**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 23, 2026**

**NEW ISSUE**
**BOOK-ENTRY ONLY**

**Ratings: Moody's: "Aa3" Fitch: "AA-"**
**See "BOND RATINGS" herein**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Series 2026L Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, (2) the interest on the Bonds is exempt from all Kansas state, county and municipal taxes, including income and property taxes (provided, however, that no opinion is expressed with respect to the applicability of the privilege tax imposed on banking institutions pursuant to K.S.A. 79-1107 and 79-1108), and (3) the Series 2026L Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Bond Counsel notes that interest on the Series 2026L Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See the caption "TAX MATTERS" herein.*

# $108,395,000*
# KANSAS DEVELOPMENT FINANCE AUTHORITY
## Revenue Bonds
## (State of Kansas Project)
## Series 2026L

# $19,585,000*
# KANSAS DEVELOPMENT FINANCE AUTHORITY
## Taxable Revenue Bonds
## (State of Kansas Project)
## Series 2026M

**Dated: Date of Delivery**

**Due: May 1, as set forth on the inside cover pages hereof**

The Series 2026L Bonds and Series 2026M Bonds referenced above (the "Bonds") are being issued by the Kansas Development Finance Authority (the "Authority") pursuant to Bond Resolution No. 435, adopted by the Authority on September 1, 2026 (the "Bond Resolution"). The principal of, redemption premium, if any, and interest on the Bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, as Paying Agent and Bond Registrar, to the registered owners thereof whose names are on the registration books of the Bond Registrar as of the fifteenth day (whether or not a business day) of the calendar month next preceding each Interest Payment Date.

Interest due with respect to the Bonds is payable semiannually on May 1 and November 1 of each year, to and including the date of maturity or redemption, whichever is earlier, commencing on May 1, 2027. The Bonds will consist of fully registered bonds in the denomination of $5,000 or any authorized integral multiple thereof, becoming due on May 1 of each year as set forth on the inside cover pages hereof.

**MATURITY SCHEDULE—SEE INSIDE COVER PAGES**

The principal of, redemption premium, if any, and interest on the Bonds are payable solely and only from the revenues received and the investment earnings thereon (the "Revenues") from the State of Kansas Department of Administration ("DOA") pursuant to a Pledge of Revenues Agreement dated as of October 1, 2026 (the "Pledge Agreement") described herein between the Authority, DOA and Kansas State University. The Bonds will be secured by a pledge of the Trust Estate described in the Bond Resolution. The availability of Revenues, as described herein, under the Pledge Agreement is subject to annual appropriation by act of the Legislature.

The Bonds are subject to redemption prior to maturity, as described herein. See the caption "THE BONDS—Redemption" herein.

DOA is obligated under the Pledge Agreement to pay Revenues to the Authority, which in the aggregate will be sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds. DOA'S OBLIGATIONS TO PAY REVENUES AND ANY OTHER OBLIGATION OF DOA UNDER THE PLEDGE AGREEMENT IS SUBJECT TO AND DEPENDENT UPON ANNUAL APPROPRIATIONS BEING MADE BY THE LEGISLATURE FOR SUCH PURPOSE. See the caption "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein.

**THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE AUTHORITY, DOA, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, AND DO NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE AUTHORITY, DOA, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER.**

*This cover page contains information for quick reference only. It is not a summary of the transaction. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The Bonds are offered when, as and if issued and delivered by the Authority subject to the receipt of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its counsel and disclosure counsel, Kutak Rock LLP, for DOA by its Office of Chief Counsel and by its disclosure counsel, Bracewell LLP and for KSU by its Office of General Counsel. It is expected that delivery of the Bonds in definitive form will be made through the facilities of The Depository Trust Company, on or about October 14, 2026.

The date of this Official Statement is September __, 2026

* Preliminary; subject to change.

## MATURITY SCHEDULE

**$108,395,000*
KANSAS DEVELOPMENT FINANCE AUTHORITY
Revenue Bonds
(State of Kansas Project)
Series 2026L**

### SERIAL BONDS

| Maturity (May 1)* | Principal Amount* | Interest Rate | Yield | Price | CUSIP[(1)] |
|---|---|---|---|---|---|
| 2030 | $ 385,000 | % | % | % | |
| 2031 | 4,585,000 | | | | |
| 2032 | 4,815,000 | | | | |
| 2033 | 5,055,000 | | | | |
| 2034 | 5,310,000 | | | | |
| 2035 | 5,575,000 | | | | |
| 2036 | 5,850,000 | | | | |
| 2037 | 6,145,000 | | | | |
| 2038 | 6,450,000 | | | | |
| 2039 | 6,775,000 | | | | |
| 2040 | 7,090,000 | | | | |
| 2041 | 7,425,000 | | | | |
| 2042 | 7,780,000 | | | | |
| 2043 | 8,155,000 | | | | |
| 2044 | 8,565,000 | | | | |
| 2045 | 8,995,000 | | | | |
| 2046 | 9,440,000 | | | | |

### TERM BONDS

$_________ ____% Term Bonds Due May 1, 20__ Yield: ___% Price: ___% CUSIP[(1)]: ______

---

[(1)]The Authority and DOA shall not be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of readers of this Official Statement.
*Preliminary; subject to change.

**$19,585,000***
**KANSAS DEVELOPMENT FINANCE AUTHORITY**
**Taxable Revenue Bonds**
**(State of Kansas Project)**
**Series 2026M**

**SERIAL BONDS**

| Maturity (May 1)* | Principal Amount* | Interest Rate | Yield | Price | CUSIP[(1)] |
|---|---|---|---|---|---|
| 2027 | $7,520,000 | % | % | % | |
| 2028 | 3,945,000 | | | | |
| 2029 | 4,145,000 | | | | |
| 2030 | 3,975,000 | | | | |

**TERM BONDS**

$_________ ____% Term Bonds Due May 1, 20__ Yield: ___% Price: ___% CUSIP[(1)]: ______

[(1)]The Authority and DOA shall not be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of readers of this Official Statement.
*Preliminary; subject to change.

No dealer, broker, salesman or other person has been authorized by the Authority or DOA to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the Authority or DOA.

---

FORWARD-LOOKING STATEMENTS

This Official Statement, including under the headings "PLAN OF FINANCE" and "INVESTMENT CONSIDERATIONS" herein, in Appendix A to this Official Statement, including under the headings "BUDGET PROCESS," "KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM," and "LITIGATION AND CONTINGENCIES," in the FY 2025 ACFR (as defined under the heading "INFORMATION REGARDING THE STATE" herein and incorporated by reference under the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in Appendix A to this Official Statement) and in Appendix B to this Official Statement, contains forward-looking statements. These statements relate to future events or future financial performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. You can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "projects," "potential," "continues," or the negative of these terms or other comparable terminology. Although the Authority and DOA believe the expectations reflected in the forward-looking statements to be reasonable, neither the Authority nor DOA can guarantee future results, levels of activity, performance or achievements. The Authority and DOA do not plan to issue any updates or revisions to the forward-looking statements if or when the expectations on which such statements are based occur or fail to occur. Certain risks and other factors with respect to such events include those listed under the headings "PLAN OF FINANCE" and "INVESTMENT CONSIDERATIONS" herein, in Appendix A to this Official Statement, including under the headings "BUDGET PROCESS," "KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM," and "LITIGATION AND CONTINGENCIES," in the FY 2025 ACFR and in Appendix B to this Official Statement and elsewhere in this Official Statement.

---

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY, NOR WILL THERE BE ANY SALE OF THE BONDS BY ANY PERSON, IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE THEREAFTER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY OR THE STATE SINCE THE DATE HEREOF.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS ANY DOCUMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE TERMS OF THE OFFERING. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE ORIGINAL PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

**TABLE OF CONTENTS**

[THIS PAGE INTENTIONALLY LEFT BLANK]

| | |
|---|---|
| **$108,395,000*** | **$19,585,000*** |
| **KANSAS DEVELOPMENT FINANCE AUTHORITY** | **KANSAS DEVELOPMENT FINANCE AUTHORITY** |
| **Revenue Bonds** | **Taxable Revenue Bonds** |
| **(State of Kansas Project)** | **(State of Kansas Project)** |
| **Series 2026L** | **Series 2026M** |

## INTRODUCTION

This Official Statement, including the cover page and appendices hereto, is provided to furnish information with respect to the issuance and delivery by the Kansas Development Finance Authority (the "Authority") of its Revenue Bonds (State of Kansas Project) Series 2026L in the aggregate principal amount of $108,395,000* (the "Series 2026L Bonds") and its Taxable Revenue Bonds (State of Kansas Project) Series 2026M in the aggregate principal amount of $19,585,000* (the "Series 2026M Bonds" and together with the Series 2026L Bonds, the "Bonds").

The Bonds are being issued pursuant to Bond Resolution No. 435 adopted by the Authority on September 1, 2026 (the "Bond Resolution"). The Bonds are being issued for the purpose of financing a portion of the costs of a capital improvement project to construct, develop and equip a new facility for the Kansas Veterinary Diagnostic Laboratory on the Manhattan campus of Kansas State University (the "Project"), and paying costs of issuance of the Bonds, as described under the caption "PLAN OF FINANCE" herein.

The Authority is a public body, politic and corporate, and an independent instrumentality of the State of Kansas (the "State"), created by K.S.A. 74-8901 et seq. (the "KDFA Act"). The Authority is authorized pursuant to the KDFA Act and the Bond Resolution to (i) enter into the Pledge of Revenues Agreement dated as of October 1, 2026 (the "Pledge Agreement") among the State of Kansas Department of Administration ("DOA"), Kansas State University ("KSU"), and the Authority and (ii) issue the Bonds to finance a portion of the Project.

The Bonds are special, limited obligations of the Authority payable solely from the Trust Estate pledged under the Bond Resolution, which includes the Revenues pledged to the payment of the Bonds and related fees and expenses pursuant to the terms of the Pledge Agreement. The Revenues consist primarily of funds to be appropriated by the Legislature of the State created in Article 2 of the Kansas Constitution (the "Legislature") and transferred to the Revenue Account for the payment of Debt Service Requirements on the Bonds and related fees and expenses, together with investment earnings thereon. There is not anticipated to be any source of moneys available for deposit in the Revenue Account other than State appropriations. See the caption "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in this Official Statement.

To the extent the Legislature appropriates funds to DOA (either directly or indirectly through another State agency) for the payment of principal of, redemption premium, if any, and interest on the Bonds, DOA is obligated pursuant to the Pledge Agreement to transfer such funds for payment of the Debt Service Requirements of the Bonds and related fees and expenses. Revenues are due in an amount and at times sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds issued pursuant to the Bond Resolution. **DOA's obligation to provide Revenues is subject to and dependent**

*Preliminary; subject to change.

**upon annual appropriations being made by the Legislature for such purposes. If DOA fails to provide adequate Revenues to meet the Debt Service Requirements there will be insufficient funds to pay the principal of, redemption premium, if any, and interest on the Bonds. There is no pledge of personal or real property securing the Bonds and DOA has no obligation to seek or obtain any source of moneys for deposit to the Revenue Account, other than State appropriations.** See the captions "INVESTMENT CONSIDERATIONS—Risk of Non-Appropriation" and "INVESTMENT CONSIDERATIONS—Results of a Non-Appropriation" in this Official Statement. Revenues paid to the Authority pursuant to the Pledge Agreement will be applied pursuant to the Bond Resolution to pay principal of, redemption premium, if any, and interest on the Bonds.

Certain capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings given to such terms under the heading "DEFINITIONS" in Appendix D-1 hereto.

## PLAN OF FINANCE

### The Bonds

The Bonds are being issued to provide funds to finance a portion of the Project and pay costs of issuance of the Bonds.

For a summary of the portion of the Project that will be funded from the Bonds, see the caption "ESTIMATED SOURCES AND USES OF FUNDS" herein.

### The Project

The Project consists of the construction, development and equipping of a new facility to expand the Kansas Veterinary Diagnostic Laboratory on the Manhattan, Kansas campus of KSU. The new lab facility will be built on campus grounds east of the current College of Veterinary Medicine complex and is expected to roughly double the 41,000 square feet of space the lab currently occupies across the north end of KSU's campus. The Kansas Veterinary Diagnostic Laboratory will conduct testing for disease detection, surveillance and outbreak response, serving veterinarians, producers and public agencies across Kansas and beyond.

The Kansas Veterinary Diagnostic Laboratory is to be a 3-story, approximately 85,000 square foot facility with an estimated cost of $130 million, to be funded with proceeds of the Bonds, and private donations in the amount of $2 million. Construction is expected to break ground in the Spring of 2027 and the opening date is expected to occur in the fourth quarter of 2028. The Kansas Veterinary Diagnostic Laboratory will be designed and constructed by a design-build partnership of design firm Perkins & Will, Kansas City, Missouri, and construction contractor Whiting Turner, Kansas City, Missouri.

(Remainder of page intentionally left blank)

## ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Series 2026L Bonds and the Series 2026M Bonds are expected to be applied as follows:

| | Series 2026L Bonds | Series 2026M Bonds | Total |
|---|---|---|---|
| **Sources of Funds** | | | |
| Principal Amount of Bonds | $ | $ | $ |
| Net Original Issue Premium/ (Discount) | | | |
| Total Sources of Funds | $ | $ | $ |
| | | | |
| **Uses of Funds** | | | |
| Deposit to Project Fund | $ | $ | $ |
| Underwriters' Discount | | | |
| Other Costs of Issuance | | | |
| Total Uses of Funds | $ | $ | $ |

## THE BONDS

### Terms of the Bonds

The Bonds shall be dated the date of delivery, and shall mature on May 1 of each year, and bear interest from their dated date at the respective interest rates, as shown on the inside cover pages of this Official Statement. Interest due with respect to the Bonds is payable semiannually on May 1 and November 1 of each year, to and including the date of maturity or redemption, whichever is earlier, commencing on May 1, 2027. Interest will be computed on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued as fully registered bonds in the denomination of $5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company. Purchases of beneficial interests in the Bonds will be made in book-entry only form (as described in Appendix H hereto), in the denomination of $5,000 or any integral multiple thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. So long as any of the Bonds are in book-entry form, the principal, redemption premium, if any, and interest on such Bonds are payable by check or draft mailed, or electronic transfer, to Cede & Co., as registered owner thereof and will be redistributed by DTC and the Participants, as described in Appendix H hereto.

Payment of the principal of and redemption premium, if any, on the Bonds shall be made by the Paying Agent on the date of payment to the person appearing as the Registered Owner thereof on the registration books of the Authority maintained by the Treasurer of the State of Kansas (the "Paying Agent" and "Bond Registrar") upon the presentation and surrender of such bonds as the same respectively become due and payable at the principal office of the Paying Agent, (i) by check or draft mailed to such Registered Owner at the address as it appears on such registration books or at such other address as is furnished to the Bond Registrar in writing by such Registered Owner, or (ii) at the written request addressed to the Paying Agent by any Registered Owner of Bonds in the aggregate principal amount of at least $500,000, by electronic transfer to the bank for credit to the account number filed with the Paying Agent no later than the Business Day preceding the Record Date. Payment of the interest on the Bonds shall be made by the Paying Agent on each Interest Payment Date to the person appearing as the Registered Owner thereof on the registration books of the Authority maintained by the Bond Registrar (i) by check or draft mailed to such Registered Owner at the address as it appears on such registration books or at such other address as is furnished to the Bond Registrar in writing by such Registered Owner, or (ii) at the written request addressed to the Paying Agent by any Registered Owner of Bonds in the aggregate principal amount of at least $500,000, by electronic transfer to the bank for credit to the account number filed with the Paying Agent no later than the Business Day preceding the Record Date.

**Debt Service Requirements**

A schedule of the principal and interest payable annually on the Bonds is set forth in Appendix E hereto. For schedules of the debt service on bonds payable by appropriation from the State General Fund, see the caption "INDEBTEDNESS OF THE STATE OF KANSAS—Revenue Bonds Payable from the State General Fund" in Appendix A hereto.

**Redemption**

The Bonds are subject to redemption prior to maturity as hereinafter described and as provided in the Bond Resolution.

***Optional Redemption***. At the option of the Authority upon instructions from DOA, the Bonds maturing May 1, 2035 and thereafter may be called for redemption and payment prior to maturity on May 1, 2034, or thereafter, in whole or in part (selection of Bonds to be designated by the Authority in such equitable manner as it may determine), at any time, at the redemption price of 100% of the principal amount so redeemed plus accrued interest thereon to the date of redemption.

***Extraordinary Optional Redemption***. The Bonds shall be subject to redemption and payment prior to the stated maturities thereof (a) in the event of a Change of Circumstances, at the option of the Authority upon instructions from DOA, or (b) if an Event of Default under the Pledge Agreement has occurred, at the option of the Authority with notice to DOA, on any date at the redemption price equal to 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the date of redemption, provided all of the Bonds are so redeemed and paid according to their terms.

For purpose of the extraordinary optional redemption, Change of Circumstances means that as a result of changes in the Kansas Constitution, or legislation adopted or imposed by the State or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Pledge Agreement shall become void or unenforceable, or impossible of performance without unreasonable delay, or in any other way, by reason of such changes of circumstances, unreasonable burdens or excessive liabilities are imposed upon DOA.

***Mandatory Redemption***.* The Term Bonds maturing on May 1, 20__ are subject to mandatory redemption and payment prior to maturity on May 1 of each of the years and in the principal amounts set forth below, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the date of redemption:

| Redemption Date (May 1) | Principal Amount* |
|---|---|
| 20__ | $ |
| 20__† | |

* Preliminary; subject to change.
† Final Maturity

The Authority shall cause the Paying Agent, in each year in which Term Bonds are to be redeemed pursuant to the above-described mandatory redemption provisions of the Bond Resolution, to make timely selection of such Term Bonds or portions thereof to be so redeemed in $5,000 units of principal amount in such equitable manner as the Paying Agent may determine and to give notice thereof as provided in the Bond Resolution without further instructions from the Authority. At the option of the Authority, pursuant to written instructions from DOA, such option to be exercised on or before the 45th day next preceding each mandatory redemption date, the Authority may: (1) deliver to the Paying Agent for cancellation, Term Bonds in the aggregate principal amount desired; or (2) furnish to the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any of said Term Bonds from any Owner thereof in the open market at a price not in excess of 100% of the principal amount thereof; whereupon the Authority shall cause the Paying Agent to expend such funds for such purposes to such extent as may be practical; or (3) elect to receive a credit in respect to the mandatory redemption obligation described above for any Term Bonds of the same maturity which prior to such date have been redeemed (other than through the operation of the mandatory redemption requirements described above) and cancelled by the Paying Agent and not theretofore applied as a credit against any mandatory redemption obligation described above. Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Authority to redeem Term Bonds of the same maturity on the next mandatory redemption date applicable to Term Bonds of such maturity that is at least 45 days after receipt by the Paying Agent of such instructions from the Authority, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same maturity in chronological order or such other order as the Authority may designate, and the principal amount of Term Bonds of the same maturity to be redeemed by operation of the requirements of the mandatory redemption requirements shall be reduced accordingly.

***Selection of Bonds to be Redeemed***. Bonds shall be redeemed only in the principal amount of $5,000 or integral multiples thereof. If less than all of the Outstanding Bonds are to be redeemed and paid prior to maturity, such Bonds shall be redeemed in such equitable manner as the Authority shall determine. In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than $5,000 are then Outstanding, then for all purposes in connection with such redemption each $5,000 of face value shall be treated as though it was a separate Bond of the denomination of $5,000.

***Notice of Redemption***. The Authority shall cause notice of the call for any redemption identifying the Bonds or portions thereof to be redeemed to be given by the Bond Registrar, in the name of the Authority, by mailing a copy of the redemption notice at least 20 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the registration books maintained by the Bond Registrar; provided, however, that failure to give such notice by mailing as aforesaid, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. Any notice of redemption shall state the date of redemption, the place or places at which such Bonds shall be presented for payment, the series, maturities and numbers of the Bonds or portions of Bonds to be redeemed and the principal amount thereof being redeemed, the redemption price, whether or not funds for the redemption are on deposit with the Paying Agent or the redemption is contingent upon the deposit of such funds, and shall state that interest on the Bonds described in such notice will cease to accrue from and after the redemption date.

***Bond Registrar's and Paying Agent's Duties To Redeem Bonds***. The Authority shall cause the Paying Agent to call Bonds for redemption and payment as provided in the Bond Resolution and to give notice of redemption to the Registered Owners upon receipt by the Bond Registrar at least 30 days prior to the redemption date of a written request of the Authority together with the consent or request of the Secretary, provided funds are on deposit with the Paying Agent and available for such redemption on or prior to such redemption date. No such request shall be required for mandatory redemption of Term Bonds. Such request shall specify the principal amount and the respective maturities of the Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of the Bond Resolution pursuant to which such Bonds are to be called for redemption.

### Transfer or Exchange

The Bonds will be issued only in fully registered form. So long as the Bonds are held in book-entry only form (as described in Appendix H hereto), transfers of the Bonds by Beneficial Holders may only be made as described in Appendix H hereto.

The Bonds may be transferred only upon the books maintained by the Bond Registrar for the registration and transfer of Bonds upon surrender of such Bonds to the Bond Registrar duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or such Registered Owner's attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. The Bond Registrar may make a charge for every exchange or transfer sufficient to reimburse it for (a) the reasonable fees and expenses in connection with the replacement of the Bond or Bonds mutilated, stolen, lost or destroyed or (b) any tax or other governmental charge imposed in relation to the transfer, exchange, registration, redemption or payment of the Bonds. Any additional charges for transfer or exchange of the Bonds will be paid by the Authority from proceeds of the Bonds before any such new Bond will be delivered. Neither the Authority nor the Bond Registrar will be required to make any exchange or transfer of Bonds during the 15 days immediately preceding a Payment Date or, in the case of any proposed redemption of Bonds, during the 15 days immediately preceding the selection of Bonds for such redemption or after such Bonds or any portion thereof has been selected for redemption.

## SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

### Limited Obligations

The principal of, redemption premium, if any, and the interest on the Bonds shall be special, limited obligations of the Authority payable solely and only from the Revenues derived by the Authority from the Trust Estate, and secured as to the payment of principal of, redemption premium, if any, and interest on the Bonds by a pledge and assignment by the Authority of the Trust Estate in favor of the Registered Owners of the Bonds, as provided in the Bond Resolution. The Authority has no taxing power.

The principal of, redemption premium, if any, and the interest on the Bonds do not constitute a debt or liability of the Authority, DOA, the State or any political subdivision of the State within the meaning of any constitutional or statutory provision or limitation and do not constitute a pledge of the full faith and credit of the Authority, DOA, the State or any political subdivision of the State. The availability of Revenues to be deposited into the Revenue Account is subject to appropriation by act of the Legislature or availability of other funds legally available to DOA. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The Authority has no taxing power.

No provision, covenant or agreement contained in the Bond Resolution, the Pledge Agreement or the Bonds, or any obligation therein imposed upon the Authority, or the breach thereof, shall constitute or give rise to or impose upon the Authority any pecuniary liability or a charge upon its general credit. In making the agreements, provisions and covenants set forth in the Bond Resolution, the Authority has not obligated itself except with respect to the Trust Estate and the application of the Revenues and receipts therefrom as hereinabove provided. Neither the directors, officers, agents nor employees of the Authority nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

**Trust Estate**

The Bonds are payable solely from the Trust Estate pledged under the Bond Resolution, which includes all right, title and interest of the Authority in, to and under the Pledge Agreement, including the covenants by DOA to deposit as received all the Revenues into the Revenue Account created under the Bond Resolution and established in the custody of the State Treasurer. All amounts deposited to the credit of the Revenue Account shall be accounted for separate and apart from all other funds of DOA and the State. All money in the Revenue Account shall be held in trust and shall be subject to a prior lien and charge in favor of the Registered Owners of the Bonds and for the further security of such Registered Owners until paid out or withdrawn as provided in the Pledge Agreement.

**Pledge of Revenues**

Pursuant to the Pledge Agreement, DOA absolutely and unconditionally pledges the Revenues, and not any other fund or source, to the Authority, as security for the payment of the Debt Service Requirements and certain fees and expenses relating to the Bonds as described in the Pledge Agreement and the Bond Resolution. The obligations of DOA under the Pledge Agreement are subject to and dependent upon an appropriation of the Legislature being made to the Revenue Account or DOA (either directly or indirectly through another State agency), which may be lawfully utilized to pay for such obligation.

"Revenues" means the funds appropriated by the Legislature directly to the Revenue Account or to DOA (either directly or indirectly through another State agency) for deposit into the Revenue Account pursuant to the Pledge Agreement or any other funds legally available for deposit by DOA or the Authority in the Revenue Account and actually deposited into the Revenue Account, together with investment earnings thereon.

DOA is obligated pursuant to the Pledge Agreement to (i) request on or before September 15 each year (or any earlier date requested by the State Director of Budget) that the Governor's budget request to the Legislature (or in the event the process for development of the budget is modified, pursuant to such modified process) include a request to appropriate, from any source, moneys that will be deposited into the Revenue Account in amounts sufficient for the payment of the Debt Service Requirements and related fees and expenses for the succeeding Fiscal Year, amounts reasonably anticipated to be required to be paid to the United States pursuant to Section 148(f) of the Code in the succeeding Fiscal Year, and certain costs and expenses of the Authority and (ii) transfer moneys (or instruct that moneys be transferred), to the extent the Legislature appropriates moneys to DOA (or to DOA indirectly through another State agency) for the payment of Debt Service Requirements and related fees and expenses, to the Revenue Account at least 15 Business Days prior to each Payment Date in an amount sufficient to pay the Debt Service Requirements and related fees and expenses due and payable on such Payment Date.

DOA's obligation to provide Revenues does not constitute a debt or liability of the State within the meaning of any constitutional or statutory limitation and neither the faith and credit nor the taxing power of the State is pledged to make such payments. Payments of the principal of, redemption premium, if any, and interest on the Bonds will be made solely from amounts derived under the terms of the Pledge Agreement. **DOA's obligation to provide Revenues is subject to and dependent upon annual appropriations being made by the Legislature for such purposes. If DOA fails to provide adequate Revenues to meet the Debt Service Requirements there will be insufficient funds to pay the principal of, redemption premium, if any, and interest on the Bonds. There is no pledge of personal or real property securing the Bonds, and DOA has no obligation to seek or obtain any source of moneys for deposit to the Revenue Account, other than State appropriations.** See the captions "INVESTMENT CONSIDERATIONS—No Pledge of Real or Personal Property" and "INVESTMENT CONSIDERATIONS—Risk of Non-Appropriation" in this Official Statement.

## THE AUTHORITY

The Authority is a public body, politic and corporate, and an independent instrumentality of the State exercising essential public functions, created in 1987 by the KDFA Act. The Authority was created for the primary purposes of enhancing the ability of the State to finance capital improvements and improving access to long-term financing for State agencies, political subdivisions, public and private organizations and businesses.

The powers of the Authority are vested in the Board of Directors, consisting of five public members appointed by the Governor subject to confirmation by the State Senate. The Governor also appoints a President who serves at the pleasure of the Governor. The President is an ex-officio, non-voting member of the Board of Directors. Not less than three members of the Board of Directors must be representative of the general public and not more than three members may be members of the same political party.

The names, offices, principal occupations and places of business of the voting members of the Authority's Board of Directors and their terms are as follows:

| NAME | OFFICE | TERM | PRINCIPAL OCCUPATION AND PLACE OF BUSINESS |
|---|---|---|---|
| Jonathan P. Small | Chair<br>Member | 11/3/25 to date<br>10/22/21 to 1/15/27 | Attorney<br>Topeka, Kansas |
| Kimberley Brown | Vice Chair<br>Member | 11/3/25 to date<br>8/13/25 to 1/15/29 | Retired Insurance Executive<br>Topeka, Kansas |
| Suchitra Padmanabhan | Vice Chair<br>Chair<br>Vice Chair<br>Member | 2/15/21 to 11/3/25<br>3/1/20 to 2/15/21<br>4/4/13 to 12/31/19<br>2/2/10 to 1/15/29 | President, CBW Bank<br>Topeka, Kansas |
| Moniqueka Holloway | Member | 6/26/21 to 1/15/29 | Senior Director of Compliance and Quality Improvement, Heartspring<br>Wichita, Kansas |
| Elizabeth Miller | Member | 2/17/26 to 1/15/27 | Chartered Financial Analyst<br>Lawrence, Kansas |

Members of the Board of Directors serve until their successors are appointed by the Governor and confirmed by the State Senate. Rebecca Floyd serves as President of the Authority.

The Authority has the rights, powers and privileges and is subject to the duties provided by the KDFA Act creating it, including the acquisition and disposal of real and personal property for its corporate purposes; the borrowing of money and issuance of notes, bonds and other obligations; the making of secured or unsecured loans for any of the purposes for which it may issue bonds (except making loans directly to individuals to finance housing developments); the provision of technical assistance and advice to the State or political subdivisions of the State; and entering into contracts with the State or political subdivisions thereof to provide such services.

*The Bonds offered hereby are separately secured from all other bonds and notes issued by the Authority*. See the caption "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein. No recourse shall be had for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Bond Resolution or any other Authority document contained, against any past, present or future officer, director, member, trustee, employee or agent of the Authority, or any officer, director, member, trustee, employee or agent of any successor corporation or body politic, as such, either directly or through the Authority or any successor corporation or body politic, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, trustees, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Bond Resolution and the issuance of any of the Bonds.

## INFORMATION REGARDING THE STATE

Certain financial and related information regarding the State is set forth in Appendix A to this Official Statement. Certain information regarding the Kansas Public Employees Retirement System is set forth in Appendix B to this Official Statement. Certain economic and demographic information regarding the State is set forth in Appendix C to this Official Statement.

The State's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025 (the "FY 2025 ACFR") has been filed with the Municipal Securities Rulemaking Board (the "MSRB"), and is available from the MSRB's Electronic Municipal Market Access system (commonly known as EMMA). The FY 2025 ACFR, available at https://emma.msrb.org/P11905217-P11455372-P11903005.pdf, is incorporated herein by reference as stated under the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in Appendix A hereto. Only information contained on the website page identified above is incorporated herein and no additional information that may be reached from such page by linking to any other page or by following a reference to underlying source documents should be considered to be incorporated herein.

DOA's obligation under the Pledge Agreement and the incurrence of any liabilities of DOA under the Pledge Agreement, including, without limitation, the payment of all Debt Service Requirements and all other amounts required to be paid by DOA under the Pledge Agreement, is subject to and dependent upon appropriations being made from time to time by the Legislature for such purposes. **If the State fails to appropriate sufficient funds to DOA in a fiscal year for deposit into the Revenue Account under the Bond Resolution, there will be insufficient moneys to fully pay the principal of, redemption premium, if any, and interest on the Bonds.**

## INVESTMENT CONSIDERATIONS

**THE PURCHASE OF THE BONDS IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, AND TO GIVE PARTICULAR ATTENTION TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF DEBT SERVICE ON THE BONDS, AND WHICH COULD ALSO AFFECT THE MARKET PRICE OF THE BONDS TO AN EXTENT THAT CANNOT BE DETERMINED. THIS DISCUSSION OF INVESTMENT CONSIDERATIONS IS NOT, AND IS NOT INTENDED TO BE, EXHAUSTIVE.**

### Risk and Results of Non-Appropriation

The principal of, redemption premium, if any, and interest on the Bonds are payable solely from the Trust Estate, which consists primarily of funds derived from appropriations by the Legislature for each fiscal year. The Bonds are secured solely by the pledge of the Trust Estate pledged under the Bond

Resolution, including the Revenues and moneys on deposit in the Revenue Account. There is not anticipated to be any source of moneys available to DOA, and DOA has no obligation to seek or obtain any source of moneys for deposit to the Revenue Account, other than State appropriations. If the Legislature does not appropriate funds each year to DOA for deposit into the Revenue Account for the Bonds in the full amount necessary to pay Debt Service Requirements on Bonds issued under the Bond Resolution prior to each Payment Date, the Paying Agent will not have sufficient funds to pay the principal of, redemption premium, if any, and interest on the Bonds.

**Business Disruption Risk**

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt DOA and the State's ability to conduct their operations. The outbreak of the COVID-19 coronavirus in March 2020 is an example of a past external disruption that was beyond DOA and the State's control. A prolonged disruption in DOA and the State's operations could have an adverse effect on the State's financial condition.

**Legislative Discretion Regarding the State Budget and Related Matters**

The enactment of laws with respect to the State budget and related measures to raise revenues for the State by taxation or otherwise, appropriate moneys for expenditures and transfer moneys to or from funds within the state treasury, including the State General Fund, are matters within the discretion of the Legislature (subject to the powers and authority of the executive and judicial branches of State government). Proposals with respect to such matters from time-to-time before the Legislature, whether in the form of actions by the recently created Special Committee on Legislative Budget appointed by the Senate President and House Speaker, a budget proposal by the Governor or in pending legislation (see the caption "BUDGET PROCESS—Overview of the Budget Process" in Appendix A), may or may not be enacted into law and, if enacted may be enacted with changes that materially affect the financial condition of the State.

The Legislature concluded its regular session in April 2026. Legislation with respect to the State budget, revenues, expenditures, and fund transfers for the fiscal year that ended June 30, 2026, and for the fiscal year ending June 30, 2027, was enacted. See the caption "BUDGET PROCESS—Division of the Budget Discussion" in Appendix A. Any future actions of the Legislature with respect to such matters could materially affect the financial condition of the State.

**No Pledge of Real or Personal Property**

The pledge of the Trust Estate does not constitute a pledge of any real or personal property and the payment of debt service on the Bonds is not secured by a mortgage or any other security interest in the projects or assets financed or refinanced with proceeds of the Bonds. In the event of a default by DOA under the Pledge Agreement, there is no right or ability of the Authority or any party on behalf of the holders of the Bonds to take possession of the projects or assets financed or refinanced with proceeds of the Bonds or terminate the rights of DOA to possession of the projects or assets financed or refinanced with proceeds of the Bonds.

**Information Technology Security**

The State is increasingly reliant on information technology in all aspects of its operations. The reliance on information technology imposes new expectations on personnel to be adept in using and managing electronic systems. It also introduces risks to the security of systems and information of the State. See the caption "CYBERSECURITY" in Appendix A.

Entities such as the State and its agencies have been the victims of ransomware attacks, in which hackers compromise an entity's computer network or information systems in an attempt to extort money in exchange for returning the entity's systems to normal. Entities subject to breaches may be liable for potential fines and penalties, costs of remediating breaches, damages to individuals (or classes) whose information has been breached, reputational damage and business loss, and damage to the information technology infrastructure. The rapid evolution and increased adoption of artificial intelligence technologies may intensify cybersecurity risks, including the deployment of artificial intelligence technologies by malicious third parties and threat actors that may increase in sophistication and effectiveness in the future. These risks may be mitigated with periodic review of potential vulnerabilities and the ongoing implementation of security processes and updates when deemed appropriate by the State and within the limits of resources of the State made available for such purposes. Standards and practices for security of information technology continue to change and there can be no assurance that the State will be successful in protecting its information technology from security breaches.

**Federal Policy and Funding**

Federal policies involving taxation, appropriations, borrowing (including the debt ceiling), trade (including tariffs), immigration, climate change, clean energy and other topics can shift, sometimes dramatically, from one presidential administration or Congress to another. From time to time, such shifts can result in reductions to the level of federal funding for a variety of policy priorities, including transportation, housing, healthcare, social services and other federally funded programs. Recently, several such policy shifts, including delays in grants and other appropriations, have been proposed or promulgated through presidential executive orders and other official and unofficial actions at the federal level.

Federal government policies and funding of programs have a large impact on the State and its economy. For a discussion of the federal role in certain State agencies and their programs, see the caption "ORGANIZATION OF THE STATE—Executive Departments and Agencies" in Appendix A. Any material reductions in or elimination of federal programs and funding because of changes in federal policies could adversely affect the operations and financial condition of the State. For example, the State is required to follow federal requirements for the Medicaid healthcare program and changes in federal policy and funding of the program could materially impact the current operation of the State's program, known as KanCare (see the caption "BUDGET PROCESS— Division of the Budget Discussion—*Medicaid and Other Human Service Caseloads*" in Appendix A). Similarly, federal government policies regarding trade (including tariffs) may have a material effect, in particular, on the manufacturing and agricultural segments of the State's economy (see Appendix C – Economic and Demographic Information Regarding the State of Kansas for more information).

While the impact on the State and its educational institutions of any future federal policies and the potential impact on any related federal funding cannot be determined at this time, given the importance of federal policies and funding to the State, its education institutions and its economy, changes from time to time in such policies and funding may materially adversely affect the operations and financial condition of the State, including the State's educational institutions.

**Climate Change**

Potential hazards and risks related to climate change for the State may include, among other things, increased risk of wildfire, flood, drought, tornadoes and other severe storms. Such events may result in damage to the State's infrastructure and cause economic losses. Some areas of the State lie in a flood plain and have experienced significant flooding in the past. Range land, in particular, has experienced wildfires. Significant weather events such as flooding or drought and wildfire conditions may be affected by climate change and the effects thereof. The risk of economic losses as a result of such significant weather events is unknown at this time.

**Water Supply and Aquifer Depletion**

A portion of the agricultural production in the State, particularly in the semi-arid regions of western and central Kansas, depends upon water drawn from underground aquifers that underlie large portions of the State. Depletion of aquifers results from withdrawals of water for agricultural irrigation and other uses at rates faster than the recharge from precipitation or from rivers and streams.

The State has in recent years implemented policies to address the long-term depletion of aquifers with local monitoring and conservation. State legislation enacted in 2023 requires each of five Groundwater Management Districts ("GMD") in western Kansas to conduct public education and outreach in priority areas so the GMD can develop an action plan to reasonably address the identified concerns in each area based on input from water right owners and users in the area. Action plans were initially required to be submitted by each GMD to the Kansas Department of Agriculture by July 1, 2026. GMD action plans have been submitted and responded to, subject to extensions, in an ongoing process. Also, among other measures, the State has authorized grant funding to local recipients for conservation and local projects to address water quality issues and municipal water supply, including those resulting from sedimentation of water reservoirs.

Agricultural production represents a significant portion of the Kansas economy. Although future rates of decline in aquifer water supplies cannot be known, if past trends in depletion of groundwater continue in some areas, agricultural production in those areas, and the revenues, expenditures and financial condition of the State could be adversely affected.

**Special Obligations**

**The Bonds are special, limited obligations of the Authority. Neither the principal of, redemption premium, if any, nor interest on the Bonds constitutes a debt or liability of, nor is the payment thereof, guaranteed by the Authority, DOA, the State or any political subdivision thereof. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. Neither the Authority nor DOA has any taxing power.**

**Secondary Market Transactions**

There is no established secondary market for the Bonds, and there is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of bonds traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets. DOA has agreed to comply with the applicable provisions of Rule 15c2-12 of the Securities and Exchange Commission. If DOA fails to provide the necessary information to comply with such rule there could be an adverse impact on the ability of a Registered Owner to sell Bonds in the secondary market.

**Taxation of Interest on the Series 2026L Bonds**

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Series 2026L Bonds is excludable from gross income for federal income tax purposes under current provisions of the Code, and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service ("IRS"). There can be no assurance that the present provisions of the Code, or the rules and regulations under the Code, will not be adversely amended or modified, rendering the interest earned on the Series 2026L Bonds includable in gross income for federal income tax purposes.

The Authority, DOA, and KSU have covenanted in the Bond Resolution, the Tax Compliance Agreement or in other documents and certificates to be delivered in connection with the issuance of the Series 2026L Bonds to comply with the provisions of the Code, including those which require them to take or omit to take certain actions after the issuance of the Series 2026L Bonds. Because the existence and continuation of the excludability of the interest on the Series 2026L Bonds depends upon events occurring after the date of issuance of the Series 2026L Bonds, the opinion of Bond Counsel described under the caption "TAX MATTERS" assumes the compliance by the Authority, DOA, and KSU with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Series 2026L Bonds in the event of noncompliance with such provisions. The failure of the Authority, DOA, or KSU to comply with the provisions described above may cause the interest on the Series 2026L Bonds to become includable in gross income for federal income tax purposes as of the date of issuance.

**Tax Legislation and Other Matters**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2026L Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2026L Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2026L Bonds.

**No Additional Interest or Mandatory Redemption upon Event of Taxability of the Series 2026L Bonds**

The Bond Resolution does not provide for the payment of additional interest or penalty on the Series 2026L Bonds or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes.

**Legal Matters**

Various State and federal laws, regulations and constitutional provisions apply to the operations of the Authority and DOA. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Authority and DOA which could limit the ability to collect Revenues sufficient to pay principal and interest on the Bonds.

**Limitations on Remedies Available to Registered Owners of Bonds**

The federal bankruptcy code ("Bankruptcy Code") does not apply to the states of the United States, including the State. The federal bankruptcy code does provide for voluntary, but not involuntary administration of bankruptcies of political subdivisions, public agencies or instrumentalities of a state, to seek protection under Chapter 9 of the Bankruptcy Code, provided the state specifically authorizes use of Chapter 9. The Authority is not specifically authorized to use Chapter 9. The enforceability of the rights and remedies of the Registered Owners of Bonds, and the obligations incurred by the Authority in issuing the Bonds, are subject to the following: applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect;

usual equity principles which may limit the specific enforcement under State law of certain remedies; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. The exercise of powers by the federal or State government, if initiated, could subject the Registered Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights. See the caption "DEFINITIONS—Event of Default" in Appendix D-1 and "SUMMARY OF LEGAL DOCUMENTS—The Pledge of Revenues Agreement—Remedies Upon Default" in Appendix D-2 hereto for events which would constitute an event of default under the Pledge Agreement with respect to such matters.

**Suitability of Investment**

Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment.

**NO REPRESENTATION OR ASSURANCE MAY BE MADE OR GIVEN THAT THE AUTHORITY WILL REALIZE REVENUES SUFFICIENT TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS. ALL REVENUES ANTICIPATED BY THE AUTHORITY AND DOA TO BE AVAILABLE FOR THE PAYMENT OF THE BONDS ARE SUBJECT TO ANNUAL APPROPRIATION BY THE LEGISLATURE.**

**THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE BONDS.**

## NONLITIGATION CERTIFICATION

**The Authority**

Upon delivery of the Bonds, the Authority will furnish a certificate dated the date of delivery of the Bonds, to the effect that to the best of the Authority's knowledge there is no litigation, action, suit or proceeding pending before any court, administrative agency, arbitrator or governmental body or threatened which challenges the issuance, sale, execution or delivery of the Bonds or the collection of the Revenues pursuant to the Pledge Agreement pledged under the Bond Resolution or any proceedings of the Authority taken with respect thereto or in any way contesting the existence or powers of the Authority with respect to the issuance of the Bonds wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond Resolution or the Pledge Agreement or the validity or enforceability of the Bonds, the Bond Resolution, the Pledge Agreement or any other agreement or instrument which is used or contemplated for use in the consummation of the transactions contemplated thereby.

**DOA**

Upon delivery of the Bonds, DOA will furnish a certificate dated the date of delivery of the Bonds, to the effect that to the best of DOA's knowledge there is no litigation, action, suit or proceeding pending or threatened before any court, administrative agency, arbitrator or governmental body, that is not disclosed in the Official Statement, which challenges the issuance, sale, execution or delivery of the Bonds or the collection of the Revenues pursuant to the Pledge Agreement pledged under the Bond Resolution or any proceedings of DOA taken with respect thereto or in any way contesting the existence or powers of DOA with respect to the issuance of the Bonds wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond Resolution or the Pledge Agreement or the validity or enforceability of the Bonds, the Bond Resolution, the Pledge Agreement or any other agreement or instrument which is used or contemplated for use in the consummation of the transactions contemplated thereby.

## BOND RATINGS

Moody's Ratings has assigned a rating to the Bonds of "Aa3" with a positive outlook and Fitch Ratings has assigned a rating to the Bonds of "AA-" with a positive outlook. A report outlining the basis for the rating by each rating agency will be issued by such rating agency in connection with the issuance of such ratings and a copy may be obtained by contacting the applicable rating agency. Such ratings reflect only the view of the issuing rating agencies, and an explanation of the significance of such ratings may be obtained from such rating agencies. The ratings are not a recommendation to buy, sell or hold the Bonds. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely, by said rating agencies if, in their judgment, circumstances warrant. Any revisions or withdrawal of such ratings may have a material effect on the secondary market price and liquidity of the Bonds.

## CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Undertaking, the form of which is attached hereto as Appendix F (the "Disclosure Undertaking"), DOA will agree to provide for each Fiscal Year, beginning with the Fiscal Year ending June 30, 2026, certain financial information and operating data with respect to the State, as soon as practicable after they are available, but in no event later than 190 days after the end of such Fiscal Year. Such financial information and operating data will consist of information of the type and substantially in the format contained in the State's annual financial statements as set forth in the State's FY 2025 ACFR, incorporated by reference in this Official Statement, and the financial information and operating data regarding the State in substantially the scope and form contained in tables of information regarding the State in Appendix A and the Kansas Public Employees Retirement System in Appendix B to this Official Statement, beginning with the Fiscal Year ending June 30, 2026, as listed in the Disclosure Undertaking. Such information shall include actual information for such Fiscal Year but need not include revised estimates or projections for future Fiscal Years. In addition, as set forth in the Disclosure Undertaking, DOA has agreed to give notice of the occurrence of certain events as required by Rule 15c2-12 of the Securities and Exchange Commission (the "SEC Rule"). DOA has agreed to transmit, or cause a dissemination agent to transmit, the financial information and operating data, together with notice of the occurrence of certain events as provided in the Disclosure Undertaking, in an electronic format as prescribed by the MSRB. The MSRB has designated its EMMA system, found at http://emma.msrb.org, as the sole national municipal securities information repository for such information. DOA has made such agreements in order to assist the original purchasers of the Bonds in complying with the SEC Rule.

In the previous five years, DOA has not fully complied with certain previous undertakings pursuant to the SEC Rule as follows (which information is presented irrespective of materiality): DOA made a voluntary filing on the EMMA system on June 29, 2023 to update the Annual Report (Part II – State of Kansas Financial Information and Operating Data) for the year ended June 30, 2022, which was originally timely filed on December 22, 2022, to add missing information regarding certain capital lease obligations.

The State has from time to time revised its Disclosure Policies and Procedures, most recently effective as of February 6, 2020.

In order to facilitate compliance with certain continuing disclosure undertakings, including with respect to the Bonds, the State has designated Gilmore & Bell, P.C. as dissemination agent.

