revenues</b>	<b>88</b>	<b>638</b>	<b>1,786</b>	<b>1,148</b>
<b>Expenditures, with legal limits:</b>				
<b>Current operating:</b>				
Maintenance	0	0	0	0
Construction	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Distributions to other state funds	0	0	0	0
<b>Total expenditures, with legal limits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenditures, without legal limits:</b>				
<b>Current operating:</b>				
Maintenance	0	0	0	0
Local support	0	0	0	0
Transportation planning and modal support	0	0	0	0
Administration	0	0	0	0
Capital improvements	0	0	0	0
Principal on debt	133,610	231,410	231,410	0
Interest and fees on debt	74,237	72,155	72,781	(626)
Distributions to other state funds	0	0	0	0
<b>Total expenditures, without legal limits</b>	<b>207,847</b>	<b>303,565</b>	<b>304,191</b>	<b>(626)</b>
<b>Total expenditures</b>	<b>207,847</b>	<b>303,565</b>	<b>304,191</b>	<b>(626)</b>
Excess (deficiency) of revenues over expenditures	(207,759)	(302,927)	(302,405)	522
<b>Other financing sources (uses):</b>				
Transfers-in	187,049	274,333	274,248	(85)
Transfers-out	0	0	(98)	(98)
<b>Total other financing sources (uses)</b>	<b>187,049</b>	<b>274,333</b>	<b>274,150</b>	<b>(183)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (20,710)	\$ (28,594)	(28,255)	\$ 339
<b>Explanation of the differences between Budgetary Basis and GAAP Basis reporting</b>				
Budgetary basis revenues adjusted to GAAP basis			304	
Budgetary expenditures have been adjusted for GAAP basis reporting			70	
Expenditures on prior year encumbrances are not reported for budgetary reporting			0	
Current year encumbrances are reported as expenditures for budgetary reporting purposes			0	
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis			\$ (27,881)	

**THIS PAGE INTENTIONALLY BLANK**



## **Combining Fund Statement**

### **Custodial Funds**

---

## KANSAS DEPARTMENT OF TRANSPORTATION

**Custodial Funds** are used to administer resources received and held by the Department as the custodian for others. The use of these funds facilitates the discharge of responsibilities placed upon the Department by virtue of law or other authority.

**Special City and County Highway Fund** – This fund receives a portion of the motor fuel tax revenues, subsequent to refunds and a deposit of \$3.5 million to the Kansas Qualified Agricultural Ethyl Alcohol Producers Incentive Fund, and all motor carrier property tax revenues. These revenues are distributed to the various cities and counties in the state for the financing of county roads and city street construction and maintenance.

**County Equalization and Adjustment Fund** – The purpose of this fund is to assure that after distribution of the receipts of the Special City and County Highway Fund, each county receives, in total, at least the amount received from that fund and this fund in Fiscal Year 1999.

Kansas Department of Transportation  
 Combining Statement of Fiduciary Net Position  
 Custodial Funds  
 June 30, 2023  
 (amounts in thousands)

	Special City and County Highway Fund	County Equalization and Adjustment Fund	Custodial Funds
<b>Assets:</b>			
Cash	\$ 39,849	\$ 0	\$ 39,849
Receivables	12,473	0	12,473
Total assets	<u>\$ 52,322</u>	<u>\$ 0</u>	<u>\$ 52,323</u>
<b>Liabilities:</b>			
Due to cities and counties	\$ 52,322	\$ 0	\$ 52,322
Total liabilities	<u>\$ 52,322</u>	<u>\$ 0</u>	<u>\$ 52,322</u>
<b>Fiduciary net position:</b>			
Fiduciary net position	\$ 0	\$ 0	\$ 0
Total fiduciary net position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Kansas Department of Transportation  
 Combining Statement of Changes in Fiduciary Net Position  
 Custodial Funds  
 For the Fiscal Year ended June 30, 2023  
 (amounts in thousands)

	Special City and County Highway Fund	County Equalization and Adjustment Fund	Total Custodial Funds
Additions:			
Collections for other governments	\$ 156,086	\$ 0	\$ 156,086
Transfer from custodial fund	0	2,500	2,500
Total additions	<u>\$ 156,086</u>	<u>\$ 2,500</u>	<u>\$ 158,586</u>
Deductions:			
Payments to other governments	\$ 153,586	\$ 2,500	\$ 156,086
Transfer to custodial fund	2,500	0	2,500
Total deductions	<u>\$ 156,086</u>	<u>\$ 2,500</u>	<u>\$ 158,586</u>
Net Increase (decrease) in fiduciary net position	\$ 0	\$ 0	\$ 0
Total net position - beginning	0	0	0
Total net position - ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>





**STATISTICAL  
SECTION**

**Annual Comprehensive Financial Report  
For the fiscal year ended June 30, 2023**

## KANSAS DEPARTMENT OF TRANSPORTATION

### Statistical Section

This part of the Annual Comprehensive Financial Report presents information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Department's financial health. It is presented in five sections:

#### **Financial trends**

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

#### **Revenue capacity**

These seven schedules contain information to help the reader assess the Department's most significant own-source revenue, motor fuel taxes. In addition, information regarding vehicle registrations and sales taxes are presented in compliance with bond covenant continuing disclosure requirements.

#### **Debt capacity**

These two schedules present information to help the reader assess the affordability of the Department's current level of outstanding debt and its ability to issue additional debt.

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

Sources: Unless otherwise noted, the information in these schedules is derived from the ACFR for the relevant year.

