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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

AND

INDEPENDENT AUDITOR'S REPORT

AGH
CPAs & ADVISORS

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

AND

INDEPENDENT AUDITOR’S REPORT

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

FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

TABLE OF CONTENTS

This is a copy of the KDFA's annual financial statements reproduced from an electronic file. An original copy of this document is available at the KDFA's office.

AGH CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements
We have audited the accompanying financial statements of Kansas Development Finance Authority (KDFA), a component unit of the State of Kansas, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise KDFA's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KDFA as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise KDFA's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021 on our consideration of KDFA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KDFA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KDFA's internal control over financial reporting and compliance.

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

September 24, 2021
Wichita, KS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- KDFA's total net position increased by $471,086 from the previous year.
- During the year, KDFA's revenues exceeded expenses by $471,086. KDFA had operating expenses of $1,659,905 in 2021 compared to $1,660,341 in 2020, and operating revenues of $2,090,969 and $1,854,897 for those same years.
- Revenues received but not earned (unearned revenues) increased by $90,572 to $2,952,549 during fiscal 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

FINANCIAL ANALYSIS OF KDFA AS A WHOLE

The following analysis focuses on KDFA's operating assets, deferred outflows, liabilities, and deferred inflows. The following table excludes the balances for Investment in Direct Financing Leases and Lease Revenue Bonds. See the Notes to the Financial Statements for discussion related to these accounts. Balances for these accounts fluctuate each year based on the number of bond issuances and redemptions.

	In Thousands of Dollars			Increase (Decrease)	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
Current and other assets	$ 13,575	$ 12,898	$ 11,882	$ 677	$ 1,016
Capital assets	271	339	380	(68)	(41)
Total assets	13,846	13,237	12,262	609	975
Deferred outflows - pension	307	220	253	87	(33)
Deferred outflows - OPEB	14	20	20	(6)	--
Total deferred outflows	321	240	273	81	(33)
Long-term liabilities	3,740	3,702	3,673	38	29
Other liabilities	978	906	773	72	133
Total liabilities	4,718	4,608	4,446	110	162
Deferred inflows - pension	184	88	137	96	(49)
Deferred inflows - OPEB	21	10	4	11	6
Total deferred inflows	205	98	141	107	(43)
Total net position	$ 9,244	$ 8,771	$ 7,948	$ 473	$ 823
Operating revenues	$ 2,091	$ 1,855	$ 993	$ 236	$ 862
Non-operating revenues	40	629	591	(589)	38
Total revenues	2,131	2,484	1,584	(353)	900
Operating expenses	1,660	1,660	1,715	--	(55)
Non-operating expenses	--	--	--	--	--
Total expenses	1,660	1,660	1,715	--	(55)
Excess of revenues over expenses	471	824	(131)	(353)	955
Change in net position	$ 471	$ 824	$ (131)	$ (353)	$ 955

Total assets, deferred outflows, liabilities, deferred inflows, and net position: Overall, the significant balance sheet accounts such as cash, investments, and unearned revenues fluctuate depending on the number and dollar amount of bond issuances completed each year. In fiscal 2021 and 2020, approximately $542,661,000 and $461,295,000 were issued in bonds each year, respectively.

Change in net position: The majority of KDFA's revenue comes from issuance fees and annual fees, which produce approximately 90% of KDFA's operating revenues. The amount of revenues from KDFA's issuance fee increased to $1,010,489 in 2021 from $961,092 in 2020. Additionally, the amount of revenues from KDFA's annual fee increased to $862,015 in 2021 from $746,413 in 2020.

Overall operating expenses decreased by $436 as a result of increases and decreases to various expenditures. Continuing education expenses decreased by $2,714 due to the pandemic and reduced travel. The amount recorded in professional services expense decreased by $15,708 mainly due to lower legal and post-issuance compliance costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: Capital assets include furniture, office and computer equipment, and building improvements. Improvements are depreciated over the ten-year life of the lease. Furniture and equipment are depreciated over a three to five year time frame. For additional information on capital assets, see Note 4.

Long-term Debt: See financial highlights above for discussion of unearned revenues. For additional information on debt, see Notes 5, 6, 7 and supplementary information.

ECONOMIC FACTORS

Forecasting through the next 12 months, as the COVID-19 pandemic continues to present economic challenges on many fronts, KDFA continues to see a very favorable tax-exempt debt interest rate environment, and well rated bonds should continue to price attractively. The Federal Reserve has continued to keep the federal funds rate in historically low territory in a range of 0% to 0.25% as compared to 2.25% in July of 2019. The Federal Open Market Committee has indicated it plans to maintain a low interest rate environment through 2022 even if the policy results in slightly higher inflation. Issuers including KDFA are seeing and taking advantage of attractive refunding opportunities for economic savings, KDFA priced a large refunding transaction for the State of Kansas in August at a true interest cost at 1.099 %. KDFA anticipates additional economic refunding opportunities of previously issued KDFA bonds to continue to present over the coming months.

The State of Kansas monthly revenues have continued to exceed Consensus Revenue Estimates for the State most recently revised in April. The State legislature opted to take advantage of the low interest rate environment authorizing another $500 million in bonds to make a deposit to KPERS to invest proceeds to help improve the unfunded actuarial liability of the KPERS system, and also authorized $120 million in bonds to address renovation of the Docking Building located in the Capitol Complex. Wichita State University received a $15 million authorization to construct a Convergence Science Building, and KDFA issued combined new money and refunding revenue bonds in the amount of $65,210,000 for WSU in July 2021.

As mentioned above, KDFA anticipates additional current refunding opportunities for certain outstanding bond issues as bond optional redemption dates present. On the private activity side, KDFA continues to see an active environment for affordable multifamily housing, and is currently working on a number of multifamily bond transactions, and anticipates additional multifamily and possibly health care finance activity in the coming months.

CONTACTING KDFA'S FINANCIAL MANAGEMENT

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

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

BALANCE SHEETS

June 30, 2021 and 2020

ASSETS AND DEFERRED OUTFLOWS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 179,027	$ 159,220
Cash with fiscal agent	1,456	--
Investments	10,239,153	9,688,243
Investments, restricted	2,952,549	2,861,977
Accounts receivable	130,662	103,080
Prepaid expenses	72,120	85,828
Investment in direct financing leases, current portion	3,815,013	375,000
Total current assets	17,389,980	13,273,348
INVESTMENTS IN DIRECT FINANCING LEASES, NET OF CURRENT PORTION	30,364,047	400,000
CAPITAL ASSETS		
Furniture and equipment	322,563	317,023
Building improvements	585,984	585,984
Less accumulated depreciation and amortization	(637,663)	(563,909)
Net capital assets	270,884	339,098
DEFFERED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	306,547	220,117
Deferred outflows - OPEB	13,562	20,316
Total deferred outflows of resources	320,109	240,433
Total assets and deferred outflows of resources	$ 48,345,020	$ 14,252,879

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	2021	2020
CURRENT LIABILITIES		
Accrued salaries and related benefits	**$ 545,657**	$ 479,283
Accounts payable	**56,435**	68,413
Unearned revenue - current portion	**376,191**	358,270
Lease revenue bonds payable, current portion	**3,815,013**	375,000
Total current liabilities	**4,793,296**	1,280,966
LONG-TERM LIABILITIES		
Unearned revenue	**2,576,358**	2,503,707
Lease revenue bonds payable	**30,364,047**	400,000
Total OPEB liability	**7,685**	27,275
Net pension liability	**1,156,236**	1,170,992
Total long-term liabilities	**34,104,326**	4,101,974
Total liabilities	**38,897,622**	5,382,940
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	**184,402**	88,173
Deferred inflows - OPEB	**20,565**	10,421
Total deferred inflows of resources	**204,967**	98,594
NET POSITION		
Invested in capital assets	**270,884**	339,098
Unrestricted	**8,971,547**	8,432,247
	9,242,431	8,771,345
Total liabilities, deferred inflows of resources and net position	**$ 48,345,020**	$ 14,252,879