For the form of the Disclosure Undertaking, see Appendix F to this Official Statement.

## APPROVAL OF LEGAL PROCEEDINGS

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Bond Counsel to the Authority. The factual and financial information appearing herein and in the Appendices hereto has been supplied or reviewed by certain officials of the Authority and DOA, as referred to herein, and Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE BONDS," "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS," "TAX MATTERS," "DEFINITIONS" in Appendix D-1 hereto, "SUMMARY OF LEGAL DOCUMENTS" in Appendix D-2 hereto and "FORM OF BOND COUNSEL OPINION" in Appendix G hereto. Certain legal matters will be passed upon for the Authority by its counsel and disclosure counsel, Kutak Rock LLP, for DOA by its Office of Chief Counsel and by its disclosure counsel, Bracewell LLP and for KSU by its Office of General Counsel.

## TAX MATTERS

*The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for certain tax laws of the State of Kansas, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.*

**Opinion of Bond Counsel**
**Regarding the Series 2026L Bonds**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority, under the law existing as of the issue date of the Series 2026L Bonds:

***Federal Tax Exemption***. The interest on the Series 2026L Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

***Alternative Minimum Tax***. The interest on the Series 2026L Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

***Kansas Tax Exemption***. The interest on the Series 2026L Bonds is exempt from all Kansas state, county and municipal taxes, including income and property taxes; provided, however, that no opinion is expressed with respect to the applicability of the privilege tax imposed on banking institutions pursuant to K.S.A. 79-1107 and 79-1108.

***Bank Qualification***. The Series 2026L Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Bond Counsel's opinions are provided as of the date of the original issue of the Series 2026L Bonds, subject to the condition that the Authority, DOA, and KSU comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026L Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority, DOA, and KSU have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2026L Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026L Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2026L Bonds, but has reviewed the discussion under the heading "TAX MATTERS—Other Federal Income Tax Consequences Applicable to Owners of the Series 2026L Bonds."

The proposed form of Bond Counsel's opinion is attached as Appendix G.

**Other Federal Income Tax Consequences**
**Applicable to Owners of the Series 2026L Bonds**

***Original Issue Discount***. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2026L Bond over its issue price. The stated redemption price at maturity of a Series 2026L Bond is the sum of all payments on the Series 2026L Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026L Bond is generally the first price at which a substantial amount of the Series 2026L Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2026L Bond during any accrual period generally equals (1) the issue price of that Series 2026L Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2026L Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2026L Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2026L Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount, if any.

***Original Issue Premium***. For federal income tax purposes, premium is the excess of the issue price of a Series 2026L Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2026L Bond is the sum of all payments on the Series 2026L Bond other than "qualified stated interest" (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026L Bond is generally the first price at which a substantial amount of the Series 2026L Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2026L Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2026L Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2026L Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium, if any.

***Sale, Exchange or Retirement of Series 2026L Bonds***. Upon the sale, exchange or retirement (including redemption) of a Series 2026L Bond, an owner of the Series 2026L Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange or retirement of the

Series 2026L Bond (other than in respect of accrued and unpaid interest) and the owner's adjusted tax basis in the Series 2026L Bond. To the extent a Series 2026L Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2026L Bond has been held for more than 12 months at the time of sale, exchange or retirement.

***Reporting Requirements***. In general, information reporting requirements will apply to certain payments of principal, interest and redemption premium paid on the Series 2026L Bonds, and to the proceeds paid on the sale of the Series 2026L Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

***Collateral Federal Income Tax Consequences***. Prospective purchasers of the Series 2026L Bonds should be aware that ownership of the Series 2026L Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2026L Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2026L Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2026L Bonds, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that interest on the Series 2026L Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

**Opinion of Bond Counsel Regarding the Series 2026M Bonds**

***Kansas Tax Exemption***. In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority, under the law existing as of the issue date of the Series 2026M Bonds, the interest on the Series 2026M Bonds is exempt from all Kansas state, county and municipal taxes, including income and property taxes; provided, however, that no opinion is expressed with respect to the applicability of the privilege tax imposed on banking institutions pursuant to K.S.A. 79-1107 and 79-1108.

***No Other Opinions***. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2026M Bonds, except as expressly provided herein. Purchasers of the Series 2026M Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership and disposition of the Series 2026M Bonds, including the possible application of state, local, foreign and other tax laws.

**Other Tax Consequences Applicable to Owners of the Series 2026M Bonds**

***Original Issue Discount***. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2026M Bond over its issue price. The stated redemption price at maturity of a Series 2026M Bond is the sum of all payments on the Series 2026M Bond other than "qualified stated interest" (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026M Bond is the first price at which a substantial amount of the Series 2026M Bonds of that maturity have been sold to the public. If the original issue discount on a Series 2026M Bond is more than a *de minimis* amount (generally ¼ of 1% of the stated redemption price at maturity of the Series 2026M Bond multiplied by either (a) the number of complete years to the maturity date of the Series 2026M Bond, or (b) the weighted average maturity of the Series 2026M Bond, in the case of a Series 2026M Bond providing for the mandatory, or in certain cases optional, payment prior to its maturity date), then that Series 2026M Bond will be treated as issued with original issue discount. The amount of original issue discount that accrues to an owner of a Series 2026M Bond during any accrual period generally equals (1) the issue price of that Series 2026M Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2026M Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2026M Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be included in gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2026M Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount, if any.

***Original Issue Premium***. For federal income tax purposes, premium is the excess of the issue price of a Series 2026M Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2026M Bond is the sum of all payments on the Series 2026M Bond other than "qualified stated interest" (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026M Bond is generally the first price at which a substantial amount of the Series 2026M Bonds of that maturity have been sold to the public. Under Section 171 of the Code, the owner of a Series 2026M Bond having bond premium may elect to amortize the premium over the term of the Series 2026M Bond using constant yield principles, based on the purchaser's yield to maturity. An owner of a Series 2026M Bond amortizes bond premium by offsetting the qualified stated interest allocable to an accrual period with the bond premium allocable to that accrual period. This offset occurs when the owner takes the qualified stated interest into income under the owner's regular method of accounting. If the premium allocable to an accrual period exceeds the qualified stated interest for that period, the excess is treated by the owner as a deduction under Section 171(a)(1) of the Code. As premium is amortized, the owner's basis in the Series 2026M Bond will be reduced by the amount of amortizable bond premium properly allocable to the owner. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium, if any.

***Sale, Exchange, Legal Defeasance or Retirement of Series 2026M Bonds***. Upon the sale, exchange, legal defeasance or retirement (including redemption) of a Series 2026M Bond, an owner of the Series 2026M Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange, legal defeasance or retirement of the Series 2026M Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2026M Bond. To the extent a Series 2026M Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2026M Bond has been held for more than 12 months at the time of sale, exchange, legal defeasance or retirement.

***Reporting Requirements***. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2026M Bonds, and to the proceeds paid on the sale of the Series 2026M Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

***Collateral Federal Income Tax Consequences***. Prospective purchasers of the Series 2026M Bonds should be aware that ownership of the Series 2026M Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2026M Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2026M Bonds, including the possible application of state, local, foreign and other tax laws.

## UNDERWRITING

On ______ __, 2026 the Authority received __ bids for the Series 2026L Bonds. The Series 2026L Bonds have been sold at public sale by the Authority to _________ (the "Series 2026L Original Purchaser") on the basis of lowest true interest cost. The Series 2026L Original Purchaser has agreed, subject to certain conditions, to purchase the Series 2026L Bonds at a purchase price equal to the initial offering prices shown on the inside cover pages hereof, less an underwriter's discount of $__________.

On ______ __, 2026 the Authority received __ bids for the Series 2026M Bonds. The Series 2026M Bonds have been sold at public sale by the Authority to _________ (the "Series 2026M Original Purchaser" and, together with the Series 2026L Original Purchaser, the "Original Purchasers") on the basis of lowest true interest cost. The Series 2026M Original Purchaser has agreed, subject to certain conditions, to purchase the Series 2026M Bonds at a purchase price equal to the initial offering prices shown on the inside cover pages hereof, less an underwriter's discount of $__________.

## FINANCIAL ADVISOR

Columbia Capital Management, LLC, Merriam, Kansas, a registered municipal advisor, is serving as financial advisor to the Authority with respect to the Bonds. Columbia Capital Management, LLC, is a financial and investment advisory and consulting organization and is not engaged in the underwriting, marketing or trading of municipal securities or other negotiable instruments. Columbia Capital Management, LLC has assisted in various matters relating to the planning, structuring and issuance of the Bonds, including advice in the preparation of this Official Statement, but has not verified the accuracy or completeness of the factual information contained in this Official Statement.

## MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights of the owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the offices of the Authority. Following delivery of the Bonds, copies of such documents may be examined at the office of the Authority. The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of the date thereof.

Any statements made in this Official Statement, including all appendices hereto, involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of the estimates will be realized. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Authority or DOA and the purchasers or Registered Owners of the Bonds.

Requests for additional information with respect to the Authority and the Bonds may be addressed to the Kansas Development Finance Authority, 534 South Kansas Avenue, Suite 800, Topeka, KS 66603, Attention: Executive Director.

The preparation of this Official Statement and its distribution has been authorized by the Authority and DOA, as of the date on the cover page hereof.

(Remainder of page intentionally left blank)

[THIS PAGE INTENTIONALLY LEFT BLANK]

# APPENDIX A

# FINANCIAL AND RELATED INFORMATION
# REGARDING
# THE STATE OF KANSAS

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

# ORGANIZATION OF THE STATE

## Branches of Government

Kansas became the 34th state in 1861, and Topeka was chosen to be the capital later that year. Pursuant to the Constitution of the State of Kansas (the "Kansas Constitution"), Kansas has the traditional three branches of government: the Executive Branch, which includes the Governor and certain other elected State officers; the Legislative Branch, which includes the House of Representatives and the State Senate; and the Judicial Branch, which includes the State Supreme Court, the Court of Appeals and the district and municipal courts.

The Governor and other constitutional officers (Lieutenant Governor, Secretary of State and Attorney General) are elected to four-year terms. The Governor and Lieutenant Governor are limited to two successive elected terms. The members of the Governor's cabinet, consisting of the heads of the executive departments described at the caption "Executive Departments and Agencies" below, are appointed by the Governor and confirmed by the State Senate. The State Treasurer, the Commissioner of Insurance and the ten members of the Board of Education are additional elected offices.

The Legislature, consisting of the House of Representatives of 125 members and the State Senate of 40 members, meets annually beginning in January and in certain circumstances may convene in special session. The duration of regular sessions of the Legislature in even-numbered years shall not exceed 90 days unless extended by the affirmative vote of two-thirds of each house. The duration of regular sessions of the Legislature in odd-numbered years is unlimited. Members of the House of Representatives are elected to two-year terms, and members of the State Senate are elected to four-year terms.

The Supreme Court is the highest court in Kansas. It consists of seven justices appointed by the Governor or otherwise as provided in the Kansas Constitution. After the first year in office, a justice is subject to a retention vote in the next general election. If a majority of electors vote to retain the justice, he or she remains in office for a term of six years. Justices are subject to a similar retention vote at the conclusion of each term.

For an organizational chart of the government of the State, see page X in the "INTRODUCTORY SECTION" to the FY 2025 ACFR (hereafter defined) referred to at the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in this Appendix A.

The State Finance Council, consisting of nine members and headed by the Governor, is empowered to take certain actions provided by State statute, including certain matters of legislative delegation while the Legislature is not in session. The members of the State Finance Council are the Governor, the President of the Senate, the Speaker of the House of Representatives, the Majority Floor Leader of the Senate, the Minority Floor Leader of the Senate, the Chairperson of the Senate Committee on Ways and Means, the Majority Floor Leader of the House of Representatives, the Minority Floor Leader of the House of Representatives and the Chairperson of the House of Representatives Committee on Appropriations.

The State operates on a budget year and reports financial results on a fiscal year, each ending June 30. For a description of the budget and appropriation process, see the caption "BUDGET PROCESS—Overview of the Budget Process" in this Appendix A. For the most recently available financial statements of the State, see the FY 2025 ACFR referred to at the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in this Appendix A. Audited financial information for the State is presented in the FY 2025 ACFR and incorporated by reference herein. Interim revenues, expenses and other data presented in tables or text discussion in this Appendix A is unaudited unless expressly stated to the contrary.

**Executive Departments and Agencies**

***Department of Administration***. The Department of Administration ("DOA") is the primary provider of central administrative support services to State agencies. DOA is a cabinet-level agency managed by the Secretary of Administration, who is appointed by the Governor. DOA develops financial policies and plans; operates and supervises uniform centralized accounting, purchasing, and personnel systems; oversees the design and construction of State buildings; manages the State's central data processing systems; operates the State printing plant; maintains and operates office buildings in Topeka; and oversees the leasing of space by State agencies. Many of the programs administered by DOA are funded wholly or in part by fees collected from user agencies for services provided.

***Division of the Budget***. The Division of the Budget assists with the development of financial policies and plans, including preparation and administration of the State budget. The Director of the Budget is appointed by the Governor. The Division of the Budget has central responsibility for the State budget process, including related policy issues, and for providing management services to State agencies. Because of its central role in budget formulation, the Division serves as a source of explanation to the Legislature and to legislative staff and committees while the Governor's proposals are being considered for adoption. The Division performs a series of duties related to budget execution and financial administration. The staff monitors cash flow and takes appropriate steps to assure State General Fund solvency throughout the year. Revenues to the State General Fund are monitored throughout the fiscal year and reported on a monthly basis on the Division's website at https://budget.kansas.gov/estimates/.[1]

***Office of Information Technology Services***. The Office of Information Technology Services is responsible for providing central electronic information processing and technical management services to all State agencies. The Office provides phone, computer, and data communication services on demand. The telecommunications network serves over 17,000 data communication users, 10,000 phone users, and a large number of users connected on the network through other mainframes and minicomputers. The Office is managed by the Chief Information Technology Officer, who is appointed by the Governor.

***Department of Commerce***. As the state's lead economic development agency, the Kansas Department of Commerce strives to empower individuals, businesses and communities to achieve prosperity in Kansas. Commerce accomplishes its mission by developing relationships with corporations, site location consultants and stakeholders in Kansas, the nation and world. These partnerships allow the agency to help create an environment for existing Kansas businesses to grow and foster an innovative, competitive landscape for new businesses. The Department is a cabinet-level agency managed by the Secretary of Commerce, who is appointed by the Governor and responsible for, among other things, approving sales tax and revenue bonds ("STAR Bonds") attractions and districts. For more information, see "BUDGET PROCESS − Division of the Budget Discussion – STAR Bonds." The agency has six organizational divisions: Administration, Business Development, Community Development, International, Workforce Services and Tourism. The Administration Division is responsible for centralized administrative operations, legal and legislative issues, public relations and communications of the Department. The Business Development Division strives to improve the Kansas economy through the creation and retention of jobs and capital investment. The Community Development Division works to improve the quality of life in the state's communities, particularly in rural areas of Kansas. The International Division provides export services to Kansas firms and engages with companies outside the United States to encourage more Foreign Direct Investment into the Kansas economy. The Workforce

---

[1] The State maintains public websites on which it periodically posts certain financial and other information. None of the information included on these pages, electronically linked ("hotlinked"), or on the State's websites generally, is incorporated into the Official Statement unless otherwise expressly stated.

Services Division operates workforce training programs and provides employment services to job seekers and employers. The Tourism Division is charged with encouraging the traveling public to visit and travel within Kansas by promoting and developing the recreational, historic and natural advantages of the State and its facilities. The Department's programs and operations are funded primarily through two sources: an operating grant from the Economic Development Initiatives Fund, which derives the majority of its moneys from lottery revenues, as well as federal funding for workforce development and community development programs. The Department also receives federal grants and collects fees associated with the various programs and services it provides.

***Department of Revenue***. The mission of the Department of Revenue is to collect taxes and fees, administer Kansas tax laws, issue a variety of licenses and provide assistance to Kansas citizens and local governments. The Department is a cabinet-level agency managed by the Secretary of Revenue, who is appointed by the Governor. The Department is organized into six program areas: Administration, Aid to Local Governments, Alcoholic Beverage Control, Tax Operations, Property Valuation and Motor Vehicles. Administration provides strategic planning, management control, policy direction, legal services, training, information systems support and administrative support to the Department. Aid to Local Governments distributes funds to local governments from the sand royalty tax, minerals production tax, dealer vehicle fees and taxes on marijuana and controlled substances. Alcoholic Beverage Control regulates the sale and distribution of alcoholic beverages and enforces regulations governing cigarette and tobacco products. Tax Operations administers virtually all State taxes, including personal and corporate income, retail sales and use, estate, minerals, motor fuels and excise. Property Valuation appraises State property and assists local appraisers in administering assessments and tax laws. Motor Vehicles administers Kansas law relating to issuance of vehicle license plates and certificates of title, motor vehicle dealer licensing and driver licensing control.

***Department for Children and Families (formerly Social & Rehabilitation Services)***. The mission of the Kansas Department for Children and Families ("DCF") is to protect children, promote healthy families and encourage personal responsibility. The Department is a cabinet-level agency managed by the Secretary of DCF, who is appointed by the Governor. DCF administers programs in five primary categories: Child Support Services, Economic and Employment Services, Prevention and Protection Services, Rehabilitation Services and Client Service Delivery. The 1973 Legislature created the Department of Social and Rehabilitation Services ("SRS") to replace the Board of Social Welfare and additionally provided that the State, instead of the counties, would finance the assistance programs administered by SRS, which include the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the Temporary Assistance for Needy Families Program, and certain home and community-based services programs. The agency was reorganized in 2012 when the Division of Disabilities and Behavioral Health Services was moved to the Department for Aging and Disability Services with oversight of the State psychiatric hospitals and developmental disability facilities. DCF is a member of the Consensus Caseload process and works with the Division of the Budget, the Legislative Research Department, the Department for Aging and Disability Services and the Department of Health and Environment's Division of Health Care Finance to meet twice a year to estimate expenditures for the current and upcoming fiscal year related to certain entitlement programs, including the Medicaid programs, Temporary Assistance to Needy Families Program, Nursing Facilities for Mental Health, Reintegration/Foster Care and Out-of-Home Placements in the Juvenile Services Program in the Department of Corrections.

***Department for Aging and Disability Services***. The mission of the Kansas Department for Aging and Disability Services is to foster an environment that promotes security, dignity and independence for all Kansans. The Department envisions a community that empowers Kansas' older adults and persons with disabilities to make choices about their lives. The Department is a cabinet-level agency managed by a Secretary appointed by the Governor. The Department was created by the 1977 Legislature to administer federal and State programs to assist elderly citizens and to act as an advocate, purchaser and regulator to ensure that State services meet the needs of the elderly in the most effective manner. The Department has four primary functions: Agency Administration and Operations, Medicaid Long-Term Care, Community Services and Aging Grants. It also administers the Adult Care Home Licensure Act and the survey and certification requirements under contract with the U.S. Department of Health and Human Service Centers for Medicare and Medicaid Services. The agency was reorganized in 2012 when the Division of Disabilities and Behavioral Health Services was moved to the Department for Aging and Disability Services with oversight of the state psychiatric hospitals and developmental disability facilities.

***Department of Health and Environment***. The mission of the Department of Health and Environment is to protect and improve the health of Kansans by providing community and personal health services, ensuring adequate sanitary conditions in public facilities and health facilities and regulating and promoting environmental quality. The Department is a cabinet-level agency, managed by a Secretary, who is appointed by the Governor. The Division of Public Health administers a variety of public health services and regulatory programs, including services for children with special health care needs, the establishment of community-based procedures for responding to bioterrorism events, health promotion, and family and community health services, as well as conducting inspections of childcare facilities. The Division of Environment has broad regulatory authority in environmental areas, including solid waste, hazardous waste, water supply, air, radiation control, storage tank programs and environmental remediation. The Bureau of Water of the Division of Environment is responsible for the regulation of water and wastewater systems in Kansas and administers revolving loan fund programs for both wastewater and drinking water systems. The Division of Health Care Finance is responsible for the State's Medicaid programs. This Division was previously a separate State agency, the Kansas Health Policy Authority, but was merged with the Department of Health and Environment on July 1, 2011. Effective July 1, 2020, the State Employee Health Plan was moved to the DOA.

***Department of Labor***. The Kansas Department of Labor was created by Executive Reorganization Order No. 31 of 2004. The Legislature enacted a bill to implement the order effective on July 1, 2004. The order renamed the Department of Human Resources to the Kansas Department of Labor, as codified in Chapter 75, Article 57 of the Kansas Statutes Annotated, and transferred the Division of Employment and Training to the Department of Commerce. In July 2005, America's Job Link Alliance - Technical Services (AJLA-TS) was also transferred to the Department of Commerce to be more in line with workforce development and the Employment and Training programs. The agency administers the following labor-related programs and laws:

- Kansas Employment Security Law, K.S.A. 44-701, et seq.;
- Kansas Workers Compensation Act, K.S.A. 44-501, et seq.;
- Kansas Wage Payment Act, K.S.A. 44-313, et seq.;
- Minimum Wage and Maximum Hours Act, K.S.A. 44-1201, et seq.;
- Child Labor Act, K.S.A. 38-601, et seq.;
- Agricultural Labor Relations Act, K.S.A. 44-818, et seq.;
- Private Employment Agencies, K.S.A. 44-401, et seq.;
- Labor Relations, K.S.A. 44-801, et seq.;
- Public Employer-Employee Relations Act, K.S.A. 75-4321, et seq.;
- Professional Negotiations Act, K.S.A. 72-2218, et seq.;
- Kansas Amusement Ride Act, K.S.A. 44-1601, et seq.;
- An act prohibiting discrimination and retaliation against an employee who is a victim of domestic violence or sexual assault from taking time off work under certain circumstances, K.S.A. 44-1131-33;
- Inspections and safety at work sites, including K.S.A. 44-631, 44-634, and 44-636-638;
- Consultation to the human trafficking advisory board, K.S.A. 75-757; and

- Investigation of complaints related to employer-imposed COVID-19 vaccination requirements, K.S.A. 44-663, et seq.

The agency receives a large amount of federal funding, and must comply with federal laws, including Titles III and IX of the Social Security Act; the Federal Unemployment Tax Act; the American Rescue Plan Act (ARPA) of 2021; and the Confidential Information Protection and Statistical Efficiency Act (CIPSEA) and any amendments related thereto. The agency also receives federal funds from the Occupational Safety and Health Administration to administer the federal 21(d) workplace safety consultation program and from the U.S. Department of Labor to fund certain Bureau of Labor Statistics programs.

***Department of Corrections***. The Department of Corrections, as part of the adult criminal justice system and juvenile justice system, contributes to public safety and supports victims of crime by exercising reasonable, safe, secure and humane control of adult and juvenile offenders while encouraging and assisting them to become law-abiding citizens. The Department is a cabinet-level agency headed by the Secretary of Corrections, who is appointed by the Governor. The Secretary delegates administrative oversight responsibility for all institutions to deputy secretaries. They include the Deputy Secretary of Facilities Management, charged with responsibility of coordination and oversight of the operations of the correctional facilities and the Deputy Secretary of Community and Field Services, who is responsible for operation of the community corrections and parole services. The Department's program structure includes 12 programs: Administration, Information Systems, Facilities Management, Parole Services, Community Corrections, Reentry and Offender Programs, Inmate Health Care, Victim Services, Prisoner Review Board, Juvenile Services, Food Service, and Debt Service and Capital Improvements. The Department has direct responsibility for nine correctional facilities: the Lansing Correctional Facility, the Hutchinson Correctional Facility, the Topeka Correctional Facility, the Ellsworth Correctional Facility, the Norton Correctional Facility, the Winfield Correctional Facility, the El Dorado Correctional Facility, the Larned State Correctional Facility and the Kansas Juvenile Correctional Complex.

***Adjutant General***. The Adjutant General has overall responsibility for operation of the Kansas Army and Air National Guard and is responsible for the emergency management and planning activities of the State and Homeland Security. The Adjutant General is appointed by the Governor and serves as Chief of Staff of the Military Division (Kansas National Guard), Chief Administrative Officer of the Division of Emergency Management and the Kansas Director of Homeland Security. The Adjutant General administers the joint federal-state program that is the Kansas Army and Air National Guard. Military equipment for the troops and units of the Kansas Guard is furnished by the U.S. Department of Defense through the National Guard Bureau. Federal control is exercised over military strength and mobilization of the Kansas Guard. Federal personnel are employed in both administrative and maintenance jobs in armories and maintenance shops. The Kansas Air National Guard is organized into two groups: the 184$^{th}$ Air Refueling Wing based at McConnell Air Force Base in Wichita and the 190$^{th}$ Air Refueling Wing at Forbes Field in Topeka. The Division of Emergency Management is charged with preparing for the execution of all designated emergency functions that help to prevent or minimize human injury and repair property damage resulting from disasters. The Division develops and maintains a state emergency operating plan and coordinates local emergency planning and state-wide disaster relief.

***Highway Patrol***. The mission of the Highway Patrol is service, courtesy and protection. The Superintendent of the Highway Patrol is appointed by the Governor. The Highway Patrol was created to enforce traffic and other State laws relating to the operation of vehicles on State highways. The Highway Patrol's scope of responsibility also includes policing the Kansas Turnpike, providing security for public officials, administering the Capitol Police, inspecting commercial motor carriers and administering the Homeland Security Grant Program. Sworn members of the Highway Patrol are vested with full police powers. Highway Patrol personnel perform traffic enforcement duties, including the promotion of public safety, instruction for traffic-related courses, assistance to disabled motorists, and assistance to other state agencies. The Highway Patrol also provides assistance to state and local agencies during natural disasters and other public emergencies.

***Department of Agriculture***. The Department of Agriculture regulates various agricultural industries, promotes agricultural development, regulates the quantity of water resources, and disseminates information on Kansas agriculture. The Department is a cabinet-level agency managed by the Secretary of Agriculture, who is appointed by the Governor. The Department administers a variety of programs: Agency Administration, Regulation of Water Resources, Food Safety and Consumer Protection, Conservation, Animal Health, Agricultural Laboratories, Agriculture Marketing and Environmental Protection. These programs assist in protecting the health and safety of the public through consumer protection and preventative activities. Many of these programs are partially financed through fees imposed on businesses and individuals regulated by the agency. Much of the agency's staff is located in Manhattan, Kansas, adjacent to Kansas State University and the federal National Bio and Agro-Defense Facility laboratories, to foster collaboration between the Department of Agriculture and Kansas State University in the areas of animal health research, water conservation, and other agricultural-related matters.

***Department of Wildlife and Parks***. The mission of the Department of Wildlife and Parks is to conserve and enhance Kansas' natural heritage, its wildlife and its habitats to assure future generations the benefits of the State's diverse living resources. The Department also strives to provide the public with opportunities to use and appreciate the State's natural resources. The Department is a cabinet-level agency managed by a Secretary who is appointed by the Governor. General administrative responsibilities and general field responsibilities are managed by the Assistant Secretary for Operations, located in Pratt, Kansas. The Department's Commission provides information on outdoor recreation and natural resources protection and approves all fees, rules and regulations. The Department is responsible for managing and protecting the outdoor recreational opportunities and natural resources of the State. Program areas include Parks, Law Enforcement, Fisheries, Wildlife, and Public Lands. The agency also oversees various federal and State mandates, such as acts relating to threatened and endangered species.

***Department of Transportation***. The mission of the Kansas Department of Transportation ("KDOT") is to provide a safe, reliable, innovative statewide transportation system that works for all Kansans today and in the future. KDOT is a cabinet-level agency managed by a Secretary appointed by the Governor. KDOT has administrative and planning responsibilities for aviation, highways, public transportation, and railroads. KDOT focuses on highway planning, design, construction and maintenance; however, emphasis is also placed on rail and aviation support. Kansas has nearly 140,000 miles of public roads and highways. Of those miles, approximately 10,000 centerline miles are maintained by KDOT, 236 by the Kansas Turnpike Authority (the "KTA"), and approximately 130,000 by local governments. There are also nearly 300 miles located in State parks and wildlife areas. Of the highway miles maintained by KDOT, 635 centerline miles are on the interstate highway system. KDOT and the KTA began sharing certain operations in 2013 but are not consolidated and KTA remains a separate entity. In FY 2021, the State began implementing its new ten-year transportation plan, the Eisenhower Legacy Transportation Program (the "IKE Program"), which was approved by the 2020 Legislature. The total expenditures on the IKE Program are estimated to total $21 billion from FY 2021 to FY 2030. The IKE Program focuses on providing investments to preserve the State's highway system, allowing flexibility by selecting modernization and expansion projects every two years, creating new partnership programs with local governments, investing in new technologies and broadband and continuing a commitment to multi-modes of transportation. KDOT is funded through State-imposed special user fees and fuel taxes, a portion of the State's retail sales tax and compensating use tax, interest on investments of highway-related revenues, and federal funds. Another key source of funding is bonding. KDOT is subject to a debt service limit that ensures the amount owed in debt service in any given year cannot exceed 18% of expected State Highway Fund ("SHF") revenues.

***Office of Early Childhood.*** Session 2025 House Bill 2045 signed into law on April 24, 2025 established the Kansas Office of Early Childhood (the "KOEC") effective July 1, 2026. The mission of the KOEC is to strengthen Kansas' early childhood system by connecting programs and services that help children succeed, families thrive, and communities prosper. The KOEC consolidated existing state programs from the following agencies and entities into a single, streamlined agency that supports all aspects of early childhood intervention and development: Department for Children and Families, Kansas Department of Health and Environment, Kansas Children's Cabinet and Trust Fund, and the Department of Education.

**Authority for Issuance of State Indebtedness**

Article 11, Sections 6, 7 and 8 of the Kansas Constitution constrain the ability of the State to issue general obligation debt, permitting general obligation debt issuance only in certain limited circumstances. Article 11, Section 6 provides that for the purpose of defraying extraordinary expenses and making public improvements, the State may contract public debts, but never to exceed, in the aggregate, one million dollars. Article 11, Section 7 provides that no debt shall be contracted by the State unless the proposed law for creating such debt shall first have been submitted to a direct vote of the electorate at a general election, and approved by a majority of all votes cast. Article 11, Section 8 authorizes the State to borrow money to repel invasion, suppress insurrection, or defend the State in time of war. The State has not issued general obligation debt pursuant to these provisions since 1919.

The Kansas Supreme Court has found the issuance of appropriation revenue obligations does not violate the Kansas constitutional restrictions on general obligation debt, stating in multiple decisions that "debts" within the meaning of constitutional provisions prohibiting the State from contracting "debts," except as therein provided, are debts to be paid by a general property tax and not from funds to be raised in some other manner. (*State ex rel. Boynton v. State Highway Comm.*, 28 P.2d 770 (Kan. 1934); *State ex rel. Fatzer v. Board of Regents*, 207 P.2d 373 (Kan. 1949)). The Court has stated that every presumption must be indulged in favor of the validity of legislative acts, and unless the judgment of the lawmaking body, touching the subject of the public interest and welfare, is entirely devoid of a rational basis, courts cannot interfere therewith. (*State ex rel. Mitchell v. Sage Stores Co.*, 141 P.2d 655 (Kan. 1943)).

In 1987, the Kansas Development Finance Authority ("KDFA" or the "Authority") was created pursuant to the KDFA Act to assist with certain of the State's debt issuance activities and for the purposes of accessing the capital markets on behalf of the State and other public and private entities. Since that time, the State has periodically incurred debt as Authority revenue bonds, the debt service on which is subject to annual appropriation by the Legislature. The Series 2026L Bonds and Series 2026M Bonds described in the Official Statement are the most recent of such issues of bonds by the Authority. See the caption "THE AUTHORITY" in the Official Statement.

Obligations payable from State appropriations are issued pursuant to specific legislative authorization, and debt service on such obligations is payable only from annual appropriations of moneys for the payment of such obligations by each session of the Legislature. If for any reason moneys are not appropriated by the Legislature for each payment of debt service on such obligations, no moneys are expected to be available for the payment of debt service on such obligations.

The State will, from time to time, also finance facilities through bonds issued by local building commissions and payable from rental payments made by the State primarily out of State General Fund and other funds appropriated to State agencies.

Transportation revenue obligations, payable from SHF revenues, are issued directly by KDOT. Such obligations are not included in debt described under the caption "INDEBTEDNESS OF THE STATE OF KANSAS—Total Long-Term Obligations" in this Appendix A.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

For certain economic and demographic information regarding the State, see Appendix C to this Official Statement.

On April 20, 2026, the State's Consensus Revenue Estimating Group (the "Consensus Revenue Group") decreased the overall estimated amount of State General Fund receipts for FY 2026 to $10.099 billion, which is $127.4 million, or 1.2%, below the FY 2026 estimate made in November 2025. The Consensus Revenue Group met again in May 2026 to adjust their projections based on changes made during the 2026 Legislative Session but no additional legislation passed that required any adjustments to the estimated State General Fund receipt amount for FY 2026. For FY 2027, total receipts of $10.206 billion were estimated by the Consensus Revenue Group in April 2026, which is $103.2 million, or 1.0%, above the estimate for FY 2026. In May 2026, the Consensus Revenue Group reduced the overall estimate for FY 2027 by $3.0 million for enacted legislation during the 2026 Legislative Session. See "BUDGET PROCESS—Revenue Estimates and Receipts" in this Appendix A.

Real Kansas Gross State Product, which measures the cumulative economic output of the State's economy, is estimated to have increased by 2.0% in calendar year 2025 and to increase by 2.0% in calendar year 2026 and in calendar year 2027. Real Kansas Personal Income ("KPI"), a measure of the economic well-being of Kansas residents from all income that they receive, is expected to increase by 2.0% in calendar year 2026, calendar year 2027 and calendar year 2028. By comparison, the November 2025 estimate showed KPI increasing by 1.9% in calendar year 2026 and increasing by 2.0% in calendar year 2027 and calendar year 2028.

Current estimates indicate that the overall Kansas unemployment rate, which was 3.8% in calendar year 2025, is estimated to increase to 4.0% in calendar year 2026 and decrease to 3.9% in calendar year 2027 and calendar year 2028.

According to the July 2026 labor market report, which is the most recent report from the Kansas Department of Labor, the unemployment rate was 3.8%, which is unchanged from 3.8% in June 2026 and an increase from 3.7% in July 2025. The labor force participation rate for Kansas decreased to 66.7% in July. Seasonally adjusted job estimates for Kansas indicate total nonfarm payroll employment increased by 500 from June. Total nonfarm includes private sector and government employers. Private sector jobs increased by 1,500 over the month, while government decreased by 1,000. The largest job gains in the private sector were in private education and health services (+1,800 jobs). The largest decrease was in manufacturing (-1,400 jobs). Since July 2025 Kansas' seasonally adjusted total nonfarm jobs have increased by 5,600. This change is due to an increase of 9,000 private sector jobs and a decrease of 3,400 government jobs. For more information see the July 2026 Labor Report available at: https://www.dol.ks.gov/labor-market-information/overview. The August 2026 and September 2026 Labor Report are expected to be released on or around September 18, 2026, and October 16, 2026, respectively, and will be available on the DOL's website.

As of July 25, 2026, the Kansas Unemployment Insurance Trust Fund balance was approximately $1,542,752,192 compared to approximately $1,507,301,466 last year and 4,818 individuals were receiving unemployment insurance payments compared to 5,409 last year. The Kansas Department of Labor, like other states, may borrow from the U.S. Department of Labor in the event the Kansas Unemployment Insurance Trust Fund becomes depleted. For more information about the Kansas Unemployment Insurance program and information about weekly and monthly reports, please see the Kansas Department of Labor's website available at https://www.dol.ks.gov/home. For more detailed budgetary impacts, please see the caption "BUDGET PROCESS" in this Appendix A.

## CYBERSECURITY

The State of Kansas delivers many of its constituent services through information technology. To deliver those services, the State of Kansas Office of Information Technology Services operates a large enterprise network that supports agency needs. With ever-increasing cyber threats and risks, the State has made cybersecurity a priority. The State has approached cybersecurity at multiple levels and has established several levels of cybersecurity governance.

In 2018, the Kansas Legislature passed the Kansas Cybersecurity Act ("KCA"), K.S.A. § 75-7236 through § 75-7243. The KCA elevated cybersecurity to a level of importance within the State with several key sections. First, the KCA established the position of Chief Information Security Officer ("CISO"). Some key responsibilities of the CISO include serving as the Executive Branch's chief cybersecurity strategist and authority on policies, compliance, procedures, guidance and technologies impacting Executive Branch cybersecurity programs. In addition, the CISO coordinates cybersecurity efforts between Executive Branch agencies. The KCA also established a dedicated office, known as the Kansas Information Security Office ("KISO"), to support cybersecurity efforts and activities within the State. Core responsibilities of the KISO include assisting the Executive Branch in developing, implementing and monitoring strategic and comprehensive information security risk-management programs. In addition, the KISO facilitates Executive Branch information security governance, including the consistent application of information security programs, plans and procedures. The KISO also coordinates with external agencies, such as law enforcement and other advisory bodies, as necessary to ensure a strong security posture, among many other functions. Finally, the KCA outlined cybersecurity responsibilities for agency leadership. Agency leaders are required to ensure that an agency-wide information security program is in place and appoint an information security officer. Additionally, agencies are required to report on the status of their information security programs to the CISO on a regular basis.

In 2019, the Kansas Information Technology Executive Council, the body responsible for setting statewide IT policies and standards, voted to implement an updated security policy. The policy was developed by the Kansas Information Technology Security Council, a diverse and collaborative group of security and business professionals from various state agencies that focus solely on the statewide security policies and procedures.

In 2021, the State of Kansas was selected to participate in the 2021 National Governors Association Policy Academy to Advance Whole-of-State Cybersecurity. The goal of this policy academy was to continue refining and enhancing the State of Kansas approach to cybersecurity. This engagement was another effort to continue placing emphasis on the importance of cybersecurity to the State of Kansas.

On July 13, 2021, the Governor signed Executive Order No. 21-25 establishing the Cybersecurity Task Force (the "Task Force"). The Task Force was made up of members appointed by the Governor, including the CISO, the Chief Information Technology Officer, the Adjutant General of the Kansas National Guard, the Attorney General, the Secretary of State, the Director of the Kansas Criminal Justice Information System, the Director of the Kansas Intelligence Fusion Center, a representative from the Kansas Division of Emergency Management, and representatives from county and municipal governments, a Regents institution, critical infrastructure sectors, the Joint Committee on Information Technology and other individuals as determined by the Governor. The Task Force engaged in cross-industry and cross-government collaboration to share best practices and mitigate cybersecurity risks related to critical infrastructure and protected systems, identified opportunities to improve cybersecurity across all levels of government in the State, and developed a coordinated and collaborative Cyber Response Plan for the State.

Cybersecurity is addressed at the agency level and enterprise level. Both levels work together to develop strategic and tactical approaches to cybersecurity. The KISO provides cybersecurity personnel and technological tools to protect the enterprise network and augment agency capabilities. State agencies have access to several information and cybersecurity services provided by the KISO, including: cybersecurity awareness training, vulnerability scanning, external cyber hygiene scoring, firewall administration, load balancing, secure virtual access for vendors, advanced email filtering, centralized logging, and security information and event management, security policy development, risk management, compliance management, disaster recovery planning, business continuity planning, and incident response. The State also partners with multiple organizations and the federal government to enhance its information security and cybersecurity posture. Many agencies are audited by various federal government agencies on a regular basis to ensure compliance with their respective National Institutes of Standards and Technology based requirements. In addition, the Legislative Branch provides an IT security audit function that regularly assesses various agencies' compliance with the State information security policy and standards.

Despite the foregoing, on October 12, 2023, the Kansas Court Systems experienced a cybersecurity incident resulting in impacted court systems being taken offline to evaluate the cybersecurity incident and impacts and initiate required action to bring the systems back online in a secure manner. On May 6, 2024, the Kansas Judicial Branch Court Systems Security Incident Recovery reported all courts affected by the cybersecurity incident had finished updating the Kansas eCourt case management system with new cases and documents filed while the system was offline. In FY 2024, the Legislature added approximately $2.4 million from the State General Fund to enhance cybersecurity for the Judicial Branch. For FY 2025, the Legislature appropriated $659,368 from the State General Fund to enhance cybersecurity. The Judicial Branch also received $1.1 million in FY 2026 from the State General Fund for additional IT security enhancements. The appropriations in FY 2024 through FY 2026 were not one-time investments and instead were built into the base budget to provide ongoing enhanced cybersecurity services to the Judicial Branch.

In 2024, the Kansas Legislature passed, and the Governor signed, House Substitute for Senate Bill 291, which consolidated cybersecurity services under the Chief Information Technology Officer and Chief Information Security Officer of each branch of state government. The Act, which was later amended by HB 2574 in 2026, establishes minimum cybersecurity standards to comply with nationally recognized standards, requires the Information Technology Executive Council to develop a plan to integrate all information technology services for the executive branch under the Executive Chief Information Technology Officer, establishes the Judicial Branch Technology Oversight Council, and requires legislative review of state agencies not in compliance with the Act. The Act also appropriated $15.0 million in ongoing funding from the State General Fund to the Office of Information Technology Services beginning in FY 2026 to enhance cybersecurity monitoring and operations statewide. The Act aims to strengthen Kansas's cybersecurity posture and ensure ongoing compliance and oversight across state agencies.

## BUDGET PROCESS

### Overview of the Budget Process

The State of Kansas operates on a fiscal year basis, beginning on July 1 and ending the following June 30 and numbered for the calendar year in which it ends. The Legislature meets annually in early January and typically adjourns in May. The budget process is designed to provide the Legislature with accurate and detailed revenue projections, along with professionally prepared expenditure budgets for each State agency for the current and succeeding fiscal years. On a semiannual basis, the Authority prepares a schedule detailing all outstanding revenue bonds issued by the Authority for State agencies. The schedule is provided to the Division of the Budget to verify the debt service payments due for the past, current and succeeding fiscal years. This schedule is used as a tool in the preparation of the State's budgets.

In September of each year, each State agency submits a budget for the succeeding fiscal year to the Division of the Budget. A group of professional staff within the Division of the Budget analyze and review the budget requests of the State agencies and present the budgets to the Governor for preliminary gubernatorial approval. The Governor then presents a complete State budget, with funding recommendations, to the Legislature in January, during the first week of the legislative session. In 2013, the State moved from a single budget year outlook to a biennial budget. This approach was adopted for the FY 2014/FY 2015, FY 2016/FY 2017, and FY 2018/FY 2019 budgets. Since FY 2020, the State has proposed an annual budget for most state agencies, with the exception of appropriations for school finance, and the fee board agencies, which are statutory biennial agencies. Appropriation language is also drafted by the Division of the Budget that implements the Governor's budget recommendations. These appropriation bills serve as the Legislature's starting point for enacting the State's budget.

On October 23, 2024, the State Legislative Coordinating Council approved the Special Committee on Legislative Budget (the "Special Committee") which is intended to make the legislative budget process more efficient by beginning the review of agency budgets during the months of November and December, prior to the start of the legislative session in January. Other budget requests will be handled as in the past through the standing committee and subcommittee process during the legislative session. The Special Committee is made up of 23 members appointed by the Senate President and House Speaker. The Special Committee began this new process for the 2025 legislative session and continued it in 2026. For both the 2025 and the 2026 legislative sessions, the Legislature independently developed the annual appropriations bill rather than using the Governor's budget recommendations as the initial point of analysis. The Governor's recommendations have been reviewed by the Legislature in 2025 and 2026 but they did not serve as the starting point for the final budget approved by the Legislature.

During the 2026 Legislative Session, both the Senate Ways and Means Committee and the House Appropriations Committee reviewed individual agency budgets and made final recommendations for legislative approval. Staff support for the Legislature also includes professional budget analysts who again scrutinize the budgets.

Once the proposed budget is complete and approved by the Legislature, it is again presented to the Governor for passage into law. The Governor has line-item veto power. The Governor's veto can only be overridden by a two-thirds majority vote of both the House and Senate. This portion of the budget process is completed prior to the beginning of the succeeding fiscal year.

The Kansas Constitution mandates that budgeted expenditures are limited to available funds from current revenue or a combination of current revenue and available reserves. Once the budget is approved by the Legislature and Governor, State agencies generally have flexibility within their particular budgets to compensate for necessary modifications due to internal or external factors. This flexibility generally allows State agencies to react appropriately to either revenue variances or changing operational needs.

During the fiscal year for which the budget has been prepared, the Governor and Legislature review the budget in progress and have the ability to make necessary adjustments. Continuous expenditure review is performed by DOA and the other State agencies. Also, State General Fund revenues are monitored on a monthly basis by the Division of Budget, the Department of Revenue, and the Legislative Research Department against monthly estimates in anticipation of adjustments that may have to be made in the next Consensus Revenue Estimate (described below) to reflect actual events.

## Revenue Estimates and Receipts

***Revenue Estimates***. A Consensus Revenue Estimate prepared by the Consensus Revenue Group, which consists of representatives from the Division of the Budget, the Kansas Legislative Research Department and the Department of Revenue, in consultation with economists from State universities, is delivered to the Governor and the Legislative Budget Committee each year in November and April. The April Consensus Revenue Estimate is then adjusted every June based on modifications to current law passed by the Legislature during that year's regular session and special session. Please see the caption "BUDGET PROCESS—Division of the Budget Discussion" in this Appendix A for descriptions of the major policies approved by the Legislature. The Consensus Revenue Estimate provides an estimate of the revenues expected to be received by the State General Fund for the current fiscal year and the following fiscal years, each ending June 30, and is the base from which the Governor and the Legislature build the annual budget. Information regarding the current and prior Consensus Revenue Estimates is made available to the public on the website of the State of Kansas Division of the Budget at https://budget.kansas.gov/estimates/ in greater detail than is presented in this Appendix A.

The Consensus Revenue Estimates are based upon assumptions, including the health of key sectors of the State's economy and future economic growth rates and changes in growth rates. The Consensus Revenue Estimates made in November historically have varied from the final Consensus Revenue Estimates made in April prior to each fiscal year ending June 30, and the final estimates made in April have historically varied from the actual revenues received by the State General Fund. Material variations between Consensus Revenue Estimates and actual State General Fund receipts can be expected to continue in the current and future fiscal years.

On April 20, 2026, the Consensus Revenue Group met and revised the State General Fund revenue estimates for FY 2026 and FY 2027 that were previously made in November 2025. In the April 2026 CRE, the revenue estimate for FY 2026 was decreased by $127.4 million, which is 1.2% below the November 2025 estimate. Of this $127.4 million, the estimate for total taxes was decreased by $153.0 million, while the estimate for other revenues was increased by $25.6 million. The overall revised estimate of $10.099 billion represents a 0.8% increase from final FY 2025 receipts. For FY 2027, the revised estimate is $10.206 billion, which is 0.7% above the November 2025 estimate. The estimate for total taxes was decreased by $34.5 million, while the estimate for other revenues was increased by $107.2 million.