Kansas Department of Transportation  
Net Position by Component  
(accrual basis of accounting)  
(amounts in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
Net investments in capital assets	\$ 10,185,136	\$ 10,292,208	\$ 10,238,462	\$ 10,609,749	\$ 10,636,023	\$ 10,612,685	\$ 10,783,512	\$ 11,019,185	\$ 11,370,662	\$ 11,951,011
Restricted for:										
Debt service	121,317	113,946	122,819	103,906	80,075	98,621	102,829	107,881	111,732	88,913
Transportation purposes	0	0	42,906	48,874	55,217	132,344	63,199	72,502	83,480	91,064
Unrestricted	462,853	241,494	260,047	63,032	341,402	566,135	750,245	821,985	983,120	796,205
<b>Total governmental activities net assets</b>	<b>\$ 10,769,306</b>	<b>\$ 10,647,648</b>	<b>\$ 10,664,234</b>	<b>\$ 10,825,561</b>	<b>\$ 11,112,717</b>	<b>\$ 11,409,785</b>	<b>\$ 11,699,785</b>	<b>\$ 12,021,553</b>	<b>\$ 12,548,994</b>	<b>\$ 12,927,193</b>
<b>Business-type Activities:</b>										
Net investments in capital assets	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for:										
Debt service	38,207	38,382	39,195	40,145	0	136	280	0	0	0
Unrestricted	22,458	22,652	22,903	23,156	23,208	21,323	21,978	22,921	23,464	24,284
<b>Total business-type activities net assets</b>	<b>\$ 60,665</b>	<b>\$ 61,034</b>	<b>\$ 62,098</b>	<b>\$ 63,301</b>	<b>\$ 23,208</b>	<b>\$ 21,459</b>	<b>\$ 22,258</b>	<b>\$ 22,921</b>	<b>\$ 23,464</b>	<b>\$ 24,284</b>
<b>Primary Government:</b>										
Net investments in capital assets	\$ 10,185,136	\$ 10,292,208	\$ 10,238,462	\$ 10,609,749	\$ 10,636,023	\$ 10,612,685	\$ 10,783,512	\$ 11,019,185	\$ 11,370,662	\$ 11,951,011
Restricted for:										
Debt service	159,524	152,328	162,014	144,051	80,075	98,757	103,109	107,881	111,732	88,913
Transportation	33,167	39,833	47,399	48,874	55,217	132,344	63,199	72,502	83,480	91,064
Unrestricted	452,144	224,313	278,457	86,188	364,610	587,458	772,223	844,906	1,006,584	820,489
<b>Total</b>	<b>\$ 10,829,971</b>	<b>\$ 10,708,682</b>	<b>\$ 10,726,332</b>	<b>\$ 10,888,862</b>	<b>\$ 11,135,925</b>	<b>\$ 11,431,244</b>	<b>\$ 11,722,043</b>	<b>\$ 12,044,474</b>	<b>\$ 12,572,458</b>	<b>\$ 12,951,477</b>

Note: The Department implemented GASB Statement No. 68 in FY 2015. Statement No. 68 was not retroactively implemented.  
Note: The Department implemented GASB Statement No. 75 in FY 2018. Statement No. 75 was not retroactively implemented.

Kansas Department of Transportation  
Changes in Net Position  
(accrual basis of accounting)  
(amounts in thousands)

	2014	2015	2016	2017	2018
<b>Expenses</b>					
Governmental activities:					
Maintenance and preservation	\$ 648,197	\$ 649,739	\$ 545,452	\$ 466,368	\$ 385,337
Communications system	7,158	9,155	7,482	7,658	7,380
Local support	139,735	151,971	190,320	187,213	158,787
General government	309,922	490,375	590,215	561,968	564,346
Rail, air and public transportation	19,451	16,556	19,808	23,408	40,060
Interest on long-term debt	61,036	63,328	32,605	67,467	69,612
Total governmental activities expenses	<u>1,185,499</u>	<u>1,381,124</u>	<u>1,385,882</u>	<u>1,314,082</u>	<u>1,225,522</u>
Business-type activities:					
Transportation revolving fund	2,666	1,983	1,122	764	216
Communications system fund	217	69	60	48	47
Total business-type activities expenses	<u>2,883</u>	<u>2,052</u>	<u>1,182</u>	<u>812</u>	<u>263</u>
Total primary government expenses	<u>\$ 1,188,382</u>	<u>\$ 1,383,176</u>	<u>\$ 1,387,064</u>	<u>\$ 1,314,894</u>	<u>\$ 1,225,785</u>
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government					
Vehicle registrations and drivers' licenses	\$ 211,644	\$ 218,788	\$ 214,428	\$ 219,710	\$ 218,765
Other	6,769	6,693	10,581	9,875	11,102
Operating grants and contributions	243,236	191,169	199,630	164,057	211,151
Capital grants and contributions	275,729	208,377	160,502	259,907	192,951
Total governmental activities program revenues	<u>737,378</u>	<u>625,027</u>	<u>585,141</u>	<u>653,549</u>	<u>633,969</u>
Business-type activities:					
Charges for services:					
Transportation revolving fund	1,677	1,419	1,153	965	771
Communications system fund	387	233	232	218	224
Total business-type activities program revenues	<u>2,064</u>	<u>1,652</u>	<u>1,385</u>	<u>1,183</u>	<u>995</u>
Total primary government program revenues	<u>\$ 739,442</u>	<u>\$ 626,679</u>	<u>\$ 586,526</u>	<u>\$ 654,732</u>	<u>\$ 634,964</u>
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (448,121)	\$ (756,097)	\$ (800,741)	\$ (660,533)	\$ (591,553)
Business-type activities	(819)	(400)	203	371	732
Total primary government net expense	<u>\$ (448,940)</u>	<u>\$ (756,497)</u>	<u>\$ (800,538)</u>	<u>\$ (660,162)</u>	<u>\$ (590,821)</u>
<b>General revenues</b>					
Governmental activities:					
Taxes					
Motor fuel taxes	\$ 294,285	\$ 288,016	\$ 298,477	\$ 299,646	\$ 304,705
Sales and use taxes	500,808	513,735	515,771	513,063	529,509
Investment earnings	(6,005)	156	(1,484)	4,879	7,336
Unrestricted appropriations from other state funds	2,595	2,196	4,563	4,272	1,101
Transfers	0	0	0	0	41,039
Total governmental activities general revenues	<u>791,683</u>	<u>804,103</u>	<u>817,327</u>	<u>821,860</u>	<u>883,690</u>
Business-type activities:					
Investment earnings	743	769	861	832	214
Transfers	0	0	0	0	(41,039)
Total business-type general revenues	<u>743</u>	<u>769</u>	<u>861</u>	<u>832</u>	<u>(40,825)</u>
Total primary government general revenues	<u>\$ 792,426</u>	<u>\$ 804,872</u>	<u>\$ 818,188</u>	<u>\$ 822,692</u>	<u>\$ 842,865</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 343,562	\$ 48,006	\$ 16,586	\$ 161,327	\$ 292,137
Business-type activities	(76)	369	1,064	1,203	(40,093)
Total primary government	<u>\$ 343,486</u>	<u>\$ 48,375</u>	<u>\$ 17,650</u>	<u>\$ 162,530</u>	<u>\$ 252,044</u>