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

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended June 30, 2021 and 2020

	2021	2020
Operating revenues:		
Issuance fees	**$ 1,010,489**	$ 961,092
Annual fees	**862,015**	746,413
Application fees	**5,700**	9,900
Miscellaneous revenue	**212,765**	137,492
Total operating revenues	**2,090,969**	1,854,897
Operating expenses:		
Salaries and related payroll expense	**1,002,024**	964,513
Pension expense	**108,101**	100,500
OPEB expense	**4,051**	5,831
Telecommunications	**10,237**	9,835
Maintenance agreements and repairs	**24,323**	30,234
Publication fees and advertising	**1,013**	3,995
Rents	**93,372**	88,753
Insurance	**49,695**	50,129
Travel	**109**	526
Continuing education expenses	**2,212**	4,926
Professional services	**248,400**	264,108
Memberships and subscriptions	**7,539**	8,557
Professional and office supplies	**24,104**	22,747
Depreciation and amortization	**74,930**	94,444
Miscellaneous	**9,795**	11,243
Total operating expenses	**1,659,905**	1,660,341
Operating profit (loss)	**431,064**	194,556
Non-operating revenues:		
Investment income	**174,340**	254,377
Net change in fair value of investments	**(134,318)**	374,184
Total non-operating revenues	**40,022**	628,561
Excess of revenues over expenses (expenses over revenue)	**471,086**	823,117
Net position, beginning of year	**8,771,345**	7,948,228
Net position, end of year	**$ 9,242,431**	$ 8,771,345

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

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

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Cash received from others	$ 2,063,387	$ 1,842,217
Cash paid to others	(1,434,531)	(1,430,576)
Net cash flow from operating activities	628,856	411,641
Cash flows from capital and related financing activities:		
Purchases of capital assets	(6,716)	(53,186)
Proceeds from sale of capital assets	583	--
Net cash flow from capital and related financing activities	(6,133)	(53,186)
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	(601,649)	(302,957)
Purchase of investments	(39,833)	(623,933)
Interest and dividends on investments	40,022	628,561
Net cash flow from investing activities	(601,460)	(298,329)
Net change in cash and cash equivalents	21,263	60,126
Cash and cash equivalents, beginning of year	159,220	99,094
Cash and cash equivalents, end of year	$ 180,483	$ 159,220
Cash and cash equivalents	179,027	159,220
Cash held with fiscal agent	1,456	--
	$ 180,483	$ 159,220
Reconciliation of operating income to net cash flow from operating activities:		
Operating income (loss)	$ 431,064	$ 194,556
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:		
Depreciation and amortization	74,930	94,444
(Gain) on sale of capital assets	(583)	--
Change in assets, deferred outflows, liabilities and deferred inflows:		
(Increase) decrease in:		
Accounts receivable	(27,582)	(12,680)
Prepaid expenses	13,708	(16,359)
Deferred outflows - pension	(86,430)	32,612
Deferred outflows - OPEB	6,754	12
Accrued salaries and related benefits	66,374	87,027
Accounts payable	(11,978)	14,665
Unearned revenue	90,572	74,160
Total OPEB liability	(19,590)	(20,577)
Net pension liability	(14,756)	6,253
Deferred inflows - pension	96,229	(48,641)
Deferred inflows - OPEB	10,144	6,169
Net cash flow from operating activities	$ 628,856	$ 411,641

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

STATEMENTS OF CASH FLOWS
(Continued)

Years Ended June 30, 2021 and 2020

Non-Cash Transactions

KDFA issued a lease revenue bond to finance a capital project during the year ended June 30, 2021. The principal amount issued during the year was $37,151,615. There were no lease revenue bonds issued in 2020.

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

	2021	2020
Principal payments and redemptions made on lease revenue bonds	**$ 3,747,555**	$ 360,000
Interest revenue on lease revenue bonds	**$ 759,603**	$ 50,640
Interest expense on lease revenue bonds	**$ 759,603**	$ 50,640

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

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

As of June 30, 2021 and 2020, investments consist of funds invested in the Kansas Municipal Investment Pool (KMIP) and Vanguard investment account. The KMIP is an external investment pool not SEC (Securities and Exchange Commission) registered, which is regulated by the State. The investment in the KMIP is valued at cost. The Vanguard investment account is valued at fair value.

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

Cash Held for Others - KDFA has a Custodial Agreement with UMB Bank, N.A. for UMB Bank, N.A. to act as a depository for wire transfers of good faith deposits (Deposits) which may be a requirement in the Notice of Bond Sale. UMB Bank, N.A. holds the Deposits until notified by KDFA of the successful bidder. Deposits submitted by unsuccessful bidders will not be accepted or shall be returned in the same manner received. If a bid is accepted, and the successful bidder complies with all terms and conditions of the Notice of Bond Sale, UMB Bank, N.A. transfers the Deposit to KDFA one day before the bond closing date and the amount is deducted from the purchase price. No interest on the Deposit is paid by KDFA. There were no amounts recorded as cash held for others as of June 30, 2021 or 2020.

Accounts Receivable - KDFA uses the reserve method of accounting for bad debts. Under this method, all uncollectible accounts are charged to the allowance account, and bad debt expense is determined by adjusting the balance in the allowance account to a reserve considered reasonable by management. As of June 30, 2021 and 2020, KDFA fully expects to collect all receivable balances.

Capital Assets - Capital assets are carried at historical cost less depreciation or amortization. Individual items with an initial cost of more than $1,000 are capitalized. In addition, similar acquisitions of similar assets that on an individual basis are below the capitalization threshold, but are significant in total, are also capitalized. Major renewals and betterments are capitalized, and maintenance and repairs, which do not improve or extend the life of the respective assets, are charged against earnings in the current period. Depreciation and amortization are provided on the straight-line method over estimated useful lives ranging from two to ten years.

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

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

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

Net Position - Net position of KDFA is classified in two components. The investment in capital assets consists only of capital assets because there is no outstanding debt related to the acquisition of those assets. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets net position.

Deferred Inflows of Resources/Deferred Outflows of Resources - In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. KDFA has two items that qualify for reporting in this category. They are the deferred outflows for pensions and OPEB. See Note 8 and 10, respectively, for more information on these deferred outflows.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. KDFA has two items that qualify for reporting in this category. They are the deferred inflows for pensions and OPEB. See Note 8 and 10, respectively, for more information on these deferred inflows.

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

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

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

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

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

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

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

2. CASH AND INVESTMENTS

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

As of June 30, 2021 and 2020, KDFA has $1,072,852 and $471,202, respectively, invested in the State of Kansas Municipal Investment Pool. As of June 30, 2021 and 2020, KDFA has $12,118,850 and $12,079,018, respectively, invested in Vanguard short-term index funds.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, KDFA will not be able to recover the value of its deposits or investments that are in the possession of an outside party. The bank balances of KDFA’s deposits at June 30, 2021 and 2020 totaled $177,782 and $157,535, respectively. UMB Bank will pledge collateral to a Federal Reserve account for bank balances in excess of the Federal Deposit Insurance Corporation (FDIC) limit, as well as by the standard coverage of the FDIC.