On May 28, 2026, the Consensus Revenue Group updated the State General Fund revenue estimate to account for legislation that passed during the 2026 legislative session. As a result, the estimate for total taxes in FY 2027 was decreased by $3.0 million.

The Consensus Revenue Estimate forecast does retain significant concern for the overall economy due to the impacts of the Iran war and its upward pressure on oil prices, elevated financial market volatility, inflation expectations remaining above the Federal Reserve's target, and uncertainty around the timing and realization of productivity gains that may or may not materialize from artificial intelligence. The economic forecast is based on no significant downturns or disruptions in the state or federal economy during the forecast period.

Estimates for FY 2026 and FY 2027 are depicted in Table 1 below. The figures in the table along with the tracking of monthly receipts will serve as a basis for statewide planning until revenue estimates are again revised in November 2026.

**Table 1**
**State General Fund Receipts**
***(Dollars in Thousands)***

| | FY 2025 (Actual) | | Consensus Estimate May 28, 2026 FY 2026 (Revised) | | FY 2027 (Revised) | |
|---|---|---|---|---|---|---|
| | Amount | Percent Change | Amount | Percent Change | Amount | Percent Change |
| Income Taxes: | | | | | | |
| Individual | $ 4,675,736 | 3.8 % | $ 4,945,000 | 5.8 % | $ 5,119,400 | 3.5 % |
| Corporation | 1,313,558 | (7.4) | 1,000,000 | (23.9) | 987,600 | (1.2) |
| Financial Institutions | 48,986 | 5.2 | 50,000 | 2.1 | 51,000 | 2.0 |
| Total | $ 6,038,280 | 1.2 % | $ 5,995,000 | (0.7) % | $ 6,158,000 | 2.7 % |
| Sales & Use Taxes: | | | | | | |
| Retail Sales | $ 2,581,699 | (3.6) % | $ 2,540,000 | (1.6) % | $ 2,590,000 | 2.0 % |
| Compensating Use | 893,761 | 3.8 | 938,000 | 4.9 | 980,000 | 4.5 |
| Total | $ 3,475,460 | (1.8) % | $ 3,478,000 | 0.1 % | $ 3,570,000 | 2.6 % |
| Other Excise Taxes: | | | | | | |
| Cigarette | $ 82,238 | (8.7) % | $ 78,400 | (4.7) % | $ 73,500 | (6.3) % |
| Tobacco Products | 10,291 | (2.1) | 10,300 | 0.1 | 10,300 | -- |
| Liquor Gallonage | 23,946 | (3.1) | 24,000 | 0.2 | 24,300 | 1.3 |
| Liquor Enforcement | 82,831 | (1.1) | 81,500 | (1.6) | 82,500 | 1.2 |
| Liquor Drink | 15,333 | 0.7 | 15,600 | 1.7 | 15,900 | 1.9 |
| Gas Severance | 3,491 | 315.9 | 6,100 | 74.7 | 4,000 | (34.4) |
| Oil Severance | 23,003 | (11.3) | 19,900 | (13.5) | 23,900 | 20.1 |
| Total | $ 241,133 | (3.0) % | $ 235,800 | (2.2) % | $ 234,400 | (0.6) % |
| Other Taxes: | | | | | | |
| Insurance Premiums | $ 217,237 | (1.6) % | $ 213,000 | (2.0) % | $ 210,000 | (1.4) % |
| Motor Carrier | 11,761 | (0.2) | 11,800 | 0.3 | 11,800 | -- |
| Corporate Franchise | 11,052 | 34.4 | 9,900 | (10.4) | 10,000 | 1.0 |
| Miscellaneous | 5,245 | (8.2) | 5,100 | (2.8) | 5,300 | 3.9 |
| Total | $ 245,294 | (0.4) % | $ 239,800 | (2.2) % | $ 237,100 | (1.1) % |
| Total Taxes | $ 10,000,167 | (0.0) % | $ 9,948,600 | (0.5) % | $ 10,199,500 | 2.5 % |
| Other Revenues: | | | | | | |
| Interest | $ 392,447 | (0.8) % | $ 315,300 | (19.7) % | $ 275,000 | (12.8) % |
| Net Transfers | (503,423) | (35.6) | (300,100) | 40.4 | (407,600) | 35.8 |
| Agency Earnings | 132,847 | 19.6 | 135,600 | 2.1 | 135,700 | 0.1 |
| Total | $ 21,871 | (83.9) % | $ 150,800 | 589.5 % | $ 3,100 | (97.9) % |
| Total Receipts | $ 10,022,038 | (1.2) % | $ 10,099,400 | 0.8 % | $ 10,202,600 | 1.0 % |

*Totals may not add because of rounding.*

*Source: May 2026 Consensus Revenue Estimate.*

***State General Fund Receipts***. The Division of the Budget prepares a monthly report comparing the most recent Consensus Revenue Estimate to actual State General Fund receipts. Information regarding the most recent and prior monthly and cumulative State General Fund receipts are available on the website of the State of Kansas Division of the Budget at https://budget.kansas.gov/estimates/ in greater detail than is presented in this Appendix A. The table above incorporates actual receipts through June 30, 2025. The

State General Fund receipts do not include receipts in or revenues of special revenue funds, capital projects funds and debt service funds, although it does include certain net transfers into the State General Fund. For a summary description of the funds in addition to the State General Fund maintained by the State of Kansas, see the caption "SELECTED FINANCIAL INFORMATION—Other Funds" below in this Appendix A.

### Cash Management Tools

***Internal Borrowing Through Certificates of Indebtedness***. On a daily basis, the State monitors receipts into, and expenditures out of, the State treasury. Ensuring the State has adequate resources to meet its obligations at the time those obligations occur is the primary goal. Certificates of indebtedness are the first tool used to meet this goal. Managing the timing of expenditures is a secondary tool. Certificates of indebtedness allow the State General Fund to borrow moneys from other State funds in order to maintain a positive cash flow for the State General Fund. Certificates of indebtedness are necessary because of the uneven flow of revenues and expenditures throughout the fiscal year. Present statutes allow the State Finance Council to approve the issuance of certificates of indebtedness to maintain a positive cash flow for the State General Fund during a particular fiscal year. The balance of certificates of indebtedness must be repaid by the State General Fund by the end of each fiscal year.

The Division of the Budget has reviewed forecasted cash flows and does not anticipate requesting the issuance of a certificate of indebtedness for FY 2027. The Division of Budget will continue to monitor cash flows on a daily basis throughout the year and will react accordingly if revenue forecasts materially change.

The authorized amounts of certificates of indebtedness for FY 2026 and the previous ten fiscal years are set forth below:

**Table 2**
**Certificates of Indebtedness**

| Fiscal Year Ended June 30, | Authorized Amount |
|---|---|
| 2016 | $840,000,000 |
| 2017 | 900,000,000 |
| 2018 | 900,000,000 |
| 2019 | 600,000,000 |
| 2020 | 275,000,000 |
| 2021 | 900,000,000 |
| 2022 | 0 |
| 2023 | 0 |
| 2024 | 0 |
| 2025 | 0 |
| 2026 | 0 |

*Source: Kansas Division of the Budget from State Finance Council Resolutions.*

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

Prior to FY 2003, the allotment system had not been used for 30 years; however, Governor Graves imposed two rounds of allotments that year. In FY 2009, Governor Sebelius imposed two allotments of a limited scope. Governor Parkinson imposed two allotments with a wider application for FY 2010 and in FY 2011, Governor Brownback imposed one targeted allotment to bring State General Fund expenditures in balance with anticipated revenues. Governor Brownback also issued allotments for the final six months of FY 2015 which included a 4.0% reduction to select state agencies. Allotment authority was expanded for FY 2016 and FY 2017. The expanded authority allowed State General Fund expenditure reductions and transfers from special revenue funds to the State General Fund whenever the estimated State General Fund ending balance is below $100.0 million. Governor Brownback enacted four allotments during FY 2016 which reduced Executive Branch State General Fund expenditures by $111.4 million and transferred $101.7 million from special revenue funds to the State General Fund.

Governor Brownback made an allotment for FY 2017 in conjunction with signing House Substitute for Senate Bill 249, the omnibus appropriations bill. The bill passed by the 2016 Legislature assumed actions would be taken by the Governor to balance the FY 2017 budget. This allotment reduced Executive Branch expenditures by $93.0 million and transferred $4.0 million from special revenue funds to the State General Fund. The allotments represented a 4.0% reduction to most state agencies with exemptions for the Department of Corrections, Kansas Bureau of Investigation, Kansas Highway Patrol and the State hospitals. The Governor also excluded any reduction to K-12 education as directed by the Legislature. There were no allotments enacted in FY 2018, FY 2019, and FY 2020.

Governor Kelly called for a Special Session to convene on June 3, 2020, to address certain emergency powers of the Governor during the COVID-19 pandemic. The Legislature did not take up the FY 2021 budget during the Special Session. As a result, on June 29, 2020, Governor Kelly announced an allotment plan for FY 2021. The plan included expenditure reductions totaling $437.5 million and revenue adjustments of $266.8 million for a total budget impact of $704.3 million. Of the total plan, $374.5 million in expenditure reductions were enacted on July 1, 2020. Of the expenditure and revenue adjustments proposed in the Governor's allotment plan that needed legislative approval, the 2021 Legislature approved expenditure and revenue adjustments totaling $107.0 million for FY 2021.

There were no allotments enacted from FY 2022 through FY 2026 and there has been no allotment plan announced for FY 2027.

**Structural Budget Issues**

A structural budget imbalance means that existing ongoing sources of revenues are not sufficient to cover existing ongoing anticipated expenditures. In FY 2020, there was a structural imbalance in the operation of the State General Fund as a result of the use of nonrecurring sources of revenues or offsets to expenditures. If these nonrecurring sources of revenues and offsets are excluded and only revenue from taxes are considered, structural balance was achieved in FY 2018 and FY 2019. In FY 2020, expenditures exceeded taxes-only revenue by $473.3 million. Structural balance was achieved in FY 2021. In FY 2021, taxes-only revenue exceeded expenditures by $1,642.5 million. In FY 2022, taxes-only revenue exceeded expenditures by $1,562.2 million. In FY 2023, taxes-only revenue exceeded expenditures by $1,453.1 million and in FY 2024, taxes-only revenue exceeded expenditures by $674.6 million. In FY 2025, taxes-only revenue fell short of expenditures by $287.5 million. The approved budget for FY 2025 estimated a structural imbalance of $965.0 million, but actual revenues exceeded estimates by $137.7 million and actual expenditures were under budget by $539.8 million. Based on preliminary data, it is estimated that taxes-only revenue will fall short of expenditures in FY 2026 by $830.8 million based on the budget approved by the 2026 Legislature. Please see Table 6A "RECENT STATE GENERAL FUND BUDGET OPERATIONS" in this Appendix A for more information regarding recent revenues and expenditures.

From FY 2014 through FY 2022, transfers from the SHF to the State General Fund were a significant source of revenue to help offset expenditures largely driven by three primary cost drivers of the State budget: K-12 school finance, Medicaid and other human service caseloads, and employer contributions to the Kansas Public Employees Retirement System ("KPERS") pension system. Transfers from the SHF to the State General Fund to offset expenditures were eliminated in FY 2023. Please see the caption "BUDGET PROCESS—Division of the Budget Discussion" below for information regarding transfers from the SHF to the State General Fund and major items of expenditure.

**Division of the Budget Discussion**

***Budget for Fiscal Years 2026 and 2027***. The State General Fund budget for FY 2026 was approved by the 2025 Legislature and was subject to revision as a result of the April 2025 Consensus Revenue Estimate, the Governor's budget proposal to the 2026 Legislature, and actions by the 2026 Legislature. The State General Fund budget for FY 2027 was approved by the 2026 Legislature and will be subject to the same types of revisions mentioned above. Major cost drivers, policies and issues of the FY 2026 and FY 2027 budget are discussed below.

***School Finance (K-12 Funding)***. K-12 school finance is the largest category of State General Fund expenditures. This category also includes the employer portion of local school districts' contributions to the KPERS retirement system, which is paid by the State. The Kansas School Equity and Enhancement Act, adopted by the Kansas Legislature in 2017 and amended in subsequent years (collectively, the "KSEEA"), implemented a revised method of funding primary and secondary public education in the State. This overall funding formula, together with other existing legislation relating to education funding, has been regularly subject to lawsuits challenging the constitutionality of such methods. Certain lawsuits have successfully asserted that various components of State funding are constitutionally inadequate and/or inequitable, and the resulting court decisions have mandated that the Legislature address such deficiencies. In response, the Legislature has actively amended and revised components of the State funding formula. Most recently, the KSEEA was subject to litigation as to whether it complied with the State constitution. In response, the 2019 Legislature passed, and the Governor signed, House Substitute for Senate Bill 16 ("SB 16"), amending the KSEEA. On June 15, 2019, the Kansas Supreme Court found that, due to the additional funding contained in SB 16, the State substantially complied with the Court's prior mandate regarding financial adequacy and the KSEEA, as amended by SB 16, was constitutionally compliant. The Court retained jurisdiction to ensure continued compliance with that mandate until February 2024, when the Court granted the State's motion to release its jurisdiction. The current funding formula expires on July 1, 2027. The 2024 Legislature established an Education Funding Task Force that is required to report its recommendations for a new funding formula by January 11, 2027.

Expenditures for K-12 school finance totaled approximately $4.570 billion from the State General Fund in FY 2024 and $4.760 billion from the State General Fund in FY 2025. The 2026 Legislature approved expenditures from the State General Fund totaling approximately $4.880 billion in FY 2026 and $4.996 billion in FY 2027 for K-12 school finance.

***Medicaid and Other Human Service Caseloads***. Estimates for Medicaid and other human services caseloads are approved by the Legislature each year. The State reformed its Medicaid system by creating an integrated care system or managed care model called KanCare. KanCare was implemented on January 1, 2013. KanCare member health plans are required to coordinate the care a member receives. Stated goals for the KanCare system include improving overall health outcomes while slowing the rate of cost growth over time. Other human services caseloads include Temporary Assistance to Needy Families and foster care programs administered by the Department for Children and Families. Expenditures for Human Service Caseloads are estimated to total $6.274 billion in FY 2026 and $6.579 billion in FY 2027. Of this amount, a total of $1.777 billion for FY 2026 and $1.826 billion for FY 2027 were approved from the State General Fund for Human Service Caseloads by the 2026 Legislature.

***Public Pension System.*** KPERS is a consolidated pension system covering employees from the state and various local governments. The major coverage groups in the retirement system include KPERS—State, KPERS—School, the Judges Retirement System, and the Kansas Police and Firemen's Retirement System for local police and fire officials and certain state employees of the Kansas Highway Patrol, the Kansas Bureau of Investigation, and the campus police at Regents institutions. For valuation purposes, the KPERS—State and KPERS—School groups are combined. As of the most recent actuarial valuation, December 31, 2025, the funded ratio for the retirement system as a whole was 74.9% on an actuarial basis, which was an increase of 0.9% over the prior year.[2]

The 2012 Kansas Legislature passed a KPERS reform bill that, among other things, created a cash balance tier for new employees hired after January 1, 2015, and instituted greater rates of employer and employee contributions to the System. The 2012 reforms established a long-term plan to increase funding to the System and reduce the System's Unfunded Actuarial Liability ("UAL"). The portion of the plan that provided for scheduled increases in the State's employer contributions to KPERS was altered by 2015 Senate Bill 228.

Certain fiscal challenges have required the State to take steps to prevent reductions to essential services. This included forgoing or delaying KPERS State/School Group employer contributions. In FY 2016, a total of $97.4 million in employer contributions were withheld from the KPERS retirement system using the expanded allotment authority described in the caption "BUDGET PROCESS—Cash Management Tools" in this Appendix A. Of this amount, $92.9 million was from the KPERS School Group and $4.5 million was from the KPERS State Group. Originally, the law required the deferred contributions to be paid to the KPERS Trust Fund by the end of FY 2018, with interest. This would have required a total payment of approximately $115.0 million from the State General Fund in FY 2018. FY 2018 legislation eliminated the requirement to repay these contributions. FY 2019 legislation, Senate Bill 9, approved the repayment with interest of employer contributions for KPERS. $115 million was transferred to the System in March 2019. For FY 2017, the Legislature included a $64.1 million reduction to KPERS School employer contributions. This amount was all from the State General Fund. The Legislature required the repayment of the reduction to be "layered" or amortized as a level dollar amount over 20 years with the first payment starting in FY 2018. The "layering" payments were estimated to be $6.4 million annually. These payments were to be paid in addition to the KPERS State/School contribution rate. The layering payment was appropriated as a State General Fund line item in the Department of Education budget. The 2022 Legislature passed Senate Bill 421, described in more detail below, which transferred $1.125 billion from the State General Fund to the KPERS Trust Fund in designated installments, effectively paying off the layering payments before final maturity.

In addition, the State has not fully funded its current year obligations for KPERS-School payments to the state's retirement system. During FY 2017 and FY 2019, the Legislature enacted budgets that withheld approximately $258.0 million for KPERS-School employer contributions, all from the State General Fund. To keep the retirement system whole from an actuarial view, statutory annual layering payments were authorized for 20 years for each of the missed payments, totaling $25.8 million from the State General Fund in the budget of the Department of Education. The annual layering payments had been financed at the KPERS-assumed rate of return, which was 7.75 percent at the time that the payments were

---

[2] See Appendix B, **ACTUARIAL INFORMATION—2025 Valuation Report** regarding economic assumptions used in the report.

scheduled. The 2022 Legislature passed, and the Governor signed 2022 SB 421, which transferred $1.125 billion from the State General Fund directly to the KPERS Trust Fund in designated installments in FY 2022 and FY 2023. Of the total amount, the first $253.9 million transfer from the State General Fund paid off outstanding accounts receivable for KPERS-School employer contributions withheld in FY 2017 and FY 2019, while the remaining $871.1 million was applied to the KPERS-School unfunded actuarial liability. Specifically, the law transferred $853.9 million in FY 2022 in two installments—$553.9 million on the effective date of the bill and $300.0 million on June 1, 2022. The remaining $271.1 million was transferred in FY 2023 in two installments—$146.1 million on August 1, 2022, and $125.0 million on December 1, 2022. Because the law enacted a revenue transfer from the State General Fund to KPERS, state expenditures were not affected by this policy, but the transfers reduced the ending balance of the State General Fund for FY 2023.

For a discussion of the funded status of the Retirement System and the funding of employer contributions by the State, see the caption "KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM" in this Appendix A. See also Appendix B to the Official Statement.

***Tax Policy***. The June 2025 CRE included legislation enacted during the 2025 Legislative Session that reduced projected SGF revenue in FY 2026. The April 2026 CRE, adjusted in May 2026 for enacted legislation, included legislation enacted during the 2026 Regular Session that reduced projected SGF revenue in FY 2027.

There were no significant bills passed by the Legislature during the 2026 Legislative Session which would materially alter the tax receipts for the State. Despite two years of discussion related to reducing property tax in Kansas, the Legislature was again unable to come to an agreement on how to effectuate meaningful property tax relief. The 2026 Legislature passed three bills that are estimated to reduce individual and corporation income tax by a combined $6.5 million in FY 2027. HB 2602 that will allow taxpayers to subtract the amount contributed to a portable benefit plan by either a hiring party taxpayer or independent contractor from income for Kansas income tax purposes beginning in tax year 2027, as long as those contributions are not already deducted on the federal return. SB 368 enacts the Health Care Sharing Ministries Tax Deduction Act that will allow taxpayers to subtract the amount of contributions to a health care sharing ministry from income for Kansas income tax purposes beginning in tax year 2027. SB 82 created a new tax credit for purchases of lockable gun and ammunition storage, made changes to the child day care tax credit, created a new income tax credits for retail sales of higher-ethanol blends of fuel, and discontinued or repealed certain unused or underutilized tax credits.

The State General Fund estimates include the effects of previously enacted State legislation. For retail sales and compensating use taxes, these effects include the final reduction in the State sales tax rate on food and food ingredients to 0.0 percent and an additional change in the disposition of revenues percentages for the SGF and the State Highway Fund that took effect on January 1, 2025. The State retail sales and compensating use tax rate on non-food and non-food ingredients sales remains at 6.5 percent. Local governments continue to receive sales tax revenue on food and food ingredients, which would also be available to be pledged to pay off any future STAR bond project. The reduction in the State sales tax rate on food and food ingredients will annually reduce State General Fund revenue by more than $500.0 million each year going forward.

The Kansas Affordable Housing Investor Tax Credit, provided for in HB 2237 in the 2022 Regular Session, have reduced State General Fund receipts beginning in FY 2026. This reduction in receipts is anticipated to be at least $25.0 million in the first year and will grow for ten years based on the utilization of the credits.

The 2025 Legislature passed HB 2289 that discontinued the Kansas Affordable Housing Tax Credit related to the 4.0 percent federal low-income housing credit on November 15, 2025. The bill would limit the total amount of state tax credits issued by Kansas Housing Resources Corporation (KHRC), related to either the 4.0 percent or 9.0 percent federal low-income housing tax credits, to $25.0 million in the 2025 plan year. KHRC would be limited to issue $8.8 million in state tax credits related to the 9.0 percent federal low-income housing tax credits in 2026, 2027, and 2028 plan years. No state tax credits could be allocated or awarded after December 31, 2028. Any Affordable Housing Tax Credit allocation that has been awarded to the owner of a qualified development by KHRC would still be able to claim the tax credit and any applicable carry forward period. There is usually at least a two-year lag before a qualified project receives its tax credit allocation and when the qualified project is complete and receives its allocation certificate. Accordingly, the fiscal impact of the credit is anticipated to grow for several years as housing projects come online before leveling off and eventually declining in response to the discontinuation of the credit.

Legislation enacted in 2025 (SB 269) created a formula to reduce rates for individual and corporation income taxes and financial institutions privilege tax in years in which SGF tax receipts exceed the inflation-adjusted FY 2024 amount. The Consensus Revenue Group reviewed estimated receipts compared with an estimate of inflation-adjusted FY 2024 receipts and does not anticipate any rate reductions pursuant to the statutory formula during the forecast period that includes FY 2027.

***STAR Bonds.*** Between June 30, 2025 and the date of this Official Statement, the Kansas Department of Commerce has approved approximately $268 million in new STAR Bonds for five development projects across the State. In FY 2025, $66.3 million of State sales tax revenue was applied to pay debt service on then-outstanding STAR Bonds. The outstanding STAR Bonds are special, limited obligations of the respective issuers of such bonds and are secured by various State and local sales and other tax revenues and are not general obligations of the State. No assurance can be made that the projects financed by STAR Bonds will be completed or that such projects, when completed, will result in increased State sales tax revenues. See Note IV. Section A to the FY 2025 ACFR for additional information regarding the State's STAR Bond program.

In addition to the STAR Bond projects described above, in December 2025, the Kansas City Chiefs Football Club, Inc. and certain of its affiliates (collectively, the "Team") and the State, acting through the Kansas Department of Commerce, entered into a non-binding agreement (the "Team Agreement") outlining a proposed public-private partnership to develop a new National Football League ("NFL") stadium in the City of Kansas City, Kansas (the "Stadium Development"), a new Team headquarters and practice facility in the City of Olathe, Kansas, and related mixed-use development surrounding those sites referred to in the Team Agreement as qualified ancillary development (collectively, with the Stadium Development, the "Projects"). The Team Agreement is not a final agreement and, except for certain exclusivity provisions and conditions precedent, is not binding on the parties. Pursuant to the Team Agreement, the parties have agreed to execute definitive documentation and obtain NFL approval of such documentation by October 31, 2026, provided that such date may be automatically extended if negotiations continue in good faith.

The Projects have a nominal development budget of $4.5 billion ($3.0 billion for the Stadium Development and up to $1.5 billion for the Team headquarters, practice facility and other qualified ancillary development). The State's public funding commitment for the Projects is a maximum of $2.775 billion, with the Team funding the remaining private portion and any cost overruns. The State's public funding commitment is expected to be derived from proceeds of STAR Bonds issued by KDFA under the Kansas STAR Bonds Financing Act, K.S.A. 12-17,160 *et seq.* The STAR Bonds for the Projects are expected to be payable from (i) the portion of revenue in excess of the base year revenue derived from State and local sales and other tax revenues generated within one or more bond districts to be established for the Projects (the "Team STAR Bond District") and (ii) a pledge of a portion of the State's Attracting Professional Sports to Kansas Fund (the "Sports Fund"), which is funded from iLottery and sports wagering revenues. The

STAR Bonds for the Projects are not expected to be general obligations of the State or any local government and are not expected to be payable from or secured by the State General Fund.

The 2026 Legislature enacted the Kansas Sports Facilities Authority Act, which established the Kansas Sports Facilities Authority (the "KSFA") as a political subdivision of the State and gave the KSFA authority to acquire and own a stadium, practice facility, headquarters, and related facilities for an NFL team. Pursuant to the Team Agreement, KSFA is expected to own all or a portion of the Projects and rent such facilities to the Team. The Team and other private entities are expected to retain all revenues generated from the Projects other than tax revenue.

Currently, no STAR Bonds for the Projects have been issued. Issuance of any STAR Bonds for the Projects remains subject to numerous conditions precedent, including execution of definitive documentation, establishment of the Team STAR Bond District, satisfaction of site control and construction financing requirements, and other regulatory and contractual approvals. There can be no assurance that the Projects will proceed as currently contemplated or that any STAR Bonds for the Projects will be issued. An independent economic impact study prepared by Canyon Research Southwest, Inc., for the Kansas Department of Commerce in December 2025 estimated that the Projects could generate approximately $4.4 billion in total economic output and support approximately 21,000 jobs during construction and generate approximately $1.1 billion in annual economic output and support approximately 3,990 jobs on an ongoing basis following stabilization in 2036. However, if STAR Bonds for the Projects are issued and secured by State sales and use tax increment, any projected incremental State sales and use tax revenue generated above the applicable base within the Team STAR Bond District would be pledged to pay the STAR Bonds for the Projects and would not result in increased State General Fund receipts.

***Transfers From State Highway Fund***. Transfers have also been made directly to state agencies to fund operations, including funding to the Kansas Highway Patrol and the Department of Revenue Division of Vehicles. For FY 2025, transfers from the SHF to state agencies totaled $143.0 million. Transfers in FY 2026 will total $152.4 million and transfers in FY 2027 will total $158.3 million. Transfers from the SHF to the State General Fund to offset general operating expenditures were eliminated in FY 2023.

***State General Fund Allotments.*** An executive branch allotment system to reduce expenditures is applicable to the expenditures by State agencies when under certain circumstances for any fiscal year the resources of the State General Fund or any special revenue fund appear likely to be insufficient to cover appropriations made against the State General Fund or such special revenue fund. Such determinations are to be made by the Director of the Budget. Allotment authority was expanded in fiscal years 2015, 2016 and 2017. The expanded authority allowed State General Fund expenditure reductions and transfers from special revenue funds to the State General Fund whenever the estimated State General Fund ending balance is below $100.0 million. There were no allotments enacted in FY 2024, FY 2025 or FY 2026 and there has been no allotment plan announced for FY 2027. See the caption "BUDGET PROCESS—Cash Management Tools—*Executive Budget Allotment Actions*" in this Appendix A.

***Budget Stabilization Fund.*** Enacted legislation required 50.0% of the amount of State General Fund taxes-only revenue that was above the most recent consensus revenue estimate to be transferred from the State General Fund to the Budget Stabilization Fund for FY 2020, FY 2021 and FY 2022. However, the 2021 Legislature later suspended the funding mechanism for FY 2021. The 2023 Legislature included language in the appropriations bill that suspended the transfer if the balance of the Budget Stabilization Fund is 20.0 percent or greater than the amount of actual tax revenue. The Legislature suspended the funding mechanism requiring transfers to the Budget Stabilization Fund for FY 2024 but reinstated it in FY 2025, FY 2026, and FY 2027. However, the provision requiring suspension of the transfer if the balance of the fund is 20.0 percent or greater than the amount of actual tax revenue was only included for FY 2027 and extends to FY 2030. For FY 2020, taxes-only receipts were $163.7 million above estimates resulting in $81.9 million being transferred to the Budget Stabilization Fund on June 30, 2020. This amount was transferred back to the State General Fund in FY 2022. In FY 2022, the Legislature transferred $969.1 million to the Budget Stabilization Fund from the State General Fund, including $750.0 million approved by the Legislature and $219.1 million, which represented 50.0 percent of the additional tax receipts above the final estimate. In FY 2023, $613.0 million was transferred from the State General Fund to the Budget Stabilization Fund, including $600.0 million approved by the Legislature and $13.0 million, which represented 50.0 percent of the additional tax receipts above the final estimate. No transfers were made in FY 2024. In FY 2025, $124.3 million was transferred from the State General Fund to the Budget Stabilization Fund as a result of revenues exceeding estimates. The actual balance in the Budget Stabilization Fund as of June 30, 2025, was $1,890.2 million, which includes transfers from the State General Fund of $750.0 million approved by the 2022 Legislature, $600.0 million approved by the 2023 Legislature, and additional transfers due to FY 2022, FY 2023, and FY 2025 actual revenues exceeding the final Consensus Revenue Estimates and due to retained interest earnings in FY 2024 and FY 2025.

For a discussion of revenues deposited into the SHF, see the caption "ORGANIZATION OF THE STATE—Executive Departments and Agencies—*Department of Transportation*" in this Appendix A and for a discussion of the reporting of the SHF in the State's financial statements, see the caption "SELECTED FINANCIAL INFORMATION—Other Funds" in this Appendix A.

**Outlook for State General Fund**

Table 3 set forth below presents the final version of the budget outlook for the State General Fund reflecting the latest estimates as provided by the Division of the Budget. Table 3 is presented on a budget or cash basis which differs from the presentation of financial statements according to Generally Accepted Accounting Principles ("GAAP") as reported in the FY 2025 ACFR. For information regarding a reconciliation of the State General Fund fiscal year 2025 information from a budget basis to a GAAP basis, see the Required Supplementary Information beginning on page 114 of the FY 2025 ACFR referred to at the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in this Appendix A. For information updating the fiscal year State General Fund ending balances and other items in Table 3 below, see the caption "BUDGET PROCESS" herein.

(Remainder of page intentionally left blank)

**Table 3**
**Outlook for the State General Fund**
*(Dollars in Millions)*

| | FY 2024 Actual | FY 2025 Actual | FY 2026 Approved | FY 2027 Approved |
|---|---|---|---|---|
| Beginning Balance | $ 2,410.8 | $ 3,220.7 | $ 2,933.2 | $ 2,102.5 |
| Revenues | | | | |
| Taxes | 10,039.8 | 10,005.6 | 9,948.6 | 10,199.5 |
| Interest | 395.8 | 392.4 | 315.3 | 275.0 |
| Agency Earnings | 111.1 | 132.8 | 135.6 | 135.7 |
| Transfers: | | | | |
| School Capital Improvement Aid | -- | -- | -- | -- |
| Budget Stabilization Fund | -- | -- | -- | -- |
| KPERS Fund | -- | -- | -- | -- |
| All Other Transfers | (371.2) | (503.4) | (300.1) | (407.6) |
| Total Revenues | $ 10,175.5 | $10,027.4[1] | $10,099.4[2] | $ 10,202.6 |
| Total Available | $ 12,585.9 | $13,248.1 | $ 13,032.6 | $ 12,305.1 |
| Expenditures | | | | |
| General Government | 324.0 | 369.7 | 440.9 | 383.1 |
| Judiciary | 186.5 | 211.3 | 229.8 | 232.6 |
| Human Services | 1,114.9 | 1,307.1 | 1,514.5 | 1,424.9 |
| Human Services Caseloads | 1,412.4 | 1,663.3 | 1,777.3 | 1,826.2 |
| K-12 Education[3] | 4,569.8 | 4,760.3 | 4,879.5 | 4,995.7 |
| Higher Education | 1,149.4 | 1,280.1 | 1,374.2 | 1,200.2 |
| Public Safety | 581.4 | 678.7 | 691.0 | 668.8 |
| Agriculture and Natural Resources | 26.8 | 44.4 | 22.8 | 19.2 |
| Total Expenditures | $ 9,365.2 | $ 10,314.9 | $10,930.2[4] | $10,750.7[4] |
| Ending Balance | $ 3,220.7 | $ 2,933.2 | $ 2,102.5 | $ 1,554.4 |
| *As Percentage of Expenditures* | 34.4% | 28.4% | 19.2% | 14.5% |
| Budget Stabilization Fund Balance | $ 1,687.1 | $ 1,890.2[5] | $ 1,990.0 | $ 2,049.7 |

*Totals may not add because of rounding.*

*Sources: Kansas Division of the Budget FY 2026 Comparison Report; May 2026 Consensus Revenue Estimate; Human Services Consensus Caseload Memo Spring 2026.*

(1) FY 2025 Revenues include prior year released encumbrances, which are previously obligated funds that are no longer needed for their original purpose. Prior year released encumbrances are not included in Table 1.

(2) FY 2026 Revenues reflect the Consensus Revenue Estimate from May 2026.

(3) Aid to K-12 Schools/KPERS School expenditures for FY 2026 reflect consensus estimates and do not include all state sources of funding.

(4) FY 2026 and FY 2027 Expenditures reflect the approved budgets from the Kansas Division of the Budget FY 2026 Comparison Report and FY 2027 Comparison Report as adjusted by the Spring 2026 consensus amounts for Human Service Caseloads and Aid to K-12 Schools/KPERS School.

(5) The actual balance in the Budget Stabilization Fund as of June 30, 2025, was $1,890.2 million, which includes $750.0 million that was approved by the 2022 Legislature, $600.0 million approved by the 2023 Legislature, as well as additional deposits due to FY 2022, FY 2023 and FY 2025 actual revenues exceeding the final Consensus Revenue Estimates and retained interest earnings in FY 2024 and FY 2025.

***Changed Circumstances May Impact State General Fund Revenues, Receipts and Expenditures***. State General Fund revenues and receipts may be impacted by future changes in circumstances which cannot be predicted at this time, including, but not limited to, (i) changes in local, State and national economic conditions, (ii) actions of the federal government, in particular with regard to potential future reductions in federal aid to states, and (iii) changes in State legislation with respect to taxation and other sources of revenue. Future State General Fund expenditures also may be affected by circumstances which cannot be predicted at this time, including, but not limited to, increases in funding requirements for the largest components of the State budget, such as (i) school finance, or State funding for local primary and secondary education, as well as State General Fund support to the higher education system, (ii) the State's portion of the Medicaid health care program and other human service caseloads and (iii) funding of the State's portion of pension obligations under the Kansas Public Employees Retirement System, which currently includes the employer contribution for State employees and local school district employees. These components of the State budget have in the past been, and may in the future be, affected by events beyond the control of the Governor or the Legislature, including, but not limited to, (i) in the case of school finance, litigation by local schools against the State seeking higher levels of funding, (ii) in the case of the Medicaid health care program, changes in federal law and funding mandates, and (iii) in the case of pension obligations, the effects of gains or losses on pension investment assets and changes in assumptions or methodology for calculating funding requirements, including changes in federal regulation or as required by accounting industry pronouncements (see the caption "KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM" in this Appendix A and Appendix B to the Official Statement).

## INDEBTEDNESS OF THE STATE OF KANSAS

### Revenue Bonds Payable From the State General Fund

The following Table 3A sets forth a summary of the debt service payable on outstanding revenue bonds payable from State appropriations from the State General Fund.

Bonds included in Table 3A consist of bonds issued by the Authority variously captioned and designated as Series 2004C, 2015H, 2019F, 2020R, 2021K, 2021P, 2025A and 2025B (collectively, the "Prior Bonds"). As shown in Table 3A, there were no subsequent bonds issued after June 30, 2025 to the date hereof payable from appropriations from the State General Fund. The series of bonds included in Table 3A are only those for which debt service is payable from appropriations of the State General Fund.

Pursuant to the pledge agreements for a series of bonds, State agencies will make budget requests to receive appropriations from the State General Fund or any other funds in amounts sufficient to pay the scheduled debt service on the bonds. Bonds paid from appropriations of funds other than the State General Fund in the fiscal year ending June 30, 2025, are not included in Table 3A. The source of appropriations for debt service on bonds issued by the Authority may vary from year to year.

## Table 3A

### Debt Service on State General Fund Appropriation Bonds Issued by the Kansas Development Finance Authority

| | Prior Bonds (issued on or before 6/30/25) | | | Summary Subsequent Bond Activity[1] (issued after 6/30/25) | | | All Bonds |
|---|---|---|---|---|---|---|---|
| Fiscal Year Ending June 30 | Total Principal | Total Interest | Total Debt Service | Total Principal | Total Interest | Total Debt Service | Total Debt Service |
| 2026 | $80,000,000 | $73,677,162 | $153,677,162 | - | - | - | $153,677,162 |
| 2027 | 83,535,000 | 70,116,806 | 153,651,806 | - | - | - | 153,651,806 |
| 2028 | 87,165,000 | 66,463,642 | 153,628,642 | - | - | - | 153,628,642 |
| 2029 | 90,095,000 | 62,608,684 | 152,703,684 | - | - | - | 152,703,684 |
| 2030 | 93,960,000 | 58,712,150 | 152,672,150 | - | - | - | 152,672,150 |
| 2031 | 88,175,000 | 54,876,845 | 143,051,845 | - | - | - | 143,051,845 |
| 2032 | 89,465,000 | 50,988,475 | 140,453,475 | - | - | - | 140,453,475 |
| 2033 | 93,650,000 | 46,977,023 | 140,627,023 | - | - | - | 140,627,023 |
| 2034 | 94,390,000 | 42,802,282 | 137,192,282 | - | - | - | 137,192,282 |
| 2035 | 62,690,000 | 38,514,325 | 101,204,325 | - | - | - | 101,204,325 |
| 2036 | 61,625,000 | 36,023,639 | 97,648,639 | - | - | - | 97,648,639 |
| 2037 | 64,215,000 | 33,438,002 | 97,653,002 | - | - | - | 97,653,002 |
| 2038 | 66,945,000 | 30,701,209 | 97,646,209 | - | - | - | 97,646,209 |
| 2039 | 69,830,000 | 27,819,114 | 97,649,114 | - | - | - | 97,649,114 |
| 2040 | 72,835,000 | 24,809,867 | 97,644,867 | - | - | - | 97,644,867 |
| 2041 | 75,985,000 | 21,665,324 | 97,650,324 | - | - | - | 97,650,324 |
| 2042 | 79,270,000 | 18,369,098 | 97,639,098 | - | - | - | 97,639,098 |
| 2043 | 82,730,000 | 14,914,103 | 97,644,103 | - | - | - | 97,644,103 |
| 2044 | 86,355,000 | 11,291,419 | 97,646,419 | - | - | - | 97,646,419 |
| 2045 | 87,020,000 | 7,492,483 | 94,512,483 | - | - | - | 94,512,483 |
| 2046 | 20,520,000 | 3,660,709 | 24,180,709 | - | - | - | 24,180,709 |
| 2047 | 21,085,000 | 3,091,484 | 24,176,484 | - | - | - | 24,176,484 |
| 2048 | 21,670,000 | 2,506,586 | 24,176,586 | - | - | - | 24,176,586 |
| 2049 | 22,275,000 | 1,905,461 | 24,180,461 | - | - | - | 24,180,461 |
| 2050 | 22,890,000 | 1,287,552 | 24,177,552 | - | - | - | 24,177,552 |
| 2051 | 23,525,000 | 652,584 | 24,177,584 | - | - | - | 24,177,584 |
| | $1,741,900,000 | $805,366,028 | $2,547,266,028 | $ - | $ - | $ - | $2,547,266,028 |

*Amounts are rounded.*

[1] *An explanation of the Summary Subsequent Bond Activity is found in the narrative directly preceding Table 3A.*

*Source: DOA Office of Accounts and Reports.*

**Lease Obligations Payable From State General Fund (GASB 87 & 96 Leases)**

The lease obligations under GASB 87 and 96 include lease obligations resulting from long-term leases; contracts that do not transfer ownership; subscription-based information technology arrangements; and other leases. Existing capital leases are reclassified into these GASB 87 and 96 categories. Under GASB 87 and 96 leases are recorded at their present value. Depending on the lease type, lease term, and start date, the State of Kansas uses an imputed interest rate from the Authority based on the tax-exempt, State of Kansas annual appropriation market on July 1st for the fiscal year that coincides with the start of the lease to calculate the present value as follows:

**Table 3B.1**
**Lease Descriptions, Terms, Imputed Interest**

| Description and Purpose | Lease Term | Interest Rates | Amount Outstanding June 30, 2025 |
|---|---|---|---|
| Buildings and Improvements | 12-480 months | .20 - 4.49% | $397,997,453 |
| Copiers | 21-48 months | .35 - 2.68% | 190,213 |
| Equipment and furnishings | 13-81 months | .35 - 2.68% | 313,243 |
| | | | $398,500,909 |

Total future minimum lease payments under lease agreements payable from the State General Fund by Fiscal Year are shown in Table 3B.2.

**Table 3B.2**
**Lease Obligations Payable From State General Fund**

| Fiscal Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $32,495,510 | $7,620,599 | $40,116,109 |
| 2027 | 32,989,463 | 6,995,818 | 39,985,281 |
| 2028 | 34,059,339 | 6,357,544 | 40,416,883 |
| 2029 | 33,808,292 | 5,712,370 | 39,520,662 |
| 2030 | 32,037,594 | 5,101,197 | 37,138,791 |
| 2031-2035 | 117,103,511 | 18,117,942 | 135,221,453 |
| 2036-2040 | 107,424,301 | 6,049,360 | 113,473,661 |
| 2041-2045 | 4,543,718 | 704,925 | 5,248,643 |
| 2046-2050 | 4,039,181 | 159,733 | 4,198,914 |
| **Total** | $398,500,909 | $56,819,488 | $455,320,397 |

**Master Lease Obligations**

The State has entered into certain long-term capital lease obligations through the Master Lease Purchase Program (the "MLPP"). Under the MLPP, the State secures a low-interest line of credit from a third-party provider, from which loans are made to agencies for qualified expenditures. Agencies budget for repayment of these loans to the MLPP using any funding source available to the agency. These loan repayments are then used to make the third-party debt service payments. Lease purchase obligations under the MLPP are not general obligations of the State, but are payable from appropriations of State agencies participating in the MLPP, subject to annual appropriation. Financing terms of two years through fifteen years are available. The third-party debt service schedule for the MLPP is as follows:

**Table 4**
**Debt Service on Master Lease Obligations**
**As of June 30, 2025**
**(Unaudited)**
**Payable Due During the Fiscal Year**

| Fiscal Year Ending June 30 | Total Principal Payable | Total Interest Payable | Total Debt Service Payable | Principal Outstanding June 30 |
|---|---|---|---|---|
| 2026 | $6,002,051 | $369,882 | $6,371,933 | $10,020,885 |
| 2027 | 4,338,900 | 270,552 | 4,609,452 | 5,681,985 |
| 2028 | 2,217,007 | 173,589 | 2,390,596 | 3,464,978 |
| 2029 | 1,211,835 | 111,317 | 1,323,152 | 2,253,143 |
| 2030 | 1,143,705 | 68,310 | 1,212,015 | 1,109,438 |
| 2031 | 1,109,438 | 28,744 | 1,138,182 | - |
| Total | $16,022,936 | $1,022,394 | $17,045,330 | $ - |

*Source: DOA Office of Accounts and Reports, Office of Financial Management.*

**Total Long-Term Obligations**

***Outstanding as of June 30, 2025.*** For a summary description of long-term obligations of the State as of June 30, 2025, see Note III, Detailed Notes On All Funds, Section I, Long-term Obligations beginning on page 80 of the FY 2025 ACFR referred to at the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in this Appendix A. For a description of annual debt service requirements for long-term obligations of the State as of June 30, 2025 which have scheduled debt service amounts, see page 83 of the FY 2025 ACFR referred to at the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in this Appendix A.

***Incurred Subsequent to June 30, 2025.*** Since June 30, 2025, the State has not incurred long-term obligations subject to appropriation from the State General Fund by the Kansas Legislature. For the avoidance of confusion, the long-term obligations described in this subsection do not include those obligations of Component Units described in the FY 2025 ACFR that are not subject to appropriation from the State General Fund by the Kansas Legislature.

***Redemptions Subsequent to June 30, 2025.*** Since June 30, 2025, the State has not defeased or redeemed any outstanding bonds subject to appropriation from the State General Fund.

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

The State's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025 (the "FY 2025 ACFR") has been filed with the Municipal Securities Rulemaking Board (the "MSRB") and is available from the MSRB's Electronic Municipal Market Access system (commonly known as EMMA). The FY 2025 ACFR, available at https://emma.msrb.org/P11905217-P11455372-P11903005.pdf, is hereby incorporated by reference. Only information contained on the website page identified above is incorporated herein, and no additional information that may be reached from such page by linking to any other page or by following a reference to underlying source documents should be considered to be incorporated herein.

The FY 2025 ACFR includes the independent auditors' report of CliftonLarsonAllen LLP (the "Auditor") on the financial statements of the State for the year ended June 30, 2025. The Auditor does not express any opinion as to information other than such audited financial statements of the State. The incorporation of the Auditor's report herein should not be taken to imply that there has been no change in the State's financial position since the date of the Auditor's audit report.

The State's Annual Comprehensive Financial Report for each fiscal year ending June 30 is typically completed near the end of the calendar year, although its release has been as late as March prior to FY 2013. The State does not prepare financial statements for interim or partial year periods.

The FY 2025 ACFR incorporated above includes (beginning on page 179 thereof) the Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards (the "Internal Control Report").

The Internal Control Report included two findings of significant deficiencies. The first finding of significant deficiency related to one instance of improper approval of journal entries at Fort Hays State University, caused by (i) the University's accounting software allowing the accounting manager to enter and approve the same journal entry without secondary review or approval and (ii) system design oversight and lack of proper role assignment in the journal entry approval process. The second finding of significant deficiency related to the State failing to reverse the effect of prior year accrual entries relating to opioid settlement revenue, which caused a misstatement in the preliminary trial balance and financial statements provided to the auditors. This was caused by (i) the State failing to identify the missed reversal entry during its quality review procedures over receivables and revenues entries and balances at year end and (ii) the State's internal control process lacking adequate procedures to ensure that all such entries are properly scheduled, recorded and reviewed.