Note: The Department implemented GASB Statement No. 68 in FY 2015. Statement No. 68 was not retroactively implemented.

Note: The Department implemented GASB Statement No. 75 in FY 2018. Statement No. 75 was not retroactively implemented.

Note: In fiscal year 2018, the Department changed its budget program structure, and some expenditures previously included in the Local Support and Rail, air & public transportation programs now appear in the Transportation Planning and Modal Support program.

(Continued on next page)

Kansas Department of Transportation  
Changes in Net Position  
(accrual basis of accounting)  
(amounts in thousands)

	2019	2020	2021	2022	2023
<b>Expenses</b>					
Governmental activities:					
Maintenance and preservation	\$ 539,962	\$ 586,085	\$ 684,967	\$ 736,975	\$ 1,052,556
Communications system	7,806	6,780	8,087	9,528	8,218
Local support	123,279	142,481	146,853	140,990	202,262
General government	511,550	398,732	323,827	270,904	173,981
Rail, air and public transportation	40,812	46,485	83,774	62,559	74,989
Interest on long-term debt	71,604	67,540	63,329	61,292	42,230
Total governmental activities expenses	<u>1,295,013</u>	<u>1,248,103</u>	<u>1,310,837</u>	<u>1,282,248</u>	<u>1,554,236</u>
Business-type activities:					
Transportation revolving fund	0	0	0	0	0
Communications system fund	13	9	40	9	9
Total business-type activities expenses	<u>13</u>	<u>9</u>	<u>40</u>	<u>9</u>	<u>9</u>
Total primary government expenses	<u>\$ 1,295,026</u>	<u>\$ 1,248,112</u>	<u>\$ 1,310,877</u>	<u>\$ 1,282,257</u>	<u>\$ 1,554,245</u>
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government					
Vehicle registrations and drivers' licenses	\$ 223,273	\$ 221,245	\$ 237,677	\$ 240,333	\$ 247,560
Other	8,909	8,358	8,665	9,083	14,376
Operating grants and contributions	289,968	406,505	379,454	457,635	339,024
Capital grants and contributions	162,549	40,681	89,313	120,511	253,098
Total governmental activities program revenues	<u>684,699</u>	<u>676,789</u>	<u>715,109</u>	<u>827,562</u>	<u>854,058</u>
Business-type activities:					
Charges for services:					
Transportation revolving fund	711	575	485	353	283
Communications system fund	180	159	210	173	43
Total business-type activities program revenues	<u>891</u>	<u>734</u>	<u>695</u>	<u>526</u>	<u>326</u>
Total primary government program revenues	<u>\$ 685,590</u>	<u>\$ 677,523</u>	<u>\$ 715,804</u>	<u>\$ 828,088</u>	<u>\$ 854,384</u>
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (610,314)	\$ (571,314)	\$ (595,728)	\$ (454,686)	\$ (700,178)
Business-type activities	878	725	655	517	317
Total primary government net expense	<u>\$ (609,436)</u>	<u>\$ (570,589)</u>	<u>\$ (595,074)</u>	<u>\$ (454,169)</u>	<u>\$ (699,861)</u>
<b>General revenues</b>					
Governmental activities:					
Taxes					
Motor fuel taxes	\$ 306,865	\$ 297,756	\$ 299,965	\$ 309,019	\$ 308,041
Sales and use taxes	532,955	549,003	610,299	668,451	733,564
Investment earnings	13,604	13,510	4,445	2,952	31,085
Unrestricted appropriations from other state funds	51,226	1,045	2,787	1,705	5,687
Transfers	2,732	0	0	0	0
Total governmental activities general revenues	<u>907,382</u>	<u>907,382</u>	<u>917,496</u>	<u>982,127</u>	<u>1,078,377</u>
Business-type activities:					
Investment earnings	105	74	8	26	503
Transfers	(2,732)	0	0	0	0
Total business-type general revenues	<u>(2,627)</u>	<u>(2,627)</u>	<u>8</u>	<u>26</u>	<u>503</u>
Total primary government general revenues	<u>\$ 904,755</u>	<u>\$ 904,755</u>	<u>\$ 917,504</u>	<u>\$ 982,153</u>	<u>\$ 1,078,880</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 297,068	290,000	\$ 321,768	\$ 527,441	\$ 378,199
Business-type activities	(1,749)	799	663	543	820
Total primary government	<u>\$ 295,319</u>	<u>\$ 290,799</u>	<u>\$ 322,431</u>	<u>\$ 527,984</u>	<u>\$ 379,019</u>

Note: The Department implemented GASB Statement No. 68 in FY 2015. Statement No. 68 was not retroactively implemented.