Credit Risk. KDFA’s policy limits investments to those allowed by State statute, and further to those with one of the top two ratings from Standard & Poor’s or Moody’s Investor Services, depending on the type of investment. As of June 30, 2021 and 2020, KDFA was invested in the Kansas Municipal Investment Pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed secuirties. In addition, the State pool may invest in repurchase agreements

2. CASH AND INVESTMENTS (CONTINUED)

with Kansas banks or with primary government securities dealers. The Vanguard Short Term Bond Index Fund's (Fund) underlying securities are U.S. government, high quality (investment-grade) corporate, and investment-grade international dollar-denominated bonds. The Fund's underlying securities have an average rating of Aa.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from the fluctuations in interest rates, KDFA's investment policy limits investment maturities as follows: the portion of the portfolio equal to 150% of the current year annual operating expense budget shall be continuously invested in obligations which have maturities of twelve months or less.

Monies in excess of the 150% may be invested in obligations greater than twelve months, but no more than sixty months.

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

		June 30, 2021 Investment Maturities (In Years)		
Investment Type	June 30, 2021	Less than 1	1-5	Fair Value Hierarchy
KMIP	$ 1,072,852	$ 1,072,852	$ --	N/A
Vanguard short-term bond index fund	12,118,850	12,118,850	--	Level 1
Total	$ 13,191,702	$ 13,191,702	$ --	

		June 30, 2020 Investment Maturities (In Years)		
Investment Type	June 30, 2020	Less than 1	1-5	Fair Value Hierarchy
KMIP	$ 471,202	$ 471,202	$ --	N/A
Vanguard short-term bond index fund	12,079,018	12,079,018	--	Level 1
Total	$ 12,550,220	$ 12,550,220	$ --	

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

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

2. CASH AND INVESTMENTS (CONTINUED)

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

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

3. INVESTMENT IN DIRECT FINANCING LEASES

KDFA issues lease revenue bonds to facilitate construction of certain capital projects for various State agencies. KDFA's interests in the projects have been assigned to various State governmental units through the use of financing lease transactions. Contained in the trust indenture or resolution and lease agreement for each series of bonds is a capital lease provision by which lease revenues paid by the various governmental units, as tenants, to KDFA as lessor, are pledged to pay bond debt service. Amounts are actually paid by the State agencies directly to the bond paying agents for the lease revenue bonds.

Net investment in direct financing leases as of June 30 are as follows:

	2021	2020
Total minimum lease payments to be received	$ 38,707,433	$ 824,661
Less: unearned income	(4,528,373)	(49,661)
Net investment in direct financing leases	$ 34,179,060	$ 775,000

The future minimum lease payments to be received by KDFA under the direct financing leases mirrors the payments to be made by KDFA under the lease revenue bonds payable as explained in Note 5.

4. CAPITAL ASSETS

Capital assets activity for the years ended June 30 was as follows:

	June 30, 2020 Balance	Increases	Transfers and Decreases	June 30, 2021 Balance
Furniture and equipment	$ 317,023	$ 6,716	$ (1,176)	$ 322,563
Building improvements	585,984	--	--	585,984
Total capital assets being depreciated	903,007	6,716	(1,176)	908,547
Less accumulated depreciation:				
Furniture and equipment	(267,389)	(16,798)	1,176	(283,011)
Building improvements	(296,520)	(58,132)	--	(354,652)
Total accumulated depreciation	(563,909)	(74,930)	1,176	(637,663)
Total capital assets, net	$ 339,098	$ (68,214)	$ --	$ 270,884

	June 30, 2019 Balance	Increases	Transfers and Decreases	June 30, 2020 Balance
Furniture and equipment	$ 313,152	$ 53,186	$ (49,315)	$ 317,023
Building improvements	585,984	--	--	585,984
Total capital assets being depreciated	899,136	53,186	(49,315)	903,007
Less accumulated depreciation:				
Furniture and equipment	(280,392)	(36,312)	49,315	(267,389)
Building improvements	(238,388)	(58,132)	--	(296,520)
Total accumulated depreciation	(518,780)	(94,444)	49,315	(563,909)
Total capital assets, net	$ 380,356	$ (41,258)	$ --	$ 339,098

5. LEASE REVENUE BONDS PAYABLE

Lease revenue bonds are limited obligations of KDFA, payable solely from revenues, rents, and receipts or subject to annual State appropriations. They do not represent general obligations of the State, or any political subdivision thereof, or of KDFA. KDFA records lease revenue bonds payable and investment in direct financing leases for all revenue bonds issued and outstanding which are secured by a capital lease agreement. Activity for the years ended June 30, 2021 and 2020 included additions (issuances) of $37,151,615 and $0 and reductions (principal payments or redemptions) of $3,747,555 and $360,000, respectively.

5. LEASE REVENUE BONDS PAYABLE (CONTINUED)

Lease revenue bonds payable are as follows at June 30, 2021 and June 30, 2020:

	2021	2020
Series 2001W-1 - State of Kansas Department of Human Resources Project, $1,720,000 Lease Revenue Bonds dated November 1, 2001, with aggregate amounts due annually from $25,000 to $130,000, due October 1, 2001 through October 1, 2021, at interest rates ranging from 3.00% to 5.00%. (This bond issue was included in the Pooled Bond issue, Series 2001W).	$ 130,000	$ 255,000
Series 2002H - State of Kansas Department of Human Resources, Acquisition & Renovation Project, and $3,765,000 Lease Revenue Bonds dated August 15, 2002, with aggregate amounts due annually from $140,000 to $270,000, due May 1, 2003 through May 1, 2022, at interest rates ranging from 2.50% to 4.70%.	270,000	520,000
Series 2020K - State of Kansas Appropriation Lease Finance Project, and $37,151,615 Lease with Option to Purchase dated July 17, 2020, with aggregate amounts due annually from $2,100,000 to $4,400,000 due December 1, 2020 through June 1, 2030, at an interest rate of 2.24%.	33,779,060	--
	34,179,060	775,000
Less current portion due within one year	3,815,013	375,000
	$ 30,364,047	$ 400,000

Scheduled reduction of lease revenue bonds payable is as follows for the years ending June 30:

	Principal	Interest
2022	$ 3,815,013	$ 772,569
2023	3,574,009	680,155
2024	3,734,818	600,097
2025	3,896,978	516,437
2026-2030	19,158,242	1,199,512
	$ 34,179,060	$ 3,768,770

6. KDFA SPECIAL OBLIGATION BONDS

Unlike lease revenue bonds for which KDFA has recorded lease revenue bonds payable and an investment in direct financing leases, the bond obligations and notes and bonds with original maturities of one year or less, contain no capital lease provisions under which KDFA acts as lessor. These bond obligations have various revenue streams that are pledged for repayment of principal and interest. These bonds are special limited obligations of KDFA, neither the principal of, redemption premium, if any, nor interest on these bonds constitutes a general obligation or indebtedness of, nor is the payment thereof guaranteed by KDFA or the State. Accordingly, special obligation bonds are not included in KDFA's balance sheet. The amounts of special obligation bonds outstanding as of June 30, 2021 and 2020 were $2,766,858,450 and $2,919,831,077, respectively.