The State response with respect to the first finding was as follows: Management at Fort Hays State University agrees that proper segregation of duties requires journal entries to be reviewed and approved by an individual other than the originator, and who possesses the appropriate approval permissions within the accounting system. Prior to the commencement of the audit, the University identified a lack of segregation of duties whereby one individual had permissions within the accounting system that allowed journal entries to automatically post without secondary approval. Upon identifying the issue, a comprehensive review was conducted to determine whether other individuals had similar permissions and no additional instances were found. The necessary changes were tested and implemented in the accounting system effective August 22, 2025. During the interim period between identifying the deficiency and implementing the system changes, management manually reviewed all prior and current journal entries that lacked secondary approval. Each entry was assessed for accuracy and business purpose, and a statement of review and approval was manually attached by the appropriate approver.

The State response with respect to the second finding was as follows: In FY 24, the State of Kansas executed a prior period adjustment to recognize receivables and revenues associated with the Kansas Opioid Act. This resulted in a one-time change to SOK internal processes to create the prior period adjustment. During this process, the State made several adjustments to the trial balance to ensure compliance with the requirements. In FY25, due to the unique nature of the prior period adjustments that fell outside of existing state process and review controls and standards, there was an internal misunderstanding regarding the yearly reversals for receivables. The prior period adjustment and deferred revenue were reversed; however, the uncollectible receivables and the associated revenue account were unintentionally omitted causing an overstatement of receivables in the trial balance. The State is confident that this error of omission is a result of the one-time unique nature of the Kansas Opioid Act implementation and the related adjustments. To further mitigate risks for any future one-time adjustments, the State will re-train existing staff to ensure the resulting balance from any one-time agency adjustment is reconciled with the agency's submission of receivables. Additionally, the State will be developing an additional internal process to reconcile balances on a yearly basis before the trial balance draft is complete. Finally, the State also plans to explore options within the financial reporting software solution that will be implemented in 2026 to identify and expand the use of additional available automated controls and tools to assist in the reconciliation and validation of account balances to ensure the State is maximizing all internal controls available to ensure accuracy.

The Internal Control Report did not include findings of material weaknesses in internal control.

The Internal Control Report included prior FY 2024 findings of significant deficiencies. The Internal Control Report stated that through work performed during FY 2024, two of the prior year significant deficiencies related to improper approval of journal entries at Wichita State University appear to be corrected. For more information about the significant deficiencies identified in the Internal Control Report, see the FY 2025 ACFR.

## SELECTED FINANCIAL INFORMATION

### State General Fund Summary Revenues, Expenditures and Ending Balances

The following Table 5 presents a summary of the State General Fund revenues, expenditures, and ending balances for each fiscal year ending June 30, 2021 through 2025, pursuant to GAAP.

The information in Table 5 should be read in connection with the FY 2025 ACFR referred to at the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" above in this Appendix A, including the financial statements of the State set forth in the FY 2025 ACFR and the notes to such financial statements.

(Remainder of page intentionally left blank)

**Table 5**
**Summary of State General Fund Revenues, Expenditures, and Ending Balances**
**For the Fiscal Years Ended June 30, 2021 through 2025**
(Expressed in Thousands)

| **State General Fund** | **FY 2021** | **FY 2022** | **FY 2023** | **FY 2024** | **FY 2025** |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Property tax[1] | $ 47 | $ 0 | $ 102 | $ 0 | $ 21 |
| Income tax | 4,852,523 | 5,719,921 | 6,050,670 | 5,849,125 | 5,981,722 |
| Sales and excise tax | 3,445,273 | 3,782,326 | 3,977,709 | 3,789,421 | 3,718,917 |
| Gross receipts tax | 182,595 | 201,284 | 193,207 | 221,753 | 218,826 |
| Charges for services | 33,239 | 48,530 | 80,652 | 60,308 | 71,832 |
| Investment earnings | (3,712) | 5,416 | 185,802 | 302,444 | 305,819 |
| Other revenues | 23,104 | 15,434 | 24,587 | 14,195 | 55,463 |
| **Total revenues** | $8,533,069 | $9,772,911 | $10,512,729 | $10,237,246 | $10,352,600 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | $229,380 | $1,125,276 | $705,116 | $524,802 | $511,584 |
| Human resources | 1,109,608 | 1,149,262 | 1,472,905 | 1,726,581 | 2,042,219 |
| Education | 4,846,637 | 4,752,092 | 5,271,989 | 5,760,349 | 6,078,264 |
| Public safety | 409,683 | 415,472 | 523,150 | 564,156 | 614,050 |
| Agriculture and natural resources | 12,901 | 88,715 | 16,395 | 18,714 | 22,947 |
| Health and environment | 571,120 | 650,560 | 665,866 | 817,516 | 959,003 |
| Debt service: | | | | | |
| Principal | 17,447 | 308,548 | 23,863 | 24,456 | 24,593 |
| Interest | 25,932 | 19,433 | 13,857 | 14,660 | 14,378 |
| **Total expenditures** | $7,222,708 | $8,509,358 | $8,693,141 | $9,451,234 | $10,267,038 |
| **Excess of revenues over (under) expenditures** | $1,310,361 | $1,263,553 | $1,819,588 | $786,012 | $85,562 |
| **Other financing sources (uses):** | | | | | |
| Issuance of leases | $0 | $12,303 | $2,297 | $2,739 | $16,734 |
| Transfers, net | (122,199) | (525,993) | (259,567) | (69,714) | (296,970) |
| **Total other financing sources (uses)** | $(122,199) | $(513,690) | $(257,270) | $(66,975) | $(280,236) |
| **Net change in fund balances** | $1,188,162 | $749,863 | $1,562,318 | $719,037 | $(194,674) |
| Fund balances, beginning of year | $556,112 | $1,744,274 | $2,494,137 | $4,056,455 | $4,775,492 |
| **Fund balances, end of year** | $1,744,274 | $2,494,137 | $4,056,455 | $4,775,492 | $4,580,818 |

*[1] Revenue from state severance taxes and the uniform property tax levy for schools are deposited into the School District Finance Fund rather than the State General Fund.*

*Source: FY 2021 through FY 2025, Annual Comprehensive Financial Report, Office of Accounts and Reports.*

Table 6A is presented on a budget or cash basis, which differs from the presentation of financial statements according to GAAP as reported in the State's ACFRs.

**Table 6A**
**Recent State General Fund Budget Operations[1]**
**For the Fiscal Years Ended June 30, 2021 through 2025**
(Expressed in Millions)

| | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|---|---|---|---|---|
| **Beginning Balance** | $ 495.0 | $ 2,094.8 | $ 1,834.6 | $2,410.4 | $3,220.7 |
| **Revenues:** | | | | | |
| Taxes | 8,908.6 | 9,758.2 | 10,160.2 | 10,039.8 | 10,000.2 |
| Interest | 7.8 | 2.8 | 200.5 | 395.8 | 392.4 |
| Agency Earnings | 63.1 | 70.0 | 116.6 | 111.1 | 132.8 |
| Transfers | (113.6) | (1,914.9) | (1,194.5) | (371.2) | (503.4) |
| Other Revenues[2] | 1.7 | 19.7 | 20.0 | 0.0 | 5.4 |
| Total Revenues | 8,867.6 | 7,935.8 | 9,302.9 | 10,175.5 | 10,027.4 |
| **Total Available** | $ 9,362.6 | $10,030.6 | $11,137.5 | $12,585.9 | $13,248.1 |
| **Expenditures** | $ 7,267.8 | $ 8,195.9 | $ 8,727.1 | $ 9,365.2 | $10,314.9 |
| **Ending Balance** | $ 2,094.8 | $ 1,834.6 | $ 2,410.4 | $ 3,220.7 | $ 2,933.2 |

*Totals may not add because of rounding. All figures are approximate unless otherwise stated.*

*[1] The amount of State General Fund revenues received in prior years is not necessarily indicative of the amount of revenues to be expected for any future years.*

*[2] "Other Revenues" includes prior year released encumbrances, which are previously obligated funds that are no longer needed for their original purpose. Prior year released encumbrances are not included in Table 1.*

*Source: Kansas Division of the Budget.*

**State General Fund Sources of Revenue**

The State General Fund is the fund to which most general tax receipts are committed. The revenues in the State General Fund can be expended for any purpose in accordance with appropriation acts of the Legislature. The revenue deposited to the fund comes from income taxes, excise taxes, miscellaneous taxes, transfers, interest, and agency earnings. The primary sources of revenue to the fund are individual and corporate income taxes and sales and use taxes.

The following Table 6B presents sources of revenue deposited in the State General Fund as reported in the ACFR, and the percentage of total State General Fund revenues each source represents, for the fiscal years ended June 30, 2021 through 2025.

(Remainder of page intentionally left blank)

**Table 6B**
**State General Fund**
**Source of Revenues**
**For the Fiscal Years Ended June 30, 2021 through 2025**

**(Unaudited)**

| Revenue Source | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|---|---|---|---|---|
| Property Tax[(1)] | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Income Tax | 56.87 | 58.53 | 57.56 | 57.14 | 57.78 |
| Sales and Excise Tax | 40.38 | 38.70 | 37.84 | 37.02 | 35.92 |
| Other Taxes and Revenues | 2.75 | 2.77 | 4.60 | 5.84 | 6.30 |

*May not total 100% due to rounding.*

*[(1)] Revenue from state severance taxes and the uniform property tax levy for schools are deposited into the School District Finance Fund rather than the State General Fund.*

*Source: DOA Office of Accounts and Reports.*

## Other Funds

As indicated in the FY 2025 ACFR, the funds reported in the FY 2025 ACFR are divided into three categories of funds financial statements: governmental funds financial statements, proprietary funds financial statements, and fiduciary funds financial statements. For an overview of these funds, see the captions "Government-Wide Financial Statements" and "Fund Financial Statements" of the Management's Discussion and Analysis on pages 9-11 in the FY 2025 ACFR referred to at the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in this Appendix A.

The governmental funds include the State's main operating fund, special revenue funds, capital projects funds and debt service funds. The State has six governmental funds considered major funds for presentation purposes. In addition to the State General Fund, the major governmental funds for presentation purposes shown in the FY 2025 ACFR are the Social Services Fund, the Health and Environment Fund, the Commerce Fund, the Executive Fund, and the Transportation Fund (also known as the SHF and discussed as such in other parts of this Appendix A). The Social Services Fund accounts for the activities of the Department for Aging and Disability Services and the Department for Children and Families. The Health and Environment Fund includes all health insurance purchasing by the State, as well as federally funded programs such as Medicaid, and the State Employee Health Insurance Program. The Commerce Fund accounts for the activities of the Kansas Department of Commerce. The Executive Fund accounts for operation of the Governor's Office. The Transportation Fund is the primary operating fund of KDOT. Each major fund is presented in a separate column in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. As specifically authorized by law, in the past there have been occasional transfers from governmental funds to or from the State General Fund, and there may be such transfers in the future. See the caption "BUDGET PROCESS—Division of the Budget Discussion—*Transfers From State Highway Fund*" in this Appendix A. For the amount of transfers made or budgeted into, or out of, the State General Fund for fiscal years 2023 through 2026, see Table 3 under the caption "BUDGET PROCESS—Outlook for State General Fund" in this Appendix A.

The proprietary funds are used to show activities that operate more like those of commercial enterprises, that is, activities where the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the general public, or where sound financial management dictates that periodic determinations of results of operations are appropriate. The State's major proprietary funds for presentation purposes are the Unemployment Insurance Fund (within the Department of Labor), the Water Pollution Control and Public Water Supply Revolving Loan Funds (within the Department of Health and Environment) (referred to collectively in the FY 2025 ACFR as the Water Funds) and the Health Care Stabilization Fund. There are also internal service funds which account for a variety of services such as printing and information technology, among others, provided to other departments on a cost-reimbursement basis. Typically, transfers between governmental funds and proprietary funds are not made.

The fiduciary funds are used to account for resources held for the benefit of parties outside the State government, that is, to show activities that account for assets held in a trustee capacity or as an agent for individuals, private organizations or other governmental units. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs. The fiduciary funds are the Kansas Public Employees Retirement Fund, the Investment Trust Fund, and the Custodial Funds. There cannot be transfers out of the fiduciary funds to the State General Fund.

For a discussion of the governmental funds, proprietary funds and fiduciary funds, see Summary of Significant Accounting Policies, Section D, Fund Accounting, beginning on page 41 of the FY 2025 ACFR referred to at the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in this Appendix A. For the presentation of the governmental funds, see pages 26-29 in the FY 2025 ACFR. For the presentation of the proprietary funds, see pages 30-32 in the FY 2025 ACFR. For the presentation of fiduciary net assets, see pages 33-34 in the FY 2025 ACFR.

**Updated Financial Information Since FY 2025 ACFR**

The State has not incurred long-term revenue bonds and other obligations after June 30, 2025. See the caption "INDEBTEDNESS OF THE STATE OF KANSAS—Total Long-Term Obligations—*Incurred Subsequent to June 30, 2025*" above in this Appendix A.

The State has not defeased any bonds since June 30, 2025. See the caption "INDEBTEDNESS OF THE STATE OF KANSAS—Total Long-Term Obligations—*Redemptions Subsequent to June 30, 2025*" above in this Appendix A.

**Website Information**

The State maintains public websites on which it periodically posts certain financial and other information, including https://budget.kansas.gov/ and https://www.admin.ks.gov/offices/oar. None of the information included on these pages, or on the State's websites generally, is incorporated by reference into the Official Statement.

## INVESTMENT OF STATE FUNDS

**Cash Management Program Policy**

The PMIB invests the money available from the State General Fund, the Budget Stabilization Fund, and the hundreds of other State funds deposited with the State Treasurer. The PMIB also provides investment management services for other State agencies with investment portfolios, such as KDOT and Health Care Stabilization Fund. In addition, the PMIB's responsibilities include the management and administration of the Kansas Municipal Investment Pool (the "MIP"), which provides an investment alternative for local government entities in Kansas.

It is the policy of the PMIB to invest the Pooled Money Investment Portfolio ("PMIP") (which consists of moneys held in State idle funds, the Budget Stabilization Fund, and the MIP) in a manner which will provide a reasonable rate of return with the maximum security while meeting the daily cash flow demands of the State and conforming to all statutes governing the investment of State moneys. The PMIB investment policy establishes credit quality and diversification guidelines intended to provide for a market rate of return on investments while keeping safety of principal and the liquidity to meet daily cash flow needs.

**Securities in Which State Funds May Be Invested**

Funds in the PMIP may be invested in the following categories of permitted investments: (1) fully collateralized certificates of deposit in State banks; (2) direct obligations of (or obligations insured as to principal and interest by) the United States; (3) obligations and securities of United States-sponsored enterprises that may be accepted as security for public funds under federal law; (4) repurchase and reverse repurchase agreements with a bank or a primary government securities dealer that reports to the Market Reports Division of the Federal Reserve Bank of New York for direct obligations of (or obligations insured as to principal and interest by) the United States and obligations and securities of United States-sponsored enterprises that may be accepted as security for public funds under federal law; (5) loans pursuant to legislative mandates; (6) investments in SKILL act / IMPACT act projects and bonds pursuant to K.S.A. § 74-8920 and investments in any State agency bonds or bond projects; (7) commercial paper that does not exceed 270 days to maturity and which has received one of the two highest commercial paper credit ratings by a nationally recognized investment rating firm; and (8) corporate bonds that do not exceed maturities of two years and that have received one of the two highest credit ratings by a nationally recognized statistical rating organization.

**Current Investments**

The par value of the PMIP as of June 30, 2026 was $9.66 billion. Table 7 below presents the investment types held in the PMIP as of June 30, 2026.

(Remainder of page intentionally left blank)

**Table 7**
**Pooled Money Investment Portfolio**
**Asset Allocation[1]**
**As of June 30, 2026**

| Investment Type | Percent of Portfolio |
|---|---|
| Overnight Repurchase Agreements | 14.45% |
| U.S. Treasury Bills | 6.85% |
| Gov't Agency Discount Notes[2] | 50.11% |
| Kansas Bank CDs | 2.25% |
| High Grade Commercial Paper | 26.35% |

*May not total 100% due to rounding.*

*[1] A portion of the funds invested for the Budget Stabilization Fund are held in a portfolio separate from the PMIP. Such investments are managed by the PMIB and included in the above allocation percentages.*

*[2] Discount Notes – maturities under 1-year.*

*Source: Pooled Money Investment Board.*

For additional information regarding the investment of State funds as of June 30, 2025, see Note III, Detailed Notes On All Funds, Section A, Deposits and Investments, beginning on page 52 of the FY 2025 ACFR referred to at the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in this Appendix A.

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Organization of the Retirement System**

The Kansas Public Employees Retirement System (the "Retirement System"), a body corporate and an instrumentality of the State, was established in 1962 pursuant to the Kansas Public Employees Retirement Act at K.S.A. § 74-4901 et seq. (the "Retirement Act") for the purpose of providing benefits upon retirement, death or disability to members and their beneficiaries. Participating employers include the State, Kansas schools (including, but not limited to, Kansas public school districts, area vocational-technical schools and community junior colleges) as well as eligible local governmental employers (i.e., county, city, township, special district or any instrumentality of the State) that elect to participate in the Retirement System. The Retirement System is an umbrella organization that administers the following three Statewide pension groups, as provided by the Retirement Act: Kansas Public Employees Retirement System ("KPERS"), Kansas Police and Firemen's Retirement System ("KP&F") and the Retirement System for Judges ("Judges").

All three groups are part of a governmental defined benefit retirement plan covering substantially all public employees in Kansas. The Retirement System for Judges is single-employer, while KPERS and KP&F are multi-employer. The Retirement Act requires the State and Kansas school districts to participate. Participation by local governmental employers is optional but irrevocable once elected. KPERS is a statutorily established retirement program. The protection of benefits is based on Kansas statute; in addition, federal contract clause protections may apply.

The State pays the employer contributions for the State Group (defined below) and the School Group (defined below) of KPERS and for Judges and State members of KP&F. The State is the largest contributing employer for the Retirement System and makes payments to the Retirement System from annual appropriations of moneys by the Kansas Legislature. Participating local government employers pay the employer contributions with respect to their employees for the Local Group (defined below) of KPERS and for KP&F.

For detailed information regarding the Retirement System, see Note IV, Other Information, Section F, Employee Retirement Systems and Pension Plans, beginning on page 104 of the FY 2025 ACFR, referred to at the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in this Appendix A and see Appendix B to this Official Statement.

**Funded Status of the Retirement System**

As of December 31, 2025, the date of the Retirement System's most recent actuarial valuation, the aggregate unfunded actuarial liability ("UAL") was approximately $10.00 billion on an actuarial basis and $8.95 billion on a market value basis. As of December 31, 2025, the funded ratio for the Retirement System as a whole was 74.9% on an actuarial basis and 77.5% on a market value basis. The calculation of the unfunded actuarial liability and the funded ratio are complex calculations, subject to many assumptions. Readers of the Official Statement are urged to see Appendix B to the Official Statement for detailed information regarding the Retirement System, including information regarding the multiple participating employers and key assumptions made and methodology used in valuing Retirement Plan assets and liabilities and in calculating the funded status.

As stated above, KPERS and KP&F are multi-employer groups and Judges is single-employer. Prior to the effective date of the Governmental Accounting Standards Board ("GASB") Statement No. 68, there was no regulatory or accounting requirement for the Retirement System to separately calculate the UAL or funded ratio for the portion of the Retirement System that is supported by employer contributions paid from appropriations by the State. As a result, no such separate calculation is made by the Retirement System or the State on a regular basis. Further, there is no separate accounting for the State's portion of the UAL in the Kansas Public Employees Retirement System Annual Comprehensive Financial Report or otherwise by the Retirement System or the State. However, the Retirement System has estimated that State's portion of the UAL (including the KPERS State Group, the KPERS School Group, a portion of KP&F and Judges) is approximately $6.7 billion, or 66.7% of the total approximately $10.00 billion of the UAL on an actuarial basis as of December 31, 2025 (for a breakout of the UAL for each of the Retirement System's plans and groups, see Table 5 under the caption "FUNDED STATUS" in Appendix B to the Official Statement).

See the caption "FUNDED STATUS" in Appendix B to the Official Statement.

**Funding of Employer Contributions by State**

The Retirement System annually certifies an annual employer contribution rate required to fund each group in the Retirement System on an actuarial basis. This actuarially required employer contribution ("ARC") rate is the level of contributions required to fully fund the KPERS, KP&F and Judges groups by the end of the amortization period for the unfunded actuarial liability. The KP&F and Judges groups do not have a statutory cap on employer contributions. However, as part of the funding plan for a package of benefit enhancements enacted in 1993, the Legislature enacted a statutory cap on any annual increase in the employer rate actually paid by the State and participating local employers to the Retirement System for the KPERS group. The statutory cap on the employer contribution rate has resulted in employer contributions significantly below the ARC since 1994, which has in turn increased the UAL.

Since 1993, the statutory cap has been raised several times. Legislation enacted in 2012 accelerates the rate of increase in the employer contribution beginning in the fiscal year ending June 30, 2014. The statutory employer contribution rate for the State/School Group was 8.77% for the fiscal year ending June 30, 2012, and under the previous statutory cap on annual increases of 0.6%, the statutory rate increased to 9.37% for FY 2013. As set out in the 2012 legislation, the statutory cap for FY 2014 increased to 0.9%, resulting in a State/School Group rate of 10.27%. Under the 1.0% statutory cap for FY 2015, the State/School Group employer contribution rate was certified at 11.27%. However, the KPERS State School Group employer contributions were lowered in FY 2015. The executive allotment plan reduced the employer contribution rate to 8.65% for the last half of FY 2015. The 2012 legislation established statutory caps of 1.1% for FY 2016 and 1.2% for FY 2017, resulting in certification of State/School Group employer contribution rates of 12.37% and 13.57% respectively. However, SB 228 subsequently fixed the rates for those fiscal years at 10.91% in FY 2016 and 10.81% in FY 2017. The State/School Group employer contribution rates for FY 2018 were 12.01% and in FY 2019 were 13.21%. The 1.2% statutory cap applied for FY 2020 and was 14.41%. Based on the actuarial valuation as of December 31, 2017, the State/School Group was at the ARC rate in FY 2021 of 14.23%. The 2021 Legislative Session passed SB 159, which subsequently fixed the employer contribution rates for the State/School Group for FY 2022 at 13.33% and for FY 2023 at 13.11%. The state/school contribution rate for FY 2024 was 12.57%, for FY 2025 was 11.54%, and for FY 2026 is 11.68%. For scheduled increases in the employer contribution rates, see the captions "DETERMINATION OF EMPLOYER CONTRIBUTIONS—Employer Contribution Rates" and "HISTORY OF LEGISLATION AFFECTING BENEFITS AND FUNDING" in Appendix B to the Official Statement.

The State's obligation to pay the employer contribution for its employees to the Retirement System is not subject to any constitutional or other special legal status or priority over other expenditures. The State and its employees participate in the Federal Social Security system.

**New Accounting Standards**

New Accounting Standards with future implementation dates are explained in Note I, Summary of Significant Accounting Policies, Section G, New Government Accounting Standards Board Statements, beginning on page 49 of the FY 2025 ACFR referred to at the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in this Appendix A, and excerpted as follows:

The State has implemented the following new pronouncements for fiscal year 2025:

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

GASB Statement No. 102, *Certain Risk Disclosures*, will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The provisions of this statement are effective for financial statements for the State's fiscal year ending June 30, 2025. The adoption of this statement has no significant impact on the State's financial statements.

At June 30, 2025, the Governmental Accounting Standards Board (GASB) had issued several statements not yet effective for or implemented by the State. The State plans to implement the provisions of these statements on or before their effective dates. Management has not yet determined the impact these new statements will have on the State's financial statements.

The State will implement the following new pronouncements for fiscal years ending after June 30, 2025:

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

1) Management Discussion and Analysis ("MD&A"): This statement requires that information presented in MD&A be limited to related topics discussed in five sections: 1) Overview of Financial Statements, 2) Financial Summary, 3) Detailed Analyses, 4) Significant Capital Asset and Long-Term Financing Activity and 5) Currently Known Facts, Decisions, or Conditions. MD&A should also explain why balances and results of operations changed and avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections. MD&A should continue to distinguish between the primary government and its discretely presented component units.

2) Unusual or Infrequent Items are described as transactions and other events that are either unusual in nature or infrequent in occurrence. These items are required to be displayed separately as the last presented flow of resources prior to the net change in resource flows in government-wide, governmental fund, and proprietary fund statements of resource flows

3) Presentation of the Proprietary Fund statement of Revenues, Expenses and Changes in Fund Net position should continue to distinguish between operating and nonoperating revenues and expenses and provide additional guidance on determining nonoperating revenues and expenses. Additional subtotals are required to be presented to show a subtotal for "operating income (loss) and noncapital subsidies" prior to reporting other nonoperating revenues and expenses. Subsidies are defined within the statement.

4) Major Component Unit Information is required to be presented separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If readability is impacted, combining statements of major component units should be presented after the fund financial statements.

5) Budgetary Comparison Information is required to be presented as required supplementary information ("RSI") and variances between original and final budget amounts and variances between final and actual amounts are required to be presented. Explanation of significant difference must be presented in notes to the RSI. The provisions of this statement are effective for financial statements for the State's fiscal year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, improves financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. This statement requires certain capital assets to be disclosed separately in the capital assets note disclosures including lease assets, intangible right-to-use assets recognized in accordance with Public-Private and Public-Public Partnerships and Availability Payment Arrangements and subscription assets. In addition, intangible assets other than those three types must be disclosed separately by major class. This statement also requires additional disclosures on capital assets held for sale. The provisions of this statement are effective for financial statements for the State's fiscal year ending June 30, 2026.

## OTHER POST-EMPLOYMENT BENEFITS

For information regarding other post-employment benefit obligations of the State, including information regarding certain unfunded liabilities, see Note IV, Other Information, Section E, Other Post-Employment Benefits, beginning on page 101 of the FY 2025 ACFR, referred to at the caption "ANNUAL COMPREHENSIVE FINANCIAL REPORT" in this Appendix A.

## EMPLOYMENT AND COLLECTIVE BARGAINING

### Employment

Table 8 below sets forth information regarding total State employment for the ten-year period ended June 30, 2025.

**Table 8**
**State Employment By Type of Service[1]**

| Fiscal Year Ended June 30 | Classified Employees | Unclassified Employees | Total |
|---|---|---|---|
| 2016 | 9,417 | 24,546 | 33,963 |
| 2017 | 8,333 | 26,014 | 34,347 |
| 2018 | 6,418 | 30,083 | 36,501 |
| 2019 | 5,691 | 30,912 | 36,603 |
| 2020 | 5,377 | 32,342 | 37,719 |
| 2021 | 4,887 | 32,808 | 37,695 |
| 2022 | 4,401 | 33,973 | 38,374 |
| 2023 | 4,405 | 34,138 | 38,543 |
| 2024 | 4,528 | 33,961 | 38,489 |
| 2025 | 4,658 | 36,367 | 41,025 |

[1] *Includes classified and unclassified, benefit-eligible employees including full and part-time employees. Excludes legislators, student employees, classified temporary and unclassified non-benefit eligible temporary employees.*

*Source: SHARP/2025 Workforce Report, DOA, Office of Personnel Services.*

### Collective Bargaining

***Organization of State Employees***. There are approximately 18,469 active, benefits-eligible, non-Regents employees in the Executive Branch. Of that number, approximately 14,117, or approximately 76%, are assigned to Public Employee Relations Board ("PERB") units based on their job classification or job title that could be represented by a labor organization. The largest of these labor organizations is the Kansas Organization of State Employees ("KOSE"). KOSE represents six PERB units, covering 8,193 employees.

***Public Employer-Employee Relations***. The Kansas Constitution (Article 15, Section 12) provides certain protections for membership in labor organizations. The Kansas Public Employer-Employee Relations Act ("PEERA"), K.S.A. § 75-4321 *et seq*., governs public employee labor relations in Kansas. The Kansas Professional Negotiations Act, K.S.A. § 72-5413 *et seq*., governs labor relations between school boards and teachers' unions.

PEERA established the Public Employee Relations Board ("PERB"), which consists of five members appointed by the Governor to four-year terms. The PERB consists of one member designated as the representative of the public employer, one member representative of public employees, and three at large representatives. The primary functions of the PERB are making bargaining unit determinations, conducting representation elections, and adjudicating prohibited practices. K.S.A. § 75-4323.

Certain activities of public employers, public employees and employee organizations (unions) are designated as prohibited practices under PEERA. Such prohibited practices include engaging in strikes by public employees or their unions. The commission of a prohibited practice, including a strike, constitutes evidence of bad faith as provided in K.S.A. § 75-4333.

## LITIGATION AND CONTINGENCIES

### Overview

As a result of the wide variety of the State's activities, the State is a party to a number of legal proceedings and there can be expected to exist a variety of circumstances that have resulted in threatened legal proceedings or may result in additional claims and legal proceedings. Certain of the most significant of such legal proceedings are described below. However, additional circumstances may exist that could result in claims or legal proceedings for which the outcome cannot be predicted at this time, but for which an adverse outcome could materially and adversely affect the financial condition and operations of the State. The Kansas Tort Claims Act, K.S.A. § 75-6101 et seq., limits the liability of the State of Kansas, its boards, commissions, departments, agencies, bureaus and institutions for damages caused by the negligent or wrongful act or omission of any of their employees while acting within the scope of their employment. Subject to certain exceptions contained within the Kansas Tort Claims Act, liability for claims within the scope of the Kansas Tort Claims Act cannot exceed $500,000 for any number of claims arising out of a single occurrence or event. This liability limit, however, does not apply to federal court actions where the State has expressly reserved all immunities.

### Current Contingencies

*Minjarez-Almeida et al. v. Kansas Board of Regents and Kansas State University, in the District Court of Shawnee County, Kansas, Case No. 2020-CV-378, consolidated with Plank v. Kansas State University and Kansas Board of Regents, in the District Court of Shawnee County, Kansas, Case No. 2020-CV-432 (originally filed and then dismissed without prejudice in the United States District Court for the District of Kansas, Case No. 2020-cv-2335).*

Plaintiffs seek injunctive relief and damages for a pro-rated refund of fees proportionate to the amount of time that remained in the Spring Semester 2020 when classes moved online and utilization of campus services was restricted because of COVID-19. Plaintiffs seek to represent a class of persons who paid dining and other fees. Their legal theories are breach of contract, unjust enrichment, conversion, and money had and received. Plaintiffs are represented by a Kansas firm. The case was filed on July 9, 2020.

Kansas State University and KBOR have filed a motion to dismiss. These motions were argued before the Shawnee County District Court on March 10, 2021. On August 2, 2021, the District Court dismissed all claims against KBOR and Kansas State University. Plaintiffs appealed the ruling dismissing the claims against Kansas State University only. Accordingly, KBOR is no longer a party to this case. On March 23, 2023, the Court of Appeals reinstated the plaintiffs' breach-of-contract claims against Kansas State University and remanded for further proceedings.

The Office of the Attorney General has retained outside counsel, and is vigorously defending the case. At the present time the chance of loss is uncertain, but discovery has concluded and motions for summary judgment are currently under consideration by the Court.

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

In these consolidated cases, plaintiffs seek injunctive relief and damages for a pro-rated refund of tuition, living and fees and other university fees proportionate to the amount of time that remained in the Spring Semester 2020 when classes moved online and utilization of campus services was restricted because of COVID-19. Plaintiffs seek to represent a class of persons who paid dining and other fees and tuition in programs affiliated with University of Kansas for the semesters affected by the coronavirus pandemic. Plaintiffs' legal theories are breach of contract, conversion and taking of property, and common law unjust enrichment.

The *Honeychurch* case was filed on September 21, 2020. The University and KBOR filed motions to dismiss on November 12, 2020. On February 15, 2021, the District Court issued an opinion dismissing all claims against KBOR and dismissing some, but not all, claims against the University of Kansas. Subsequent to the dismissal of KBOR, the court consolidated the remaining claims by these plaintiffs with similar claims against the University of Kansas in *Neff v. University of Kansas*, which was filed on May 18, 2020. Plaintiffs have again filed a motion to amend their claims against the University of Kansas, but there has been no effort to revive any claims against KBOR. Accordingly, KBOR is no longer a party to this case.

The Office of the Attorney General has retained outside counsel, and is vigorously defending the case. The State prevailed on summary judgment and the matter is currently up on appeal.

*Hodes & Nauser, MDs, P.A., on behalf of itself, its patients, physicians, and staff; Traci Lynn Nauser, M.D.; and Comprehensive Health of Planned Parenthood Great Plains, on behalf of itself, its patients, physicians, and staff, v. Kris Kobach, in his official capacity as Attorney General of the State of Kansas; Stephen M. Howe, in his official capacity as District Attorney for Johnson County; Marc Bennett, in his official capacity as District Attorney for Sedgwick County; Mark A. Dupree Sr., in his official capacity as District Attorney for Wyandotte County; State of Kansas ex rel. Kansas State Board of Healing Arts; and Janet Stanek, in her official capacity as Secretary of the Kansas Department of Health and the Environment, in the District Court of Johnson County, Case No. 23-CV-03140*

In this case, physicians and clinics in Kansas filed suit against numerous public officials in the State of Kansas in in order to challenge both recent and long-standing abortion-related legislation. In 2023, the Kansas Legislature amended the Woman's Right-to-Know Act, first passed in 1997. This amendment included, among other things, new requirements for physicians to advise patients about the possibility of reversing a medication abortion that uses mifepristone.

The District Court preliminarily enjoined enforcement of not only the amended language from the recent legislation but virtually the entirety of the Woman's Right-to-Know Act.

Trial took place last summer and the District Court entered a final order on August 3, 2026, finding several statutes unconstitutional and permanently enjoining the State from enforcing certain statutes. The Office of the Attorney General has retained outside counsel and has moved for a new trial and appealed to the Kansas Supreme Court.

*State of Kansas v. Unleashed Pet Rescue and Adoption, Inc. v. State of Kansas Defendants, in the District Court of Johnson County, Case No. 23-CV-06420*

The Department of Agriculture filed an enforcement action against Unleashed Pet Rescue ("Unleashed"), and Unleashed counterclaimed in April 2024 for $25 million plus fees and costs. Unleashed alleges the Department of Agriculture and numerous employees and other entities unlawfully conspired to target its business for closure. Unleashed raises claims of retaliatory prosecution, violation of equal protection, violation of due process, and other matters.

This matter is still at the motion to dismiss stage, with discovery not commenced. The Office of the Attorney General is vigorously defending the State of Kansas employees in this matter and litigation continues. The chances of the counterclaim prevailing appear extremely low.

**Additional Matters**

*In the Matter of Westar/Evergy Energy, Appeal from the Board of Tax Appeals. (2017-1311-DT and 2020-7125-DT)*

This case involves a dispute over the classification of equipment and electricity and its treatment under State sales tax laws. The Kansas Board of Tax Appeals has issued a finding that Evergy is entitled to sales tax refunds from the State in the amount of $10,731,926.85 (for two separate tax year periods). The State has filed an appeal to the Kansas Court of Appeals. If the case is affirmed on appeal, the impact on the State General Fund would be in FY 2026 or later.

[THIS PAGE INTENTIONALLY LEFT BLANK]

# APPENDIX B

# INFORMATION REGARDING
# KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

TABLE OF CONTENTS

## ORGANIZATION OF THE RETIREMENT SYSTEM

The Kansas Public Employees Retirement System (the "Retirement System"), a body corporate and an instrumentality of the State, was established in 1962 pursuant to the Kansas Public Employees Retirement Act at K.S.A. 74-4901 *et seq.* (the "Retirement Act") for the purpose of providing benefits upon retirement, death or disability to members and their beneficiaries. Participating employers include the State, Kansas schools (including, but not limited to, Kansas public school districts, area vocational-technical schools, and community colleges), as well as eligible local governmental employers (i.e., county, city, township, special district or any instrumentality of the State) that elect to participate in the Retirement System. The Retirement System is an umbrella organization which administers the following three statewide pension groups: the Kansas Public Employees Retirement System ("KPERS"), the Kansas Police and Firemen's Retirement System ("KP&F") and the Retirement System for Judges ("Judges").

All three are part of one governmental defined benefit retirement plan covering substantially all public employees in Kansas. The Retirement System for Judges is a single employer, while KPERS and KP&F contain multiple employers. The Retirement Act requires the State and Kansas school districts to participate. Participation by local governmental employers is optional but irrevocable once elected.

The State pays the employer contributions for the State Group (defined below) and the School Group (defined below) of KPERS, and for the Judges and certain members of KP&F. The State is the largest contributing employer for the Retirement System and makes payments to the Retirement System from annual appropriations of moneys by the Kansas Legislature. Participating local government employers pay the employer contributions with respect to their employees for the Local Group (defined below) of KPERS and for KP&F.

KPERS employers, separate from KP&F and Judges employers, are divided into three separate sections: State, School and Local. The "State Group" consists of employees working for the State of Kansas, eligible employees of Kansas Board of Regents institutions, and legislators who have elected to join KPERS. The "School Group" consists of employees of all Kansas public school districts, Kansas area vocational-technical schools, and Kansas community colleges, and the "Local Group" consists of employees of any participating county, city, township, special district or any instrumentality. Each is part of the KPERS group.

A defined benefit plan generally provides a periodic benefit upon a member's retirement that is determined by a set formula. Benefits paid under the Retirement System are based on a statutory formula that includes final average salary and years of service. The member's retirement benefit is payable to the retired member on a monthly basis for life and, if applicable, a survivor's benefit is provided to the retiree's designated beneficiary. Benefits under the plan are payable from the assets of the plan, which consist of employee contributions, employer contributions, and investment earnings on such amounts. KPERS is a statutorily established retirement benefit program. The protection of benefits is based on Kansas statute; in addition, federal contract clause protections may apply.

Both employee members and participating employers make contributions to the Retirement System to fund plan benefits. Employee members contribute a fixed percentage of their annual salary as set forth by statute, and participating employer contributions are determined annually based on an actuarial valuation prepared by an independent actuary, subject to certain limits, as described at the caption "DETERMINATION OF EMPLOYER CONTRIBUTIONS" below. KPERS, KP&F, and Judges each has its own valuation and employer contribution rates.

Only employees covered by Social Security are eligible to participate in the Retirement System with an exception for some KP&F members.

In addition to the defined benefit plan, the Retirement System oversees the State's Deferred Compensation Plan, a voluntary 457(b) savings program for State and local government employees. In a deferred compensation plan, participating employees contribute a selected amount. There are no matching employer contributions. An employee's benefits under this type of plan are determined solely by the accumulation of the employee's contributions, plus or minus the actual investment earnings/losses. Local employers who join the Retirement System's 457(b) plan also have the option to join the Retirement System's 401(a) defined contribution plan, which provides a vehicle for optional employer contributions.

The Retirement System is governed by a nine-member Board of Trustees (the "Board" or "Board of Trustees"), of which four are appointed by the Governor, one is appointed by the President of the State Senate, one is appointed by the Speaker of the House of Representatives, two are elected by the Retirement System members, and one is the State Treasurer. Board members serve four-year terms.

The information contained in this Appendix B has been provided by the Retirement System and relies on information previously produced by the Retirement System, including the KPERS FY 2025 ACFR defined below, and by its actuary, CavMac Consulting, Bellevue, Nebraska ("CavMac"), including the KPERS 2025 Actuarial Report defined below.

The Retirement System regularly makes public reports and presentations that are available to the public on the Retirement System's Web site. These reports and presentations include periodic reports to committees of the Kansas Legislature, including the Joint Committee on Pensions, Investments and Benefits and other legislative committees.

## FINANCIAL INFORMATION

**Year Ended June 30, 2025**

The Kansas Public Employees Retirement System Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025 (the "KPERS FY 2025 ACFR") is hereby incorporated by reference. The KPERS FY 2025 ACFR may be obtained by contacting the Retirement System or at https://www.kspers.gov/annualreport2025.pdf. Only information contained in the document at the web address identified above is incorporated herein, and no additional information that may be reached from such document by linking to any other page or by following a reference to underlying source documents should be considered to be incorporated herein.

The current policy of the Retirement System is to permanently maintain the KPERS FY 2025 ACFR at the web address identified above; however, the Retirement System is not legally or contractually obligated to do so. In the event such report is no longer available at the web address identified above, readers of the Official Statement may request copies of such reports at the Retirement System office at 611 South Kansas Avenue, Suite 100, Topeka, KS 66603.

The Retirement System is required by statute to produce an Annual Comprehensive Financial Report by December 31 for each fiscal year ("FY") ended the prior June 30. The Retirement System does not prepare financial statements for interim or partial-year periods. Interim revenues, expenses, and other data presented in tables or text discussion in this Appendix B is unaudited unless expressly stated to the contrary.

## ACTUARIAL INFORMATION

### 2025 Valuation Report

The Actuarial Valuation of the Retirement System for the calendar year ended December 31, 2025 (the "KPERS 2025 Actuarial Report") is hereby incorporated by reference. The KPERS 2025 Actuarial Report may be obtained by contacting the Retirement System or at https://www.kspers.gov/valuationreport123125.pdf. Only information contained in the document at the web address identified above is incorporated herein, and no additional information that may be reached from such document by linking to any other page or by following a reference to underlying source documents should be considered to be incorporated herein.

Actuarial computations for purposes of fulfilling financial accounting requirements for the Retirement System under the Governmental Accounting Standards Board ("GASB") Statement No. 67 ("GASB 67") and computations for financial reporting by employers under GASB Statement No. 68 ("GASB 68") are provided in separate reports. The KPERS GASB Statement No. 67 Report for June 30, 2025 (the "KPERS 2025 GASB 67 Report") is hereby incorporated by reference and may be obtained by contacting the Retirement System or at https://www.kspers.gov/reports/gasb67_fy2025.pdf. Only information contained in the document at the web address identified above is incorporated herein, and no additional information that may be reached from such document by linking to any other page or by following a reference to underlying source documents should be considered to be incorporated herein.

The current policy of the Retirement System is to permanently maintain the KPERS 2025 Actuarial Report and the KPERS 2025 GASB 67 Report at the web addresses identified above; however, the Retirement System is not legally or contractually obligated to do so. In the event such reports are no longer available at the web addresses identified above, readers of the Official Statement may request copies of such reports at the Retirement System office at 611 South Kansas Avenue, Suite 100, Topeka, KS 66603.

## RETIREMENT SYSTEM MEMBERS

The Retirement System receives contributions from more than 1,500 participating state and local employers. As of December 31, 2025, the Retirement System had a total combined membership of 354,472, consisting of, among others, 156,554 active members, 78,088 inactive members entitled to benefits in the future, and 119,830 retirees and beneficiaries currently receiving benefits. In fiscal year 2025, all KPERS members contributed 6.00% of their salary, KP&F members contributed 7.15% of their salary, and members of the Judges Plan generally contributed 6.00% of their salary.

With the exception of most KP&F members, members of the Retirement System participate in Social Security through their employment with their participating employer as required by the Retirement Act.

(Remainder of page intentionally left blank)

As of December 31, 2025, membership in the Retirement System, by plan, and the required member contributions as a percentage of member salary were as follows:

**Table 1**
**Membership in Retirement System by Plan [1]**

| | KPERS | KP&F | Judges | Total |
|---|---|---|---|---|
| Beneficiaries currently receiving benefits [2] | 112,881 | 6,613 | 336 | 119,830 |
| Terminated employees entitled to benefits but not yet receiving them | 32,654 | 297 | 11 | 32,962 |
| Deferred disabled | 1,102 | 221 | 0 | 1,323 |
| Inactive members not entitled to benefits | 41,671 | 2,132 | 0 | 43,803 |
| Current employees | 147,319 | 8,951 | 284 | 156,554 |
| **Total** | 335,627 | 18,214 | 631 | 354,472 |
| | | | | |
| Member Contribution Rates | 6% | 7.15% | 6% [3] | |

[1] *Represents Retirement System membership as of December 31, 2025.*

[2] *Number of retirement payees as of December 31, 2025.*

[3] *6% until member reaches maximum retirement benefit of 70% of Final Average Salary, then reduced to 2% thereafter.*

*Source: KPERS 2025 Actuarial Report.*

## RETIREMENT SYSTEM INVESTMENTS

The Retirement Act regulates the types of investments in which the Retirement System's assets may be invested. The Board of Trustees, through the Retirement System investment staff, oversees the management of the investments of the Retirement System through the selection of outside investment managers. Detailed information regarding the Retirement System's investments and investment management may be found in the "INVESTMENT SECTION" of the KPERS FY 2025 ACFR (pages 56-68) described at the caption "FINANCIAL INFORMATION—Year Ended June 30, 2025" in this Appendix B. For a discussion of assumptions regarding investments of the Retirement System used in the Retirement System's actuarial valuation, see the caption "DETERMINATION OF EMPLOYER CONTRIBUTIONS—Assumed Investment Rate of Return" below. In May 2023, the Retirement System's Board of Trustees, working with the Retirement System's investment consultant and investment staff, completed an Asset Liability Study and adopted a new set of long-term asset allocation targets. An implementation plan to achieve this long-term target asset mix is in progress.

The table below reflects the long-term target allocations adopted by the Board.

| Asset Class | Long-Term Target |
|---|---|
| Domestic Equity | 23% |
| International Equity | 18% |
| Core Fixed Income | 12% |
| Non-Core Fixed | 8% |
| Real Assets | 13% |
| Real Estate | 12% |
| Alternatives | 11% |
| Cash Equivalents | 3% |

For additional information regarding the Retirement System's investments, see the caption "FUNDED STATUS—Investment Experience" in this Appendix B.

## DETERMINATION OF EMPLOYER CONTRIBUTIONS

### Actuarial Process

Under the Retirement Act, the required employer contribution rates are determined based on the results of the annual actuarial valuation prepared by an actuary. The valuation results determine the employer contribution rates by using demographic data (such as employee age, salary and service credit) and various assumptions (such as estimated salary increases, rates of return on investments, employee turnover, mortality and disability rates) to estimate the amount and timing of future benefit payments. Actuarial valuations of KPERS, KP&F, and the Judges groups are prepared annually (on a calendar year basis) to determine the employer contribution rate required to fund each group on an actuarial reserve basis, i.e., the current assets plus future contributions, along with investment earnings sufficient to fulfill the Retirement System's benefit obligations.