Note: The Department implemented GASB Statement No. 75 in FY 2018. Statement No. 75 was not retroactively implemented.

Note: In fiscal year 2018, the Department changed its budget program structure, and some expenditures previously included in the Local Support and Rail, air & public transportation programs now appear in the Transportation Planning and Modal Support program.

(Continued from previous page)

Kansas Department of Transportation  
Fund Balances of Governmental Funds  
(modified accrual basis of accounting)  
(amounts in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
State Highway Fund*										
Nonspendable										
Materials & supplies	\$ 23,983	\$ 23,465	\$ 24,598	\$ 25,615	\$ 24,266	\$ 23,095	\$ 24,320	\$ 24,662	\$ 28,331	\$ 28,433
Long-term receivable	0	1,495	9,721	8,597	7,572	6,348	5,224	4,250	3,400	2,725
Prepaid insurance	1,096	391	27	0	0	0	0	0	0	0
Assigned to:										
Next FY budget deficit	0	0	0	0	0	0	0	714,208	84,208	304,711
Unassigned	432,854	387,128	423,250	203,607	457,590	674,053	846,187	141,453	899,779	430,062
	<u>\$ 457,933</u>	<u>\$ 412,479</u>	<u>\$ 457,596</u>	<u>\$ 237,819</u>	<u>\$ 489,428</u>	<u>\$ 703,496</u>	<u>\$ 875,731</u>	<u>\$ 884,573</u>	<u>\$ 1,015,718</u>	<u>\$ 765,931</u>
All Other Governmental Funds										
Restricted for:										
Debt service	\$ 121,317	\$ 113,946	\$ 122,819	\$ 103,906	\$ 110,241	\$ 129,970	\$ 132,587	\$ 135,623	\$ 139,129	\$ 111,248
Transportation	33,167	39,833	47,399	48,874	55,217	132,344	63,169	72,502	83,480	91,066
Unassigned	(383,215)	(147,000)	(146,999)	0	0	0	0	0	0	0
Total	<u>\$ (228,731)</u>	<u>\$ 6,779</u>	<u>\$ 23,219</u>	<u>\$ 152,780</u>	<u>\$ 165,458</u>	<u>\$ 262,314</u>	<u>\$ 195,756</u>	<u>\$ 208,125</u>	<u>\$ 222,609</u>	<u>\$ 202,314</u>

\* - The Department's General Fund

Kansas Department of Transportation  
Changes in Fund Balances of Governmental Funds  
(modified accrual basis of accounting)  
(amounts in thousands)

	2014	2015	2016	2017	2018
<b>Revenues:</b>					
Motor fuel taxes	\$ 293,707	\$ 288,303	\$ 300,408	\$ 299,587	\$ 303,507
Sales and use taxes	501,291	512,360	519,239	513,533	530,765
Vehicle registration & permits	211,644	218,788	214,428	219,710	218,765
Intergovernmental	523,241	399,932	350,731	426,852	404,818
Investment earnings	584	1,059	1,832	1,245	4,831
Other	7,950	7,853	11,730	10,930	12,308
Appropriations from other state funds	2,595	2,196	4,563	4,272	1,101
<b>Total revenues</b>	<b>1,541,012</b>	<b>1,430,491</b>	<b>1,402,931</b>	<b>1,476,129</b>	<b>1,476,095</b>
<b>Expenditures:</b>					
Maintenance	126,314	134,126	116,656	115,277	132,447
Preservation	378,348	432,941	329,371	329,827	210,364
Modernization	27,850	19,528	38,145	35,699	46,580
Expansion and enhancement	272,014	344,574	369,812	254,961	140,191
Communication system	7,140	5,508	4,161	4,902	4,629
Local support	139,735	151,971	190,321	187,188	130,510
Rail, air & public transportation	19,452	16,556	19,809	23,432	0
Transportation planning and modal support	0	0	0	0	56,188
Administration	55,653	53,443	53,860	49,740	45,995
Distributions to other state funds	270,382	430,519	528,535	516,763	530,715
Contributions to custodial funds	0	0	0	0	0
Debt service					
Principal	80,790	90,065	102,670	107,310	108,285
Interest & fees	62,652	72,708	78,011	88,246	89,155
<b>Total expenditures</b>	<b>1,440,330</b>	<b>1,751,939</b>	<b>1,831,351</b>	<b>1,713,345</b>	<b>1,495,059</b>
Excess of revenues over (under) expenditures	100,682	(321,448)	(428,420)	(237,216)	(18,964)
<b>Other financing sources (uses):</b>					
Transfers - In	309,046	521,050	698,528	197,413	510,125
Transfers - Out	(309,046)	(521,050)	(698,528)	(197,413)	(469,086)
Sale of assets	0	0	0	0	0
Right-to-use lease initiation and SBITA initiation	0	0	0	0	0
Revenue bonds issued	0	250,000	400,000	0	200,000
Refunding bonds issued	0	212,875	190,875	0	0
Payment to refunded bonds escrow agent	0	0	(223,778)	0	0
Premium on bond issuance	0	48,629	122,880	0	42,212
Demand bonds	0	0	0	147,000	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>511,504</b>	<b>489,977</b>	<b>147,000</b>	<b>283,251</b>
<b>Net change in fund balances</b>	<b>\$ 100,682</b>	<b>\$ 190,056</b>	<b>\$ 61,557</b>	<b>\$ (90,216)</b>	<b>\$ 264,287</b>
Debt service as a percentage of noncapital expenditures	11.4%	11.3%	12.0%	13.6%	14.9%

Note - In fiscal year 2018, the Department changed its budget program structure, and some expenditures previously included in the Local Support and Rail, air & public transportation programs now appear in the Transportation Planning and Modal Support program.