7. PRIVATE ACTIVITY BONDS

Unlike lease revenue bonds for which KDFA has recorded lease revenue bonds payable and an investment in direct financing leases, the private activity bonds are special limited obligations of KDFA and are made payable solely from a pledge of the applicable trust estate that is comprised of a particular designated revenue stream of the borrower. Accordingly, such private activity bonds are not included on KDFA's balance sheet. The amounts of private activity bonds outstanding as of June 30, 2021 and 2020 were $1,093,806,890 and $1,065,336,653, respectively.

From the inception of the program through June 30, 2021 and 2020, the Beginning Farmer Loan Program had issued $109,564,369 and $105,418,962 in bonds, respectively.

8. EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

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.

8. EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

The accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

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

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

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

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate was 9.22% and 14.23%, respectively, for the fiscal year ended June 30, 2021 and 9.49% and 14.41%, respectively, for the fiscal year ended June 30, 2020. Contributions to the pension plan from KDFA were $113,058 and $110,276 for the years ended June 30, 2021 and 2020, respectively.

8. EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

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

	June 30, 2021	June 30, 2020
Net pension liability	$ 1,156,236	$ 1,170,992
Measurement date	June 30, 2020	June 30, 2019
Valuation date	December 31, 2019	December 31, 2018
Proportion	0.016%	0.018%
Change in proportion	-0.002%	0.000%

The collective net pension liability is measured by KPERS each June 30, and the total pension liability used to calculate the collective net pension liability is determined by an actuarial valuation as of each December 31, rolled forward to June 30. KDFA's proportion of the collective net pension liability was based on the ratio of KDFA's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School Subgroup within KPERS for the fiscal years ended June 30, 2020 and 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

For the years ended June 30, 2021 and 2020, KDFA recognized pension expense of $108,101 and $100,500, respectively. At June 30, 2021 and 2020, KDFA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 16,102	$ 12,709	$ 10,174	$ 30,287
Net difference between projected and actual earnings on pension plan investments	102,442	-	19,463	-
Changes in proportionate share	15,901	171,693	48,755	57,455
Changes in assumptions	59,044	-	31,449	431
KDFA contributions subsequent to measurement date	113,058	-	110,276	-
Total	$ 306,547	$ 184,402	$ 220,117	$ 88,173

The $113,058 reported as deferred outflows of resources related to pensions resulting from KDFA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

8. EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Year ended June 30:		
2022	$	(9,687)
2023		739
2024		13,834
2025		6,542
2026		(2,341)
	$	9,087

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

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted for the three-year period beginning January 1, 2016. The experience study is dated January 7, 2020.

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

8. EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	23.5%	5.2%
Non-U.S. Equities	23.5	6.40
Private Equity	8.0	9.5
Private Real Estate	11.0	4.45
Yield Driven	8.0	4.7
Real Return	11.0	3.25
Fixed Income	11.0	1.55
Short-term investments	4.0	.25
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.50%. The discount rate used to measure the total pension liability at the prior measurement date of June 30, 2019 was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State/School employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The statutory cap for the State fiscal year 2020 was 1.2%. The State/School employers are currently contributing the full actuarial contribution rate. The expected KPERS employer actuarial contribution rate was modeled for future years, assuming all actuarial assumptions are met in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of KDFA's proportionate share of the collective net pension liability to changes in the discount rate. The following presents KDFA's proportionate share of the collective net pension liability calculated using the discount rate of 7.50% and 7.75% for fiscal 2021 and 2020, respectively, as well as what KDFA's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%/6.75%) or 1-percentage-point higher (8.50%/8.75%) than the current rate:

	1% Decrease 6.50% / 6.75%	Current Discount Rate 7.50% / 7.75%	1% Increase 8.50% / 8.75%
June 30, 2021	$ 1,533,055	$ 1,156,236	$ 838,493
June 30, 2020	$ 1,602,780	$ 1,170,992	$ 808,624

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

8. EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

9. DEFERRED COMPENSATION PLAN

As a component unit of the State of Kansas, KDFA participates in the State's Deferred Compensation Plan, a voluntary defined contribution retirement plan, as authorized by Internal Revenue Services (IRS) Code Section 457. Salary reduction agreements are made with eligible employees whereby prescribed amounts are withheld from the employee's pay and remitted to the Trustee, Great West Financial, which invests the withholdings in allowable investments in accordance with the investment instructions of the employees. These monies are not available to employees until termination or retirement from employment, death, or unforeseeable emergency. Any classified or unclassified employees, except those employed on an emergency, temporary, or intermittent basis, are eligible on their first day of employment to participate in this plan. During fiscal year 2021 and 2020, five and seven employees, respectively, of KDFA participated in this plan.

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

10. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

KPERS Death and Disability OPEB Plan

Plan Description. KDFA participates in an agent multiple-employer defined benefit other post-employment benefit (OPEB) plan (Plan) which is administered by KPERS. The Plan provides long-term disability benefits and life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. Because the trust's assets are used to pay employee benefits other than OPEB, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the Plan.

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

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

10. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

benefits, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability occurs after age 60, benefits are payable while disability continues, for a period of 5 years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the term of the disability or 24 months per lifetime, whichever is less. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of-living increase.

Group life waiver of premium benefit: Upon the death of an employee who is receiving monthly disability benefits, the Plan will pay a lump-sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of the member's annual rate of compensation at the time of disability or the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for 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.

Employees covered by benefit terms. At June 30, 2021, the following employees were covered by the benefit terms:

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

Total OPEB Liability

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

	June 30, 2021	June 30, 2020
Total OPEB Liability	$ 7,685	$ 27,275
Measurement date	June 30, 2020	June 30, 2019
Valuation date	December 31, 2019	December 31, 2018

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

10. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Price inflation	2.75%
Payroll growth	3.00%
Salary increases, including inflation	3.50 to 10%, including price inflation
Discount rate	2.21% for June 30, 2020 measurement date
Healthcare cost trend rates	Not applicable for the coverage in this Plan
Retiree share of benefit cost	Not applicable for the coverage in this Plan

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on actuarial experience study for the period July 1, 2014 – June 30, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2019 KPERS pension valuation.

Changes in the Total OPEB Liability

	June 30, 2021 Total OPEB Liability	June 30, 2020 Total OPEB Liability
Beginning balance	$ 27,275	$ 47,852
Changes for the year:		
Service cost	5,653	5,398
Interest	919	1,673
Effect of economic/demographic gains or losses	(11,149)	(7,180)
Effect of assumptions changes or inputs	(1,528)	(241)
Benefit payments	(13,485)	(20,227)
Net changes	(19,590)	(20,577)
Ending balance	$ 7,685	$ 27,275

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate decreased from 3.50% on June 30, 2019 to 2.21% on June 30, 2020 and decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of KDFA, as well as what KDFA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%/2.50%) or 1-percentage-point higher (3.21%/4.50%) than the current discount rate:

10. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

	1% Decrease (1.21% / 2.50%)	Current Discount Rate (2.21% / 3.50%)	1% Increase (3.21% / 4.50%)
June 30, 2021	$ 6,380	$ 7,685	$ 8,605
June 30, 2020	$ 26,407	$ 27,275	$ 27,838

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.