At least once every six years, the Retirement Act requires the Kansas Legislative Coordinating Council to retain an independent actuary to conduct an audit and evaluation of the actuarial services and valuations provided to the Board of Trustees by its actuary. The audit includes a review of actuarial assumptions, evaluations and methodology used by the actuary in making its determinations. The independent actuary certifies that the work performed by the Board's actuary was performed in accordance with principles and practices prescribed by the Actuarial Standards Board. The last such independent actuarial audit report was issued in June 2008, reviewing the December 31, 2006 valuation. The Legislative Coordinating Council is reviewing the timetable for the next audit but has not retained an independent actuary since the last report issued in June 2008. The KPERS Board of Trustees has approved a Request for Proposals to have an audit completed on the December 31, 2025 actuarial valuation.

### Actuarial Valuation

The primary purpose of the actuarial valuation is to determine the amount the Retirement System's participating employers must contribute in a given fiscal year to satisfy its current and future obligations to pay benefits to members as provided in the Retirement Act. To determine the required annual contribution, the actuary calculates both the actuarial liability and the actuarial value of assets. The actuarial liability is the present value of the benefits allocated to the years of service already worked by current and retired members. The actuarial liability is calculated by use of a variety of demographic and other data (e.g., employee age, salary and service credit) and various assumptions (e.g., employee turnover, mortality and disability rates). The actuarial value of assets reflects the smoothed value of the investments and other assets held by the Retirement System used in the actuarial valuation process.

**Actuarial Value of Assets**

In preparing the Retirement System's actuarial valuation, the actuary assigns a value to the assets of the fund. An adjusted market value, called the actuarial value of assets, is used to smooth out the volatility in the market value of assets. The purpose of using the smoothed value is to produce annual costs that are more level as a percentage of payroll, as opposed to a cost pattern that can be volatile.

Asset smoothing delays recognition of gains and losses by providing an actuarial value of assets that does not reflect the true market value of pension plan assets at the time of measurement. As a result, presenting the actuarial value of assets as determined under the asset smoothing method might provide a more or less favorable presentation of the current financial position of a pension plan than using pure market value.

Actuarial standards of practice, promulgated by the Actuarial Standards Board of the American Academy of Actuaries, require any methodology used in assessing the value of assets to take into account fair market value, produce a result which is not consistently above or below the fair market value, and produce a value that converges to market value within a reasonable timeframe. These rules or principles prevent the asset valuation methodology from being used to distort annual funding patterns. No matter what asset valuation method is used, it does not affect the true cost of the plan; it only impacts the incidence of cost.

**Unfunded Actuarial Liability**

The actuarial liability is the present value of benefits that is allocated to years of service that a member has already worked. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial liability ("UAL"). The UAL will be reduced if the employer's contributions exceed the employer's normal cost for the year, after allowing for interest on the previous balance of the UAL. Benefit improvements, experience gains and losses, and changes in actuarial assumptions and methods will also impact the total actuarial liability and the unfunded portion thereof.

The UAL is amortized using a "layered" approach. With the reduction in the investment return assumption in the December 31, 2021 valuation from 7.75% to 7.00%, the Board elected to reset the unfunded actuarial liability and amortize the entire amount over a new amortization period (see "FUNDED STATUS—Investment Experience" herein). For the State/School and Local Groups, the amortization period was set to 17 years. For KP&F, the amortization period was set to 22 years. All groups utilize the level-percent-of-payroll methodology to determine payment amounts, other than the Judges who use level dollar payments over a 20-year period for the initial base. New amortization bases due to actuarial gains/losses, established in each valuation after 2021, are amortized over a closed period of 20 years. Changes in the unfunded actuarial liability resulting from assumption changes will be amortized over an appropriate period as determined by the Board of Trustees. Because the full actuarial required contribution rate is currently contributed for all of the groups, the unfunded actuarial liability is expected to decrease absent other factors such as actual experience that are different than expected based on the actuarial assumptions (on both assets and liabilities), changes in actuarial assumptions, procedures, methods, or changes in benefit provisions.

**Employer Contribution Rates**

***Determination of Employer Contributions***. The Board of Trustees certifies an annual employer contribution rate required to fund each group in the Retirement System on an actuarial basis. This actuarially required employer contribution ("ARC") rate is the level of contributions, as a percentage of payroll, required to fully fund the KPERS, KP&F, and Judges groups according to the Board's UAL amortization policy. The KP&F and Judges groups do not have a statutory cap on employer contributions. However, as part of the funding plan for a package of benefit enhancements enacted in 1993, the Legislature enacted a statutory cap on the annual increase in the employer contribution rate actually paid by the State and participating local employers to the Retirement System. Since 1993, the statutory cap has been raised several times.

Starting in 1994, the statutory cap on the employer contribution rate resulted in employer contributions significantly below the ARC, which in turn increased the UAL. Since Fiscal Year 2021, the full ARC has been contributed by all employers, except there is a small difference between the ARC and statutory contribution rates of 0.14 percent for the School Group and -0.54% for the State Group.

By law, the Board of Trustees is required to have an actuarial valuation performed annually. Based on that valuation, the Board of Trustees is to certify to the Division of the Budget, in the case of the State, and to each other participating employer an actuarially determined rate of contribution required, together with accumulated contributions and other assets of the Retirement System, to be paid by each participating employer to fund all of the liabilities of the Retirement System, including amortization of the unfunded actuarial liability.

The Division of the Budget and the Governor are then to include in the budget a request for appropriations of the sum required to satisfy the State's obligation, as certified by the Board of Trustees, and to present it to the Legislature for appropriation. Each participating employer other than the State is to appropriate and pay to the Retirement System a sum sufficient to satisfy the rate certified by the Board of Trustees. Although contributions might be delayed for years without impacting the payment of benefits, if the full amount of the required contributions is not ultimately paid, the Retirement System may be required to modify the Retirement System's asset allocation to meet cash flow needs or ultimately to sell assets to pay benefits as they become due.

For the KPERS contributions, however, K.S.A. 74-4920 establishes a limit on the certified employer contribution rate. It provides that the rate of contribution certified to the State and other participating employers is not to exceed the State's contribution rate for the immediately preceding fiscal year by more than a certain percentage, as described below. As a result of this statutory limitation, the rate certified to the Retirement System employers is less than the actuarially required contribution rate in any year that the actuarially required rate exceeds the prior year's certified rate by more than the statutory limit. The statutory cap on the employer contribution rate has resulted in employer contributions significantly below the ARC for many years, which has in turn increased the UAL.

Pursuant to legislation enacted in 2012 known as Senate Substitute for House Bill 2333 ("Sub HB 2333"), the statutory cap of 0.6% on annual increases to the state, school and local employer contribution rates was increased to new annual limits, as follows (see the caption "HISTORY OF LEGISLATION AFFECTING BENEFITS AND FUNDING" below in this Appendix B):

0.9% in FY 2014 (January 1, 2014, for local employers);

1.0% in FY 2015 (January 1, 2015, for local employers);

1.1% in FY 2016 (January 1, 2016, for local employers); and

1.2% in FY 2017 and after (January 1, 2017, for local employers).

In 2015, Senate Bill ("SB") 4 reset the previously certified employer contribution rate for the State/School Groups for the last half of FY 2015 from 11.27% to 8.65%. In addition, SB 228 lowered the statutory rates for the State/School Groups from 12.37% to 10.91% for FY 2016 and from 13.57% to 10.81% for FY 2017. The statutory cap of 1.2% applies again in FY 2018 and later.

There is no comparable statutory limit on the rate certified for KP&F and the Judges Plan, i.e., the full actuarial required contribution rate is paid. Table 4 herein shows the history of required contributions and the actual amount contributed by employers.

The Retirement System certifies to all employers the employer and employee contribution rates to incorporate in each employer's budget submission. The State of Kansas remits employee and employer contributions on each payroll for all State of Kansas employees, which includes members of the KPERS State Group, KP&F, and Judges. Currently, the State of Kansas payroll is on a bi-weekly basis and the State transfers monies to the Retirement System account in the State Treasury on the same day of the State payroll.

For participating local employers, employee and employer contributions are remitted to the Retirement System via electronic fund transfer within three days after the payroll date. Local employers have various payroll cycles (monthly, weekly, bi-weekly, semi-monthly), so monies are remitted to the Retirement System at various intervals.

For school employers, the employers remit to the Retirement System the employee contributions within three days of each payroll period. The School Group employer contributions are paid by the State of Kansas on a quarterly basis, in arrears. Currently, School Group employer contributions are remitted to the Retirement System in January, April, July and October.

Historically, from time to time, the State of Kansas has delayed payment to the Retirement System. For example, due to cash flow deficiencies in calendar years 2010 and 2011, School Group employer contributions normally paid by the State of Kansas in January 2010 and April 2010 were delayed and not paid to the Retirement System until July 2010. Likewise, a School Group employer quarterly payment due in October 2010 was not paid until December 2010 and a January 2011 payment was not paid until February 2011. Pursuant to 2011 legislation, the fiscal year 2011 School Group employer fourth quarter payment of $69,210,035 due in April 2011 was delayed until fiscal year 2012. Based upon past practices, such delays in payment may continue in the future at the discretion of the State.

In a December 9, 2014, memorandum from the Kansas State Budget Director to the Governor and the Department of Administration Secretary, the Budget Director announced that the State General Fund did not contain the resources necessary to cover the appropriations made against the General Fund. The Budget Director advised that the use of an allotment plan under K.S.A. 75-3722 would be necessary. The Secretary of Administration provided an outline of the FY 2015 General Fund Allotments, which included an expenditure reduction in the amount of $51.2 million with respect to the State's employer contributions to the State/School Group as provided under K.S.A. 74-4920 of the Retirement Act. Specifically, the FY 2015 Allotment reduced the State's employer contribution rate from the then-current 11.27% rate to 8.65%, thus saving the State $51.2 million in FY 2015, but resulting in higher contributions in later years. See "Unfunded Actuarial Liability" above.

Subsequently, the 2015 Legislature passed SB 228 authorizing the deposit of $1 billion of bond proceeds with KPERS, plus fees, from bonds to be issued by the Kansas Development Finance Authority ("KDFA") at a rate of no greater than 5%. KDFA issued its Series 2015H Bonds in August of 2015. For more information about the Series 20215H Bonds, see "HISTORY OF LEGISLATION AFFECTING BENEFITS AND FUNDING – Legislation in 2015" herein. 2015 SB 228 also reset the employer contribution rate for the State/School Group for FY 2016 and FY 2017 to 10.91% and 10.81%, respectively.

The 2016 Legislature passed House Substitute for SB 161, which provided for the delay of up to $100 million in State and School contributions to KPERS for FY 2016. House Substitute for SB 249 provided that the delayed contributions would be repaid in full, with interest at 8%, by June 30, 2018. The Governor used this allotment authority to delay payments of $97.4 million in State/School Group contributions during the final quarter of FY 2016. The delayed contributions were treated as a long-term receivable on KPERS' books and assumed to be repaid as scheduled. Therefore, the delayed contributions did not impact the December 31, 2015 valuation results and projections.

The 2021 Legislature passed House Bill ("HB") 2405, which authorized the issuance of $500 million in bonds to improve the funded status of the State/School Group and reduce the UAL. Pursuant to HB 2405, KDFA issued its Series 2021K Bonds in August 2021. For more information about the Series 2021K Bonds, see "HISTORY OF LEGISLATION AFFECTING BENEFITS AND FUNDING – Legislation in 2017-2026" herein. Subsequent legislation in SB 159 changed the employer contribution rates for the State/School Group and recertified FY 2022 to 13.33%, and FY 2023 to 13.11% based on actuarial projections of the Retirement System upon receipt of $500 million in bond proceeds.

The 2024 Legislature passed House Bill 2711, which increased the lump sum retiree death benefit. The increased contribution rates to fund this benefit improvement were reflected in the December 31, 2023 valuation results.

There were no changes to the benefit plan design for any plan during the 2025 or 2026 Legislative Sessions.

For more information about contribution rate history described above, please see the KPERS FY 2025 ACFR Note 7 – Net Pension Liability of Participating Employers.

**Actuarial Cost Method**

The valuation or determination of the present value of all future benefits to be paid by the Retirement System reflects the assumptions that best describe anticipated future experience. The choice of an actuarial cost method (funding method) does not impact the determination of the present value of future benefits. The funding method determines only the incidence of cost. The purpose of the funding method is to allocate the present value of future benefits determination into annual costs. In order to do this allocation, it is necessary for the funding method to "break down" the present value of future benefits into two components: (1) that which is attributable to the past, and (2) that which is attributable to the future. The excess of that portion attributable to the past over the plan assets is then amortized over a period of years. Actuarial terminology calls the part attributable to the past the "past service liability" or the "actuarial liability." The portion of the present value of future benefits allocated to the future is commonly known as "the present value of future normal costs," with the specific piece of it allocated to the current year being called "the normal cost."

The Retirement System utilizes the Entry Age Normal actuarial cost method. The rationale of the Entry Age Normal funding method is that the cost of each member's benefit is allocated at a level percentage of their salary from date of hire to the end of their employment with the employer. This level percentage multiplied by the member's annual salary is referred to as the normal cost and is that portion of the total cost of the member's benefit which is allocated to the current year. The portion of the present value of future benefits allocated to the future is determined by multiplying this percentage times the present value of the member's assumed earnings for all future years, including the current year. The Entry Age Normal actuarial liability is then developed by subtracting from the present value of future benefits that portion of costs allocated to the future. To determine the UAL, the actuarial value of plan assets is subtracted from the entry age normal actuarial liability. The current year's cost to amortize the unfunded actuarial liability is developed by summing the payments on each of the individual UAL amortization bases that comprise the total UAL.

It is to be expected that future events will not occur exactly as predicted by the actuarial assumptions in each year. Actuarial gains/losses from experience under this actuarial cost method can be directly calculated and are reflected as a decrease/increase in the unfunded actuarial liability. The gain/loss results in a decrease/increase in the amortization payment and therefore, the contribution rate.

**Table 2**
**Certain Actuarial Assumptions Used by the Retirement System for the 12/31/25 Valuation**

| | **KPERS** | **KP&F** | **Judges Plan** |
|---|---|---|---|
| Valuation Date | 12/31/2025 | 12/31/2025 | 12/31/2025 |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Amortization Method | Level Percent Layered | Level Percent Layered | Level Dollar Layered |
| Remaining Amortization Period | Layered bases 13 to 20 years | Layered bases 17 to 20 years | Layered bases 16 to 20 years |
| Asset Valuation Method | Difference between actual return and expected return on market value recognized evenly over five-year period. | | |
| Actuarial Assumptions: | | | |
| Investment Rate of Return(1) | 7.00% | 7.00% | 7.00% |
| Projected Salary Increases(1) | 3.50% - 11.65% | 3.50% - 12.00% | 4.00% |
| Cost-of-Living Adjustment | none | none | none |

(1) *Salary increases and investment rate of return include an implicit inflation assumption of 2.75%.*

*Source: KPERS 2025 Actuarial Report.*

Historically, the Retirement Act required the Retirement System to conduct an actuarial experience study every three years. With the passage of HB 2243 in the 2021 session, the Board of Trustees can now decide on a study period of three to five years. The purpose of the experience study is to evaluate the current actuarial assumptions regarding mortality, retirement, disability, employment, turnover, interest and earnable compensation of the members and beneficiaries of the Retirement System. Based upon the results of this review, the Board of Trustees may adopt such actuarial assumptions for the following period as it deems appropriate. The most recent Experience Study was conducted by the Retirement System's consulting actuary, CavMac, and covered the time period from January 1, 2019, through December 31, 2022. In the experience study report, dated January 29, 2024, Cavanaugh Macdonald recommended changes to both the economic and demographic assumptions used in the valuation. The KPERS Board of Trustees voted to adopt all of the recommended assumption changes.

**Assumed Investment Rate of Return**

The investment return assumption is one of the primary determinants in the allocation of the expected cost of the Retirement System's benefits, providing a discount of the estimated future benefit payments to reflect the time value of money. The assumed rate of investment return should represent the long-term rate of return on the actuarial value of assets, considering the plan's asset allocation policy, expected long-term real rates of return on the specific asset classes, the underlying inflation assumption, and investment expenses. The investment return assumption in the December 31, 2025 actuarial valuation remained unchanged at 7.00% per year, net of investment-related expenses. The assumption was reduced from 7.75% after a special study in 2021.

The Board of Trustees periodically reviews all of the actuarial assumptions including the assumed rate of return as part of an in-depth study that is required by the Retirement Act to be performed every three to five years. Due to the volatility of the financial markets, the actual rate of return earned by the Retirement System on its assets in any single year might be higher or lower than the assumed rate regardless of which assumption is adopted by the Board. A decision to lower the investment return assumption would have an immediately adverse impact on the Retirement System's funded status but would reduce future actuarial losses from actual investment returns that are lower than expected (and increase gains in years that exceed expectation), likely producing more stable contribution rates. Such lower rate of return would increase the unfunded actuarial liability and lower the funded ratio of all of the Retirement System groups.

Regardless of the investment return assumption adopted by the Board, contribution rates and funding progress will depend upon the actual investment returns on the assets, which could be more or less than expected. The investment return assumption is intended to be a long-term estimate of the compound return on Retirement System assets and variations from year to year are expected to occur. Tables 5 through 12 provide the UAL on an actuarial "value" basis and market "value" basis.

**Investment Performance**

The Retirement System's total investment portfolio experienced a 10.3 percent total return for FY 2025. Table 3 below shows annual investment performance of the Retirement System for the past five years, including 5, 10 and 25 year returns.

(Remainder of page intentionally left blank)

**Table 3**
**Retirement System Combined Assets Fiscal Year Ended**

| June 30, | Time Weighted Total Return Gross of Fees |
|---|---|
| 2020 | 2.1% |
| 2021 | 26.3 |
| 2022 | (4.7) |
| 2023 | 7.4 |
| 2024 | 9.7 |
| 2025 | 10.3 |

| For the Period Ended June 30, 2025 | |
|---|---|
| 5-Year Return | 9.4% |
| 10-Year Return | 7.7 |
| 25-Year Return | 6.7 |

*Assumed Rate of Return 7.00%*

*Source: KPERS ACFR for fiscal years ended June 30, 2021 through 2025.*

## HISTORY OF LEGISLATION AFFECTING BENEFITS AND FUNDING

### Historical Background

Since 1962, when the Retirement Act was enacted, changes to both the benefit structure for members and the funding of those benefits have occurred. The most significant of the benefit enhancements was in 1993.

The benefit enhancement package passed by the Kansas Legislature in 1993 included full retirement under an "85-point rule" (when age plus years of service equal 85) and at age 62 with 10 years of service; the benefits multiplier was increased from 1.4% to 1.75% for both previous and future service; the number of years used in final average salary calculations was lowered to three years for new members; the death benefit for retirees increased from $2,500 to $4,000; and an ad hoc cost-of-living adjustment was granted in the amount of 15% for retirees with 15 or more years of service and 5% for those with less. Starting in FY 2025, House Bill 2711 increased the death benefit for retirees to $6,000.

The key components of the Retirement System's funding plan at the time of the benefit enhancements in 1993 included an extension of the amortization period for payment of the Retirement System's UAL, changes in the actuarial cost method and the basis for computing amortization payments, plus a statutory cap on employer contribution rate increases of 0.1% (which was increased to 0.2% in 1996 and subsequently changed several more times). In general, the funding plan lowered initial annual employer contributions and shifted the cost of the benefit enhancements into the future. The effect of the funding plan changes made in 1993 was to significantly increase the UAL and to create higher costs over the course of the amortization period.

The funding plan for the benefit enhancement package, along with subsequent experience losses and other factors that adversely affected liabilities, contributed to the development of a long-term funding shortfall. However, during most of the 1990s, double-digit positive investment returns produced substantial gains in the actuarial value of the Retirement System's assets, which largely offset and masked the effects of experience losses, actuarial changes and other factors that increased actuarial liabilities during this period. Therefore, the long-term funding shortfall did not become fully apparent for several years, but emerged with investment losses during the market declines in 2001 and 2002. Actuarial projections from that period indicated that the Retirement System was not in actuarial balance, which was defined to mean the statutory rate was not projected to converge with the ARC rate before the end of the amortization period for the UAL.

In 2000, the Kansas Legislature passed HB 2034, which provided a one-time payment to retirees in an amount equal to 50% of the retirement benefit payment such retiree was entitled to receive on July 1, 2000.

Following the 2001 actuarial valuation results, the Retirement System worked with the Legislature and the Governor to develop a comprehensive, long-term funding plan to address the shortfall and bring the Retirement System into actuarial balance.

**Legislation in 2003-2004**

In 2003, pursuant to HB 2014, the Kansas Legislature increased the statutory cap on the State Group and School Group employer contribution rate from 0.2% to 0.4% in fiscal year 2006, 0.5% in fiscal year 2007, and 0.6% in fiscal year 2008 and thereafter. In 2004, the Legislature passed SB 520, which similarly increased the statutory caps for the Retirement System's local employers from 0.15% to 0.4% in calendar year 2006, 0.5% in calendar year 2007 and 0.6% in calendar year 2008 and thereafter. The estimated annual cost increase to the State for each of fiscal year 2012 and 2013 under the 0.6% statutory cap on employer contribution rates was approximately $40 million and approximately $15 million for local employers.

In HB 2014 the 2003 Legislature also authorized the issuance of revenue bonds to provide deposits to the Retirement System of not to exceed $540.4 million. In September 2003, the Kansas Development Finance Authority ("KDFA") issued $40.25 million of Series 2003H revenue bonds, and the Retirement System received net proceeds of $38.9 million for two closed groups known as the TIAA group and the "13th check" group. In March 2004, KDFA issued $500 million of Series 2004C revenue bonds, and the Retirement System received net proceeds of $440.2 million as an employer contribution for the State Group and School Group. Of the remaining Series 2004C bond proceeds, $55 million was used for capitalized interest to lower the debt service in the first three years of the amortization period. The annual debt service payment on the Series 2003H bonds was approximately $5 million through fiscal year 2014. The annual debt service payment on the Series 2004C bonds is approximately $36.1 million through fiscal year 2034. Debt service on the Series 2004C bonds is paid from appropriations of moneys from the State General Fund and not from Retirement System income or assets.

**Legislation in 2007-2008**

In 2007, the Kansas Legislature passed SB 362, which provided a one-time $300 payment to retirees who retired on or before July 1, 1997, with at least 10 years of service, to their joint survivors, and to disability benefit recipients who began receiving benefits on or before July 1, 1997. SB 362 also established a new defined benefit plan design for the Retirement System's covered employees first employed on or after July 1, 2009 (it did not affect employees first employed before July 1, 2009). The new plan, called the Kansas Public Employees Retirement Act of 2009, or "KPERS Tier 2," provided the following changes to the original plan, or KPERS Tier 1:

- Increased employee contribution rate for eligible members from 4% to 6%;

- KPERS Tier 2 members contributing at 6% receive 2% cost of living adjustment at retirement beginning at age 65 or at the second July 1 after the member's retirement date, whichever is later;

- Removed year of service requirement for certain membership to allow employees to become members of the Retirement System immediately;

- Changed vesting requirement from 10 years to five years for all members;

- Provided a five-year final average salary calculation as opposed to a three- or four-year calculation;

- Changed normal retirement date from age 65 with one year of service, age 62 with 10 years of service or, when any age + service equals 85, to age 65 with five years of service or age 60 with 30 years of service;

- Early retirement beginning at age 55 with 10 years of service with new early reduction factors;

- Changed the cap on compensation for purposes of figuring final average salary when member stays in same position from one year to the next from 15% to 7.5%; and

- Partial lump-sum option available in 10%, 20% and 30% amounts, eliminating the 40% and 50% options.

In 2008, the Kansas Legislature passed Senate Substitute for HB 2390, which provided a one-time $300 payment to retirees who retired on or before July 1, 1998, with at least 10 years of service, to their joint survivors, and to disability benefit recipients who began receiving benefits on or before July 1, 1998.

**Legislation in 2011 and KPERS Study Commission**

During the 2011 session of the Kansas Legislature, three legislative committees studied the Retirement System and its long-term funding: the Joint Committee on Pensions, Investments and Benefits, the Senate Select Committee on KPERS and the House Pensions and Benefits Committee. The result was the passage of Senate Substitute for HB 2194, which established a 13-member study commission (the "KPERS Study Commission") to consider alternative retirement plans, including defined contribution plans, hybrid plans that could include a defined contribution component, and other possible plans. The KPERS Study Commission concluded its 2011 meetings by adopting a number of recommendations and proposed legislation for introduction to the 2012 Legislature.

**Legislation in 2012**

The Legislature considered the KPERS Study Commission's recommendations, but ultimately passed a compromise bill, Sub HB 2333, which amends the current KPERS plan design (Tiers 1 & 2), including provisions for the correctional subclass of the State Group. The bill added a new plan design (Tier 3) for future members of the State, School and Local Groups. The bill implemented the following changes:

- Created a Cash Balance Plan, effective January 1, 2015 that was established as a new Tier 3 within the existing KPERS defined benefit plan;

- Extended a 3-year salary cap exemption for school professionals who go back to work after retiring from KPERS and are employed full time by the same KPERS participating employer who will continue to pay a special contribution rate for retired members;

- Retained most revenue enhancing provisions from 2011 HB 2194 that were implemented beginning July 1, 2012, including raising the cap on KPERS employer contribution rate increases from the prior 0.6% per year to 0.9% for FY 2014, 1.0% for FY 2015, 1.1% for FY 2016, and 1.2% for FY 2017 and after, and raising employee contribution rates for Tier 1 members from 4% to 6% (to 5% effective January 1, 2014, and to 6% effective January 1, 2015) and increasing the benefit multiplier for Tier 1 members from 1.75% to 1.85% for future years of service. It also eliminated the automatic cost of living adjustment for Tier 2 members while providing a higher multiplier of 1.85% for all years of service;

- Implemented a single actuarially-determined employer contribution rate covering all three KPERS tiers that is calculated for each KPERS group, subject to the statutory annual caps on increased contributions;

- Amended the period of time on which legislators' retirement benefits and contributions are based, reducing the annual number of days from 372 to 365; and

- Provided some of the revenue from the sale of state surplus real estate for KPERS' unfunded liability.

The design of the Tier 3 Cash Balance Plan is intended to share the investment risk with members while still providing them with a guaranteed benefit payable for life. The Cash Balance Plan provides for a minimum interest credit of 5.25% and a discretionary supplemental interest credit between 0% and 4% based on KPERS actual investment returns and funded status. The Cash Balance account includes employee contributions of 6% of pay and an employer credit of between 3% and 6% depending on a member's years of service. Sub HB 2333 specifically provided that the legislature may change the guaranteed interest credit and the assumptions used to convert the account balance in the Cash Balance Plan into lifetime income. This provides considerable flexibility for future legislatures to address any funding issues that might arise with respect to Tier 3.

**Other 2012 Legislation**

HB 2460 added amendments to maintain compliance with Internal Revenue Code, permitted an additional option for public employers to affiliate for future service only, and removed a requirement that sets out a fixed 7.0% contribution rate for first-year employers since all actuarial rates were higher than this rate for all KPERS plans.

HB 2461 increased the limit on annual net new alternative investments from 1% to 5% of the value of the total portfolio, allowed up to a maximum of 15% of the total KPERS portfolio to be invested in alternative investments, and provided a new definition for such alternative investments.

**Legislation in 2013**

HB 2213 contained several clarifying and technical amendments to Sub HB 2333 relating to the Tier 2 benefit structure, the Tier 1 benefit increases, and the establishment of a Tier 3 grace period. The bill also raised the KP&F benefit cap from 80% to 90% and the KP&F employee contribution rate to 7.15%. According to an actuarial cost study prepared on this issue, the additional member contributions were expected to fund the benefit increase.

**Legislation in 2014**

HB 2533 made adjustments to the Cash Balance Plan design established in Sub HB 2333 by changing the guaranteed interest crediting rate from 5.25% to 4.0%, striking the provisions pertaining to a discretionary dividend, adding language establishing a formulaic dividend equal to 75% of the five-year average net compound rate of return on the market value of the system's assets above 6% on a rolling 5-year average, and changing the annuity rate from a set 6% to the actuarially assumed investment rate of return minus 2%.

**Legislation in 2015**

Senate Substitute for HB 2095 contained new working-after-retirement provisions as well as a new Deferred Retirement Option Program ("DROP") pilot program for the Kansas Highway Patrol.

The working-after-retirement provisions, effective on July 1, 2016, include an annual $25,000 earnings limitation if the member returns to work for any KPERS affiliated employer. Employers are required to contribute the statutory employer rate for all wages paid to the retiree. The bill grandfathers retirees who meet certain criteria. It provides exceptions for special education teachers and hard-to-fill school positions. Retirees may return to work with no earnings limitation for up to three years as a special education teacher or in a hard-to-fill position, at which time they will fall under the general earnings limitation. School district employers hiring retirees under these exemptions must contribute the actuarially required employer contribution (ARC) rate plus 8% and maintain documentation of their efforts to permanently fill the position held by a retiree. Senate Substitute for HB 2095 also provides a limited, one-year exception for "hardship positions." Employers must contribute the ARC plus 8% rate and maintain documentation of efforts to fill the position with a non-retiree for this exemption as well.

The DROP program allows Highway Patrol members enrolled in KP&F to enter the DROP at normal retirement age, select a period of 3-5 years to continue working, during which time the benefit they would have received if retired is deposited into a DROP account, which may be credited interest when certain investment thresholds are met. At the member's ultimate retirement, the member receives the balance of the DROP account as a lump sum or a rollover to another qualified account. In 2023, HB 2196 expanded eligibility further to include all eligible KP&F members who choose to participate and extended the sunset date to January 1, 2031. For more information about DROP membership and enrollment, see the KPERS FY 2025 ACFR.

Senate Substitute for HB 2101 changed the definition of "police," "policeman" or "policemen" to expand membership eligibility for KP&F coverage to include employees working for a KP&F-covered employer who are assigned to the police department and whose primary duties include (as opposed to entirely consist of) engagement in the enforcement of law, are certified by the Kansas Law Enforcement Training Center and designated by their employer as a police officer, and who have been contributing to the KP&F Retirement System even if they have been assigned full or part time to a local correctional facility. The provisions are retroactive to July 1, 1999.

Late in FY 2014, the State/School Group employer contribution rate was adjusted for the last half of FY 2015 as a part of a state budget allotment implemented by the Governor. The rate was reduced from 11.27% to 8.65%. SB 4, as amended by Senate Substitute for HB 2094, codified this reduction.

SB 228 authorized the issuance of bonds and the deposit of $1 billion of bond proceeds with KPERS to be used for reducing the unfunded actuarial liability of the State/School Group, plus fees (i.e., the costs of issuance of the bonds, including any credit enhancement, interest costs and to provide any required reserves for the bonds), at an interest rate, all-inclusive cost, of no greater than 5%. Pursuant to SB 228, KDFA issued its Revenue Bonds (State of Kansas – KPERS), Series 2015H (Taxable) (the "Series 2015H Bonds") on August 20, 2015. As required, the State Finance Council approved the bond issue prior to sale. The debt service on the Series 2015H Bonds is payable from moneys appropriated by the State for this purpose and is not an obligation of the Retirement System. SB 228 also reset the employer contribution rate for the State/School Group for FY 2016 and FY 2017.

**Legislation in 2016**

House Substitute for SB 168 contained multiple policy and technical changes to KPERS statutes. As it pertained to working after retirement, the bill made several changes to existing policy, including:

- Requiring members to sign an affirmation on their application for retirement that they will not be employed with any participating employer within 60 days of retirement and that they have no prearrangement to return to work with any KPERS-affiliated employer;

- Extending from July 1, 2017, to July 1, 2020, the grandfathering provisions for those retirees in a licensed school professional position who retired before May 1, 2015;

- Establishing a four-year sunset (ending June 30, 2020) for the hardship, hard-to-fill and special education exemptions;

- Establishing a 30% employer contribution rate for retirees working in positions that are exempt from the general working after retirement rules (hardship, hard-to-fill, special education); and

- Increasing the annual earnings cap for KP&F retirees from $15,000 to $25,000, matching the KPERS earnings limit.

House Sub for SB 168 also included provisions to amend KPERS Tier 3 service-connected death benefits to provide for KPERS Tier 3 members' death benefits to be based on an average of their final three years of compensation; clarify and codify a moratorium beginning March 25, 2016, and ending June 30, 2017, as approved by the Legislature through the appropriations process in 2015 and 2016; add parallel language to make the retirement annuity rate consistent among all retirement options for KPERS Tier 3 members; amend K.S.A. 74-49b14 to authorize creation of a 401(a) plan for local employers, providing a flexible vehicle for optional employer contributions; and add language regarding state tax treatment of Roth contributions for the 457 plan.

On May 18, 2016, Kansas State Budget Director Shawn Sullivan wrote to Governor Sam Brownback that in FY 2016, up to $96.5 million of State of Kansas employer contributions would be allowed to lapse. House Substitute for SB 249 stated that if KPERS employer contributions for any state agency were lapsed or transferred in FY 2016, the amount would be certified and repaid with interest of 8.0 percent per annum to the KPERS retirement fund from the State General Fund. The five repayment provisions were prescribed as follows:

- The amount which the actual tax receipt revenues to the State General Fund exceeded the April 2017 joint estimate of revenue would be used to repay the KPERS amount lapsed or transferred;

- The amount which the actual tax receipt revenues to the State General Fund exceeded the April 2018 joint estimate of revenue would be used to repay the KPERS amount lapsed or transferred;

- The amount received from master tobacco settlement litigation revenue in excess of expenditures or transfers that had been made from the Key Endowment for Youth Fund as provided by law in FY 2017 would be used to repay the KPERS amount lapsed or transferred;

- The amount received from master tobacco settlement litigation revenue in excess of expenditures or transfers that had been made from the Key Endowment for Youth Fund as provided by law in FY 2018 would be used to repay the KPERS amount lapsed or transferred; and

- Any amounts remaining to be repaid from the amount lapsed or transferred in FY 2016 would be repaid from the State General Fund by June 30, 2018.

The delayed contributions did not impact the December 31, 2015 valuation results and projections.

**Legislation in 2017-2026**

In 2017, House Substitute for SB 21 included new basic rules for working after retirement beginning on January 1, 2018, a 180-day waiting period before returning to work if retiring before age 62 and a 60-day wait if age 62 or older; no earnings limit for those retirees; no prearrangement to return to work between employer and retiree; the employer does not pay any employer contributions on the pay of retirees in non-covered positions; and for covered positions, the employer pays the statutory contribution rate on the first $25,000 of pay and 30% thereafter.

Also passed in 2017, SB 205 provides the crediting of service for paid administrative leave for KP&F members and police and firefighters who are KPERS members, spousal benefits for KP&F service-connected deaths, exempts retirees working in Regents Retirement System positions from the KPERS working after retirement rules; and a technical amendment to the Retirement Act changes a reference from the 8% investment return assumption to the actuarial rate of return established by the Board of Trustees of 7.75%.

In 2018, SB 260 required the KPERS Board of Trustees to select a firm to perform the annual financial audit, which was currently a required audit in the Legislative Post Audit Act. House Substitute for SB 56 exempts the Retirement System from the Kansas Cybersecurity Act, which created the duties and powers of the Chief Information Security Officer (CISO) and the Kansas Information Security Office (KISO) and included oversight and approval of cybersecurity measures at executive branch agencies, of which KPERS is one. And HB 2444 repealed K.S.A. 2017 Supp. 74-4921c and 74-4921d, which prohibited investment in certain companies with business operations in the country of Sudan.

In 2019, SB 9, authorizing the transfer of $115 million to the KPERS Trust Fund for reduced contributions from FY 2016, was passed by both chambers unanimously and was signed by the Governor on March 8, 2019. The funds were transferred to KPERS on March 14, 2019. This payment covers the $97 million in missed KPERS contributions for FY 2016, plus interest. The additional contribution lowered the State/School Group actuarial contribution rate by 0.29%. The 2019 Legislature also passed House Substitute for SB 25. This legislation repealed the actions of the 2018 Legislature which provided for a contingent payment of up to $56 million in FY 2019, if actual FY 2019 receipts exceeded the consensus revenue estimates. Instead, this legislation directly transferred $51 million to the KPERS Trust Fund in FY 2020 (received by KPERS on July 1, 2019). The net reduction of $5 million did not have a significant impact on the valuation results. There were also additional contributions to the School Group during calendar year 2018 of $56 million in June 2018 and $82 million in July 2018 as a result of the actions of the 2018 Legislature. Due to the timing of the valuation report, these payments were reflected in the actuarial contribution rate developed in the December 31, 2017 actuarial valuation.

In 2019, the Retirement System's Omnibus Bill, HB 2031, included amending the definition of KP&F Service-Connected disabilities to include blood-borne pathogens and several specific cancers, including cancer of the brain, skin, digestive system, hematological system, and genitourinary system; the extension of the DROP, originally piloted in 2015 and expected to sunset in 2020, until January 1, 2025, and the Kansas Bureau of Investigation was added as a DROP eligible employer. Also in HB 2031, at the Board of Trustees' direction, KPERS staff pursued the introduction of legislation to allow the Board to negotiate contracts for services outside of the State's Director of Purchases when it is in the best interest of the Trust Fund. The Board's contract process will continue to follow all statutory requirements for entering into contracts for services and will continue following all appropriate reporting requirements to the Legislature. HB 2031 added a two-year waiting period for KPERS membership for direct support positions where community developmentally disabled organizations who are KPERS employers will not make employer or employee contributions and the employee will not earn service credit. The employee will be enrolled as a regular KPERS member after the two-year period and will have the option to purchase those two years of service. All other employees are enrolled as members in the first payroll period they are hired.

In 2020, there were no legislative changes to KPERS' policies or plan design. The approved appropriations for all state agencies (SB 66) included funding of the full actuarial required contribution rate for the State/School Group. While the full actuarial amount of contributions was reached in FY 2019 due to the additional contributions approved by the Legislature, FY 2021 was the first fiscal year that the full actuarial required contribution rate had been equal to the statutory rate since FY 1996 (25 years).

The 2021 Kansas Legislature passed HB 2405, which authorized the issuance of $500 million in bonds to improve the funded status of the State/School Group and reduce the UAL. Pursuant to HB 2405, KDFA issued its Taxable Revenue Bonds (State of Kansas – KPERS) Series 2021K (the "Series 2021K Bonds") on August 26, 2021. As required, the State Finance Council approved the bond issue prior to sale. The debt service on the Series 2021K Bonds is subject to State General Fund appropriation and is not an obligation of the Retirement System. Subsequent legislation in SB 159 changed the employer contribution rates for the State/School Group and recertified FY 2022 to 13.33%, and FY 2023 to 13.11% based on actuarial projections of the Retirement System upon receipt of $500 million in bond proceeds.

The 2021 Kansas Legislature passed HB 2063, which adds an option for spouses and dependent children of KP&F Tier II members to receive the greater of two benefit options in the event of a service-connected death of a member who is disabled and an amendment to the KP&F DROP by allowing DROP participants to elect to remain in the DROP for an additional period if they initially elected a period less than five years. HB 2243, also passed by the 2021 Kansas Legislature, amended the statutory schedule for the actuarial experience study from every three years to every four years but allows for the Board of Trustees to choose to have an experience study completed after three years or five years if it makes sense from a fiduciary standpoint. HB 2243 also included technical amendments to the Retirement Act to correspond with changes made to the Internal Revenue Code made at the federal level in the SECURE and CARES Acts to maintain plan compliance.

As part of the June 29, 2020 State General Fund allotment, the Governor included a moratorium on 1% State employer contributions to the KPERS' death and disability fund for all of FY 2021. The Legislature amended KPERS statutes in HB 2063 to reflect the moratorium for State and School employers and included a moratorium period from July 1, 2021 through June 30, 2022 for Local employers.

The Legislature approved appropriation amounts for the remainder of FY 2021 and FY 2022. The FY 2021 and FY 2022 budgets submitted by KPERS included funding for the pension administration system modernization. The additional funding ($1.5 million in FY 2021 and $6.6 million in FY 2022) is included in the budget approved by the Legislature and the Legislature noted its support for the project in the budget committee report. The final approved operating budget for FY 2021 and FY 2022 was the amount approved by the Legislature and Governor. The Legislature approved the FY 2023, FY 2024, and FY 2025 budgets as submitted by KPERS, which included continued funding for the pension administration system modernization. The additional funding ($9.2 million in FY 2023, $9.0 million in FY 2024, and $12 million in FY 2025) is included in the budget approved by the Legislature and the Legislature noted its support for the project in the budget committee report.

There were no changes to the benefit plan design for any plan during the 2025 or 2026 Legislative sessions.

No assurance can be given that past or future legislation regarding the Retirement System's benefit structure or long-term funding will prevent a further decrease in the Retirement System's funded ratio or an increase in the UAL.

**Reports to Legislative Committees**

The Retirement System regularly makes reports to the Joint Committee on Pensions, Investments and Benefits and other legislative committees that are available to the public on the Retirement System's Web site.

## HISTORY OF REQUIRED CONTRIBUTIONS

For each Retirement System plan and group, Table 4 below presents the amounts of annual employer contributions as a percentage of the ARC (see the caption "DETERMINATION OF EMPLOYER CONTRIBUTIONS—Employer Contribution Rates" above). These amounts are presented for each of the five most recent fiscal years for which the actuarial valuations have been completed.

(Remainder of page intentionally left blank)

**Table 4**
**History of Required Contributions** [1]
Last five fiscal years

**State Group**

| Year | Annual Required Contribution | Amount Contributed | Percentage Contributed |
|---|---|---|---|
| 2021 | $64,169,881 | $99,038,764 | 154.3% |
| 2022 | 79,497,806 | 106,289,444 | 133.7 |
| 2023 | 89,113,063 | 115,900,025 | 130.1 |
| 2024 | 88,492,578 | 118,587,602 | 134.0 |
| 2025 | 144,921,897 | 143,184,820 | 98.8 |
| Total | $466,195,225 | $583,000,654 | |

**School Group**

| Year | Annual Required Contribution | Amount Contributed | Percentage Contributed |
|---|---|---|---|
| 2021 | $668,348,714 | $597,590,725 | 90.3% |
| 2022 | 618,156,368 | 585,516,024 | 94.7 |
| 2023 | 616,883,745 | 586,350,423 | 95.1 |
| 2024 | 597,120,483 | 585,550,348 | 98.1 |
| 2025 | 550,939,639 | 544,464,177 | 98.8 |
| Total | $3,051,448,948 | $2,899,471,697 | |

**Local Group**

| Year | Annual Required Contribution | Amount Contributed | Percentage Contributed |
|---|---|---|---|
| 2021 | $166,285,174 | $166,285,174 | 100.0% |
| 2022 | 176,304,378 | 176,304,378 | 100.0 |
| 2023 | 185,442,462 | 185,442,462 | 100.0 |
| 2024 | 201,629,358 | 201,629,358 | 100.0 |
| 2025 | 230,115,375 | 230,115,375 | 100.0 |
| Total | $959,776,746 | $959,776,746 | |

**KP&F**

| Year | Annual Required Contribution | Amount Contributed | Percentage Contributed |
|---|---|---|---|
| 2021 | $125,282,462 | $125,282,462 | 100.0% |
| 2022 | 135,974,096 | 135,974,096 | 100.0 |
| 2023 | 152,745,617 | 152,745,617 | 100.0 |
| 2024 | 164,721,281 | 164,721,281 | 100.0 |
| 2025 | 185,940,714 | 185,940,714 | 100.0 |
| Total | $764,664,170 | $764,664,170 | |

**Judges Plan**

| Year | Annual Required Contribution | Amount Contributed | Percentage Contributed |
|---|---|---|---|
| 2021 | $5,019,371 | $5,019,371 | 100.0% |
| 2022 | 5,666,719 | 5,666,719 | 100.0 |
| 2023 | 6,242,592 | 6,242,592 | 100.0 |
| 2024 | 6,101,187 | 6,101,187 | 100.0 |
| 2025 | 8,904,128 | 8,904,128 | 100.0 |
| Total | $31,933,997 | $31,933,997 | |

**Retirement System Combined**

| Year | Annual Required Contribution | Amount Contributed | Percentage Contributed |
|---|---|---|---|
| 2021 | $1,029,105,602 | $993,216,496 | 96.5% |
| 2022 | 1,015,599,367 | 1,009,750,661 | 99.4 |
| 2023 | 1,050,427,478 | 1,046,681,119 | 99.6 |
| 2024 | 1,058,064,886 | 1,076,589,775 | 101.8 |
| 2025 | 1,120,821,753 | 1,112,609,214 | 99.3 |
| Total | $5,274,019,086 | $5,238,847,264 | |

(1) *Numbers may not add due to rounding.*

*Source: KPERS FY 2025 ACFR.*

## FUNDED STATUS

Throughout most of the 1990s, double-digit positive investment returns produced substantial gains in the actuarial value of the Retirement System's assets, which largely offset and masked the effects of experience losses, actuarial changes, and other factors that increased the Retirement System's actuarial liabilities during this period. As a result, the UAL declined, and the Retirement System's funded ratio climbed above 80% in a number of the years prior to the December 31, 2001 Actuarial Valuation.

However, with the economic downturn in 2001 to 2002 and the accompanying investment losses, the UAL rose sharply, the funded ratio declined, and the Retirement System was out of actuarial balance. Due to strong investment returns from fiscal year 2004 through fiscal year 2007, as well as a series of steps taken by the Legislature and the Retirement System to improve the Retirement System's funded status as described at the caption "HISTORY OF LEGISLATION AFFECTING BENEFITS AND FUNDING" above in this Appendix B, those trends moderated. The funded ratio for each of the Retirement System's plans and groups had improved during this time period, the Retirement System was back in actuarial balance, and projected ARC rates were leveling off before the economic crisis began unfolding in the fiscal years ended June 30, 2008 and 2009.

Looking back over the entire period from the benefit enhancement and funding plan changes in 1993 through the economic crisis in 2008, the major reasons for the increase in the UAL and decline in the funded ratio can be summarized as follows.

**Statutory Contribution Cap and Lag**

Due to the statutory cap on employer contribution rate increases, the full ARC rate had not been contributed by the State Group until fiscal year 2014, then 2017 and onwards. The School Group has not yet reached its ARC rate. The Local Group employers reached the ARC rate in calendar year 2016 and onwards. Also, there is a statutory lag of two and one-half years for the State/School, State KP&F, and Judges Groups and of two years for the Local KPERS and KP&F Groups between the valuation date that determines the employer rates and the fiscal year those rates become effective. If a payment is not made at the full ARC or if the payment is made late, the UAL increases by the amount of the shortfall, along with interest on that amount. When the ARC rate is not paid into the Retirement System, it loses ground on its funding plan, and the UAL increases by the difference between the actuarial contribution rate and the actual contribution rate.