(Continued on next page)

Kansas Department of Transportation  
Changes in Fund Balances of Governmental Funds  
(modified accrual basis of accounting)  
(amounts in thousands)

	2019	2020	2021	2022	2023
<b>Revenues:</b>					
Motor fuel taxes	\$ 308,435	\$ 297,484	\$ 300,129	\$ 308,998	\$ 308,186
Sales and use taxes	532,756	549,033	610,398	668,882	732,876
Vehicle registration & permits	223,273	221,245	237,677	240,333	247,560
Intergovernmental	444,494	448,427	465,709	574,936	594,972
Investment earnings	14,226	13,907	1,444	487	30,069
Other	8,639	9,009	6,729	8,877	13,034
Appropriations from other state funds	51,226	1,045	2,787	1,705	5,687
<b>Total revenues</b>	<b>1,583,049</b>	<b>1,540,150</b>	<b>1,624,873</b>	<b>1,804,218</b>	<b>1,932,384</b>
<b>Expenditures:</b>					
Maintenance	131,101	137,762	130,623	134,446	175,504
Preservation	333,429	390,509	493,960	504,622	666,940
Modernization	43,025	29,871	82,140	132,575	155,604
Expansion and enhancement	77,266	68,695	127,477	189,433	429,610
Communication system	5,406	4,598	6,274	7,563	6,803
Local support	81,230	90,912	109,180	102,475	143,011
Rail, air & public transportation	0	0	0	0	0
Transportation planning and modal support	73,566	85,477	111,222	91,670	132,628
Administration	47,319	53,965	58,169	59,888	71,180
Distributions to other state funds	473,872	365,498	267,821	229,937	120,719
Contributions to custodial funds	0	0	12,500	0	0
Debt service					
Principal	116,635	115,765	121,350	127,385	231,410
Interest & fees	93,987	92,295	86,165	79,999	72,712
<b>Total expenditures</b>	<b>1,476,836</b>	<b>1,435,347</b>	<b>1,606,881</b>	<b>1,659,993</b>	<b>2,206,121</b>
Excess of revenues over (under) expenditures	106,213	104,803	17,992	144,225	(273,737)
<b>Other financing sources (uses):</b>					
Transfers - In	380,659	303,001	244,593	243,814	307,446
Transfers - Out	(377,927)	(303,001)	(244,593)	(243,814)	(307,446)
Sale of assets	1,982	874	3,219	1,404	2,755
Right-to-use lease initiation and SBITA initiation	0	0	0	0	900
Revenue bonds issued	173,035	0	0	0	0
Refunding bonds issued	0	0	0	0	0
Payment to refunded bonds escrow agent	0	0	0	0	0
Premium on bond issuance	26,962	0	0	0	0
Demand bonds	0	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>204,711</b>	<b>874</b>	<b>3,219</b>	<b>1,404</b>	<b>3,655</b>
<b>Net change in fund balances</b>	<b>\$ 310,924</b>	<b>\$ 105,677</b>	<b>\$ 21,211</b>	<b>\$ 145,629</b>	<b>\$ (270,082)</b>
Debt service as a percentage of noncapital expenditures	16.1%	17.9%	15.2%	16.7%	18.1%

Note - In fiscal year 2018, the Department changed its budget program structure, and some expenditures previously included in the Local Support and Rail, air & public transportation programs now appear in the Transportation Planning and Modal Support program.

(Continued from previous page)



Kansas Department of Transportation  
Motor Fuel Taxes - Revenue Base and Rates

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue Base Information (gallons in thousands)											
Gasoline**	Gallons sold	1,209,576	1,279,876	1,207,880	1,153,667	1,320,296	1,211,488	1,213,979	1,198,813	1,061,013	N/A
Motor carrier	Trip permits	21,718	24,125	20,907	21,097	22,561	22,936	20,443	24,684	24,825	23,722
Diesel	Gallons sold	540,691	490,196	409,562	417,824	476,179	456,551	533,745	509,681	568,026	N/A
Liquid petroleum	Gallons sold	1,215	2,411	7,019	5,943	8,730	8,874	9,648	15,816	9,621	N/A

Some previously reported amounts above are routinely updated for late filings and other needed corrections.

Revenue Rate Information											
Gasoline	Cents per gallon	24	24	24	24	24	24	24	24	24	24
E-85	Cents per gallon	17	17	17	17	17	17	17	17	17	17
Motor carrier	Per permit	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00
Diesel	Cents per gallon	26	26	26	26	26	26	26	26	26	26
Liquid petroleum	Cents per gallon	23	23	23	23	23	23	23	23	23	23

\*\* - includes gasohol

Source: Revenue base information provided by Kansas Department of Revenue  
Revenue rate information derived from Kansas Statutes