<u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

For the year ended June 30, 2021 and 2020, KDFA recognized OPEB expense of $4,051 and $5,831, respectively. At June 30, 2021 and 2020, KDFA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ --	$ 19,000	$ --	$ 10,205
Changes in assumptions	77	1,565	89	216
Benefit payments subsequent to the measurement date	13,485	--	20,227	--
Total	$ 13,562	$ 20,565	$ 20,316	$ 10,421

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling $13,485 consist of payments made to KPERS for benefits and administrative costs, and will be recognized as a reduction in the total OPEB liability during the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows (Inflows) of Resources
Year ended June 30:	
2022	$ (2,521)
2023	(2,521)
2024	(2,521)
2025	(2,521)
2026	(2,521)
Thereafter	(7,883)
	$ (20,488)

11. LEASES

KDFA has an operating lease ending in May 2025 for its office space and parking spaces. The combined rent expense for the years ended June 30, 2021 and 2020 was $89,949 and $84,952, respectively.

In November 2019, KDFA entered into a new equipment lease ending in November 2024. Equipment expense for the years ended June 30, 2021 and 2020 was $3,423 and $3,801, respectively.

Future minimum lease payments due under the non-cancelable office space and equipment operating leases are approximately as follows:

2022	$ 86,788
2023	86,788
2024	86,788
2025	77,577
	$ 337,941

12. RISK MANAGEMENT

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

KDFA has commercial insurance coverage related to miscellaneous professional liability with a limit of liability of $10,000,000 and retention of $200,000 deductible. KDFA also has commercial insurance coverage on personal property with a limit of $1,192,400 and $1,000 deductible, which includes coverage on electronic data processing equipment, media, and data. This policy also provides general liability coverage with a $2,000,000 per occurrence / $4,000,000 aggregate limit. In addition, there is a Public Officials and Employees Liability Insurance Policy with an aggregate limit of $2,000,000 and a deductible of $1,000. Insurance settlements have not exceeded insurance coverage for the past three fiscal years. In addition, KDFA purchased public official surety bonds for an additional coverage of $1,250,000. KDFA also participates as a Non-State group in the State's employee health benefit plan.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended worldwide mitigation measures. The extent of COVID-19's effect on the Authority's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the operations. However, if the pandemic continues to evolve, this could result in a change in revenues due to fluctuations in debt issuance activity.

13. PENDING GASB PRONOUNCEMENTS

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies the accounting for interest cost incurred before the end of a construction period. The provisions of this statement were originally effective for the financial statements for KDFA's fiscal year ending June 30, 2021 and now postponed until June 30, 2022 per GASB Statement No. 95.

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

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

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its

13. PENDING GASB PRONOUNCEMENTS (CONTINUED)

current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this statement were originally effective for financial statements for KDFA's fiscal year ending June 30, 2021 and now postponed until June 30, 2022 per GASB Statement No. 95.

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

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

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

14. ARBITRAGE REBATES HELD FOR STATE AGENCIES

The investments of the proceeds of bonds issued by KDFA are subject to certain restrictions under the Internal Revenue Code, which could result in a liability for arbitrage rebate. When it becomes apparent that bonds will likely incur a material liability for arbitrage rebate, the State agencies for which the bonds were issued are required to transfer funds for the estimated rebate liability into a rebate account. Any balance remaining in these accounts after the final rebate amount has been paid to the IRS is transferred in accordance with the bond resolution or indenture. As of June 30, 2021 and 2020, the balance in these State agency restricted rebate accounts was $262,277 and $266,852, respectively. As issuer of the bonds, KDFA is legally responsible for payment of any arbitrage rebate. However, the likelihood is not probable that KDFA will need to fund the liability; therefore, this restricted cash and the corresponding liability is not reflected on the balance sheet.

15. SUBSEQUENT EVENTS

KDFA has issued the following special obligation and private activity bonds subsequent to June 30, 2021:

Name	Principal Amount	Series	Type	Issued
Adventist Health System	$ 178,440,000	2021B	Hospital Revenue Bonds	07/1/2021
Davidson's Landing Apartment Homes Project	$ 14,533,000	2021E	Multifamily Tax-Exempt Mortgage-Backed Bonds	07/22/2021
Wichita State University Projects	$ 65,210,000	2021I	Publicly Placed Revenue Bond	07/27/2021
Union at the Loop	$ 35,000,000	2021N	Privately Placed Revenue Bond	08/4/2021
Kansas State Fair	$ 1,230,000	2021J	Privately Placed Revenue Bond	08/5/2021
State of Kansas - KPERS	$ 504,535,000	2021K	Taxable Revenue Bond	08/26/2021
State of Kansas Refundings	$ 38,890,000	2021P	Refunding Revenue Bond	08/26/2021

REQUIRED SUPPLEMENTARY INFORMATION

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

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

Schedule of Changes in
Total OPEB Liability

Last Four Fiscal Years*

	2021	2020	2019	2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability				
Service cost	$ 5,653	$ 5,398	$ 5,350	$ 5,409
Interest	919	1,673	2,167	2,088
Effect of economic/demographic gains or losses	(11,149)	(7,180)	(4,741)	-
Effect of assumptions changes or inputs	(1,528)	(241)	113	-
Benefit payments	(13,485)	(20,227)	(20,227)	(20,227)
Net change in total OPEB liability	(19,590)	(20,577)	(17,338)	(12,730)
Total OPEB liability - beginning	27,275	47,852	65,190	77,920
Total OPEB liability - ending	$ 7,685	$ 27,275	$ 47,852	$ 65,190
Covered payroll	$ 765,276	$ 882,372	$ 851,388	$ 868,803

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the plan.

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	June 30,2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
KDFA's proportion of the collective net pension liability	0.0155%	0.0181%	0.0179%	0.0189%	0.0194%	0.0186%	0.0166%	0.0174%
KDFA's proportionate share of the net pension liability	$ 1,156,236	$ 1,170,992	$ 1,164,739	$ 1,272,837	$ 1,303,753	$ 1,285,093	$ 1,058,007	$ 1,264,104
KDFA's covered payroll	$ 765,276	$ 882,372	$ 851,388	$ 868,803	$ 830,945	$ 795,550	$ 726,959	$ 753,634
KDFA's proportionate share of the net pension liability as a percentage of its covered payroll	151%	133%	137%	147%	157%	162%	146%	168%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 113,058	$ 110,276	$ 116,561	$ 102,252	$ 93,917	$ 90,657	$ 80,621	$ 74,659	$ 70,616	$ 67,148
Contributions in relation to the contractually required contribution	(113,058)	(110,276)	(116,561)	(102,252)	(93,917)	(90,657)	(80,621)	(74,659)	(70,616)	(67,148)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KDFA's covered payroll^	$ 794,505	$ 765,276	$ 882,372	$ 851,388	$ 868,803	$ 830,945	$ 795,550	$ 726,959	$ 753,634	$ 765,661
Contributions as a percentage of covered payroll	14.23%	14.41%	13.21%	12.01%	10.81%	10.91%	10.13%	10.27%	9.37%	8.77%

^ Covered payroll is measured as of the fiscal year end, the most recent of which was June 30, 2021.

Changes in benefit terms for KPERS. Effective January 1, 2014, KPERS Tier 1 members' employee contribution rate increased to 5.0% and then on January 1, 2015, will increase to 6.0% with an increase in benefit multiplier to 1.85% for future years of service. For Tier 2 members retiring after July 1, 2012, the cost of living adjustments (COLA) are eliminated, but members will receive a 1.85% multiplier for all years of service.

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

For the State fiscal year 2018, the Legislature changed the working after retirement rules for members who retire on or after January 1, 2019. The key changes to the working after retirement rules were to lengthen the waiting period for KPERS members to return to work from 60 days to 180 days for members who retire before attaining age 62, remove the earnings limitation for all retirees and establish a single-employer contribution schedule for all retirees.