**Amortization Method**

When a pension plan has a UAL, it generally is financed as part of the actuarial cost of the plan's benefits. This is accomplished by creating a payment schedule to pay off the UAL in the number of years specified in the funding plan. As described at the caption "HISTORY OF LEGISLATION AFFECTING BENEFITS AND FUNDING" above in this Appendix B, the Legislature adopted a 40-year amortization period and the level percentage of payroll methodology in 1993. In the 2016 valuation, the Board of Trustees moved to the layered amortization method but retained the initial amortization period for the UAL in place at that time. Under that level percent of payroll methodology, the payment on the UAL is expected to increase as covered payroll increases in the future years of the amortization period. Due to this increasing payment methodology and the length of the initial amortization period, contributions to finance the UAL during the first part of the amortization period are less than the interest on the UAL, so the dollar amount of the UAL increases even if the full actuarial contribution rate is made and all assumptions are met. Therefore, more of the payment of the UAL, in dollar amounts, is shifted to later years. The remaining amortization period for KPERS is now short enough that the UAL is expected to decrease if the full actuarial contribution rate is contributed, and all assumptions are met.

**Changes in Actuarial Procedures and Methods**

In 1994, the Retirement System contracted with a new consulting actuary, Milliman & Robertson, Inc. (now Milliman, Inc.). Milliman's first valuation of the Retirement System was for the year ended June 30, 1994, and Milliman experienced significant difficulties in reconciling liabilities with those of the Retirement System's previous actuary, Segal Company, which had served from 1961 to 1993. The Legislature hired a third actuary to conduct an actuarial audit (Buck Consulting), and this firm confirmed Milliman's findings. Milliman made a number of changes in the actuarial procedures for the 1994 valuation that significantly increased the UAL that year. Also, after experience studies could validate the actual experience of the Retirement System in the late 1990s and early 2000s, Milliman recommended additional changes in actuarial procedures and methods to correct methodology problems from the prior actuary. These actuarial changes significantly increased the UAL. Independent actuarial audits contracted by the Legislature in 2002 and 2008 have confirmed Milliman's methodology.

One of the recommendations in the 2014 Experience Study, adopted by the Board, was a procedure to directly reflect the time lag between the valuation date used to set the actuarial employer contribution rate and the effective date of those contribution rates. Effective with the December 31, 2014 actuarial valuation, the UAL is projected to the first day of the fiscal year in which the contribution rate will apply by reflecting the expected contributions to fund the UAL during the intervening period (calculated using the actual certified employer contribution rates for those fiscal years and estimated payroll amounts).

## Investment Experience

The investment return assumption is the most significant assumption in the valuation process, as it is used to determine the present value of all future benefit payments. The Retirement System's investment return assumption was 8% from 1986 to 2016, 7.75% from 2016 to 2021, at which time the Board of Trustees lowered the investment return assumption from 7.75% to 7.00%. As of June 30, 2025, the market value of the Retirement System's total assets was $29.29 billion. During fiscal year 2025, the Retirement System's total investment portfolio produced a total return of 10.3%, compared to a 12.0% total return from the Policy Index benchmark. The Retirement System's investment portfolio experienced an average annualized total return of 9.2% for the three years ending June 30, 2025, and an average annualized total return of 9.4% for the five years ending June 30, 2025. The Retirement System's investment portfolio produced a 6.7% average annualized total return for the twenty-five year time period ending June 30, 2025, trailing the current 7.0% actuarial return assumption, and outperforming the Policy Index benchmark return of 6.6%.

No assurance can be given that annual investment returns below the 7.00% investment return assumption or negative annual investment returns will not occur in the future, causing additional increases in the UAL and decreases in the funded ratio.

The actuarial valuation is based on a number of demographic assumptions about future contingent events, such as termination of employment, salary increases, retirement and death. To the extent actual experience differs from that anticipated by the assumptions, the experience is reflected in the UAL. Favorable experience will result in a decrease in the UAL, and unfavorable experience will result in an increase in the UAL. At least once every five years, the actuary performs an in-depth analysis of the recent experience of the Retirement System and recommends changes to better align the assumptions with expectations for future experience. The most significant demographic experience and assumption changes that increased the UAL related to improvements in mortality (people living longer), earlier-than-expected retirements, and salary increases above expected levels.

## Current Funding Status

The Retirement System's Actuarial Valuation as of December 31, 2025 shows that the Retirement System had an aggregate UAL of approximately $8.95 billion on a fair market basis and $10.00 billion on an actuarial basis. The funded ratios were 77.5% on a fair market basis and 74.9% on an actuarial basis.

The following Tables 5 through 12 summarize the current financial condition and the funding progress of the Retirement System.

As stated above, KPERS and KP&F are multiple-employer groups and the Judges group is single-employer. There is no regulatory or accounting requirement for the Retirement System to separately calculate the UAL or funded ratio for the portion of the Retirement System that is supported by employer contributions paid from appropriations by the State. As a result, no such separate calculation is made by the Retirement System or the State on a regular basis. However, the Retirement System has estimated that the State's portion of the UAL (including the KPERS State Group, the KPERS School Group, a portion of KP&F and Judges) is approximately $6.7 billion, or 66.7%, of the total approximately $10.00 billion of the UAL on an actuarial basis as of December 31, 2025.

GASB issued GASB 67 and GASB 68 in June 2012. GASB 67 has changed the requirements for what information is disclosed in the Retirement System's Annual Comprehensive Financial Report and the basis for the calculations starting in the fiscal year ended June 30, 2014. GASB 68 requires the State to report its proportionate share of pension assets and liabilities in the Retirement System directly in its financial statements beginning in the year ending June 30, 2015.

The State has historically appropriated funds to directly pay the employer contribution for local school districts. The determination regarding whether the proportionate share of pension assets and liabilities of the School Group will be allocated to the State per GASB guidelines has been made. It has been determined that the School organizations defined under K.S.A. 74-4931(1), Kansas public school districts, will not have their proportionate share of pension assets and liabilities assigned to the State. The school entities defined under K.S.A. 74-4931(2) and (4) are a special funding situation as defined in the new GASB statements and will have their proportionate share of pension assets and liabilities assigned to the State. Those entities consist of area vocational-technical schools, community colleges, and state agencies having employees who were members of the state school retirement system on December 31, 1970.

As defined in GASB 68, the State's proportionate share of net pension liability on June 30, 2025 is approximately $6.2 billion. This includes the net pension liability for the special funding situation for school entities defined under K.S.A. 74-4931 (2) and (4), the KPERS State Group, its portion of KP&F, and Judges. The audited June 30, 2025 GASB 68 report is published on www.kspers.gov.

The funded ratio and the UAL may be used to measure the financial health of a pension plan. An increasing UAL or a decreasing funded ratio from year to year over a long period may signal a deterioration in the financial health of a pension plan because such a change reflects an increasing gap between the liabilities allocated to past service and the assets accumulated for those liabilities when they become due, all determined on an actuarial basis. Conversely, a decreasing UAL or an increasing funded ratio over a long period may indicate an improvement in the financial health of a pension plan because such a change reflects a closing gap between the liabilities of the pension plan and the assets accumulated to pay those liabilities when they become due, all determined on an actuarial basis. However, the UAL and funded ratio capture only what has occurred in the past and do not reflect the level of future contributions and their impact on the system's funding. Therefore, current UAL and funded ratio data should not be used in isolation to evaluate the long-term financial health of the retirement system. Projections of future funded ratios and contribution rates are performed to address the long-term financial health of KPERS (see the caption "PROJECTION OF FUNDED STATUS" in this Appendix B).

(Remainder of page intentionally left blank)

**Table 5**
**Retirement System Financial Condition by Plan and Coverage Group**
**For Year Ended December 31, 2025**

| | KPERS State Group | KPERS School Group | KPERS Local Group | KPERS Total | KP&F | Judges Plan | Retirement System Total |
|---|---|---|---|---|---|---|---|
| Market Value of Assets as of January 1 | $4,090,196,875 | $14,885,830,324 | $5,428,458,982 | $24,404,486,181 | $3,396,851,579 | $220,589,542 | $28,021,927,302 |
| Contributions | | | | | | | |
| Employee | 79,767,254 | 280,444,868 | 148,502,206 | 508,714,328 | 57,928,264 | 2,558,938 | 569,201,530 |
| Employee Service Purchase | 501,497 | 1,753,630 | 580,861 | 2,835,988 | 835,010 | 1,917 | 3,672,915 |
| Employer | 152,203,297 | 556,377,041 | 244,861,891 | 953,442,229 | 199,302,975 | 10,330,146 | 1,163,075,351 |
| Miscellaneous | 36,227 | 267,252 | 223,532 | 527,011 | 461,870 | 49 | 988,930 |
| Total Contributions | $232,508,275 | $838,842,791 | $394,168,490 | $1,465,519,556 | $258,528,120 | $12,891,050 | $1,736,938,726 |
| Investment Income | 527,840,287 | 1,908,750,465 | 690,827,260 | 3,127,418,012 | 431,097,998 | 28,166,689 | 3,586,682,699 |
| Benefits and Refunds | -403,329,541 | -1,245,150,182 | -478,350,098 | -2,126,829,821 | -277,070,917 | -16,454,473 | -2,420,355,211 |
| Administrative Expenses | -4,714,273 | -17,047,525 | -6,169,950 | -27,931,748 | -3,850,244 | -251,564 | -32,033,556 |
| Net Increase (Decrease) in Assets | $352,304,748 | $1,485,395,549 | $600,475,702 | $2,438,175,999 | $408,704,957 | $24,351,702 | $2,871,232,658 |
| Ending Net Assets (Market Value) | $4,442,501,623 | $16,371,225,873 | $6,028,934,684 | $26,842,662,180 | $3,805,556,536 | $244,941,244 | $30,893,159,960 |
| Actuarial Value of Assets | $4,287,498,936 | $15,793,408,318 | $5,836,764,898 | $25,917,672,152 | $3,686,902,883 | $237,152,831 | $29,841,727,866 |
| Actuarial Accrued Liabilities | 5,648,957,800 | 20,682,390,965 | 8,009,395,518 | 34,340,744,283 | 5,236,911,602 | 266,110,539 | 39,843,766,424 |
| UAL (Market Value) | 1,206,456,177 | 4,311,165,092 | 1,980,460,834 | 7,498,082,103 | 1,431,355,066 | 21,169,295 | 8,950,606,464 |
| UAL (Actuarial Value) | 1,361,458,864 | 4,888,982,647 | 2,172,630,620 | 8,423,072,131 | 1,550,008,719 | 28,957,708 | 10,002,038,558 |
| Funded Ratio (Market Value) | 78.60% | 79.20% | 75.30% | 78.20% | 72.70% | 92.00% | 77.50% |
| Funded Ratio (Actuarial Value) | 75.90% | 76.40% | 72.90% | 75.50% | 70.40% | 89.10% | 74.90% |

*Source: KPERS 2025 Actuarial Report.*

**Table 6**
**Retirement System Financial Condition by Plan and Coverage Group**
**For Year Ended December 31, 2024**

| | KPERS State Group | KPERS School Group | KPERS Local Group | KPERS Total | KP&F | Judges Plan | Retirement System Total |
|---|---|---|---|---|---|---|---|
| Market Value of Assets as of January 1 | $3,930,137,577 | $14,035,243,402 | $5,074,469,885 | $23,039,850,864 | $3,164,498,352 | $207,925,959 | $26,412,275,175 |
| Contributions | | | | | | | |
| Employee | 75,008,523 | 272,443,110 | 141,412,890 | 488,864,523 | 53,745,192 | 2,075,637 | 544,685,352 |
| Employee Service Purchase | 455,230 | 2,802,992 | 703,799 | 3,962,021 | 952,424 | 57,634 | 4,972,079 |
| Employer | 133,230,755 | 565,104,742 | 220,940,523 | 919,276,020 | 174,556,507 | 7,054,840 | 1,100,887,367 |
| Miscellaneous | 42,501 | 431,364 | 262,739 | 736,604 | 151,597 | 1,033 | 889,234 |
| Total Contributions | $208,737,009 | $840,782,208 | $363,319,951 | $1,412,839,168 | $229,405,720 | $9,189,144 | $1,651,434,032 |
| Investment Income | 346,663,467 | 1,226,135,720 | 440,491,919 | 2,013,291,106 | 274,732,848 | 18,190,229 | 2,306,214,183 |
| Benefits and Refunds | (391,048,338) | (1,201,147,391) | (444,368,026) | (2,036,563,755) | (268,383,240) | (14,490,535) | (2,319,437,530) |
| Administrative Expenses | (4,292,840) | (15,183,615) | (5,454,747) | (24,931,202) | (3,402,101) | (225,255) | (28,558,558) |
| Net Increase (Decrease) in Assets | $160,059,298 | $850,586,922 | $353,989,097 | $1,364,635,317 | $232,353,227 | $12,663,583 | $1,609,652,127 |
| Ending Net Assets (Market Value) | $4,090,196,875 | $14,885,830,324 | $5,428,458,982 | $24,404,486,181 | $3,396,851,579 | $220,589,542 | $28,021,927,302 |
| Actuarial Value of Assets | $4,173,796,416 | $15,157,876,479 | $5,541,408,303 | $24,873,081,198 | $3,467,143,937 | $225,345,118 | $28,565,570,253 |
| Actuarial Accrued Liabilities | 5,542,177,347 | 20,132,218,465 | 7,714,740,168 | 33,389,135,980 | 4,988,710,400 | 236,225,511 | 38,614,071,891 |
| UAL (Market Value) | 1,451,980,472 | 5,246,388,141 | 2,286,281,186 | 8,984,649,799 | 1,591,858,821 | 15,635,969 | 10,592,144,589 |
| UAL (Actuarial Value) | 1,368,380,931 | 4,974,341,986 | 2,173,331,865 | 8,516,054,782 | 1,521,566,463 | 10,880,393 | 10,048,501,638 |
| Funded Ratio (Market Value) | 73.80% | 73.90% | 70.40% | 73.10% | 68.10% | 93.40% | 72.60% |
| Funded Ratio (Actuarial Value) | 75.30% | 75.30% | 71.80% | 74.50% | 69.50% | 95.40% | 74.00% |

*Source: KPERS 2024 Actuarial Report.*

**Table 7**
**Retirement System Financial Condition by Plan and Coverage Group**
**For Year Ended December 31, 2023**

| | KPERS State Group | KPERS School Group | KPERS Local Group | KPERS Total | KP&F | Judges Plan | Retirement System Total |
|---|---|---|---|---|---|---|---|
| Market Value of Assets as of January 1 | $3,735,276,243 | $12,975,465,123 | $4,696,616,653 | $21,407,358,019 | $2,913,418,901 | $195,146,068 | $24,515,922,988 |
| Contributions | | | | | | | |
| Employee | 69,460,159 | 263,459,612 | 131,490,168 | 464,409,939 | 48,758,536 | 2,057,316 | 515,225,791 |
| Employee Service Purchase | 531,746 | 2,471,314 | 898,215 | 3,901,275 | 1,063,088 | 57,634 | 5,021,997 |
| Employer | 120,062,972 | 608,753,472 | 187,536,245 | 916,352,689 | 159,731,439 | 6,273,358 | 1,082,357,486 |
| Miscellaneous | 67,209 | 240,725 | 354,211 | 662,145 | 159,036 | 2,388 | 823,569 |
| Total Contributions | $190,122,086 | $874,925,123 | $320,278,839 | $1,385,326,048 | $209,712,099 | $8,390,696 | $1,603,428,843 |
| Investment Income | 388,345,646 | 1,352,278,667 | 489,188,164 | 2,229,812,477 | 304,430,010 | 20,038,170 | 2,554,280,657 |
| Benefits and Refunds | (379,685,735) | (1,153,773,167) | (426,675,022) | (1,960,133,924) | (259,989,191) | (15,446,674) | (2,235,569,789) |
| Administrative Expenses | (3,920,663) | (13,652,344) | (4,938,749) | (22,511,756) | (3,073,467) | (202,301) | (25,787,524) |
| Net Increase (Decrease) in Assets | $194,861,334 | $1,059,778,279 | $377,853,232 | $1,632,492,845 | $251,079,451 | $12,779,891 | $1,896,352,187 |
| Ending Net Assets (Market Value) | $3,930,137,577 | $14,035,243,402 | $5,074,469,885 | $23,039,850,864 | $3,164,498,352 | $207,925,959 | $26,412,275,175 |
| Actuarial Value of Assets | $4,110,027,649 | $14,644,664,325 | $5,303,548,760 | $24,058,240,734 | $3,306,906,794 | $217,633,425 | $27,582,780,953 |
| Actuarial Accrued Liabilities | 5,411,907,687 | 19,543,715,902 | 7,393,131,430 | 32,348,755,019 | 4,688,715,519 | 231,058,874 | 37,268,529,412 |
| UAL (Market Value) | 1,481,770,110 | 5,508,472,500 | 2,318,661,545 | 9,308,904,155 | 1,524,217,167 | 23,132,915 | 10,856,254,237 |
| UAL (Actuarial Value) | 1,301,880,038 | 4,899,051,577 | 2,089,582,670 | 8,290,514,285 | 1,381,808,725 | 13,425,449 | 9,685,748,459 |
| Funded Ratio (Market Value) | 72.60% | 71.80% | 68.60% | 71.20% | 67.50% | 90.00% | 70.90% |
| Funded Ratio (Actuarial Value) | 75.90% | 74.90% | 71.70% | 74.40% | 70.50% | 94.20% | 74.00% |

*Source: KPERS 2023 Actuarial Report.*

**Table 8**
**Retirement System Financial Condition by Plan and Coverage Group**
**For Year Ended December 31, 2022**

| | KPERS State Group | KPERS School Group | KPERS Local Group | KPERS Total | KP&F | Judges Plan | Retirement System Total |
|---|---|---|---|---|---|---|---|
| Market Value of Assets as of January 1 | $4,346,193,928 | $13,681,117,891 | $5,326,275,739 | $23,353,587,558 | $3,313,453,368 | $224,787,235 | $26,891,828,161 |
| Contributions | | | | | | | |
| Employee | 63,951,310 | 254,357,821 | 122,440,926 | 440,750,057 | 44,609,630 | 1,804,142 | 487,163,829 |
| Employee Service Purchase | 530,979 | 2,749,525 | 918,800 | 4,199,304 | 1,499,737 | 25,794 | 5,724,835 |
| Employer | 115,868,101 | 1,456,665,218 | 184,328,589 | 1,756,861,908 | 144,650,473 | 5,848,292 | 1,907,360,673 |
| Miscellaneous | 80,589 | 18,230,003 | 331,854 | 18,642,446 | 159,059 | 1,178 | 18,802,683 |
| Total Contributions | $180,430,979 | $1,732,002,567 | $308,020,169 | $2,220,453,715 | $190,918,899 | $7,679,406 | $2,419,052,020 |
| Investment Income | (418,625,755) | (1,334,718,382) | (519,167,276) | (2,272,511,413) | (322,494,777) | (21,753,085) | (2,616,759,275) |
| Benefits and Refunds | (369,731,755) | (1,093,400,155) | (414,802,438) | (1,877,934,348) | (266,154,307) | (15,412,058) | (2,159,500,713) |
| Administrative Expenses | (2,991,154) | (9,536,798) | (3,709,541) | (16,237,493) | (2,304,282) | (155,430) | (18,697,205) |
| Net Increase (Decrease) in Assets | $(610,917,685) | $(705,652,768) | $(629,659,086) | $(1,946,229,539) | $(400,034,467) | $(29,641,167) | $(2,375,905,173) |
| Ending Net Assets (Market Value) | $3,735,276,243 | $12,975,465,123 | $4,696,616,653 | $21,407,358,019 | $2,913,418,901 | $195,146,068 | $24,515,922,988 |
| Actuarial Value of Assets | $4,022,092,181 | $14,007,032,038 | $5,066,712,964 | $23,095,837,183 | $3,143,459,342 | $210,315,792 | $26,49,612,317 |
| Actuarial Accrued Liabilities | 5,248,582,389 | 19,041,457,056 | 7,019,124,188 | 31,309,163,633 | 4,480,287,951 | 226,681,352 | 36,016,132,936 |
| UAL (Market Value) | 1,513,306,146 | 6,065,991,933 | 2,322,507,535 | 9,901,805,614 | 1,566,869,050 | 31,535,284 | 11,500,209,948 |
| UAL (Actuarial Value) | 1,226,490,208 | 5,034,425,018 | 1,952,411,224 | 8,213,326,450 | 1,336,828,609 | 16,365,560 | 9,566,520,619 |
| Funded Ratio (Market Value) | 71.20% | 68.10% | 66.90% | 68.40% | 65.00% | 86.10% | 68.10% |
| Funded Ratio (Actuarial Value) | 76.60% | 73.60% | 72.20% | 73.80% | 70.20% | 92.80% | 73.40% |

*Source: KPERS 2022 Actuarial Report.*

**Table 9**
**Retirement System Financial Condition by Plan and Coverage Group**
**For Year Ended December 31, 2021**

| | KPERS State Group | KPERS School Group | KPERS Local Group | KPERS Total | KP&F | Judges Plan | Retirement System Total |
|---|---|---|---|---|---|---|---|
| Market Value of Assets as of January 1 | $3,950,313,620 | $11,582,439,853 | $4,699,700,683 | $20,232,454,156 | $2,918,249,554 | $201,931,613 | $23,352,635,323 |
| Contributions | | | | | | | |
| Employee | 60,344,763 | 245,514,680 | 117,316,659 | 423,176,102 | 41,317,612 | 1,650,496 | 466,144,210 |
| Employee Service Purchase | 500,554 | 2,919,807 | 1,221,833 | 4,642,194 | 1,328,644 | 143,929 | 6,114,767 |
| Employer | 100,961,483 | 1,101,512,590[1] | 177,585,444 | 1,380,059,517 | 132,754,005 | 5,341,803 | 1,518,155,325 |
| Miscellaneous | 48,306 | 29,042,823 | 210,325 | 29,301,454 | 189,511 | 1,328 | 29,492,293 |
| Total Contributions | $161,855,106 | $1,378,989,900 | $296,334,261 | $1,837,179,267 | $175,589,772 | $7,137,556 | $2,019,906,595 |
| Investment Income | 600,362,380 | 1,788,733,907 | 726,308,068 | 3,115,404,355 | 450,454,799 | 30,817,262 | 3,596,676,416 |
| Benefits and Refunds | (362,861,831) | (1,058,691,237) | (391,862,858) | (1,813,415,926) | (228,233,187) | (14,920,803) | (2,056,569,916) |
| Administrative Expenses | (3,475,347) | (10,354,532) | (4,204,415) | (18,034,294) | (2,607,570) | (178,393) | (20,820,257) |
| Net Increase (Decrease) in Assets | $395,880,308 | $2,098,678,038 | $626,575,056 | $3,121,133,402 | $395,203,814 | $22,855,622 | $3,539,192,838 |
| Ending Net Assets (Market Value) | $4,346,193,928 | $13,681,117,891 | $5,326,275,739 | $23,353,587,558 | $3,313,453,368 | $224,787,235 | $26,891,828,161 |
| Actuarial Value of Assets | $3,992,460,657 | $12,654,731,986 | $4,900,179,034 | $21,547,371,677 | $3,049,754,807 | $206,666,420 | $24,803,792,904 |
| Actuarial Accrued Liabilities | 5,081,356,586 | 18,458,327,614 | 6,683,865,360 | 30,223,549,560 | 4,190,420,489 | 216,826,355 | 34,630,796,404 |
| UAL (Market Value) | 735,162,658 | 4,777,209,723 | 1,357,589,621 | 6,869,962,002 | 876,967,121 | (7,960,880) | 7,738,968,243 |
| UAL (Actuarial Value) | 1,088,895,929 | 5,803,595,628 | 1,783,686,326 | 8,676,177,883 | 1,140,665,682 | 10,159,935 | 9,827,003,500 |
| Funded Ratio (Market Value) | 85.50% | 74.10% | 79.70% | 77.30% | 79.10% | 103.70% | 77.70% |
| Funded Ratio (Actuarial Value) | 78.60% | 68.60% | 73.30% | 71.30% | 72.80% | 95.30% | 71.60% |

*[1] KPERS School Employer Contributions include Series 2021K Bond proceeds of $500.0M.*

*Source: KPERS 2021 Actuarial Report.*

**Table 10**
**Schedule of Retirement System Historical Funding Progress—Actuarial Value (in thousands)**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b – a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b – a)/c) |
|---|---|---|---|---|---|---|
| 12/31/2014 | $15,662,010 | $25,130,467 | $9,468,457 | 62% | $6,560,105 | 144% |
| 12/31/2015 | 17,408,578 | 25,947,781 | 8,539,203 | 67% | 6,603,613 | 129% |
| 12/31/2016 | 18,256,373 | 27,317,754 | 9,061,381 | 67% | 6,650,451 | 136% |
| 12/31/2017 | 19,246,613 | 28,153,827 | 8,907,214 | 68% | 6,744,301 | 132% |
| 12/31/2018 | 19,898,330 | 29,100,136 | 9,201,807 | 68% | 7,048,621 | 131% |
| 12/31/2019 | 20,975,535 | 29,982,337 | 9,006,801 | 70% | 7,336,004 | 123% |
| 12/31/2020 | 22,422,299 | 30,910,302 | 8,488,003 | 73% | 7,505,899 | 113% |
| 12/31/2021 | 24,803,793 | 34,630,796 | 9,827,004 | 72% | 7,672,392 | 128% |
| 12/31/2022 | 26,449,612 | 36,016,133 | 9,566,521 | 73% | 8,059,095 | 119% |
| 12/31/2023 | 27,582,781 | 37,268,529 | 9,685,748 | 74% | 8,595,084 | 113% |
| 12/31/2024 | 28,565,570 | 38,614,072 | 10,048,502 | 74% | 9,096,181 | 110% |
| 12/31/2025 | 29,841,728 | 39,843,766 | 10,002,039 | 75% | 9,508,110 | 105% |

*Source: KPERS 2025 Actuarial Report.*

**Table 11**
**Schedule of Retirement System Funding Progress—Market Value (in thousands)**

| Actuarial Valuation Date | Market Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b – a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b – a)/c) |
|---|---|---|---|---|---|---|
| 12/31/2014 | $16,322,024 | $25,130,467 | $8,808,443 | 65% | $6,560,105 | 134% |
| 12/31/2015 | 16,893,200 | 25,947,781 | 9,054,581 | 65% | 6,603,613 | 137% |
| 12/31/2016 | 17,690,318 | 27,317,754 | 9,627,437 | 65% | 6,650,451 | 145% |
| 12/31/2017 | 19,585,287 | 28,153,827 | 8,568,540 | 70% | 6,744,301 | 127% |
| 12/31/2018 | 18,669,538 | 29,100,136 | 10,430,598 | 64% | 7,048,621 | 148% |
| 12/31/2019 | 21,543,426 | 29,982,337 | 8,438,910 | 72% | 7,336,004 | 115% |
| 12/31/2020 | 23,352,635 | 30,910,302 | 7,557,667 | 76% | 7,505,899 | 101% |
| 12/31/2021 | 26,891,828 | 34,630,796 | 7,738,968 | 77% | 7,672,392 | 101% |
| 12/31/2022 | 24,515,923 | 36,016,133 | 11,500,210 | 68% | 8,059,095 | 143% |
| 12/31/2023 | 26,412,275 | 37,268,529 | 10,856,254 | 71% | 8,595,084 | 126% |
| 12/31/2024 | 28,021,927 | 38,614,071 | 10,592,144 | 72% | 9,096,181 | 116% |
| 12/31/2025 | 30,893,159 | 39,843,766 | 8,950,606 | 78% | 9,508,110 | 94% |

*Source: KPERS 2025 Actuarial Report.*

.

A variety of factors impact the Retirement System's UAL and funded ratio. Increases in member salaries above those assumed by the Retirement System, lower investment returns than assumed by the Retirement System, and contributions less than the full actuarial rate will all cause an increase in the UAL and a decrease in the funded ratio. Conversely, increases in member salaries that are less than expected based on the actuarial assumptions, a higher investment return than assumed, and employer contributions at the actuarial rate usually decrease the UAL and increase the funded ratio. In addition, changes in actuarial assumptions and other actuarial methods will have an impact on the UAL and the funded ratio as set forth in Table 12 below.

(Remainder of page intentionally left blank)

**Table 12**
**Summary of Historical Changes in Total Retirement System UAL**
**As reported for the Years 2016-2025 (in millions) as of December 31, 2025**

| $ (millions) | 12/31/16 | 12/31/17 | 12/31/18 | 12/31/19 | 12/31/20 | 12/31/21 | 12/31/22 | 12/31/23 | 12/31/24 | 12/31/25 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actual Experience vs. Assumed | | | | | | | | | | |
| Investment | $ (59) | $ (117) | $ 476 | $ 210 | $ (316) | $ (703) | $ 340 | $ 38 | $227 | $ (17) |
| Other | (144) | (50) | 69 | 32 | 14 | 107 | 444 | 485 | 363 | 205 |
| Assumption Changes | 593 | - | - | (51) | - | 2,718 | - | (192) | - | - |
| Changes in Data/Procedures | - | - | - | (60) | - | - | - | - | - | - |
| Change in Cost Method | - | - | - | - | - | - | - | - | - | - |
| Effect of Contribution Cap/Lag | 70 | 149 | 64 | 18 | 8 | - | - | - | - | - |
| Amortization Method | (38) | (136) | (171) | (169) | (225) | (283) | (168) | (212) | (227) | (235) |
| Change in Benefit Provisions | 1 | - | - | - | - | - | 25 | - | - | - |
| Change in Actuarial Firm/Software | - | - | - | - | - | - | - | - | - | - |
| Bond Issue | - | - | - | - | - | (500) | - | - | - | - |
| Non-Collectible Pension Contributions | 99[1] | - | - | - | - | - | - | - | - | - |
| Additional Contributions | - | - | (143) | (175) | - | - | (901) | - | - | - |
| **Total** | $ 522 | $ (154) | $ 295 | $ (195) | $ (519) | $ 1,339 | $ (260) | $ 119 | $363 | $ (47) |

Unfunded actuarial liability 12/31/16: $9.06 billion
Unfunded actuarial liability 12/31/25: $10.0 billion

[1] *Non-collectible pension contributions were part of a budget allotment in 2016. 2019 SB 9 added $115 million in additional contributions and interest for the allotted contributions, but they are reflected in the Additional Contributions row.*

*Source: KPERS 2025 Actuarial Report.*

## Table 13
## Components of the Net Pension Liability of Participating Employers
## at June 30, 2025

| | KPERS |
|---|---|
| State | $5,579,044,379 |
| School | 20,392,231,674 |
| Local | 7,830,411,531 |
| KP&F | 5,087,670,254 |
| Judges | 240,356,964 |
| **Total Pension Liability** | 39,129,714,802 |
| **Fiduciary Net Position** | 29,449,836,163 |
| **Employers' Net Pension Liability** | $9,679,878,639 |
| **Plan Fiduciary Net Position as a Percentage of Total Pension Liability** | **75.26%** |

*Source: KPERS GASB 67 as of June 30, 2025.*

## Table 14
## Schedule of Employers' Net Pension Liability[1]
For the last ten fiscal years ($ in Thousands)

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Total Pension Liability | $39,129,715 | $37,765,312 | $36,493,661 | $35,084,557 | $33,054,046 |
| Plan Fiduciary Net Position | 29,449,836 | 27,474,446 | 25,800,660 | 24,472,076 | 25,254,595 |
| Employers' Net Pension Liability | $9,679,879 | $10,290,866 | $10,693,001 | $10,612,481 | $7,799,451 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 75.26% | 72.75% | 70.70% | 69.75% | 76.40% |
| Covered Payroll | $9,176,819 | $8,747,170 | $8,299,627 | $7,837,185 | $7,547,246 |
| Net Pension Liability as a Percentage of Covered Payroll | 105.48% | 117.65% | 128.84% | 135.41% | 103.34% |

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Total Pension Liability | $31,080,439 | $29,548,688 | $28,596,716 | $27,762,469 | $26,410,538 |
| Plan Fiduciary Net Position | 20,606,874 | 20,648,054 | 19,696,209 | 18,633,840 | 17,192,432 |
| Employers' Net Pension Liability | $10,473,565 | $8,900,634 | $8,900,507 | $9,128,629 | $9,218,106 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 66.30% | 69.88% | 68.88% | 67.12% | 65.10% |
| Covered Payroll | $7,411,388 | $7,168,557 | $6,824,710 | $6,715,593 | $6,388,450 |
| Net Pension Liability as a Percentage of Covered Payroll | 141.32% | 124.16% | 130.42% | 135.93% | 144.29% |

*(1) See independent auditors' report accompanying KPERS FY 2025 ACFR.*

*Source: KPERS FY 2025 ACFR.*

**Table 15**
**Schedule of Changes in Employers' Net Pension Liability[1]**
For the last ten fiscal years ($ in Thousands)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Pension Liability:** | | | | | | | | | | |
| Service Cost | $788,885 | $748,384 | $710,959 | $666,910 | $608,798 | $581,722 | $563,297 | $552,423 | $570,703 | $571,263 |
| Interest | 2,562,112 | 2,476,240 | 2,380,618 | 2,321,174 | 2,257,132 | 2,217,512 | 2,146,531 | 2,084,822 | 2,046,674 | 1,985,329 |
| Changes of Benefit Terms | – | – | 26,651 | – | 101 | – | – | – | 713 | – |
| Differences Between Expected and Actual Experience | 380,885 | 522,106 | 479,358 | 192,192 | 113,131 | 110,055 | 75,441 | (47,143) | (154,326) | (133,493) |
| Changes of Assumptions | 0 | (198,974) | – | 962,890 | 1,001,426 | 529,310 | – | – | 574,844 | – |
| Benefit Payments, Including Refunds of Member Contributions | (2,367,479) | (2,276,104) | (2,188,482) | (2,112,655) | (2,006,981) | (1,906,848) | (1,833,297) | (1,755,854) | (1,686,676) | (1,627,032) |
| Net Change in Total Pension Liability | $1,364,403 | $1,271,652 | $1,409,104 | $2,030,511 | $1,973,607 | $1,531,751 | $951,972 | $834,248 | $1,351,932 | $796,067 |
| Total Pension Liability – Beginning | 37,765,312 | 36,493,661 | 35,084,557 | 33,054,046 | 31,080,439 | 29,548,688 | 28,596,716 | 27,762,469 | 26,410,538 | 25,614,471 |
| Total Pension Liability – Ending (a) | $39,129,715 | $37,765,312 | $36,493,661 | $35,084,557 | $33,054,046 | $31,080,439 | $29,548,688 | $28,596,716 | $27,762,469 | $26,410,538 |
| **Plan Fiduciary Net Position:** | | | | | | | | | | |
| Contributions – Employer | $1,125,720 | $1,095,564 | $1,062,707 | $1,025,928 | $1,007,571 | $1,008,544 | $925,352 | $831,735 | $761,610 | $739,184 |
| Contributions – Member | 565,048 | 534,682 | 508,218 | 481,840 | 459,314 | 451,568 | 437,353 | 420,285 | 414,538 | 404,856 |
| Contributions – Non-Employer[2] | – | – | 271,134 | 1,100,000 | – | 51,000 | 213,543 | 56,000 | – | 1,000,000 |
| Total Net Investment Income | 2,682,900 | 2,343,614 | 1,698,368 | (1,295,608) | 5,185,034 | 347,464 | 1,216,685 | 1,516,929 | 2,060,925 | 49,171 |
| Other Miscellaneous Income | 1,032 | 802 | 890 | 37,474 | 19,967 | 20,699 | 5,488 | 5,734 | (97,873) | 2,904 |
| Benefit Payments, Including Refunds of Member Contributions | (2,367,479) | (2,276,105) | (2,188,482) | (2,112,655) | (2,006,981) | (1,906,848) | (1,833,297) | (1,755,854) | (1,686,676) | (1,627,032) |
| Administrative Expenses | (31,831) | (24,770) | (24,253) | (19,498) | (17,184) | (13,607) | (13,280) | (12,460) | (11,116) | (12,172) |
| Net Change in Plan Fiduciary Net Position | $1,975,390 | $1,673,787 | $1,328,582 | $(782,519) | $4,647,721 | $(41,180) | $951,845 | $1,062,369 | $1,441,408 | $556,911 |
| Plan Fiduciary Net Position – Beginning | 27,474,446 | 25,800,660 | 24,472,076 | 25,254,595 | 20,606,874 | 20,648,054 | 19,696,209 | 18,633,840 | 17,192,432 | 16,635,521 |
| Plan Fiduciary Net Position – Ending (b) | 29,449,836 | 27,474,446 | 25,800,660 | 24,472,076 | 25,254,595 | 20,606,874 | 20,648,054 | 19,696,209 | 18,633,840 | 17,192,432 |
| **Employers' Net Pension Liability (a) - (b)** | $9,679,879 | $10,290,866 | $10,693,001 | $10,612,481 | $7,799,451 | $10,473,565 | $8,900,634 | $8,900,507 | $9,128,629 | $9,218,106 |

[1] *Numbers may not add due to rounding.*
[2] *Series 2015H Bond proceeds received in Fiscal Year 2016; additional contributions for the School Group in 2018, 2019, 2020, 2022 and 2023.*

*Source: KPERS FY 2025 ACFR. See independent auditors' report accompanying KPERS FY 2025 ACFR.*

## PROJECTION OF FUNDED STATUS

The Retirement System prepares projections of its funded status annually in conjunction with the actuarial valuation. In addition, groups such as the KPERS Study Commission (described at the caption "HISTORY OF LEGISLATION AFFECTING BENEFITS AND FUNDING—Legislation in 2011 and KPERS Study Commission" in this Appendix B) may prepare, review and possibly release to the public projections regarding the Retirement System's funding. The most recent projections of funded status by the Retirement System are based on modeling results that are based upon the December 31, 2025 actuarial valuation.

The projections are not precise predictions of the future, but rather are intended to demonstrate long term trends and provide general estimates. They rely on many assumptions, including a 7.00% annual return on market value. Furthermore, they assume that all actuarial assumptions are met in the future, current plan provisions remain the same, current statutory caps and timing lag are not modified by the Legislature, and the new member demographic profile remains consistent with recent experience. Actuarial assumptions are intended to be long term estimates of experience so actual experience from year to year is expected to vary from the assumptions. The projections are updated annually and capture all of the actual experience that has occurred prior to the valuation date.

The actuarial assumptions used in the projections were adopted by the Board at its January 19, 2024 meeting.

The 2012 Legislature passed Sub HB 2333, which impacted new hires, current members and employers. These changes were made to improve KPERS' long-term funding and sustainability. With the implementation of the plan changes in Sub HB 2333 and favorable economic and demographic experience, the statutory contribution rate converged with the actuarial contribution rate for the State/School Group at 14.23% in the December 31, 2017 actuarial valuation. This applied to the FY 2021 employer contributions based on the statutory application of employer contribution rates. Assuming all actuarial assumptions are met in future years, the employer contribution rate is projected to decline to around 12.3% and stabilize until the legacy unfunded actuarial liability is fully funded in 2039. The Local Group reached the ARC rate in the December 31, 2012 valuation with a contribution rate of 9.48%.

The statutory employer contribution rate for the State and School Groups is determined based on the valuation results of the combined groups. To the extent the actuarial contribution rate, determined for the State as a separate group, is less than the statutory contribution rate for the State/School Group, the contributions above the State actuarial contribution rate are contributed to the School Group. The State Group was at the full ARC rate for FY 2014. However, SB 4 and SB 228 (passed by the 2015 Legislature) revised the previously certified employer contribution rates for the State/School Groups for the last half of FY 2015 and FY 2016 and 2017. Based on the reduced statutory employer contribution rate for FY 2016 of 10.91%, the full ARC was not contributed (ARC of 11.44%). For FY 2017, the scheduled statutory employer contribution rate of 10.81% was again higher than the ARC of 10.77%. The statutory contribution rate for FY 2026 is 11.68% while the ARC for the State alone is 11.33%. The difference in these two rates (0.35%) times the State's FY 2025 payroll will be credited to the School Group. In future years, contributions above the State ARC rate will continue to occur as long as the actuarial contribution rate for the State Group alone is less than the statutory contribution rate determined on a combined State/School Group basis.

The projected employer contribution rates, based on the December 31, 2025 actuarial valuation, are shown on pages 23-29 of the KPERS 2025 Actuarial Report referred to at the caption "ACTUARIAL INFORMATION—2025 Valuation Report" in this Appendix B. In addition, several key measurements obtained from the projections are summarized in Table 16 below:

**Table 16**
**KPERS State/School Group Projections**
**(in millions)**

| December 31 | Actuarial Liability | Actuarial Assets | Unfunded Actuarial Liability | Funded Ratio |
|---|---|---|---|---|
| 2025 | $26,331.3 | $20,080.9 | $6,250.4 | 76.3% |
| 2026 | 26,884.0 | 20,612.6 | 6,271.4 | 76.7% |
| 2027 | 27,445.8 | 21,776.3 | 5,669.5 | 79.3% |
| 2028 | 28,002.1 | 22,845.3 | 5,156.8 | 81.6% |
| 2029 | 28,552.9 | 23,877.7 | 4,675.2 | 83.6% |
| 2030 | 29,105.0 | 24,709.6 | 4,395.4 | 84.9% |
| 2031 | 29,677.2 | 25,564.7 | 4,112.5 | 86.1% |

The latest projections are based on the December 31, 2025 actuarial valuation and assume all actuarial assumptions used in the valuation are met in the future and the current statutory funding policy continues and contributions are made as scheduled. To the extent actual experience differs from that assumed in the projections (the valuation assumptions including a 7.00% annual investment return assumption), the future funded status of the State/School Group will also be different. As of December 31, 2025, there was a net deferred investment gain for the State/School Group of $732.8 million, which is reflected in the future valuation results in the projections.

## OTHER POST-EMPLOYMENT BENEFITS

The Retirement System administers one post-employment benefit plan, the KPERS Death and Disability Plan (the "Death and Disability Plan"), which generally provides death benefits for beneficiaries of plan participants and long-term disability benefits to all members in the KPERS State Group, School Group and Local Group. However, only the disability benefits and waiver of premium life insurance benefits provided by the Death and Disability Plan are considered Other Post-Employment Benefits ("OPEBs") subject to GASB Statement No. 75. Total OPEB liability is reported in the participating employers' financial statements. Please reference the State of Kansas FY 2025 Annual Comprehensive Financial Report, https://emma.msrb.org/P11905217-P11455372-P11903005.pdf, pages 101 - 104 for its total OPEB liability and information related thereto.

(Remainder of page intentionally left blank)

# APPENDIX C

# ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE STATE OF KANSAS

TABLE OF CONTENTS

## ECONOMIC AND DEMOGRAPHIC INFORMATION

## BACKGROUND

The following summary of Kansas statistics is taken from the Kansas Statistical Abstract 2025 (the "2025 Kansas Statistical Abstract"), the Enhanced Online Edition of the 2025 Kansas Statistical Abstract (the "2025 Online Kansas Statistical Abstract"), and the 2025 Kansas Economic Report (the "2025 Kansas Economic Report"). The 2025 Kansas Statistical Abstract and 2025 Online Kansas Statistical Abstract are published by the Institute for Policy & Social Research, The University of Kansas. The 2025 Kansas Statistical Abstract is the 60th Edition of the publication. The 2025 Kansas Economic Report is produced annually by the Kansas Department of Labor, Labor Market Information Services. The information provided in this Appendix is historical and does not reflect the effect of current events upon the State or its economy.

Kansas, known as the Sunflower State, was the 34th state to enter the Union on January 29, 1861. Kansas spans 417 miles from east to west and 211 miles from north to south, encompassing 82,277 square miles. The geographical center of the contiguous United States is located near Lebanon, Kansas. "Ad Astra per Aspera" – "To the Stars through Difficulties" is the state motto.

### Agriculture, Aircraft, & Energy

Though sometimes called "The Wheat State," Kansas ranked first in the nation in sorghum grain produced in 2025 and also ranked first in the nation for all wheat produced. In 2025, Kansas's major international exports were transportation equipment, processed foods, and agricultural products, and the top export commodity by value in 2025 was civilian aircraft engines and parts. In 2024, Kansas ranked 31st in the U.S. for energy consumption and 17th for per capita consumption. Oil production in Kansas totaled 25,398,165 barrels in 2025; this is a 44.1% decrease from the 2015 production total of 45,467,244 barrels.

### Education

Kansas has 285 school districts which served 471,334 Full-Time Equivalent ("FTE") students during the 2025-26 school year. The largest school district is Wichita with over 45,000 students enrolled in the 2025-26 school year. Kansas has 57 institutions of higher education consisting of: 31 public and private universities and colleges, 19 community colleges, and 7 technical schools. The largest university in Kansas is the University of Kansas. For fall 2024, the Lawrence, Edwards and Leavenworth campuses had an undergraduate enrollment of 21,559 and a graduate and professional enrollment of 5,328. The Medical Center had an undergraduate enrollment of 526 and a graduate and professional (including medical residents, fellows, and trainees) enrollment of 3,357. Enrollment at all University of Kansas campuses was 30,770 students.

### Employment & Income

An estimated 1,512,600 civilians were employed in Kansas in 2025. The 2025 unemployment rate in Kansas was 3.8%, below the U.S. unemployment rate of 4.3%. The monthly unemployment rate for Kansas in July 2026 was 3.8% (seasonally adjusted), as reported by the U.S. Bureau of Labor Statistics. This is unchanged from 3.8% in June 2026 and an increase from 3.7% in July 2025. In 2025, Kansas ranked 32nd in the nation for per capita personal income at $69,510. Kansas's total personal income increased by 5.8% to $206.9 billion in 2025. Nationally, personal income increased 4.9% in 2025. The average annual wage for Kansas was $63,217 in 2025, below the U.S. average of $78,722. For information about average annual wage by industry see Table 5 herein. The 2024 poverty rate estimates for Kansas had 7.4% of the population living below the poverty line compared to an average of 10.6% for the nation. In 2025, Kansas continued to experience job growth, surpassing pre-pandemic levels with approximately 5,100 nonfarm jobs added, representing an increase of 0.3% from the prior year. For total labor force and employment numbers (including employment and unemployment rates), see Table 6 herein.