Kansas Department of Transportation  
Motor Fuel Taxes - Receipts and Distribution  
(amounts in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gasoline	\$ 308,771	\$ 311,005	\$ 323,678	\$ 339,726	\$ 343,021	\$ 340,205	\$ 318,522	\$ 308,460	\$ 331,903	\$ 331,410
E-85	119	96	63	88	105	297	510	638	470	1,195
Motor carrier stations	313	340	272	301	294	361	266	321	323	342
Diesel (dealers)	124,600	120,593	119,445	108,395	109,665	110,445	126,952	129,460	126,943	128,133
Interstate motor fuel	11,401	10,829	9,940	11,942	10,147	11,100	8,942	9,502	9,841	7,374
Liquid petroleum	277	463	1,144	1,664	2,003	2,041	2,138	2,189	2,396	2,808
Total motor fuel tax receipts	445,481	443,326	454,542	462,116	465,235	464,449	457,330	450,570	471,876	471,262
Refunds	3,640	3,768	3,742	3,808	3,552	3,632	3,216	5,099	5,498	5,574
Ethyl Alcohol Incentive Fund	3,500	3,500	3,500	3,500	3,500	0	0	0	0	0
Net receipts to KDOT	438,341	436,058	447,300	454,808	458,183	460,817	454,114	445,471	466,378	465,688
Distributed to agency funds:										
Special City and County Highway Fund	144,914	144,146	147,927	150,452	151,587	152,473	150,219	147,312	154,343	154,111
County Equalization & Adjustment Fund	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Net to State Highway Fund*	\$ 290,927	\$ 289,412	\$ 296,873	\$ 301,856	\$ 304,096	\$ 305,844	\$ 301,395	\$ 295,659	\$ 309,535	\$ 309,077

\* - The Department's general fund

Source: Kansas Department of Revenue

Note: This data is presented to fulfill continuing disclosure requirements.

Kansas Department of Transportation  
Motor Fuel Taxes - Principal Remitters

Remitter	2023			2014		
	Tax Remitted (thousands)	Rank	Percentage of Total Taxes Remitted	Tax Remitted (thousands)	Rank	Percentage of Total Taxes Remitted
Firm X	\$ 65,203	1	14.20%	\$ 36,354	1	8.60%
Firm D	50,915	2	11.09%	28,855	4	6.82%
Firm H	28,031	3	6.11%	30,670	3	7.25%
Firm Y	24,130	4	5.26%	-	-	-
Firm W	18,979	5	4.13%	17,214	5	4.07%
Firm B	17,969	6	3.91%	32,800	2	7.76%
Firm CC	14,213	7	3.10%	-	-	-
Firm V	13,390	8	2.92%	15,673	7	3.71%
Firm BB	10,289	9	2.24%	-	-	-
Firm E	8,489	10	1.85%	11,181	9	2.64%
Firm A	-	-	-	16,914	6	4.00%
Firm R	-	-	-	12,693	8	3.00%
Firm U	-	-	-	9,619	10	2.27%
Total	<u>\$ 251,608</u>		<u>54.81%</u>	<u>\$ 211,973</u>		<u>50.12%</u>

Source: Information provided by Kansas Department of Revenue

Kansas Department of Transportation  
 Vehicle Registration Fee Schedule  
 For the Fiscal Year Ended June 30, 2023

Vehicle Category	Lowest		Highest	
	Fee	Weight Class	Fee	Weight Class
Passenger vehicles	\$ 30	0-4,500 lbs.	\$ 40	4,500+ lbs.
Regular trucks, operated more than 6,000 miles per year	40	0-12,000 lbs.	2,070	80-85,500 lbs.
Regular trucks, operated 6,000 miles or less per year	162	12-16,000 lbs.	1,145	80-85,500 lbs.
Local trucks	162	12-16,000 lbs.	1,145	80-85,500 lbs.
Farm trucks	57	12-16,000 lbs.	745	66,000+ lbs.
Custom harvesting farm trucks	82	12-16,000 lbs.	1,145	80-85,500 lbs.
Trailers, mobile homes	35	0-8,000 lbs.	55	12,000+ lbs.
		Number of Passengers		Number of Passengers
Buses	\$ 35	8-30	\$ 80	40+
	Flat Fee			
Motorized Bicycles	\$ 11			
Motorcycles	16			
Personalized Plates	40			
Antiques	40			
Special Interest Vehicles	26			
Modernization Surcharge per Vehicle	4			

Source: Information derived from Kansas Statutes

Note: This data is presented to fulfill continuing disclosure requirements.

Kansas Department of Transportation  
 Vehicle Registrations, Drivers' Licenses and Vehicle Permits  
 For the Fiscal Year Ended June 30  
 (amounts in thousands)

Fiscal Year	Vehicle Registration Fees*	Drivers' License*	Special Vehicle Permits	Total
2014	\$ 201,051	\$ 7,959	\$ 2,634	\$ 211,644
2015	208,935	7,090	2,763	218,788
2016	204,363	7,787	2,278	214,428
2017	208,159	8,843	2,708	219,710
2018	207,621	8,539	2,605	218,765
2019	210,704	8,872	3,697	223,273
2020	209,503	7,149	4,592	221,244
2021	222,869	7,175	7,633	237,677
2022	227,178	7,563	5,592	240,333
2023	233,190	8,164	6,206	247,560

Distribution: Vehicle Registration Fees and Special Vehicle Permits are retained 100% by the State Highway Fund. Drivers' Licenses are statutorily allocated between the Kansas Department of Transportation, the Kansas Highway Patrol and the Kansas Department of Education.

\* - Net of refunds

Source: Kansas Department of Revenue

Note: This data is presented to fulfill continuing disclosure requirements.

---

Kansas Department of Transportation  
Retailers' Sales Tax and Compensating Use Tax Rates  
For the Fiscal Year Ended June 30

---

Fiscal Year	Total State Tax Rate	Daily Direct <u>Deposit to SHF*</u> Percent
2014	6.15%	17.073%
2015	6.15%	17.073%
2016	6.50%	16.226%
2017	6.50%	16.154%
2018	6.50%	16.154%
2019	6.50%	16.154%
2020	6.50%	16.154%
2021	6.50%	16.154%
2022	6.50%	16.154%
2023	4.00%	17.000%

\* - State Highway Fund (the Department's general fund)

Note: The Retailers' Sales Tax and Compensating Use Tax rates are equal.

Note: This data is presented to fulfill continuing disclosure requirements.