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

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

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

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

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

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

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

KPERS:

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

SUPPLEMENTARY INFORMATION

KANSAS DEVELOPMENT FINANCE AUTHORITY

A COMPONENT UNIT OF THE STATE OF KANSAS
SPECIAL OBLIGATION BONDS
Years Ended June 30, 2021 and 2020

Name	Original Principal Amount	Series	Type of Bonds	Balance at 6/30/2021	Balance at 6/30/2020
Kansas Public Employees Retirement System	500,000,000	2004C	Revenue Bonds	$ 329,225,000	$ 346,440,000
Kansas Board of Regents – Scientific Research & Development Facilities Projects: Kansas State University	20,980,000	2005D-1	Revenue Bonds	1,415,000	2,820,000
Kansas Board of Regents – Kansas State University Student Life Center Salina Campus	1,600,000	2008D	Revenue Bonds	1,600,000	1,600,000
Kansas Board of Regents – Refund BAN 2008-3, Pittsburg State University Student Health Center Project	825,000	2009G	Revenue Bonds	--	265,000
Kansas Board of Regents – Kansas State University Child Care Facility Project	1,530,000	2009K-2	Taxable Revenue Bonds	340,000	500,000
SRS - Larned State Hospital	29,090,000	2010E-1.5	Revenue Bonds	--	10,785,000
Kansas Department of Administration. - SGF Debt Restructure (Current) & Economic Refundings (Adv.)	30,540,000	2010E-1.1-1.4	Revenue Bonds - Tax Exempt	--	9,720,000
Kansas Department of Admininstration. - National Bio-&Agro Defense Facility Taxable (Build America Bonds)	24,530,000	2010E-2	Taxable Revenue Bonds (Build America Bonds)	--	19,420,000
Kansas Department of Admininstration - NBADF & SGF Restructuring. (Current Ref. 2004C)	18,400,000	2010F	Taxable Revenue Bonds	--	7,835,000
Kansas Board of Regents – Kansas State University Student Recreation Complex Expansion Project	20,050,000	2010G-2	Taxable Revenue Bonds - (Build America Bonds)	--	17,860,000
Kansas Department of Administration - Capitol Restoration, Phase VIII	37,015,000	2010 O-2	Taxable Revenue Bonds - (Build America Bonds)	--	24,125,000
State of Kansas Projects - Adj. General - Armories Renovations, Phase VIII	2,930,000	2010 O-2	Taxable Revenue Bonds - (Build America Bonds)	--	1,905,000
Kansas Board of Regents - University of Kansas Clinical Research Center Project	11,980,000	2010P-2	Taxable Sales Tax Revenue Bonds - (Build America Bonds)	--	9,760,000
Kansas State University Projects - Qualified Energy Conservation Bonds (QECB)	17,815,000	2010U-1	Taxable Revenue Bonds - (Qualified Energy Conservation Bonds)	1,165,000	8,680,000
Kansas State University Projects	7,365,000	2010U-2	Revenue Bonds	--	2,345,000
Kansas Department of Administration - Capitol Restoration, Phase IX	53,780,000	2011B	Revenue Bonds	--	33,790,000
University of Kansas - Housing System Project	13,450,000	2011C	Revenue Bonds	--	9,850,000
Pittsburg State University Projects	9,465,000	2011D	Revenue Bonds	1,785,000	2,470,000
Kansas Department of Commerce - IMPACT Program	109,135,000	2011K	Revenue Bonds	--	68,995,000

KANSAS DEVELOPMENT FINANCE AUTHORITY

A COMPONENT UNIT OF THE STATE OF KANSAS
SPECIAL OBLIGATION BONDS
Years Ended June 30, 2021 and 2020

Name	Original Principal Amount	Series	Type of Bonds	Balance at 6/30/2021	Balance at 6/30/2020
Wichita State University Projects - Rhatigan Student Center	21,730,000	2012A-1	Revenue Bonds	--	8,665,000
Wichita State University Projects - Refund 2002P Housing System Renov. Project	5,880,000	2012A-2	Revenue Bonds	--	790,000
Kansas State University - Energy Conservation (General Pledge)	17,205,000	2012F	Revenue Bonds	--	12,470,000
Kansas State University - Refund: 2003C-1 University Research & Development	23,510,000	2012H-1	Refunding Revenue Bonds	--	22,560,000
Kansas State University - Refund: 2003J-1 Energy Conservation	12,460,000	2012H-2	Refunding Revenue Bonds	--	4,980,000
Kansas Department of Administration - Capital Restoration	10,840,000	2013A	Revenue Bonds	7,595,000	8,050,000
Kansas Department of Administration - NBAF	41,795,000	2013A	Revenue Bonds	29,350,000	31,105,000
Kansas State Fair (Ref 2004A-2)	6,225,000	2013A	Revenue Bonds	2,310,000	3,010,000
Kansas Department of Administration - Capital Restoration (Ref 2004G-1)	11,770,000	2013A	Revenue Bonds	4,065,000	5,295,000
Kansas Department of Wildlife & Parks - Wildlife and Parks	1,255,000	2013A	Revenue Bonds	880,000	935,000
Kansas Department of Aging and Disability Services - KDADS (Ref 2004A-1)	17,185,000	2013B	Refunding Revenue Bonds	5,055,000	7,280,000
University of Kansas - Engineering Project	74,370,000	2013G-1	Revenue Bonds	--	63,845,000
Pittsburg State University Projects - Refund BAN 2012-3 Housing System Project	33,490,000	2014A-1	Revenue Bonds	26,145,000	27,465,000
Pittsburg State University Projects - Refund 2003A-1 and Refund 2004D	1,685,000	2014A-2	Refunding Revenue Bonds	245,000	420,000
University of Kansas - 2005E-1 Refunding	55,310,000	2014C	Revenue Bonds	44,120,000	46,615,000
University of Kansas Medical Canter - 2005E-2 Refunding	1,345,000	2014C	Revenue Bonds	565,000	740,000
Kansas State University - College of Engineering Project, Refund 2005A and Refund 2007A	18,615,000	2014D-1	Revenue Bonds	11,415,000	12,575,000
Kansas State University - Residence/Dining and 2005A & 2007A	114,935,000	2014D-2	Revenue Bonds	96,580,000	100,320,000
State of Kansas Projects - University of Kansas Medical Education Building	21,795,000	2015A	Revenue Bonds	18,455,000	19,350,000
State of Kansas Projects - KWO John Redmond Reservoir	17,390,000	2015A	Revenue Bonds	11,895,000	12,920,000
Kansas Department of Administration - 2005H Refunding	47,390,000	2015A	Revenue Bonds	29,725,000	31,405,000
Kansas Department of Administration - 2006A Refunding	108,945,000	2015A	Revenue Bonds	81,955,000	93,435,000
Kansas Department of Administration - 2006L Refunding	5,430,000	2015A	Revenue Bonds	1,915,000	2,940,000
Kansas Department of Administration - 2007K Refunding	29,525,000	2015A	Revenue Bonds	27,070,000	29,525,000
Kansas State University - Chill Plant	53,650,000	2015B	Revenue Bonds	42,140,000	44,300,000