**Population**

With an estimated population of 2,977,220 in 2025, Kansas ranked 34th out of the 50 states and had a population density of 35.9 people per square mile in 2020, which ranked 42nd of the 50 states. With a growth rate of 1.3% from 2020-2025, Kansas is below the U.S. growth rate of 3.1% from 2020-2025. Kansas has 626 cities, 38 with populations over 10,000 and 113 with fewer than 100 residents. In July 2025, it was estimated that approximately 35% of the Kansas population lived in the following five cities: Kansas City, Olathe, Overland Park, Topeka, and Wichita. The largest city is Wichita, with an estimated population of 400,987 residents in 2025, and the smallest is Waldron, with an estimated population of 8 residents in July 2025.

*Source: 2025 Online Kansas Statistical Abstract; 2025 Kansas Economic Report.*

## POPULATION AND AGE DISTRIBUTION

**Population**

The following table provides population figures for the State and the United States for the years 2021 through 2025.

**Table 1**
**Kansas and United States Population Figures**
**For Years 2021 to 2025**

| Year | Resident Population Kansas | Resident Population United States | Decennial Rate of Growth[1] Kansas | Decennial Rate of Growth[1] United States | KS Percent of US Population |
|---|---|---|---|---|---|
| 2021 | 2,938,966 | 332,100,166 | 0.0% | 0.2% | 0.88% |
| 2022 | 2,938,034 | 333,996,304 | 0.0 | 0.8 | 0.88 |
| 2023 | 2,949,749 | 336,755,052 | 0.4 | 1.6 | 0.88 |
| 2024 | 2,965,252 | 340,003,797 | 0.9 | 2.6 | 0.87 |
| 2025 | 2,977,220 | 341,784,857 | 1.3 | 3.1 | 0.87 |

[1] *Rate of growth from the previous Decennial Census.*

*Source: 2025 Online Kansas Statistical Abstract, citing as source U.S. Census Bureau.*

(Remainder of page intentionally left blank)

**Age Distribution**

The following table provides an age distribution for the State's population for the years ending July 1, 2020 through July 1, 2024.

**Table 2**
**Age Distribution**
**For Years July 1, 2020 to July 1, 2024**

| Age | 7/1/2020 | 7/1/2021 | 7/1/2022 | 7/1/2023 | 7/1/2024 |
|---|---|---|---|---|---|
| All Ages | 2,913,805 | 2,934,582 | 2,937,150 | 2,940,546 | 2,970,606 |
| <5 | 183,104 | 178,147 | 175,442 | 174,988 | 174,072 |
| 5-19 | 593,878 | 606,974 | 598,693 | 603,139 | 603,683 |
| 20-64 | 1,648,507 | 1,659,823 | 1,658,998 | 1,649,025 | 1,664,674 |
| ≥ 65 | 488,316 | 489,638 | 504,017 | 513,394 | 528,177 |
| ≥ 85[1] | 65,487 | 58,140 | 60,997 | 57,542 | 59,082 |

[1] *The age category of ≥ 85 years is a subset of the ≥ 65 years age category.*

*Source: FY 2023-2027 Governor's Budget Report, Appendix F.*

(Remainder of page intentionally left blank)

**Public School Enrollment**

The following table provides public school enrollment figures for the State for the 2019-20 through 2025-26 school years.

**Table 3**
**Public School Enrollment in Kansas, by Grade**
**For Years 2019-20 to 2025-26**

| **Grade** | **2019-20** | **2020-21** | **2021-22** | **2022-23** | **2023-24** | **2024-25** | **2025-26** |
|---|---|---|---|---|---|---|---|
| Kindergarten | 35,521 | 32,485 | 34,246 | 33,286 | 31,905 | 31,701 | 31,153 |
| 1st Grade | 35,217 | 33,667 | 33,372 | 34,488 | 33,201 | 32,151 | 31,919 |
| 2nd Grade | 35,602 | 33,845 | 34,107 | 33,586 | 34,531 | 33,499 | 32,249 |
| 3rd Grade | 35,668 | 34,534 | 34,235 | 34,559 | 33,680 | 34,768 | 33,762 |
| 4th Grade | 36,584 | 34,660 | 34,878 | 34,725 | 34,606 | 33,947 | 34,990 |
| 5th Grade | 37,123 | 35,752 | 34,846 | 35,289 | 34,722 | 34,935 | 34,116 |
| 6th Grade | 37,814 | 36,337 | 35,936 | 35,223 | 35,253 | 35,991 | 35,064 |
| 7th Grade | 37,873 | 37,371 | 36,592 | 36,442 | 35,229 | 35,571 | 35,222 |
| 8th Grade | 36,962 | 37,493 | 37,322 | 36,868 | 36,517 | 35,495 | 35,685 |
| 9th Grade | 37,345 | 37,370 | 38,973 | 38,250 | 37,686 | 37,369 | 35,979 |
| 10th Grade | 36,735 | 36,355 | 36,327 | 37,788 | 37,485 | 37,245 | 36,829 |
| 11th Grade | 35,535 | 35,396 | 35,234 | 35,772 | 36,913 | 36,712 | 36,533 |
| 12th Grade | 34,516 | 34,849 | 34,962 | 35,045 | 35,389 | 36,672 | 36,615 |
| Non-graded | 3,230 | 2,837 | 3,190 | 3,636 | 3,107 | 3,021 | 3,325 |
| At Risk Preschool-Aged | 8,949 | 7,856 | 9,359 | 12,261 | 11,598 | 12,415 | 11,455 |
| Special Ed 3-5 yr old | 7,428 | 6,389 | 6,197 | 6,850 | 7,036 | 6,686 | 6,438 |
| **Total** | **492,102** | **477,196** | **479,776** | **484,068** | **478,858** | **478,178** | **471,334** |

*Source: 2025 Online Kansas Statistical Abstract, citing Kansas State Department of Education, School Finance Publications, Headcount Enrollment (Public Schools) as source and indicating that enrollment represents the head count annually as of September 20.*

(Remainder of page intentionally left blank)

## INCOME

The following table provides annual per capita personal income figures for the State for 2016 through 2025.

**Table 4**
**Per Capita Income**
**For 2016 through 2025**

| Year | Per Capita Personal Income | Percent Change |
|---|---|---|
| 2016 | $46,717 | 0.26% |
| 2017 | 48,271 | 3.33% |
| 2018 | 50,282 | 4.17% |
| 2019 | 52,156 | 3.73% |
| 2020 | 55,229 | 5.89% |
| 2021 | 59,197 | 7.18% |
| 2022 | 61,860 | 4.50% |
| 2023 | 63,550 | 2.73% |
| 2024 | 65,975 | 3.82% |
| 2025 | 69,510 | 5.36% |

*Source: 2016-2025 Online Kansas Statistical Abstracts, citing U.S. Bureau of Economic Analysis, SAINC1 Personal Income Summary.*

(Remainder of page intentionally left blank)

The following table provides average annual wages by industry for the State for the years 2022 through 2025.

**Table 5**
**Average Annual Wages by Industry**
**For Years 2022 to 2025**

| Industry | 2022 | 2023 | 2024 | 2025 | Percent Change 2024-2025 |
|---|---|---|---|---|---|
| Private Industry [1] | $57,640 | $59,778 | $62,205 | $64,723 | 4.0% |
| Agriculture, Forestry, Fishing, and Hunting | 48,187 | 49,470 | 50,815 | 52,478 | 3.3 |
| Mining, Quarrying, and Oil & Gas Extraction | 67,386 | 67,928 | 69,704 | 72,675 | 4.3 |
| Utilities | 106,927 | 109,596 | 116,568 | 118,574 | 1.7 |
| Construction | 63,820 | 68,249 | 73,250 | 76,946 | 5.0 |
| Manufacturing | 68,582 | 70,906 | 73,068 | 76,360 | 4.5 |
| Wholesale Trade | 83,776 | 86,516 | 89,132 | 92,758 | 4.1 |
| Retail Trade | 34,218 | 35,092 | 35,864 | 37,072 | 3.4 |
| Transportation and Warehousing | 53,442 | 55,890 | 58,519 | 60,927 | 4.1 |
| Information | 86,174 | 86,783 | 91,243 | 95,328 | 4.5 |
| Finance and Insurance | 88,869 | 92,560 | 98,402 | 104,604 | 6.3 |
| Real Estate and Rental and Leasing | 52,662 | 54,441 | 57,509 | 60,254 | 4.8 |
| Professional and Technical Services | 86,170 | 89,607 | 95,398 | 98,131 | 2.9 |
| Management of Companies and Enterprises | 134,840 | 135,676 | 140,074 | 143,111 | 2.2 |
| Administrative and Waste Services | 50,433 | 52,826 | 55,188 | 57,169 | 3.6 |
| Educational Services | 39,762 | 41,205 | 45,058 | 46,245 | 2.6 |
| Health Care and Social Assistance | 54,622 | 56,594 | 58,115 | 60,418 | 4.0 |
| Arts, Entertainment, and Recreation | 24,708 | 25,763 | 26,242 | 27,187 | 3.6 |
| Accommodation and Food Services | 20,681 | 21,619 | 22,280 | 22,939 | 3.0 |
| Other Services, except Public Administration | 43,256 | 45,510 | 48,249 | 50,554 | 4.8 |
| | | | | | |
| Government | $49,143 | $51,739 | $53,942 | $55,987 | 3.8% |
| Federal | 77,738 | 83,200 | 87,327 | 89,598 | 2.6 |
| State | 57,644 | 60,684 | 63,543 | 66,377 | 4.5 |
| Local | 43,042 | 44,952 | 46,687 | 48,678 | 4.3 |

[1] *Includes other industries, not shown separately.*

*Source: 2025 Online Kansas Statistical Abstract, citing U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW) as source, and indicating that table includes workers covered by Unemployment Insurance and Unemployment Compensation for Federal Employees programs.*

(Remainder of page intentionally left blank)

## EMPLOYMENT

The following table provides total employment, labor force, and unemployment statistics for the State, and unemployment statistics for the United States, for the years 2015 through 2025. The monthly unemployment rate for June 2026 was 3.8% (seasonally adjusted), as reported in the June 2026 Labor Report by the Kansas Department of Labor.

**Table 6**
**Labor Force and Unemployment**
**For Years 2015 to 2025**

| Year[(1)] | Kansas Labor Force | Kansas Employment | Kansas Unemployment | Kansas Unemployment Rate | U.S. Unemployment Rate | U.S. % Change |
|---|---|---|---|---|---|---|
| 2015 | 1,493,782 | 1,431,533 | 62,249 | 4.2% | 5.3% | -0.90% |
| 2016 | 1,491,961 | 1,431,920 | 60,041 | 4.0 | 4.9 | -0.40 |
| 2017 | 1,488,346 | 1,434,516 | 53,830 | 3.6 | 4.4 | -0.50 |
| 2018 | 1,493,360 | 1,443,204 | 50,156 | 3.4 | 3.9 | -0.50 |
| 2019 | 1,504,415 | 1,456,662 | 47,753 | 3.2 | 3.7 | -0.20 |
| 2020 | 1,501,827 | 1,414,596 | 87,231 | 5.8 | 6.4 | 2.70 |
| 2021 | 1,498,226 | 1,448,294 | 49,932 | 3.3 | 4.0 | -2.40 |
| 2022 | 1,502,603 | 1,463,010 | 39,593 | 2.6 | 3.5 | -0.50 |
| 2023 | 1,510,988 | 1,470,936 | 40,052 | 2.7 | 3.7 | 0.20 |
| 2024 | 1,545,790 | 1,490,553 | 55,237 | 3.6 | 4.0 | 0.30 |
| 2025 | 1,558,957 | 1,492,787 | 66,170 | 4.2 | 4.2 | 0.20 |

*Source: Kansas Department of Labor, Labor Market Information Services; U.S. Department of Labor; Bureau of Labor Statistics available at https://klic.dol.ks.gov/vosnet/lmi/default.aspx?plang=E.*
(1) The amounts shown for each year are based on annual periods, not monthly.

(Remainder of page intentionally left blank)

The following table provides personal income by industry sector for the years 2021 through 2025.

**Table 7**
**Personal Income by Industry**
**For Years 2021 to 2025**

**(in thousands)**

| Industry | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Private Industry | | | | | |
| Forestry, fishing, and related activities | $549,863 | $505,561 | $606,324 | $606,885 | $578,889 |
| Mining, quarrying, and oil and gas extraction | 983,390 | 1,665,659 | 1,658,722 | 1,648,641 | 1,670,008 |
| Utilities | 960,772 | 986,372 | 1,122,049 | 1,191,438 | 1,211,461 |
| Construction | 6,551,343 | 6,841,614 | 7,496,860 | 8,289,138 | 8,811,889 |
| Manufacturing | 14,190,166 | 15,341,205 | 16,735,171 | 17,445,807 | 17,964,930 |
| Wholesale trade | 5,817,308 | 6,200,716 | 6,489,958 | 6,753,826 | 6,884,111 |
| Retail trade | 6,311,094 | 6,523,695 | 6,936,643 | 7,164,279 | 7,329,461 |
| Transportation and warehousing | 5,599,859 | 6,026,550 | 6,385,532 | 6,531,004 | 6,749,875 |
| Information | 2,990,142 | 6,259,646 | 1,857,340 | 1,977,656 | 1,983,253 |
| Finance and insurance | 7,172,298 | 6,932,666 | 7,202,088 | 7,645,854 | 8,213,972 |
| Real estate and rental and leasing | 3,583,538 | 6,242,086 | 2,970,225 | 3,133,865 | 3,257,289 |
| Professional, scientific, and technical services | 8,730,865 | 9,492,016 | 10,403,447 | 11,101,515 | 11,558,982 |
| Management of companies and enterprises | 3,228,311 | 3,622,918 | 3,731,599 | 3,778,879 | 4,107,321 |
| Administrative and support and waste management and remediation services | 4,863,544 | 5,454,595 | 5,432,371 | 5,579,528 | 5,705,965 |
| Educational services | 1,021,783 | 1,018,498 | 1,029,262 | 1,144,935 | 1,215,285 |
| Health care and social assistance | 13,357,273 | 14,039,475 | 14,955,450 | 15,907,128 | 16,965,632 |
| Arts, entertainment, and recreation | 616,070 | 700,721 | 775,494 | 832,038 | 906,518 |
| Accommodation and food services | 3,316,733 | 3,366,277 | 3,903,661 | 4,063,598 | 4,043,355 |
| Other services (except government and government enterprises) | 4,279,401 | 4,386,756 | 4,663,072 | 5,026,713 | 5,380,764 |
| Government | | | | | |
| Federal, civilian | $2,785,053 | $2,958,331 | $3,261,679 | $3,468,534 | $3,511,418 |
| Military | 2,877,068 | 2,900,648 | 2,984,101 | 3,105,858 | 3,219,961 |
| State and local | 13,415,958 | 13,754,453 | 14,608,465 | 15,436,247 | 16,216,842 |

*Source: 2021-2025 Online Kansas Statistical Abstracts, citing as source U.S. Bureau of Economic Analysis, Regional Economic Accounts, SAINC5 Personal Income by Major Source and Earnings by Industry.*

The following table shows the ten principal employers in Kansas in the previous year, 2025, and ten years ago, 2016.

**Table 8**
**Principal Employers in Kansas**
**Previous Year and Ten Years Ago**

| 2025 Employer[1] | 2016 Employer[1] |
|---|---|
| Amazon.com Services, Inc. | Black & Veatch Corp – Baker Guam JV |
| Dillon Companies, Inc. | Bombardier Learjet, Inc. |
| Federal Government | Ferrellgas, Inc. |
| Spirit AeroSystems, Inc. | Great-West Financial Retirement Plan Services |
| State Government | Railcrew Xpress, LLC |
| Stormont Vail Healthcare, Inc. | Sprint Spectrum Holding Company, L.P. |
| Textron Aviation Inc. | State Government |
| University of Kansas Hospital Authority | TSVC, Inc. |
| Wal-Mart Associates Inc. | University of Kansas and University of Kansas Medical Center |
| Wichita Public Schools (USD 259) | Wichita Public Schools (USD 259) |

[1] *Employers are listed in alphabetical order, not size order.*

*Source: 2025 Kansas Annual Comprehensive Financial Report, citing as source (for 2025 employers) Kansas Department of Labor, Labor Market Information Services and the Bureau of Labor Statistics; Quarterly Census of Employment and Wages (QCEW); (for 2016 employers) State of Kansas, Comprehensive Annual Financial Report for Fiscal Year 2016.*

(Remainder of page intentionally left blank)

## GROSS DOMESTIC PRODUCT AND HOUSING

### Gross Domestic Product Information

The following table provides State gross domestic product information by industry for the years 2020 through 2025.

**Table 9**
**Gross Domestic Product by Industry**
**2020-2025**
**(millions of current dollars)**

| Industry | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| Private Industries | $152,386 | $165,011 | $188,906 | $199,012 | $203,133 | $212,748 |
| Agriculture, forestry, fishing and hunting | 4,967 | 6,945 | 6,821 | 8,365 | 7,369 | 8,951 |
| Mining | 950 | 1,326 | 1,629 | 1,322 | 1,254 | 1,241 |
| Utilities | 3,112 | 3,307 | 3,745 | 3,895 | 3,811 | 3,794 |
| Construction | 7,487 | 7,696 | 8,175 | 9,227 | 10,161 | 10,697 |
| Manufacturing | 23,490 | 26,585 | 33,473 | 36,024 | 36,401 | 36,462 |
| Durable goods | 11,639 | 12,145 | 14,256 | 15,757 | 16,358 | 17,103 |
| Nondurable goods | 11,850 | 14,441 | 19,216 | 20,268 | 20,043 | 19,359 |
| Wholesale trade | 11,939 | 12,500 | 13,515 | 14,034 | 14,475 | 16,048 |
| Retail trade | 11,505 | 12,690 | 13,472 | 14,585 | 15,022 | 15,517 |
| Transportation and warehousing[(1)] | 7,085 | 8,143 | 9,035 | 9,139 | 9,355 | 9,689 |
| Information | 6,728 | 6,657 | 10,823 | 7,887 | 5,563 | 4,915 |
| Finance and insurance | 10,127 | 10,541 | 10,539 | 11,401 | 12,196 | 13,333 |
| Real estate and rental and leasing | 23,071 | 23,474 | 28,240 | 28,829 | 29,978 | 31,240 |
| Professional and technical services | 9,683 | 10,258 | 11,281 | 12,714 | 13,589 | 14,718 |
| Management of companies and enterprises | 4,011 | 3,600 | 4,059 | 4,196 | 4,233 | 4,574 |
| Administrative and waste services | 5,089 | 5,867 | 6,635 | 6,825 | 7,133 | 7,417 |
| Educational services | 1,059 | 1,133 | 1,158 | 1,199 | 1,353 | 1,416 |
| Health care and social assistance | 13,821 | 14,510 | 15,504 | 16,935 | 18,175 | 19,322 |
| Arts, entertainment and recreation | 617 | 827 | 1,017 | 1,175 | 1,237 | 1,327 |
| Accommodation and food services | 3,642 | 4,599 | 5,088 | 6,155 | 6,329 | 6,279 |
| Other services, except government | 4,004 | 4,353 | 4,697 | 5,105 | 5,500 | 5,810 |
| Government | 23,000 | 23,983 | 24,463 | 25,840 | 27,389 | 28,631 |
| Federal civilian | 3,253 | 3,237 | 3,396 | 3,765 | 4,218 | 4,338 |
| Federal military | 3,066 | 3,270 | 3,282 | 3,389 | 3,542 | 3,690 |
| State and local | 16,681 | 17,476 | 17,784 | 18,686 | 19,629 | 20,603 |
| **Total** | **$175,386** | **$188,993** | **$213,369** | **$224,851** | **$230,522** | **$241,378** |

[(1)] *Excludes Postal Service.*

*Source: 2025 Online Kansas Statistical Abstract, citing as source U.S. Bureau of Economic Analysis, Regional Economic Accounts (accessed April 24, 2026), and indicating that (a) data is revised annually, (b) with the exception of Manufacturing, only major industry subdivisions are shown, and (c) data may not sum to totals due to rounding.*

**Residential Housing Statistics**

The following tables provide information on the number of residential building permits for the State and the United States for the years 2020 through 2025.

**Table 10**
**Kansas Residential Building Permits**
**For Years 2020 to 2025**

| Year | Total | 1 Unit | 2 Units | 3-4 Units | 5 or More Units | Change | Percent Change |
|---|---|---|---|---|---|---|---|
| 2020 | 8,211 | 5,975 | 600 | 181 | 1,455 | 250 | 3.14% |
| 2021 | 9,538 | 6,569 | 1,002 | 135 | 1,832 | 1,327 | 16.16 |
| 2022 | 9,560 | 5,567 | 950 | 260 | 2,783 | 22 | 0.23 |
| 2023 | 9,504 | 4,927 | 1,592 | 148 | 2,837 | -56 | -0.59 |
| 2024 | 9,063 | 5,565 | 1,468 | 368 | 1,662 | -441 | -4.64 |
| 2025 | 10,299 | 6,121 | 1,612 | 171 | 2,395 | 1,236 | 13.64 |

*Source: U.S. Census Bureau, available at https://www.census.gov/construction/bps/annual.html.*

**Table 11**
**United States Residential Building Permits**
**For Years 2020 to 2025**

| Year | Total | 1 Unit | 2 Units | 3-4 Units | 5 or More Units | Change | Percent Change |
|---|---|---|---|---|---|---|---|
| 2020 | 1,471,141 | 979,360 | 28,324 | 18,918 | 444,539 | 85,093 | 6.14% |
| 2021 | 1,736,982 | 1,115,360 | 31,760 | 21,093 | 568,769 | 265,841 | 18.07 |
| 2022 | 1,665,088 | 975,584 | 31,626 | 23,205 | 634,673 | -71,894 | -4.14 |
| 2023 | 1,511,102 | 919,973 | 34,224 | 20,492 | 536,413 | -153,986 | -9.25 |
| 2024 | 1,478,000 | 981,911 | 34,568 | 19,900 | 441,621 | -33,102 | -2.19 |
| 2025 | 1,431,600 | 911,900 | 36,700 | 19,000 | 464,000 | -46,400 | -3.14 |

*Source: U.S. Census Bureau, available at https://www.census.gov/construction/bps/current.html.*

[THIS PAGE INTENTIONALLY LEFT BLANK]

# APPENDIX D-1

# DEFINITIONS

[THIS PAGE INTENTIONALLY LEFT BLANK]

## APPENDIX D-1

## DEFINITIONS

*In addition to the words and terms defined elsewhere in this Official Statement, the following are certain defined terms used in the Bond Resolution, the Pledge Agreement and this Official Statement. The list of defined terms does not purport to be complete, and reference is made to the full text of the Bond Resolution and the Pledge Agreement for a complete recital of the defined terms used therein.*

**"Act"** means K.S.A. 74-8901 *et seq*., and the Authorizing Legislation, all as may be amended and supplemented.

**"Annual Budget"** means DOA's annual request for appropriations required by the Pledge Agreement.

**"Authority"** means the Kansas Development Finance Authority, a public body politic and corporate and an independent instrumentality of the State organized and existing under the laws of the State.

**"Authorized DOA Representative"** means the Secretary, or such other person at the time designated to act on behalf of DOA.

**"Authorized KSU Representative"** means the President, the Vice President of Administration and Finance, the Chief Financial Officer, the Associate Vice President of Financial Services or the Director of Operations of KSU, or such other person at the time designated to act on behalf of KSU.

**"Authorizing Legislation"** means Chapter 117, Section 177(b) of the 2025 Session Laws of Kansas.

**"Beneficial Owner"** of the Bonds includes any Registered Owner of the Bonds and any other Person who directly or indirectly has the investment power with respect to such Bonds.

**"Bond"** or **"Bonds"** means any of the Series 2026L Bonds and the Series 2026M Bonds authorized and delivered under the Bond Resolution.

**"Bond Counsel"** means the firm of Gilmore & Bell, P.C. or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Authority and DOA.

**"Bond Fund"** means each of the DOA Bond Fund and the KSU Bond Fund

**"Bond Registrar"** means the Bond Registrar designated in the Bond Resolution, and any successors and assigns.

**"Bond Resolution"** means jointly, the Bond Resolution No. 435, as amended and supplemented, and any Supplemental Bond Resolutions adopted in accordance with the provisions of the Bond Resolution No. 435.

**"Business Day"** means a day which is not a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature and on which banks in the State are not authorized to be closed.

**"Change of Circumstances"** means that as a result of changes in the Kansas Constitution, or legislation adopted or imposed by the State or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Pledge Agreement shall become void or unenforceable, or impossible of performance without unreasonable delay, or in any other way, by reason of such changes of circumstances, unreasonable burdens or excessive liabilities are imposed upon DOA.

**"Code"** means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of the Code, and all applicable regulations (whether proposed, temporary or final) under the Code and the statutory predecessor of the Code, and any successor provisions to the provisions of the Code and those regulations and any official rulings, announcements, notices, procedures and judicial determinations under the foregoing applicable to the Bonds.

**"Completion Date"** means the substantial completion of the Project, as referenced in the Pledge Agreement.

**"Costs of Issuance"** means any and all expenses of whatever nature incurred in connection with the issuance and sale of the Bonds, including but not limited to bond and other printing expenses, costs associated with obtaining bond insurance, administrative fees, fees of the Bond Registrar and Paying Agent, legal fees and expenses of Bond Counsel and other legal counsel, underwriting discount and any other fees of the original purchasers of the Bonds, fees of the financial advisor and any expenses incurred in connection with determining yield on the Bonds, or investment of the proceeds of the Bonds.

**"Costs of Issuance Account"** means the Costs of Issuance Account authorized and established in the Bond Resolution.

**"Dated Date"** means the date of delivery of the Bonds to the original purchasers thereof.

**"Debt Service Requirements"** means, for the period of time for which calculated, the aggregate principal payments (whether at maturity, or upon mandatory sinking fund redemption, mandatory prepayment or otherwise) and interest payments required to be made during such period on Outstanding Bonds; provided that such payments shall be excluded from Debt Service Requirements to the extent that such payments were paid or are payable from Escrowed Deposits deposited in trust, escrowed or otherwise set aside for such payment.

**"Defaulted Interest"** means interest on any Bond which is payable but not paid on the appropriate Interest Payment Date when an Event of Default has occurred.

**"Defeasance Obligations"** means:

(a) cash; or

(b) Investment Obligations described in clauses (a), (f), (j)(1), (j)(2) and (j)(3) of the definition thereof, which are not subject to redemption or repayment in whole or in part in advance of their maturity, except at the option of the holder thereof.

**"Departments"** means, together, DOA and KSU.

**"Disclosure Undertaking"** means the Continuing Disclosure Undertaking dated as of October 1, 2026, executed and delivered by DOA, as may be amended from time to time, relating to certain matters within the scope of the SEC Rule, in accordance with its terms.

**"DOA"** means the State of Kansas Department of Administration, created pursuant to K.S.A. 75-3701 *et seq*., together with its successors and assigns.

**"DOA Bond Fund"** means the DOA Bond Fund authorized and established in the Bond Resolution.

**"DTC"** means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depository duly appointed.

**"Escrowed Deposits"** means Defeasance Obligations (including, where appropriate, the earnings or other increment to accrue thereon) that are irrevocably deposited in trust or in escrow with the Paying Agent or a third party escrow agent and are required to be applied to pay all or a portion of the principal of, redemption premium, if any, and interest on, as the same shall become due, the Bonds which would otherwise be considered Outstanding and provided that such amounts so required to be applied are sufficient to pay such principal, redemption premium, if any, and interest on the Bonds.

**"Event of Default"** with respect to the Bond Resolution means one of the following events:

(a) Default by the Authority in the due and punctual payment of any interest on any Bond;

(b) Default by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond;

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Authority in the Bond Resolution or in the Bonds contained, and the continuance thereof for a period of 30 days after written notice thereof shall have been given to the Authority by (1) DOA or (2) the Registered Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if any default shall be such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is initiated by the Authority within such period and diligently pursued until such default is corrected; or

(d) An Event of Default (as defined in the Pledge Agreement) by DOA has occurred.

**"Event of Default"** with respect to the Pledge Agreement, means one of the following events:

(a) the transfers required in the Pledge Agreement shall not be made as required; or

(b) DOA shall for any reason be rendered incapable of fulfilling its obligations under the Pledge Agreement; or

(c) failure of DOA to observe or perform any of the other covenants, conditions or provisions of the Pledge Agreement (other than the covenants relating to continuing disclosure contained in the Pledge Agreement) or to make any other payment required to be made under the Pledge Agreement and failure to remedy such default after written notice thereof from the Authority to DOA; provided that if such default is correctable, it shall not constitute an Event of Default if corrective action is promptly instituted by DOA and diligently pursued until the default is corrected, provided that such default is remedied in not more than 30 days, unless an extension is approved by the Authority, which approval shall not be unreasonably withheld; or

(d) any representation or warranty made by DOA in the Pledge Agreement or any other Transaction Document or in any statement or certificate furnished by DOA to the Authority or the original purchasers in connection with the sale of any Bonds, or furnished by DOA pursuant to the Pledge Agreement, which proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 180 days after written notice thereof to DOA by the Authority; or

(e) admission by the State or DOA of insolvency or bankruptcy or its inability or failure to pay its debts secured by the Revenues as they become due, or the State or DOA makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for the State or DOA of the Revenues; or

(f) appointment by a court of competent jurisdiction of a trustee, custodian or receiver for the State or DOA and failure to obtain discharge of such within 60 days after such appointment; or

(g) institution of bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United States Code, as amended, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors by or against the State or DOA relating to the Revenues (other than bankruptcy proceedings instituted by the State or DOA against third parties), and, if instituted against the State or DOA, allowance against the State or DOA, or the State or DOA consents to such proceedings or fails to obtain dismissal, stay or other nullification within 60 days after such institution.

**"Fiscal Year"** means the period commencing on July 1 of any year and ending on June 30 of the following year, and numbered for the year in which it ends.

**"Fitch"** means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority with notice to DOA.

**"Funds and Accounts"** means any of the funds and accounts authorized and established in the Bond Resolution or authorized and established by any Supplemental Bond Resolution.

**"Government Obligations"** means obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America. These include, but are not limited to obligations issued by:

(a) United States Treasury
All direct or fully guaranteed obligations (including obligations issued or held in a book-entry form on the books of the U.S. Treasury Department)

(b) Rural Economic Community Development Administration (formerly the Farmers Home Administration)
Certificates of beneficial ownership

(c) General Services Administration
Participation certificates

(d) United States Maritime Administration
Guaranteed Title XI financing

(e) Small Business Administration
Guaranteed participation certificates
Guaranteed pool certificates

(f) Government National Mortgage Association (GNMA)
GNMA - guaranteed mortgage-backed securities
GNMA - guaranteed participation certificates

(g) United States Department of Housing & Urban Development
Local authority bonds

(h) Federal Housing Administration
Debentures

(i) Federal Financing Bank

(j) Export-Import Bank

(k) Farm Credit System Financial Assistance Corporation (consolidated system wide bonds and notes).

**"Governmental Agency"** means an agency, office, bureau, department or branch of the United States of America, the State or any political subdivision of the State.

**"Interest Payment Date"** means May 1 and November 1 of each year, commencing May 1, 2027.

**"Investment Obligations"** means,

(a) Government Obligations;

(b) Obligations of government-sponsored agencies that are not backed by the full faith and credit of the U.S. government including, but not limited to:

(1) Federal Home Loan Mortgage Corp. (FHLMC)
Senior debt obligations

(2) Federal National Mortgage Association (FNMA)
Senior debt obligations

(3) Federal Home Loan Banks (FHL Banks)
Senior debt obligations

(4) Resolution Funding Corp. (REFCORP)
Debt obligations;

(c) Federal funds, unsecured certificates of deposit, time deposits, and banker's acceptances (having maturities of not more than 360 days after date of purchase) of any domestic commercial bank, the short-term obligations of which are rated not lower than "A-1" by S&P or not lower than "P-1" by Moody's;

(d) Deposits that are fully insured by the Federal Deposit Insurance Corp. (FDIC), including Bank Insurance Fund (BIF) and Savings Association Insurance Fund (SAIF) or collateralized by Government Obligations;

(e) State or municipal debt obligations rated in the same or higher Rating Category as Government Obligations by Moody's and S&P (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(f) Pre-refunded municipal obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and which are rated based on an irrevocable escrow account or fund (the "escrow"), in the same or higher Rating Category as the full faith and credit of the United States of America by S&P and Moody's or any successors thereto;

(g) Commercial paper rated not lower than "A-1" by S&P or not lower than "P-1" by Moody's, maturing in not more than 270 days after the date of purchase;

(h) Investment in money market funds rated in one of the two highest categories by at least one nationally recognized statistical rating organization;

(i) Repurchase agreements:

(1) with a term of not more than 365 days with any transferor which has an unsecured, uninsured and unguaranteed short-term obligation rating not lower than "A-1" by S&P or not lower than "P-1" by Moody's, or guaranteed by a parent corporation or holding company of the transferor with an uninsured, unsecured and unguaranteed short-term obligation rating meeting such requirements; or

(2) with a term of greater than 365 days with any transferor which has an unsecured, uninsured and unguaranteed short-term obligation rating not lower than "AA-" by S&P or not lower than "Aa3" by Moody's, or guaranteed by a parent corporation or holding company of the transferor with an uninsured, unsecured and unguaranteed short-term obligation rating meeting such requirements;

(j) Stripped securities:

(1) United States Treasury STRIPS,

(2) REFCORP STRIPS (stripped by the Federal Reserve Bank of New York),

(3) Financing Corp. (FICO) STRIPS (stripped by the Federal Reserve Bank of New York which have CUSIP prefixes 317705, 31771J, and 31771K) and

(4) Any stripped securities assessed or rated "AAA" by S&P or "Aaa" by Moody's;

(k) Investments in the Municipal Investment Pool Fund pursuant to K.S.A. 12-1677a;

(l) Investment agreements with a financial institution or entity, government securities dealer, insurance company, financial corporation or similar organization (jointly, a "Provider"), which has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) not lower than "AA-" by S&P or not lower than "Aa3" by Moody's, or guaranteed by a parent corporation or holding company of the Provider with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements; and

(m) Any other investments authorized by State law that will not adversely affect the then current ratings on the Bonds by Fitch and Moody's, if any.

**"KSU"** means Kansas State University.

**"KSU Bond Fund"** means the KSU Bond Fund authorized and established in the Bond Resolution.

**"Legislature"** means the Legislature of the State created in Article 2 of the Kansas Constitution.

**"Moody's"** means Moody's Ratings, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority with notice to DOA.

**"Outstanding"** means, as of a particular date, all Bonds theretofore authenticated and delivered, except:

(a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation pursuant to the Bond Resolution;

(b) Bonds for the payment or redemption of which moneys or investments have been deposited with the Paying Agent in accordance with the provisions of the Bond Resolution;

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Bond Resolution;

(d) for purposes of any consent or other action to be taken by the Registered Owners of a specified percentage of Bonds under the Bond Resolution or the Pledge Agreement, Bonds owned or held by or for the account of the Authority, DOA or any Person controlling, controlled by or under common control with either of them; and

(e) Bonds for which Defeasance Obligations have been deposited in accordance with the Bond Resolution.

**"Paying Agent"** means the Paying Agent designated in the Bond Resolution, and any successors and assigns.

**"Payment Date"** means each Principal Payment Date and each Interest Payment Date.

**"Person"** means any natural person, firm, association, corporation, partnership, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

**"Plans and Specifications"** means the plans and specifications described in the Pledge Agreement, including any amendments made in accordance with the Pledge Agreement.

**"Pledge Agreement"** means, collectively, the Pledge of Revenues Agreement dated as of October 1, 2026 among DOA, KSU and the Authority, and any agreement or agreements duly executed by DOA, KSU and the Authority amending or supplementing such document.

**"Pooled Money Investment Board"** means the pooled money investment board of the State of Kansas established pursuant to K.S.A. 75-4221a.

**"Principal and Interest Account"** means the Principal and Interest Account authorized and established in the Bond Resolution.

**"Principal Payment Date"** means May 1 of each year, including each May 1 on which principal shall have been called for mandatory sinking fund payment, commencing May 1, 2027.

**"Project"** means the capital improvement project for the construction, development and equipping of a veterinary diagnostic laboratory on the Manhattan campus of KSU.

**"Project Account"** or **"Project Accounts"** means, individually or collectively as the context may require, the Series 2026L Project Account and the Series 2026M Project Account.

**"Project Costs"** means costs permitted under the Act (and the Code, if applicable) to be paid out of proceeds of the Bonds or other available funds with respect to the Project, including the total of all reasonable or necessary expenses incidental to the acquisition, construction, reconstruction, repair, alteration, equipping, improvement and extension of the Project, including without limitation: the expenses of studies and surveys, land title and mortgage title policies, architectural and engineering services and the cost of legal, organization or marketing services; financial and underwriting fees and expenses; the cost of acquiring or demolishing existing structures and developing the site of and constructing and equipping new facilities constituting a part of the Project; rehabilitating, reconstructing, repairing, remodeling or equipping existing facilities, including removal of any hazardous materials, constituting a part of the Project; and all other necessary and incidental expenses, including interest during construction on Series 2026L Bonds issued to finance the Project to a date not greater than 6 months subsequent to the estimated date of completion thereof, and any other costs permitted by the Act.

**"Rating Agency"** means Moody's, S&P, Fitch and any other company, agency or entity that provides ratings for the Bonds.

**"Rating Category"** shall mean a generic securities rating category assigned by a Rating Agency, without regard, in the case of a long-term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

**"Rebate Account"** means the Rebate Account authorized and established in the Bond Resolution.

**"Record Date"** means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

**"Registered Owner"** means the registered owner of any Bond as shown on the bond register maintained by the Bond Registrar.

**"Revenue Account"** means the Revenue Account authorized and established in the Bond Resolution.

**"Revenues"** means the funds appropriated by the Legislature directly to the Revenue Account or to DOA (either directly or indirectly through another State agency) for deposit in the Revenue Account pursuant to the Pledge Agreement or any other funds legally available for deposit by DOA or the Authority in the Revenue Account and actually deposited into the Revenue Account, together with investment earnings thereon.

**"S&P"** means S&P Global Ratings, a division of S&P Global Inc., and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority with notice to DOA.

**"SEC Rule"** means Rule 15c2-12 of the Securities and Exchange Commission, an agency of the United States Government.

**"Secretary"** means the Secretary of Administration of the State of Kansas.

**"Series 2026L Bonds"** means the Kansas Development Finance Authority Revenue Bonds (State of Kansas Project), Series 2026L, dated as of the Dated Date, authorized and delivered under the Bond Resolution.

**"Series 2026L Project Account"** means the Series 2026L Project Account authorized and established in the Bond Resolution.

**"Series 2026M Bonds"** means the Kansas Development Finance Authority Taxable Revenue Bonds (State of Kansas Project), Series 2026M, dated as of the Dated Date, authorized and delivered under the Bond Resolution.

**"Series 2026M Project Account"** means the Series 2026M Project Account authorized and established in the Bond Resolution.

**"Special Record Date"** means the date fixed by the Authority pursuant to the Bond Resolution for the payment of Defaulted Interest.

**"State"** means the State of Kansas.

**"State Treasurer"** means the Treasurer of the State of Kansas or, if the functions and duties of the State Treasurer under the Bond Resolution shall be given by law to any other person or entity, such person or entity.

**"Supplemental Bond Resolution"** means any resolution supplemental or amendatory to the Bond Resolution adopted by the Authority pursuant to the Bond Resolution.

**"Supplemental Pledge Agreement"** means any agreement supplemental or amendatory to the Pledge Agreement executed by the Authority, DOA and KSU pursuant to the terms of the Pledge Agreement.

**"Tax Compliance Agreement"** means the Tax Compliance Agreement, dated as of October 1, 2026, among the Authority, DOA and KSU, relating to certain matters within the scope of the Code in connection with the Series 2026L Bonds, as the same may be amended or supplemented in accordance with its terms.

**"Transaction Documents"** means the Bond Resolution, the Bonds, the Pledge Agreement, the Disclosure Undertaking, the Tax Compliance Agreement, the Official Statement and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Bond Resolution or in the Official Statement or contemplated by the Bond Resolution or by the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words "Transaction Documents" are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a party to the Bond Resolution, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

**"Trust Estate"** means:

(a) All right, title and interest of the Authority in, to and under the Pledge Agreement provided that the pledge and assignment made by the Bond Resolution shall not impair or diminish the obligations of the Authority under the provisions of the Pledge Agreement;

(b) All Revenues; and

(c) All moneys and securities from time to time held under the terms of the Bond Resolution (excluding funds held in or accruing to the Rebate Account, including, without limitation, bond proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards, any and all other real or personal property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security for the Bonds by the Authority.

**"Value"** as of any particular time of determination, means, (a) with respect to cash the face value thereof and (b) with respect to any Investment Obligations the lower of the cost of the Investment Obligations or the market price of the Investment Obligations on the date of valuation (as set forth by a market quotation service, such as Bloomberg or Reuters, regularly used by firms in the business of buying and selling the securities in question).

[THIS PAGE INTENTIONALLY LEFT BLANK]

# APPENDIX D-2

## SUMMARY OF LEGAL DOCUMENTS

## APPENDIX D-2

## SUMMARY OF LEGAL DOCUMENTS

## THE BOND RESOLUTION

*The following is a summary of certain provisions of the Bond Resolution. This summary does not purport to be complete, and reference is made to the full text of the Bond Resolution for a complete recital of its terms, as well as a complete recital of the defined terms used therein.*

**Security for the Bonds; Limited Nature of Obligations**

The principal of, redemption premium, if any, and the interest on the Bonds shall be special limited obligations of the Authority payable solely and only from, and are secured as to the payment of principal of, redemption premium, if any, and interest on the Bonds by a pledge by the Authority of, the Trust Estate in favor of the Registered Owners of the Bonds, as provided in the Bond Resolution.

Each Bond is equally and ratably secured with respect to the payment of principal of, redemption premium, if any, and interest from the Trust Estate and in all other respects with all other Bonds issued under the Bond Resolution. The covenants and agreements of DOA and the Authority contained in the Bond Resolution, the Pledge Agreement and in the Bonds shall be for the equal benefit, protection, and security of the Registered Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds pledged in the Bond Resolution to the payment of the principal of, redemption premium, if any, and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Bond Resolution.

(b) The Bonds do not constitute a debt or liability of the Authority, DOA, the State or any political subdivision of the State within the meaning of any constitutional or statutory provision or limitation and do not constitute a pledge of the full faith and credit of the Authority, DOA, the State or any political subdivision of the State. The availability of Revenues to be deposited into the Revenue Account is subject to appropriation by act of the Legislature or availability of other funds legally available to DOA. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The Authority has no taxing power.

No provision, covenant or agreement contained in the Bond Resolution, the Pledge Agreement or the Bonds, or any obligation therein imposed upon the Authority, or the breach thereof, shall constitute or give rise to or impose upon the Authority a pecuniary liability or a charge upon its general credit. In making the agreements, provisions and covenants set forth in the Bond Resolution, the Authority has not obligated itself except with respect to the Pledge Agreement and the application of the Revenues and receipts therefrom as provided in the Bond Resolution. Neither the officers, directors, agents or employees of the Authority nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

**Pledge of Trust Estate**

The Authority pledges the Trust Estate for the payment of the principal of, redemption premium, if any, and interest on the Bonds.

**Registration, Transfer and Exchange of the Bonds**

The Authority shall cause the Bond Registrar to keep books for the registration and for the transfer of Bonds as provided in the Bond Resolution.

The Bonds may be transferred only upon the books maintained by the Bond Registrar for the registration and transfer of Bonds upon surrender thereof to the Bond Registrar duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or such Registered Owner's attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such transfer, the Authority shall execute and shall cause the Bond Registrar to authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by the Bond Resolution in an aggregate principal amount equal to the principal amount of such Bond, of the same series and maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or transferred under the Bond Resolution, the Authority shall cause the Bond Registrar to authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of the Bond Resolution. Replacement Bonds may be printed and executed by the Authority prior to the time of any such exchange or transfer and the Authority shall cause the Bond Registrar to hold the same for safekeeping until any such exchange or transfer takes place. All Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Bond Registrar. The Bond Registrar may make a charge for every such exchange or transfer sufficient to reimburse it for (1) the reasonable fees and expenses in connection with the replacement of the Bond or Bonds mutilated, stolen, lost or destroyed or (2) any tax or other governmental charge imposed in relation to the transfer, exchange, registration, redemption or payment of the Bonds. Any additional charges for transfer or exchange of the Bonds shall be paid by the Authority from proceeds of the Bonds before any such new Bond shall be delivered. Neither the Authority nor the Bond Registrar shall be required to make any such exchange or transfer of Bonds during the 15 days immediately preceding a Payment Date or, in the case of any proposed redemption of Bonds, during the 15 days immediately preceding the selection of Bonds for such redemption or after such Bonds or any portion thereof has been selected for redemption.

**Method and Place of Payment of Bonds**

Payment of the principal and redemption premium, if any, on all Bonds shall be made (1) by check or draft upon the presentation and surrender of such Bonds as the same respectively become due and payable at the principal office of the Paying Agent, or (2) at the written request addressed to the Paying Agent by any Registered Owner of Bonds in the aggregate principal amount of at least $500,000, by electronic transfer to the bank for credit to the account number filed with the Paying Agent no later than the Business Day preceding the Record Date.

Payment of the interest on each Bond shall be made by the Paying Agent on each Interest Payment Date to the Person appearing as the Registered Owner thereof on the Record Date on the registration books of the Authority maintained by the Bond Registrar (1) by check or draft mailed to such Registered Owner at the address as it appears on such registration books or at such other address as is furnished to the Bond Registrar in writing by such Registered Owner, or (2) at the written request addressed to the Paying Agent by any Registered Owner of Bonds in the aggregate principal amount of at least $500,000, by electronic transfer to the bank for credit to the account number filed with the Paying Agent no later than the Business Day preceding the Record Date.

Defaulted Interest with respect to any Bond shall cease to be payable to the Registered Owner of such Bond on the relevant Record Date and shall be payable to the Registered Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Authority shall notify the Paying Agent and DOA in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Paying Agent to comply with the next sentence), and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment; money deposited with the Paying Agent shall be held in trust for the benefit of the Registered Owners of the Bonds entitled to such Defaulted Interest as provided in the Bond Resolution. Following receipt of such funds the Authority shall cause the Paying Agent to fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Paying Agent of the notice of the proposed payment. The Authority shall promptly notify DOA of such Special Record Date, and shall cause the Paying Agent to give notice of the proposed payment of such Defaulted Interest and of the Special Record Date therefor. Such notice shall be mailed, in the name and at the expense of DOA, first-class postage prepaid, to each Registered Owner of a Bond entitled to such notice at the address of the Registered Owner as it appears on the registration books of the Authority kept by the Bond Registrar not less than 10 days prior to such Special Record Date.