Source: Kansas Statutes

Kansas Department of Transportation  
 Retailers' Sales Tax and Compensating Use Tax Deposits  
 For the Fiscal Year Ended June 30  
 (amounts in thousands)

Fiscal Year	Deposits to State General Fund		Deposits to State Highway Fund (Department's general fund)
	Sales Tax	Compensating Use Tax	Direct Deposit Sales & Compensating Use Tax
2014	\$ 2,102,239	\$ 344,017	\$ 485,314
2015	2,132,777	352,176	511,586
2016	2,273,941	384,992	517,698
2017	2,285,870	384,654	514,519
2018	2,341,693	406,514	529,863
2019	2,335,436	431,967	533,400
2020	2,352,523	479,060	545,786
2021	2,522,201	602,891	602,247
2022	2,759,402	775,033	681,205
2023	2,776,857	802,990	711,921

Source: Kansas Department of Revenue

Note: This data is presented to fulfill continuing disclosure requirements.

Kansas Department of Transportation  
Ratios of Outstanding Debt and Debt Margin Information  
For the Fiscal Year Ended June 30  
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Ratios of Outstanding Debt			Debt Margin Information															
	Total Principal Debt Outstanding	Percentage of Personal Income*	Per Capita*																
<b>Governmental activities</b>																			
2014	\$ 1,723,221	1.30%	\$ 593	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Calculation of Legal Debt Margin for Fiscal Year 2023</th> </tr> </thead> <tbody> <tr> <td colspan="2">Current State Highway Fund revenues net of</td> </tr> <tr> <td style="padding-left: 20px;">Distributions to other state funds</td> <td style="text-align: right;">\$ 1,777,277</td> </tr> <tr> <td>Maximum allowable annual Debt Service 18%</td> <td style="text-align: right;">319,910</td> </tr> <tr> <td>Maximum annual debt service on existing debt</td> <td style="text-align: right;">168,285</td> </tr> <tr> <td>Additional annual debt service allowed</td> <td style="text-align: right;">151,625</td> </tr> <tr> <td>Estimated additional debt available to be issued</td> <td style="text-align: right;">1,895,309</td> </tr> </tbody> </table>		Calculation of Legal Debt Margin for Fiscal Year 2023		Current State Highway Fund revenues net of		Distributions to other state funds	\$ 1,777,277	Maximum allowable annual Debt Service 18%	319,910	Maximum annual debt service on existing debt	168,285	Additional annual debt service allowed	151,625	Estimated additional debt available to be issued	1,895,309
Calculation of Legal Debt Margin for Fiscal Year 2023																			
Current State Highway Fund revenues net of																			
Distributions to other state funds	\$ 1,777,277																		
Maximum allowable annual Debt Service 18%	319,910																		
Maximum annual debt service on existing debt	168,285																		
Additional annual debt service allowed	151,625																		
Estimated additional debt available to be issued	1,895,309																		
2015	1,892,105	1.42%	650																
2016	2,273,923	1.61%	782																
2017	2,141,494	1.54%	735																
2018	2,248,707	1.54%	772																
2019	2,303,440	1.48%	791																
2020	2,159,938	1.32%	741																
2021	2,013,630	1.16%	686																
2022	1,863,998	1.06%	635																
2023	1,604,454	N/A	N/A																
<b>Business-type activities</b>																			
2014	\$ 53,020	0.04%	\$ 18	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Calculation of Legal Debt Margin for Fiscal Year 2023</th> </tr> </thead> <tbody> <tr> <td colspan="2">There are no dollar limitations on the debt that can be issued by the Transportation Revolving Fund or the Communication System Revolving Fund.</td> </tr> </tbody> </table>		Calculation of Legal Debt Margin for Fiscal Year 2023		There are no dollar limitations on the debt that can be issued by the Transportation Revolving Fund or the Communication System Revolving Fund.											
Calculation of Legal Debt Margin for Fiscal Year 2023																			
There are no dollar limitations on the debt that can be issued by the Transportation Revolving Fund or the Communication System Revolving Fund.																			
2015	46,992	0.04%	16																
2016	27,498	0.02%	9																
2017	16,423	0.01%	6																
2018	399	0.00%	0																
2019	0	N/A	N/A																
2020	0	N/A	N/A																
2021	0	N/A	N/A																
2022	0	N/A	N/A																
2023	0	N/A	N/A																
<b>Total primary government</b>																			
2014	\$ 1,776,241	1.34%	\$ 612																
2015	1,939,097	1.45%	666																
2016	2,301,421	1.63%	791																
2017	2,157,917	1.57%	741																
2018	2,249,106	1.55%	771																
2019	2,303,440	1.48%	791																
2020	2,159,938	1.32%	741																
2021	2,013,630	1.16%	686																
2022	1,863,998	1.06%	635																
2023	1,604,454	N/A	N/A																

Amounts include unamortized premium (discount) and unamortized deferred refunding difference.

N/A - Not available

\* - See following demographic and economic schedules for personal income and population data (not yet available for 2023).



Kansas Department of Transportation  
Highway Revenue Bond Coverage  
For the Fiscal Year Ended June 30  
(amounts in thousands)

Fiscal Year	Revenues Available for Debt Service	Bond Service Charges			Coverage
		Principal	Interest	Total	
2014	\$ 1,502,254	\$ 103,310	\$ 47,917	\$ 151,227	993%
2015	1,390,809	113,405	80,252	193,657	718%
2016	1,367,151	102,670	78,124	180,794	756%
2017	1,437,279	107,310	88,380	195,690	734%
2018	1,443,718	108,285	89,303	197,588	731%
2019	1,554,952	116,974	94,067	211,041	737%
2020	1,506,602	115,765	92,431	208,196	724%
2021	1,568,624	121,350	86,274	207,624	756%
2022	1,761,232	127,385	80,082	207,467	849%
2023	1,897,977	231,410	72,804	304,214	624%

Note: Revenues available for debt service are defined by resolution as all monies (including motor fuel taxes, state sales tax and compensating use taxes, drivers' licenses and vehicle registration fees, and reimbursements received from the federal government), transferred to, or credited to the State Highway Fund except for monies, the use of which is restricted by law from paying debt service on the bonds.