KANSAS DEVELOPMENT FINANCE AUTHORITY

A COMPONENT UNIT OF THE STATE OF KANSAS
SPECIAL OBLIGATION BONDS
Years Ended June 30, 2021 and 2020

Name	Original Principal Amount	Series	Type of Bonds	Balance at 6/30/2021	Balance at 6/30/2020
Kansas State University - 2005A Refunding	800,000	2015B	Revenue Bonds	605,000	640,000
Kansas State University - 2007A Refunding	7,415,000	2015B	Revenue Bonds	6,695,000	6,705,000
State of Kansas Project (NBAF) - $203,585,000	203,585,000	2015G	Revenue Bonds	172,375,000	180,755,000
State of Kansas--KPERS (Taxable) - $1,005,180,000	1,005,180,000	2015H	Taxable Revenue Bonds	902,935,000	924,665,000
PSU - 2005D-5 Refunding	1,500,000	2015K	Refunding Revenue Bonds	253,816	506,093
PSU - Refinance 2002 Lease purchase agreement	2,135,766	2015M	Refunding Revenue Bonds	621,634	928,984
KSU - Student Union	24,275,000	2016A	Revenue Bonds	19,630,000	20,630,000
KSU - Seaton Hall	59,000,000	2016A	Revenue Bonds	49,850,000	51,830,000
KSU - Refund 2007H	14,540,000	2016A	Revenue Bonds	11,760,000	12,360,000
KUMC Parking #5	45,330,000	2016C	Revenue Bond	40,020,000	41,405,000
FHSU - 2016B Project and Refunding 2005G and 20033-D-2	31,115,000	2016B	Revenue Bond	25,615,000	26,890,000
State of Kansas Refundings (refunds 2007M & 2008L)	51,500,000	2016H	Refunding Revenue Bonds	41,520,000	46,215,000
Wichita State University - Parking Garage & 2003C Refunding	9,245,000	2016J	Refunding Revenue Bonds	8,010,000	8,300,000
KU Projects - 2006B Refunding	5,505,000	2017A	Revenue Bonds	--	435,000
KU Projects - 2007E Refunding	3,265,000	2017A	Revenue Bonds	1,810,000	2,120,000
KU Projects - Corbin Hall Renovation	13,775,000	2017A	Revenue Bonds	12,705,000	13,080,000
KU Projects - EEEC Building	24,540,000	2017A	Revenue Bonds	22,110,000	22,765,000
KU Projects - Health Ed Building	20,425,000	2017A	Revenue Bonds	18,405,000	18,950,000
K-State Energy Projects Salina	2,883,500	2017B	Revenue Bonds	2,348,000	2,531,000
ESU Projects - New Money	31,375,000	2017D (1)	Revenue Bonds	29,120,000	30,275,000
ESU Projects - 2005F Refunding	4,130,000	2017D (3)	Revenue Bonds	2,475,000	3,020,000
K-State Electrical Distribution Upgrades	8,100,000	2017E	Revenue Bonds	4,465,000	5,530,000
KDHE Drinking Water - Leveraged	41,510,000	2019SRF (DW)-2	Revolving Funds Revenue Bonds	41,510,000	41,510,000
K-State Derby Dining Renovation Project (new money)	14,465,000	2019C (1)	Publicly Placed Revenue Bonds	13,650,000	14,000,000
K-State Derby Dining Renovation Project (Refunds 2009K-1)	4,215,000	2019C (2)	Publicly Placed Revenue Bonds	4,155,000	4,155,000
K-State Derby Dining Renovation Project (Refunds 2011G)	12,475,000	2019C (3)	Publicly Placed Revenue Bonds	11,645,000	12,010,000
State of Kansas Projects (Refunding 2009A, 2009M-1, 2009M-2)	68,980,000	2019F	Publicly Placed Refunding Revenue Bonds	63,890,000	68,600,000
State of Kansas Projects (Taxable Refunding 2009N)	5,470,000	2019G	Publicly Placed Taxable Refunding Revenue Bonds	4,315,000	5,340,000

KANSAS DEVELOPMENT FINANCE AUTHORITY

A COMPONENT UNIT OF THE STATE OF KANSAS
SPECIAL OBLIGATION BONDS
Years Ended June 30, 2021 and 2020

Name	Original Principal Amount	Series	Type of Bonds	Balance at 6/30/2021	Balance at 6/30/2020
KU Edwards Campus Building No. 4 (Refunding 2010M-1, 2010M-2)	8,440,000	2020A	Privately Placed Revenue Bonds	6,900,000	8,440,000
University of Kansas Projects (Refundings 2010A,B,K,N, 2012D,E) (General Pledge)	76,525,000	2020B	Publicly Placed Refunding Revenue Bonds	67,745,000	76,380,000
KDHE Clean Water - Leveraged (Refundings)	47,920,000	2020SRF-1	Publicly Placed Revolving Funds Revenue Bonds	33,265,000	47,920,000
KDHE Clean Water - State Match (Refundings)	3,360,000	2020SRF-1	Publicly Placed Revolving Funds Revenue Bonds	--	3,360,000
KDHE Drinking Water - Leveraged (Refundings)	14,955,000	2020SRF-1	Publicly Placed Revolving Funds Revenue Bonds	8,220,000	14,955,000
KDHE Drinking Water - State Match (Refundings)	2,495,000	2020SRF-1	Publicly Placed Revolving Funds Revenue Bonds	--	2,495,000
FHSU - Fort Hays State University	10,480,000	2020C	Publicly Placed Revenue Bonds	10,110,000	10,480,000
PSU - Refunding (2009H-2, 2009J-2)	11,220,000	2020H	Publicly Placed Refunding Revenue Bonds	10,480,000	11,220,000
ESU Projects - 2010J Refunding	8,270,000	2020F	Publicly Placed Revenue Bonds	7,550,000	8,270,000
WSU Projects	79,465,000	2020P	Publicly Place Revenue Bonds	76,935,000	--
State of Kansas Refundings (Refunds 2010E-1, 2010E-2, 2010O-2, 2011B)	81,445,000	2020R (1)	Publicly Place Revenue Bonds	76,605,000	--
State of Kansas Taxable Refunding (Refunds 2010F)	6,485,000	2020S (1)	Publicly Placed Taxable Revenue Bonds	6,410,000	--
Department of Commerce IMPACT (Refunds 2011K)	61,395,000.00	2020T	Publicly Placed Revenue Bonds	39,820,000	--
University of Kansas Medical Center Clinical Research Center Project (Refunds 2010P-2)	8,410,000.00	2020W	Privately Placed Refunding Revenue Bonds	8,410,000	--
Kansas State University Projects	57,110,000.00	2021A	Public Refunding Revenue Bond	57,110,000.00	--
KDHE Clean Water - State Match	1,500,000	2021SRF (CW)	Privately Placed Revolving Funds Revenue Bonds	1,500,000.00	--
KDHE Drinking Water - State Match	2,500,000	2021SRF (DW)	Privately Placed Revolving Funds Revenue Bonds	2,500,000.00	--
University of Kansas Projects (Refunds 2011C & 2013G-1)	63,795,000.00	2021D	Public Refunding Revenue Bond	63,795,000.00	--
				$ 2,766,858,450	$ 2,919,831,077

KANSAS DEVELOPMENT FINANCE AUTHORITY
A COMPONENT UNIT OF THE STATE OF KANSAS
PRIVATE ACTIVITY BONDS
Years Ended June 30, 2021 and 2020

Name	Original Principal Amount	Series	Type of Bonds	Balance at 6/30/2021	Balance at 6/30/2020
Bluffs at Olathe Apartments Project	9,500,000	1998X	Multifamily Housing Revenue Bonds	7,947,000	8,443,000
Luther Place Apartments	7,193,000	2003F	Multifamily Housing Revenue Bonds	--	4,648,257
Santa Fe Apartments	2,820,000	2004L	Multifamily Housing Revenue Bonds	1,518,351	1,581,183
Spirit AeroSystems, Inc. Project	80,000,000	2005J	Taxable Revenue Bonds	80,000,000	80,000,000
Olathe Good Samaritan Towers	6,100,000	2006N	Multifamily Housing Revenue Bonds	4,938,115	5,056,398
Northeast Renaissance Center Apartments	3,800,000	2007B-2	Multifamily Housing Revenue Bonds	810,538	821,582
Cleveland Chiropractic College	16,000,000	2007D	Education Facility Revenue Bonds	7,874,557	8,474,557
Adventist Health System/Sunbelt Obligated Group	25,000,000	2010C-ADV	Hospital Revenue Bonds	16,000,000	16,500,000
Siemens Energy, Inc.	5,300,000	2010L	Revenue Bonds	--	585,200
Lifespace Communities, Inc.	25,685,000	2010S	Revenue Bonds	25,685,000	25,685,000
Stormont-Vail HealthCare, Inc.	57,905,000	2011F	Health Facilities Revenue Bonds	2,730,000	5,330,000
University of Kansas Hospital Authority (KUHA) - (KU Health System) Variable Rate	25,000,000	2011J	Variable Rate Demand Health Facilities Revenue Bonds	21,750,000	22,450,000
Kansas State University Athletics, Inc. Project	23,640,000	2012B-2	Taxable Athletic Facilities Revenue Bonds	4,680,000	17,325,000
Adventist Health System	276,965,000	2012A-ADV	Hospital Revenue Refunding Bonds	276,965,000	276,965,000
Kansas State University Research Park Project	7,560,000	2013D-1	Revenue Bonds (Tax Exempt)	6,945,000	7,320,000
Village Shalom Obligated Group Project	12,155,000	2013E	Refunding Revenue Bonds	6,452,704	7,241,720
Wichita State University Union Corporation	55,555,000	2013F-1	Revenue Bonds (Tax Exempt)	55,080,000	55,080,000
Wichita State University Union Corporation	8,275,000	2013F-2	Revenue Bonds (Taxable)	1,665,000	2,845,000
Stormont-Vail HealthCare, Inc.	40,000,000	2013J	Health Facilities Revenue Bonds	39,325,000	39,325,000
University of Kansas Center for Research, Inc Project	10,580,000	2014E	Revenue Bonds	6,805,000	7,670,000
Kansas Athletics, Inc.	39,430,000	2014F	Refunding Revenue Bonds	--	29,765,000
Adventist Health System	30,000,000	2014C-ADV		16,000,000	18,000,000
Lifespace Communities, Inc. - Claridge Court Project	5,485,000	2014G		2,095,000	2,730,000
K-State Athletics, Incorporated Projects (refunds 2011A and 2012B)	48,110,000	2016D		37,645,000	44,020,000
YMCA of Greater Kansas City Projects	11,010,000	2016E&F	Various Projects	9,360,000	11,010,000
Madison Street Apartments	7,600,000	2016L	Senior Housing Revenue Bonds	4,115,876	4,148,280
Stormont-Vail HealthCare, Inc.	102,220,000	2016M,N,O	Health Facilities Revenue Bonds	81,805,000	87,100,000
Village Shalom Project	6,250,000	2017C	Revenue Bonds	--	1,123,710
Adventist Health System / Sunbelt Obligated Group Project	45,250,000	2017C-ADV	Hospital Revenue Bonds	40,000,000	41,500,000
Hillcrest Apartments, LP	6,100,000	2017F-1 F-2	Senior Housing Revenue Bonds	4,444,297	4,476,036
Nettleton Manor Apartments Project	7,325,000	2018C-1	Multi-family Revenue Bonds	5,971,321	6,039,471
Nettleton Manor Apartments Project	675,000	2018C-2	Multi-family Revenue Bonds	1,047,350	1,081,176
Village Shalom, Inc. Project	41,085,000	2018A	Health Facilities Revenue Bonds	41,085,000	41,085,000
Village Shalom, Inc. Project	19,500,000	2018B	Health Facilities Revenue Bonds	8,015,000	19,500,000
Turtle Hill Townhomes	4,000,000	2018D	Low Income Housing Revenue Bonds	3,525,000	4,000,000
Kansas State University Foundation - Dept of Agriculture Project	8,660,000	2019A-1	Public Revenue Bonds (Tax Exempt)	8,660,000	8,660,000
Kansas State University Foundation - Dept of Agriculture Project	105,000	2019A-2	Public Revenue Bonds (Taxable)	105,000	105,000
Integra Property Group - Forest Glen Estates	12,300,000	2019B	Publicly Placed Low Income Housing Revenue Bonds	12,300,000	12,300,000
Integra Property Group - Woodland Village Apartments Project	17,250,000	2019J	Publicly Placed Low Income Housing Revenue Bonds	17,250,000	17,250,000
Stormont-Vail HealthCare, Inc. - Health Facilities Refunding 2011F	36,265,000	2019K	Privately Placed Health Facilities Revenue Bonds	35,680,000	36,090,000
K-State Olathe Innovation Campus (Refunding 2009L)	18,240,000	2019H-1	Publicly Placed Sales Tax Refunding Revenue Bonds	18,240,000	18,240,000
K-State Olathe Innovation Campus (Refunding 2009L)	5,035,000	2019H-2	Publicly Placed Sales Tax Refunding Revenue Bonds	4,185,000	5,035,000

KANSAS DEVELOPMENT FINANCE AUTHORITY
A COMPONENT UNIT OF THE STATE OF KANSAS
PRIVATE ACTIVITY BONDS
Years Ended June 30, 2021 and 2020

Name	Original Principal Amount	Series	Type of Bonds	Balance at 6/30/2021	Balance at 6/30/2020
YMCA Lofts	6,120,000	2019L	Privately Placed Low Income Housing Revenue Bonds	6,120,000	3,779,762
Suburban Water	4,300,000	2019P	Privately Placed Industrial Facility Revenue Bonds	4,053,117	4,204,979
Town House Renaissance LP Project	20,000,000	2020D	Privately Placed Affordable Housing Revenue Bonds	19,540,000	9,203,978
Kansas City Venture Group Refundings (Boulevard, The Falls, Heather Glen)	43,750,000	2020LMN	Privately Placed Multifamily Housing Revenue Bonds	43,750,000	43,750,000
Silver City Preservation LLC - Silver City Apartments	21,618,000.00	2020J	Privately Placed Multifamily Housing Revenue Bond	21,618,000	--
Kingman Hospital	4,990,000.00	2020O	Privately Placed Health Facilities Revenue Bonds	4,990,000	--
Curtis Homes	4,081,000.00	2020Q	Affordable Multifamily Housing Governmental Note	2,465,664	--
K-State Athletics, Inc (Ref 2012B-2 & 2016D)	18,180,000.00	2021C	Public Taxable Refunding Revenue Bonds	18,180,000	--
Stormont-Vail HealthCare, Inc.	35,390,000.00	2021F	Privately Placed Health Facilities Revenue Bonds	35,390,000	--
Sunrise Towers Apartments	19,000,000.00	2021H	Privately Placed Multifamily Housing Revenue Bonds	19,000,000	--
				$ 1,093,806,890	$ 1,067,544,287

CPAs & ADVISORS

INDEPENDENT AUDITOR'S 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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kansas Development Finance Authority (KDFA) which comprise the balance sheet as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

September 24, 2021
Wichita, Kansas