The 1999 resolution provided that any reimbursements received from local governments be excluded from revenue available for debt service.

Kansas Department of Transportation  
Demographic and Economic Statistics  
For the Fiscal Year Ended June 30

Fiscal Year	Estimated Population as of July 1 <sup>(1)</sup>	Personal Income (amounts in thousands) <sup>(2)</sup>	Per capita Personal Income <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
2014	2,904,021	\$ 132,613,601	\$ 45,546	5.1%
2015	2,911,641	133,374,790	45,876	4.7%
2016	2,907,289	141,394,251	48,537	3.8%
2017	2,913,123	138,672,947	47,603	3.7%
2018	2,911,505	146,027,800	50,155	3.4%
2019	2,912,635	155,647,600	53,439	3.4%
2020	2,913,805	163,385,100	56,073	7.5%
2021	2,934,582	174,089,800	59,324	3.7%
2022	2,937,150	176,675,700	60,152	2.6%
2023	N/A	N/A	N/A	N/A

N/A - Not Available

Data sources

- <sup>(1)</sup> U.S. Bureau of the Census
- <sup>(2)</sup> U.S. Department of Commerce (calendar year data)
- <sup>(3)</sup> State of Kansas Department of Labor, Kansas Labor Market Information Services

Kansas Department of Transportation  
Principal Employers  
Current Year and Ten Years Ago

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

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

Kansas Department of Transportation  
 Department Workforce  
 For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Maintenance and construction	2,230.0	2,223.5	2,054.5	1,880.0	1,913.3	1,905.5	1,888.2	1,780.5	1,787.5	1,733.0
Local support	51.0	51.0	45.0	42.0	18.0	18.0	21.0	18.0	23.0	23.0
Administration	0.0	0.0	0.0	0.0	348.0	349.5	360.8	371.8	396.8	418.8
Transportation planning and modal support	0.0	0.0	0.0	0.0	76.0	78.0	81.0	80.0	90.0	110.5
General government	<u>456.5</u>	<u>463.0</u>	<u>416.1</u>	<u>388.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total authorized positions	<u><u>2,737.5</u></u>	<u><u>2,737.5</u></u>	<u><u>2,515.6</u></u>	<u><u>2,310.0</u></u>	<u><u>2,355.3</u></u>	<u><u>2,351.0</u></u>	<u><u>2,351.0</u></u>	<u><u>2,250.3</u></u>	<u><u>2,297.3</u></u>	<u><u>2,285.3</u></u>

Note - The Department changed its budget program structure in FY 2018, and some employees previously included in the Local Support and General Government programs now appear in the Transportation Planning and Modal Support program.

Kansas Department of Transportation  
Operating Indicators  
For Calendar Year

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Maintenance and preservation										
Daily vehicle miles traveled										
Total state	84,135,915	85,970,381	87,711,855	88,248,910	88,192,458	87,261,356	76,103,043	86,899,740	85,763,126	N/A
State Highway System	27,535,711	27,583,783	28,345,332	28,647,719	28,701,016	28,468,247	26,222,678	28,805,079	28,660,989	N/A
General government										
Accidents (state wide)	58,527	60,391	61,854	58,792	64,882	64,505	52,353	57,410	58,245	N/A
Fatalities (state wide)	385	355	429	407	403	411	379	383	364	N/A
Rail, air and public transportation										
Activity at Kansas airports with commercial service										
Total enplanements	877,856	883,777	889,231	900,382	931,720	995,836	593,448	658,870	N/A	N/A
Landings & takeoffs	1,495,705	1,467,947	1,401,491	1,341,382	1,320,116	1,332,203	1,285,372	1,342,489	N/A	N/A
Public transit programs (fiscal year)										
Counties with public transit service available	84	85	85	85	87	86	86	85	90	94
Ridership - rural operators	2,968,108	3,026,841	2,669,267	2,530,940	2,525,569	2,516,503	2,194,746	1,111,907	1,804,527	1,937,616

N/A - Not Available

Kansas Department of Transportation  
Capital Asset Statistics  
For Calendar Year

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Maintenance and preservation										
Center lane miles										
Total state	140,476	140,654	142,046	142,054	142,201	140,372	140,112	139,181	139,011	N/A
State Highway System	9,461	9,405	9,414	9,414	9,414	9,362	9,386	9,386	9,392	N/A
Bridges										
Total state	24,969	24,894	24,883	24,786	24,932	24,948	24,926	24,925	24,932	24,907
State Highway System	5,140	5,090	5,112	5,121	5,128	5,111	5,135	5,135	5,144	5,159
Rail, air and public transportation										
Aircraft based at Kansas airports with commercial service	2,467	2,350	2,593	2,473	2,456	2,410	2,293	2,461	N/A	N/A
Public transit programs (fiscal year)										
Vehicles operated at year end	753	749	768	747	730	763	832	875	834	824

N/A - Not Available



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

Secretary of Transportation  
Kansas Department of Transportation  
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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kansas Department of Transportation (the Department), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated September 15, 2023.

***Report on Internal Control Over Financial Reporting***

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

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

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 that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

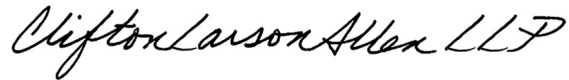
Secretary of Transportation  
Kansas Department of Transportation

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
September 15, 2023