**Mutilated, Lost, Stolen or Destroyed Bonds**

In the event any Bond shall become mutilated, or be lost, stolen or destroyed, the Authority shall execute and shall cause the Bond Registrar to authenticate and deliver a new Bond of like series, date and tenor as the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Bond Registrar, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Authority and the Bond Registrar evidence of such loss, theft or destruction satisfactory to the Authority and the Bond Registrar, together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a substitute Bond the Authority may pay or authorize the payment of the same without surrender thereof. Upon the issuance of any substitute Bond, the Authority and the Bond Registrar may require the payment from the Registered Owner thereof of an amount sufficient to reimburse the Authority and the Bond Registrar for any tax or other governmental charge that may be imposed in relation thereto and any other reasonable fees and expenses incurred in connection therewith.

**Payments Due on Saturdays, Sundays and Holidays**

In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds, or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of principal of, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

**Nonpresentment of Bonds**

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Paying Agent, all liability of the Authority to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Authority to cause the Paying Agent to hold such fund or funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on such Registered Owner's part under the Bond Resolution or on, or with respect to, said Bond. If any Bond shall not be presented for payment within 4 years following the date when such Bond becomes due, whether by maturity or otherwise, the Authority shall cause the Paying Agent to repay to DOA the funds theretofore held by the Paying Agent for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of DOA, and the Registered Owner thereof shall be entitled to look only to DOA for payment, and then only to the extent of the amount so repaid, and DOA shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

**Establishment of Funds and Accounts**

There are authorized and established on the books and records of the State the following separate Funds and Accounts:

(1) A Bond Fund for each of DOA and KSU, as follows:

(A) Bond Fund for Kansas Development Finance Authority Revenue Bonds (State of Kansas Project), Series 2026L-M – DOA (the **"DOA Bond Fund"**).

(B) Bond Fund for Kansas Development Finance Authority Revenue Bonds (State of Kansas Project), Series 2026L-M – KSU (the **"KSU Bond Fund"**).

(2) Within the DOA Bond Fund, the following accounts:

(A) Costs of Issuance Account for Kansas Development Finance Authority Revenue Bonds (State of Kansas Project), Series 2026L-M (the **"Costs of Issuance Account"**).

(B) Revenue Account for Kansas Development Finance Authority Revenue Bonds (State of Kansas Project), Series 2026L-M (the **"Revenue Account"**).

(C) Principal and Interest Account for Kansas Development Finance Authority Revenue Bonds (State of Kansas Project), Series 2026L-M (the **"Principal and Interest Account"**).

(3) Within the KSU Bond Fund, a Project Account for Kansas Development Finance Authority Revenue Bonds (State of Kansas Project), Series 2026L (the **"Series 2026L Project Account"**) and a Project Account for Kansas Development Finance Authority Taxable Revenue Bonds (State of Kansas Project), Series 2026M (the **"Series 2026M Project Account"**).

There is authorized and established in the name of the Authority the Rebate Account for Kansas Development Finance Authority Revenue Bonds (State of Kansas Project), Series 2026L (the **"Rebate Account"**).

The creation and establishment of additional Funds and Accounts, and sub-accounts thereto, as deemed necessary by the Authority or DOA for accounting purposes, is authorized by the Bond Resolution.

**Disbursements from the Project Accounts**

The moneys in the Project Accounts shall be disbursed for the payment of Project Costs in accordance with the provisions of the Pledge Agreement, and the Authority covenants and agrees that it will direct the State Treasurer to disburse such moneys in accordance with such provisions.

Pursuant to the Pledge Agreement, the Authority shall cause KSU to keep and maintain adequate records pertaining to the Project Accounts and all receipts into and disbursements therefrom, and to make such records available to the Authority. The Authority shall cause KSU to make annual reports to the Authority, specifying receipts into and disbursements from the Project Accounts. After the Project has been completed and payment of all costs and expenses incident thereto shall be evidenced by the filing of a certificate of completion as provided in the Pledge Agreement, the Authority shall cause KSU to make available a final statement of receipts and disbursements for the Project Accounts.

**Disposition of Moneys in the Project Accounts Upon Completion of the Project**

The completion of the Project and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Authority by KSU of the certificate of completion required by the Pledge Agreement. As soon thereafter as practicable, any balance remaining in the Project Accounts (other than amounts retained by KSU, referred to in said certificate and amounts required to be deposited into the Rebate Account), without further authorization, shall be deposited in the Principal and Interest Account.

**Application of Moneys in the Costs of Issuance Account**

Moneys held in the Costs of Issuance Account shall be used by the Authority on behalf of DOA to pay Costs of Issuance. Any moneys remaining in the Costs of Issuance Account shall be transferred to the Principal and Interest Account no later than the date that is 6 months following the Dated Date.

**Revenue Account**

The Revenue Account will be held and administered as provided in the Bond Resolution and in the Pledge Agreement.

Pursuant to the Pledge Agreement, from and after the delivery of the Bonds, all Revenues shall be deposited in the Revenue Account. All money in the Revenue Account shall be held in trust and applied as provided in the Bond Resolution and in the Pledge Agreement and, pending such application, shall be subject to a prior lien and charge in favor of the Registered Owners of the Bonds and for the further security of the Registered Owners until paid out or withdrawn as provided therein. The Authority covenants that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding and unpaid, it will cause DOA, on behalf of the State, to administer and allocate the moneys then held in the Revenue Account as set forth in the Bond Resolution.

The Authority shall cause the transfer from the Revenue Account to the credit of the Principal and Interest Account, no later than 5 Business Days prior to each Payment Date, such amount (or the entire sum withdrawn from the Revenue Account, if less than the required amount) as may be required, to make the aggregate amount then held for the credit of the Principal and Interest Account equal to the sum of (i) the amount of interest to become due and payable on the Bonds on such Payment Date, (ii) the amount of principal and redemption premium, if any, of the Bonds to become due and payable on such Payment Date, and (iii) an amount for the payment of fees of the Bond Registrar and Paying Agent associated with such payments of interest on, principal of and redemption premium, if any, on the Bonds on such Payment Date. Such deposits to the Principal and Interest Account may be reduced by any investment earnings to be credited to such account prior to such Payment Date.

**Application of Moneys in the Principal and Interest Account**

Except as provided below, moneys in the Principal and Interest Account shall be expended solely for the payment of the principal of, redemption premium, if any, and interest on the Bonds as the same mature and become due or upon the redemption thereof prior to maturity and to provide sufficient funds to pay the fees of the Bond Registrar and Paying Agent when the same become due.

The Authority authorizes and directs the withdrawal of sufficient funds from the Principal and Interest Account for the purposes set forth in the preceding paragraph not later than the Business Day preceding the Payment Date and to make said funds so withdrawn available to the Paying Agent for such purposes.

The Authority, upon written direction of DOA, shall use any moneys in the Principal and Interest Account to redeem all or part of the Bonds Outstanding, and to pay interest accrued thereon prior to such redemption, in accordance with and to the extent permitted by the Bond Resolution so long as DOA is not in default with respect to any payments under the Pledge Agreement and to the extent said moneys are in excess of the amount required for payment of the Bonds theretofore matured or called for redemption and any unpaid past due interest in all cases when such Bonds have not been presented for payment. DOA may cause such excess money in the Principal and Interest Account or such part thereof or other moneys of DOA, as DOA may direct, to be applied by the Authority for the purchase of the Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery for cancellation.

Any amount remaining in the Principal and Interest Account after the payments authorized above on the Bonds shall have been paid in full or provision made therefor in accordance with the Bond Resolution, shall be paid to DOA.

**Application of Moneys in the Rebate Account**

There shall be deposited in the Rebate Account such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All money at any time deposited in the Rebate Account shall be held in trust, to the extent required to pay rebatable arbitrage to the United States. No Registered Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Account shall be governed by the Bond Resolution and the Tax Compliance Agreement (which is incorporated by reference in the Bond Resolution).

**Deficiency of Payments into Funds and Accounts**

If at any time the moneys in the Principal and Interest Account are not sufficient to pay the Debt Service Requirements on the Bonds as and when the same become due, then moneys in the Revenue Account shall be used by the Authority and DOA to prevent any default in the payment of the principal of, redemption premium, if any, and interest on the Bonds.

**Moneys to be Held in Trust**

All moneys deposited under any provision of the Bond Resolution or the Pledge Agreement, and all moneys deposited with or paid to the Paying Agent under any provision of the Bond Resolution or the Pledge Agreement, shall be held in trust and shall be applied only in accordance with the provisions of the Bond Resolution and the Pledge Agreement and, until used or applied as so provided, shall constitute part of the Trust Estate and be subject to the lien thereof.

Any moneys held in cash in excess of the amount insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation shall be continuously secured, for the benefit of DOA, the Authority and the Registered Owners of any Bonds, by such collateral or indemnification bonds as the State Treasurer shall require.

**Investment of Moneys in Funds and Accounts**

Except as provided in the Bond Resolution, moneys held for the credit of the Funds and Accounts authorized and established or referred to in the Bond Resolution shall, pursuant to the written approval of the Authorized DOA Representative, be invested and reinvested by the Authority in Investment Obligations which shall mature, or which shall be subject to redemption by the owner thereof at the option of such owner, not later than the dates when the moneys held for the credit of said Funds or Accounts will be required for the purposes intended; provided, however, that such moneys shall not be invested in such manner as will violate the provisions of the Bond Resolution.

Investment Obligations so purchased as an investment of money in any such Fund or Account shall be deemed at all times to be a part of such Fund or Account. Investment earnings on all Funds and Accounts (except the Project Accounts, the Costs of Issuance Account, and amounts required to be deposited into the Rebate Account in accordance with the Tax Compliance Agreement) shall be credited to such Fund or Account, except required deposits to any rebate account established pursuant to a Supplemental Bond Resolution, and any loss resulting from any such investment shall be charged to such Fund or Account.

Investment earnings on investments held in the Project Accounts and the Costs of Issuance Account (except required deposits to the Rebate Account) shall be transferred to the Principal and Interest Account.

Whenever the cash balance in any Fund or Account is insufficient for the purposes of such Fund or Account, a sufficient amount of Investment Obligations therein shall be sold and reduced to cash. In determining the balance in any Fund or Account, the Authority shall determine the Value of Investment Obligations in such Fund or Account as frequently as deemed necessary by the Authority, but not less frequently than annually nor more frequently than monthly. Neither the State Treasurer, the Authority, DOA, the Pooled Money Investment Board nor any member, employee or officer thereof shall be liable or responsible for any loss resulting from any such investment.

Money held for the credit of the Funds and Accounts authorized and established or referred to in the Bond Resolution may be invested in conformity with any applicable statute through the Pooled Money Investment Board or other instrumentality of the State, subject to the provisions of the Bond Resolution to the extent such provisions are not in conflict with any such statute.

**Tax Covenants**

The Authority covenants and agrees that to the extent within its power and control, (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the excludability from gross income for federal income tax purposes of the interest on the Series 2026L Bonds, and (2) it will not use or permit the use of any proceeds of Series 2026L Bonds or any other funds of the Authority nor take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely affect the excludability from federal gross income of the interest on the Series 2026L Bonds. The Authority will, in addition, adopt such other resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Series 2026L Bonds will remain excludable from federal gross income, to the extent any such actions can be taken by the Authority.

The Authority covenants and agrees that to the extent within its power and control, (1) it will comply with all requirements of Code Section 148 to the extent applicable to the Series 2026L Bonds, (2) it will use the proceeds of the Series 2026L Bonds as soon as practicable and with all reasonable dispatch for the purposes for which the Series 2026L Bonds are issued, and (3) it will not invest or directly or indirectly use or permit the use of any proceeds of the Series 2026L Bonds or any other funds of the Authority in any manner, or take or omit to take any action, that would cause the Series 2026L Bonds to be “arbitrage bonds” within the meaning of Code Section 148(a).

The Authority covenants and agrees that to the extent within its power and control, it will not use any portion of the proceeds of the Series 2026L Bonds, including any investment earnings on such proceeds, directly or indirectly, in a manner that would cause any Series 2026L Bond to be a “private activity bond” within the meaning of Code Section 141(a).

The Authority covenants and agrees that to the extent within its power and control, it will pay or otherwise provide for the payment from moneys available in the Rebate Account from time to time of all amounts required to be rebated to the United States pursuant to Code Section 148(f) and any Treasury Regulations applicable to the Series 2026L Bonds from time to time. The Authority specifically covenants to pay or cause to be paid to the United States, the required amounts of rebatable arbitrage at the times and in the amounts as determined by the Tax Compliance Agreement. Notwithstanding anything to the contrary contained in the Bond Resolution, the Tax Compliance Agreement may be amended or replaced if, in the opinion of Bond Counsel such amendment or replacement will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Series 2026L Bonds. This covenant shall survive payment in full or defeasance of the Series 2026L Bonds.

**Payment of Debt Service Requirements on the Bonds**

The Authority covenants and agrees that it will, but solely from the Trust Estate, promptly pay or cause to be paid the Debt Service Requirements on the Bonds as the same become due and payable at the place, on the dates and in the manner provided in the Bond Resolution and in the Bonds according to the true intent and meaning thereof.

**Authority to Adopt Bond Resolution and Issue Bonds**

The Authority covenants that it is duly authorized under the Constitution and laws of the State to execute the Bond Resolution, to issue the Bonds and to pledge the Trust Estate in the manner and to the extent set forth in the Bond Resolution; that all action on its part for the execution and delivery of the Bond Resolution and the issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable limited obligations of the Authority according to the import thereof.

**Authority to Enter into Pledge Agreement and Other Documents**

The Authority is authorized by the Bond Resolution to enter into the Pledge Agreement and to accept the pledge by DOA of the Revenues, and to pledge such Revenues as part of the Trust Estate to the payment of the principal of, redemption premium, if any, and interest on the Bonds. The Authority is further authorized to enter into the Tax Compliance Agreement and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of the Bond Resolution.

**Enforcement of Rights Under Pledge Agreement**

The Authority covenants and agrees that it shall enforce all of its rights and all of the obligations of DOA (at the expense of DOA) under the Pledge Agreement to the extent necessary to protect the rights of the Registered Owners under the Bond Resolution with respect to the pledge and assignment of the Revenues and receipts coming due under the Pledge Agreement.

**Performance of Covenants**

The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Bond Resolution, in the Bonds and in all proceedings pertaining thereto.

**Instruments of Further Assurance**

The Authority covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Bond Resolutions, Supplemental Pledge Agreements, or amendments to other Transaction Documents and such further acts, instruments, financing statements and other documents as may reasonably be required for the pledging and assigning of the Trust Estate to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds and to carry out, comply with and perform the duties of the Authority with respect to the Bonds and the Transaction Documents. The Authority covenants and agrees that, except as provided in the Bond Resolution and in the Pledge Agreement, it will not sell, convey, mortgage, encumber or otherwise dispose of the Trust Estate.

**Inspection of Books**

The Authority covenants and agrees that all books and documents in its possession relating to the Project (except the registration books maintained by the Bond Registrar) and to the Trust Estate, including the adopted Annual Budget relating thereto, shall at all reasonable times during normal business hours be open to inspection by the original purchasers of the Bonds or by any Registered Owner of any Bonds then Outstanding, or its designee, and by such accountants or entities as DOA, KSU or the Authority may from time to time designate in writing.

**Notice of Default**

If an Event of Default shall have occurred and be continuing, the Authority shall request the Bond Registrar to promptly notify the Registered Owners of such default.

**Acceleration of Maturity in Event of Default**

If an Event of Default shall have occurred and be continuing, the Authority may, and shall upon the written request of the Registered Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding by notice in writing delivered to the Authority and DOA, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

If, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of principal and interest on the Bonds, together with the reasonable and proper expenses of the Bond Registrar and Paying Agent, and all other sums then payable by the Authority under the Bond Resolution shall either be paid or provision shall be made for such payment, then and in every such case the Authority shall, but only with the approval of the Registered Owners of not less than 50% in aggregate principal amount of the Bonds Outstanding, rescind such declaration and annul such default in its entirety.

In case of any rescission, then and in every such case the Authority, DOA and the Registered Owners shall be restored to their former position and rights, respectively, under the Bond Resolution, but no such rescission shall extend to any subsequent Event of Default or impair any right consequent thereon.

**Remedies**

The Bond Resolution and all of the provisions of the Bond Resolution shall constitute a contract between the Authority and each of the Registered Owners of the Bonds issued under the Bond Resolution. Subject to the provisions of the Bond Resolution, any such Registered Owner of any one or more of the Bonds may by suit, action, mandamus, injunction or other proceeding, either at law or in equity, enforce and compel performance of all duties, obligations and conditions determined and required by the Bond Resolution.

Upon the happening and continuance of any Event of Default, then and in every such case, any Registered Owner may proceed, subject to the provisions of the Bond Resolution, to protect and enforce the rights of the Registered Owners by a suit, action or special proceeding in equity, or at law, either for the specific performance of any covenant or agreement contained in the Bond Resolution, or in aid or execution of any power granted in the Bond Resolution, or for the enforcement of any proper legal or equitable remedy as such Registered Owner shall deem most effectual to protect and enforce such rights.

Anything in the Bond Resolution to the contrary notwithstanding, if at any time the moneys in the Principal and Interest Account shall not be sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in the Bond Resolution or otherwise, shall be applied as follows:

(a) If the principal of all the Bonds shall not have become due and payable, all such moneys shall be applied:

***first***: to the payment to the Persons entitled thereto of all installments of interest then due and payable on the Bonds in the order in which such installments became due and payable, and, if the amount available shall not be sufficient to pay in full any particular installments, then to the payment, ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

***second***: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Bond Resolution), in the order of their due dates, with interest on the principal amount of such Bonds at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference.

(b) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

***first***: to the payment to the Persons entitled thereto of all installments of interest due and payable on or prior to maturity of Bonds, if any, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds, and then to the payment of any interest due and payable after maturity on the Bonds, ratably, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

***second***: to the payment of the principal of the Bonds, ratably, to the Persons entitled thereto, without preference or priority of any Bond over any other Bond.

Whenever moneys are to be applied pursuant to the provisions of the Bond Resolution, such moneys shall be applied at such times, and from time to time, as the Authority in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Paying Agent in trust for the proper purpose shall constitute proper application by the Authority; and the Authority shall incur no liability whatsoever to any Registered Owner or to any other Persons for any delay in applying any such moneys, so long as the Authority acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Bond Resolution as may be applicable at the time of such application. Whenever the Authority shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Authority shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Authority shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the Registered Owner of any unpaid Bond until such Bond shall be surrendered to the Paying Agent for appropriate endorsement, or for cancellation if fully paid.

In case any proceeding taken by any Registered Owner on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the Authority and the Registered Owners shall be restored to their former positions and rights, respectively, under the Bond Resolution, and all rights and remedies of the Registered Owners shall continue as though no such proceedings had been taken.

No Registered Owner of any of the Bonds shall have any right in any manner whatever to affect, disturb or prejudice the security of the Bond Resolution or to enforce any right under the Bond Resolution, except in the manner provided in the Bond Resolution. All proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners.

No remedy conferred in the Bond Resolution on the Registered Owners is intended to be exclusive of any other remedy or remedies, and each and every remedy conferred shall be cumulative and shall be in addition to every other remedy given under the Bond Resolution and under the Act or now or hereafter existing at law or in equity or by statute.

No delay or omission of any Registered Owner to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Bond Resolution to the Registered Owners may be exercised from time to time and as often as may be deemed expedient.

**Exercise of Remedies**

If an Event of Default shall have occurred and be continuing, the Authority shall pursue and exercise any available remedy at law or in equity by suit, action, mandamus or other proceeding, or exercise one or more of the rights and powers conferred by the Bond Resolution as the Authority, being advised by counsel, shall deem most expedient in the interests of the Registered Owners to enforce the payment of the principal of and interest on the Bonds then Outstanding.

All rights of action under the Bond Resolution or under any of the Bonds may be enforced by the Bond Registrar without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Authority shall be brought in its name without necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds, and any recovery of judgment shall be for the equal benefit of all the Registered Owners of the Outstanding Bonds.

**Limitation on Exercise of Remedies by Registered Owners**

No Registered Owner of any Bond shall have any right (other than granted in the immediately following section) to institute any suit, action or proceeding in equity or at law for the enforcement of the Bond Resolution or for the execution of any trust under the Bond Resolution or for the appointment of a receiver or any other remedy under the Bond Resolution, unless (a) an Event of Default shall have occurred, (b) the Registered Owners of 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Authority, shall have offered it reasonable opportunity either to proceed to exercise the powers granted by the Bond Resolution or to institute such action, suit or proceeding in its own name, and (c) the Authority shall thereafter fail or refuse to exercise the powers granted in the Bond Resolution or to institute such action, suit or proceeding in its own name; and such actions or events are declared by the Bond Resolution in every case, at the option of the Authority, to be conditions precedent to the execution of the powers and trusts of the Bond Resolution, and to any action or cause of action for the enforcement of the Bond Resolution, or for the appointment of a receiver or for any other remedy under the Bond Resolution, it being understood and intended that no one or more Registered Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the Bond Resolution by its, his or their action or to enforce any right under the Bond Resolution except in the manner provided in the Bond Resolution, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Bond Resolution and for the equal benefit of the Registered Owners of all Bonds then Outstanding. Notwithstanding anything in the Bond Resolution to the contrary, no suit, action or proceeding shall be undertaken with respect to the Bonds unless the Registered Owners of 25% in aggregate principal amount of Bonds then Outstanding shall act as described in the Bond Resolution. Nothing in the Bond Resolution contained shall, however, affect or impair the right of any Registered Owner to payment of the principal of, redemption premium, if any, and interest on any Bond at and after the maturity thereof; or the obligation of the Authority to pay the principal of, redemption premium, if any, and interest on each of the Bonds issued under the Bond Resolution to the respective Registered Owners thereof at the time, place, from the source and in the manner expressed in the Bond Resolution and in the Bonds.

**Right of Registered Owners to Direct Proceedings**

Anything in the Bond Resolution to the contrary notwithstanding, the Registered Owners of 50% in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Registrar, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Resolution, or for the appointment of a receiver or any other proceedings under the Bond Resolution; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Bond Resolution.

**Remedies Cumulative**

No remedy by the terms of the Bond Resolution conferred upon or reserved to the Authority or to the Registered Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Authority or to the Registered Owners under the Bond Resolution or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default under the Bond Resolution, whether by the Authority or by the Registered Owners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

**Failure of DOA to Comply with Continuing Disclosure Requirements**

Pursuant to the Pledge Agreement, in the event DOA fails to comply in a timely manner, with its covenants contained in the Pledge Agreement, the Authority may, but shall not be required to, pursue the remedies granted to it under such Pledge Agreement.

**Supplemental Bond Resolutions Not Requiring Consent of Registered Owners**

The Authority may from time to time, without the consent of or notice to any of the Registered Owners, adopt such Supplemental Bond Resolution or Supplemental Bond Resolutions as shall not be inconsistent with the terms and provisions of the Bond Resolution, for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in the Bond Resolution or to make any other change that shall not materially adversely affect the rights of the Registered Owners under the Bond Resolution;

(b) To grant to or confer upon the Bond Registrar for the benefit of the Registered Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners;

(c) To more precisely identify the Project or add additional property thereto; and

(d) To subject to the Bond Resolution additional revenues, properties or collateral.

**Supplemental Bond Resolutions Requiring Consent of Registered Owners**

Exclusive of Supplemental Bond Resolutions described in the immediately preceding section, and subject to the terms and provisions contained in this paragraph, and not otherwise, the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Bond Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Authority of such other Supplemental Bond Resolution or Supplemental Bond

Resolutions as shall be deemed necessary and desirable by the Authority for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution or in any Supplemental Bond Resolution; provided, however, that nothing contained in this paragraph shall permit or be construed as permitting any of the following without the written consent of the Registered Owners of 100% in aggregate principal amount of Bonds Outstanding: (1) an extension of the maturity of the principal of or the interest on any Bond issued under the Bond Resolution; or (2) a reduction in the principal amount of any Bond or the rate of interest thereon; or (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds; or (4) a reduction in the percentage of the aggregate principal amount of Outstanding Bonds for which the Registered Owners are required to consent with respect to any Supplemental Bond Resolution.

Any provision of the Bond Resolution may be amended with the written consent of the Registered Owners of 100% in aggregate principal amount of Bonds Outstanding.

**DOA's Consent to Supplemental Bond Resolutions**

Anything in the Bond Resolution to the contrary notwithstanding, a Supplemental Bond Resolution under the Bond Resolution which affects any rights of DOA shall not become effective unless and until DOA shall have consented in writing to the execution and delivery of such Supplemental Bond Resolution. In this regard, the Authority shall cause notice of the proposed execution and delivery of any such Supplemental Bond Resolution, together with a copy of the proposed Supplemental Bond Resolution, to be given to DOA at least 30 days prior to the proposed date of adoption and delivery of any such Supplemental Bond Resolution.

**Opinion of Bond Counsel**

Notwithstanding anything in the Bond Resolution to the contrary, before the Authority adopts any Supplemental Bond Resolution pursuant to the Bond Resolution, there shall have been delivered to the Authority and DOA an opinion of Bond Counsel stating that such Supplemental Bond Resolution is authorized or permitted by the Bond Resolution and the Act, complies with their respective terms, will upon the execution and delivery thereof be valid and binding upon the Authority in accordance with its terms, and will not adversely affect the validity of the Bonds or the excludability from federal gross income of interest on the Series 2026L Bonds (if there remains Outstanding any Series 2026L Bond that bears interest that is excludable from gross income for federal income tax purposes).

**Satisfaction and Discharge of the Bond Resolution**

When the principal of, redemption premium, if any, and interest on all the Bonds shall have been paid in accordance with their terms, or provision has been made for such payment as provided in the Bond Resolution, and provision shall also be made for paying all other sums payable under the Bond Resolution, including the fees and expenses of the Bond Registrar and Paying Agent to the date of retirement of the Bonds and any rebatable arbitrage to the United States as required by the Bond Resolution, then the right, title and interest of the Registered Owners under the Bond Resolution shall thereupon cease, determine and be void, and thereupon the Authority shall cancel, discharge and release the covenants of the Bond Resolution and shall execute, acknowledge and deliver such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and the satisfaction and discharge and shall assign and deliver to DOA any property at the time subject to the Bond Resolution which may then be in its possession, except funds or securities in which such funds are invested and held by the Authority for the payment of the principal of, redemption premium, if any, and interest on the Bonds or held in the Rebate Account for payment of rebatable arbitrage to the United States.

The Authority is authorized by the Bond Resolution to accept a certificate by the Bond Registrar and Paying Agent that the principal of, redemption premium, if any, and interest due and payable upon all of the Bonds then Outstanding have been paid or such payment provided for in accordance with the Bond Resolution as evidence of satisfaction of the Bond Resolution.

**Bonds Deemed to be Paid**

Bonds shall be deemed to be paid within the meaning of the Bond Resolution when payment of the principal of, redemption premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Bond Resolution, or otherwise), either (1) shall have been made or caused to be made in accordance with the terms of the Bond Resolution, or (2) shall have been provided for by depositing with the Paying Agent, or a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars ($75,000,000) and subject to supervision or examination by federal or State authority at or prior to the maturity or redemption date of said Bonds, in trust for and irrevocably set aside exclusively for such payment, Defeasance Obligations insuring the availability of sufficient moneys without reinvestment to make such payment. At such time as a Bond shall be deemed to be paid under the Bond Resolution, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Bond Resolution, except for the purposes of any such payment from such Defeasance Obligations.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to the stated maturities thereof, no deposit under clause (2) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until, as to all such Bonds which are to be redeemed prior to their respective stated maturities, proper notice of such redemption shall have been given in accordance with the Bond Resolution, or irrevocable instructions shall have been given to the Bond Registrar and Paying Agent to give such notice.

Notwithstanding any provision of any other section of the Bond Resolution which may be to the contrary, all Defeasance Obligations set aside and held in trust pursuant to the provisions of the Bond Resolution for the payment of Bonds (including redemption premium thereon, if any) and interest thereon shall be applied to and used solely for the payment of the particular Bonds (including redemption premium thereon, if any) and interest thereon with respect to which such Defeasance Obligations have been so set aside in trust.

**Payment of Bonds After Discharge**

Notwithstanding the discharge of the lien as provided in the Bond Resolution, the Paying Agent and the Bond Registrar shall nevertheless retain such rights, powers and duties under the Bond Resolution as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of Bonds as provided in the Bond Resolution. Nevertheless, any moneys held by the Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for 4 years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided in the Bond Resolution, shall then be paid to DOA, and the Registered Owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to DOA for payment thereof, and all liability of the Paying Agent, the Bond Registrar and the Authority with respect to such moneys shall thereupon cease.

**Consents and Other Instruments by Registered Owners**

Any consent, request, direction, approval, objection or other instrument required by the Bond Resolution to be signed and executed by the Registered Owners may be in any number of concurrent writings of similar tenor, and may be signed or executed by such Registered Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of the Bond Resolution, and shall be conclusive in favor of the Authority with regard to any action taken, suffered or omitted under any such instrument, namely:

(1) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the Person signing such instrument acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

(2) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the registration books of the Authority maintained by the Bond Registrar.

In determining whether the Registered Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Bond Resolution, Bonds owned by the Authority or DOA or any affiliate of the Authority or DOA shall be disregarded and deemed not to be Outstanding under the Bond Resolution, except that, in determining whether the Bond Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Authority knows to be so owned shall be so disregarded. For purposes of this paragraph, the word "affiliate" means any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or DOA; and for the purposes of this definition, "control" means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Bond Registrar the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Authority or DOA or any affiliate of the Authority or DOA.

**Limitation of Rights Under the Bond Resolution**

With the exception of rights expressly conferred in the Bond Resolution, nothing expressed or mentioned in or to be inferred from the Bond Resolution or the Bonds is intended or shall be construed to give any Person other than the parties to the Bond Resolution, and the Registered Owners of the Bonds, any right, remedy or claim under or with respect to the Bond Resolution, and all of the covenants, conditions and provisions of the Bond Resolution being intended to be and being for the sole and exclusive benefit of the parties to the Bond Resolution and the Registered Owners of the Bonds as provided in the Bond Resolution.

## THE PLEDGE OF REVENUES AGREEMENT

*The following is a summary of certain provisions of the Pledge Agreement. This summary does not purport to be complete, and reference is made to the full text of the Pledge Agreement for a complete recital of its terms, as well as a complete recital of the defined terms used therein.*

**Pledge of Revenues**

DOA does absolutely and unconditionally pledge the Revenues, and not any other fund or source, to the Authority, as security for the payment of the Debt Service Requirements on the Bonds set forth in an attachment to the Pledge Agreement and certain fees and expenses relating to the Bonds as described in the Pledge Agreement and the Bond Resolution. The obligations of DOA hereunder are subject to and dependent upon an appropriation of the Legislature being made to the Revenue Account or DOA (either directly or indirectly through another State agency), which may be lawfully utilized to pay for such obligation.

DOA acknowledges that the Authority intends to assign its rights, title and interest in the Pledge Agreement as part of the Trust Estate pledged pursuant to the Bond Resolution on behalf of the Registered Owners of the Bonds.

**Application of Moneys in the Project Accounts**

Moneys in the Project Accounts shall be used for the sole purpose of paying Project Costs in accordance with the provisions of the Act.

KSU agrees to cause the Project to be diligently and continuously prosecuted and to be completed with reasonable dispatch. KSU further agrees to provide or, to the extent within its power and control, to cause to be provided from the State all moneys necessary to complete the Project substantially in accordance with the Plans and Specifications.

The Authority shall cause the State Treasurer to disburse moneys on deposit in the Project Accounts from time to time to pay or as reimbursement for payment made for, Project Costs, after receipt of documentation prepared and processed in accordance with procedures established by the State for payment of costs of State projects, for which payment is being requested.

In making such payments and determinations pursuant to this section, the Authority and State Treasurer may rely upon such accompanying certificates and statements and shall not be required to make any independent investigation in connection therewith. KSU shall keep and maintain adequate records pertaining to the Project Accounts and all receipts into and disbursements therefrom, and shall make available statements of activity regarding the Project Accounts to the Authority at the end of each Fiscal Year and within 90 days after the Completion Date.

The Authority shall require KSU to deliver within 90 days after the Completion Date a certificate of completion, signed by the Authorized KSU Representative in substantially the form attached to the Tax Compliance Agreement. If after receipt of a certificate of completion, there shall remain any moneys in the Project Accounts, such moneys shall be applied in accordance with the provisions of the Bond Resolution.

Any commitment of funds of the State or KSU necessary to complete the Project shall be subject to attaining necessary State approval for expenditure of such funds.

**Appropriations Covenant**

DOA covenants and agrees that it shall, on or before September 15 of each year (or any earlier date requested by the State Director of Budget), submit a request, or cause one or more other State agencies to submit a request, as appropriate, to the State Director of Budget that the Governor's budget request to the Legislature include a request to appropriate, from any source, (1) moneys that will be deposited into the Revenue Account in amounts sufficient for the payment of Debt Service Requirements and related fees and expenses for the succeeding Fiscal Year, (2) all amounts reasonably anticipated to be required to be rebated to the United States pursuant to Section 148(f) of the Code in the succeeding Fiscal Year, and (3) all amounts necessary to reimburse the Authority for any advances and related costs and expenses incurred by the Authority pursuant to the Pledge Agreement.

DOA further covenants and agrees that, if the process for developing the State budget is modified, it shall comply with such modified process by submitting a request, or causing one or more other State agencies to submit a request, as appropriate, in the time and manner designated pursuant to such modified process, to appropriate funds as provided in the preceding paragraph.

**Transfer of Moneys to Revenue Account**

To the extent the Legislature appropriates moneys to DOA for the payment of Debt Service Requirements and related fees and expenses, DOA, in accordance with procedures established by applicable State statutes and regulations, shall transfer moneys to the Revenue Account at least 15 Business Days prior to each Payment Date in an amount sufficient to pay the Debt Service Requirements and related fees and expenses due and payable on such Payment Date. To the extent any such appropriation is made to DOA indirectly through another State agency, DOA shall instruct such agency to transfer moneys to the Revenue Account at least 15 Business Days prior to each Payment Date in an amount sufficient to pay the Debt Service Requirements and related fees and expenses due and payable on such Payment Date. KSU covenants and agrees that it shall follow any instructions received from DOA pursuant to this section

**Revenue Account**

The Revenue Account has been established pursuant to the Bond Resolution. DOA covenants that unless otherwise restricted by an appropriation act of the Legislature, all Revenues shall be deposited as received to the credit of the Revenue Account, shall be held therein and shall be accounted for separate and apart from all other funds of DOA and the State. Money so deposited in the Revenue Account shall be expended and used only in the manner and order specified in the Bond Resolution. All money in the Revenue Account shall be held as a part of the Trust Estate and applied as provided in the Bond Resolution and, pending such application, shall be subject to a prior lien and charge in favor of the Registered Owners of the Bonds and for the further security of such Registered Owners until paid out or withdrawn as provided in the Pledge Agreement.

**Application of Moneys in Funds and Accounts**

DOA covenants that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding and unpaid, it will allocate or cause to be allocated all of the moneys then held in the Funds or Accounts in the order, amounts and manner established in the Bond Resolution.

**Deficiency of Payments into Funds and Accounts**

If at any time the moneys in the Principal and Interest Account are not sufficient to pay the Debt Service Requirements on the Bonds as and when the same become due, any moneys then on deposit in the Revenue Account shall be used by the Authority and Paying Agent to prevent any default in the payment of the Debt Service Requirements in accordance with the Bond Resolution.

**Tax Covenants**

***The Authority***

The Authority specifically covenants to deposit any moneys received from DOA for payment of arbitrage rebate into the Rebate Account and to administer the same in accordance with the Bond Resolution and the Tax Compliance Agreement.

***DOA***

DOA covenants and agrees that to the extent within its power and control, (A) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the excludability from gross income for federal income tax purposes of the interest on the Series 2026L Bonds, and (B) it will not use or permit the use of any proceeds of any Series 2026L Bonds or any other funds of the Authority nor take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely affect the excludability from federal gross income of the interest on the Series 2026L Bonds. In addition, DOA will take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Series 2026L Bonds will remain excludable from federal gross income, to the extent any such actions can be taken by DOA.

DOA covenants and agrees that to the extent within its power and control, (A) it will comply with all requirements of Section 148 of the Code to the extent applicable to the Series 2026L Bonds, (B) it will use the proceeds of the Series 2026L Bonds as soon as practicable and with all reasonable dispatch for the purposes for which the Series 2026L Bonds are issued, and (C) it will not invest or directly or indirectly use or permit the use of any proceeds of the Series 2026L Bonds or any other funds of the Authority or DOA in any manner, or take or omit to take any action, that would cause the Series 2026L Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

DOA covenants and agrees that, to the extent within its power and control, it will not use or permit the use of any portion of the proceeds of the Series 2026L Bonds, including any investment earnings on such proceeds, directly or indirectly in a manner that would cause any Series 2026L Bond to be a "private activity bond" within the meaning of Section 141(a) of the Code.

DOA shall cause to be paid to the Authority, from time to time, all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Series 2026L Bonds from time to time in accordance with the Tax Compliance Agreement. This covenant shall survive payment in full or defeasance of the Series 2026L Bonds.

DOA expects to provide for the payment of the principal of and interest on the Bonds only from money appropriated by the Legislature as described in the Pledge Agreement, and no other source of payment or security is expected for the Bonds. DOA covenants and agrees that it will not use money received from any other source or pledge any other receipts, money or assets to the payment of principal of or interest on the Bonds without first notifying the Authority and requesting that the Authority obtain an opinion of Bond Counsel to the effect that the proposed arrangement will not adversely affect the excludability of interest on the Series 2026L Bonds from gross income for federal tax purposes.

DOA will not take any action or permit any action to be taken which would cause the Series 2026L Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

***KSU***

KSU covenants and agrees that to the extent within its power and control, it will not use or permit the use of any proceeds of any Series 2026L Bonds or any other funds of the Authority nor take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely affect the excludability from federal gross income of the interest on the Series 2026L Bonds.

KSU covenants and agrees that to the extent within its power and control, it will not use or permit the use of any portion of the proceeds of the Series 2026L Bonds, including any investment earnings on such proceeds, directly or indirectly in a manner that would cause any Series 2026L Bond to be a "private activity bond" within the meaning of Section 141(a) of the Code.

KSU covenants and agrees that it will promptly and accurately complete an annual compliance checklist for the Bonds. If an annual compliance checklist identifies a deficiency in compliance with the requirements of the Tax Compliance Agreement, KSU and the Authority will take the actions identified by Bond Counsel to correct any deficiency.

**General Covenants**

Each Department covenants that it is duly authorized under the Constitution and laws of the State to execute the Pledge Agreement; that all action on its part for the execution and delivery of the Pledge Agreement has been duly and effectively taken; that the Pledge Agreement and any other Transaction Documents executed and delivered by such Department in conjunction with the issuance of the Bonds are and will be valid and enforceable obligations of such Department according to the import thereof; and that such representations and covenants will be valid and enforceable obligations according to the terms of the Pledge Agreement. Each Department further covenants that it will promptly take such action as is required by the undertakings and agreements contained in the Pledge Agreement or in any Bond executed and delivered pursuant to the Bond Resolution or in any proceedings of such Department pertaining thereto. KSU also further represents and covenants that the State, and KSU are duly authorized under the Constitution and laws of the State to undertake and operate the Project in the manner described herein and in the Bond Resolution. DOA also further represents and covenants that the State and DOA are duly authorized under the Constitution and laws of the State to pledge and assign the Revenues in the manner and to the extent set forth in the Pledge Agreement. The officers, employees and agents of the Departments are authorized and directed to do all acts and things required of them by the provisions of the Pledge Agreement for the full, punctual and complete performance of all the terms, covenants, provisions and agreements contained in the Pledge Agreement.

**Covenants as to Liens**

DOA covenants that it will not create or suffer to be created any lien, encumbrance or charge upon the Revenues, as pledged under the Pledge Agreement and the Bond Resolution, except the pledge, lien and charge for the security of the Bonds.

**Contract Impairments**

DOA covenants that no contract or contracts will be entered into or any action taken by which the Revenues shall be reduced below the amount required under the Pledge Agreement or by which the rights of the Authority under the Pledge Agreement or the rights of the Registered Owners under the Bond Resolution or the Bonds might be impaired or diminished. DOA covenants that none of the Revenues will be used for any purpose other than as provided in the Pledge Agreement and the Bond Resolution, and no contract or contracts will be entered into or any action taken by it which shall be inconsistent with the provisions of the Pledge Agreement.

**Compliance With Laws, Orders and Regulations**

Each Department covenants and agrees to conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States of America and the State and duly to observe and conform to all valid orders, regulations or requirements of any Governmental Agency applicable to the conduct of its business and operations; provided, nevertheless, that nothing contained in the Pledge Agreement shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any Governmental Agency so long as the validity thereof shall be contested in good faith and such contest shall not impair the ability of DOA to generate the Revenues.

**Continuing Disclosure; Notice of Certain Material Events**

DOA agrees to provide and disseminate certain information delineated in the Disclosure Undertaking for purposes of complying with the SEC Rule, as more fully set forth in the Disclosure Undertaking.

To the extent the Authority becomes aware of any Material Event with respect to the Bonds (excluding any Material Event relating to Financial Obligations), the Authority agrees to provide notice to DOA and the Dissemination Agent (as defined in the Disclosure Undertaking), if any, in a timely manner not in excess of 5 Business Days after it obtains knowledge of such Material Event. Capitalized terms used in this section shall have the meanings given to such terms in the Disclosure Undertaking.

**Remedies Upon Default**

Upon the occurrence and during continuance of any Event of Default under the Pledge Agreement, unless the same shall have been waived as provided in the Pledge Agreement, the Authority shall have the following rights and remedies, in addition to any other remedies provided by the Pledge Agreement or by law:

(a) ***Right to Bring Suit, Etc.*** The Authority, with or without entry, personally or by attorney, may in its discretion, without notice or demand: (1) proceed to protect and enforce its rights by a suit or suits in equity or at law, whether for damages or for the specific performance of any covenant or agreement contained in the Pledge Agreement, or in aid of the execution of any power granted in the Pledge Agreement, or for any foreclosure, or for the enforcement of any other appropriate legal or equitable remedy, as the Authority shall deem effectual to protect and enforce any of its rights or duties thereunder or under the Pledge Agreement or (2) avail itself of all other rights or remedies available to it.

(b) ***Appointment of Receiver.*** The Authority shall be entitled as a matter of right if it shall so elect to enforce any right of the Authority to institute such actions or proceedings at law or in equity for the appointment of a receiver or receivers of the Revenues and all the earnings, revenues, rents, issues, profits and income thereon, with such powers as the court making such appointment shall confer.

If the Authority exercises any of its rights under this section, it shall promptly give written notice of such exercise to DOA.

Any amounts collected by the Authority pursuant to action taken under this section shall be applied in accordance with the provisions of the Bond Resolution.

**Remedies Cumulative**

No remedy conferred upon or reserved to the Authority in the Pledge Agreement is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Pledge Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission of the Authority to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by the Pledge Agreement to the Authority may be exercised from time to time and as often as may be deemed expedient by the Authority.

**Authority's Right to Perform Certain Covenants**

In the event DOA shall fail to (a) make provision for payment of the Debt Service Requirements on the Bonds, as the same shall become due and payable, (b) make provision for payment of fees and expenses when due in accordance with the Bond Resolution, or (c) pay any amount required to be rebated to the United States Government pursuant to the requirements of Section 148(f) of the Code when due, then and in each such case the Authority, with prior written notice to DOA, may remedy such default for the account of DOA and make advances for that purpose. No such performance or advance shall operate to release DOA from any such default or prejudice any rights of the Authority or the Registered Owners arising under any of the Transaction Documents in consequence of such failure.

**Failure to Comply with Continuing Disclosure Requirements**

In the event the Authority has knowledge that DOA has failed to comply in a timely manner with its covenants contained in the Pledge Agreement relating to continuing disclosure, the Authority shall provide written notice to DOA of such noncompliance. In the event that DOA does not remedy such noncompliance within 10 days of distribution of such notice, the Authority may in its discretion, but shall not be required to, without notice or demand, proceed to protect and enforce compliance by a suit or suits in equity or at law for the specific performance of such covenant or for the enforcement of any other appropriate legal or equitable remedy, as the Authority shall deem effectual to protect and enforce any of the duties of DOA with respect to continuing disclosure.

**Amendments to Pledge Agreement**

Except as otherwise provided in the Pledge Agreement or in the Bond Resolution, the Pledge Agreement may not be amended, changed or modified except by an agreement in writing executed by the Authority and the Departments, and upon the same terms and conditions as the Bond Resolution may be amended pursuant to the Bond Resolution.

## APPENDIX E

## DEBT SERVICE REQUIREMENTS FOR THE BONDS

The table below shows the principal and interest payable annually on the Bonds. For schedules of the debt service on the Bonds and other bonds payable by appropriation from the State General Fund, see the caption "INDEBTEDNESS OF THE STATE OF KANSAS—Revenue Bonds Payable from the State General Fund" in Appendix A.

| Fiscal Year Ending June 30 | Series 2026L Bonds | | Series 2026M Bonds | | Total Debt Service Requirements |
|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | |
| 2027 | $ | $ | $ | $ | $ |
| 2028 | | | | | |
| 2029 | | | | | |
| 2030 | | | | | |
| 2031 | | | | | |
| 2032 | | | | | |
| 2033 | | | | | |
| 2034 | | | | | |
| 2035 | | | | | |
| 2036 | | | | | |
| 2037 | | | | | |
| 2038 | | | | | |
| 2039 | | | | | |
| 2040 | | | | | |
| 2041 | | | | | |
| 2042 | | | | | |
| 2043 | | | | | |
| 2044 | | | | | |
| 2045 | | | | | |
| 2046 | | | | | |
| TOTAL | $ | $ | $ | $ | $ |

**APPENDIX F**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

| | |
|---|---|
| **$_____________** | **$_____________** |
| **Kansas Development Finance Authority** | **Kansas Development Finance Authority** |
| **Revenue Bonds** | **Taxable Revenue Bonds** |
| **(State of Kansas Project)** | **(State of Kansas Project)** |
| **Series 2026L** | **Series 2026M** |

**THIS CONTINUING DISCLOSURE UNDERTAKING** (this "Disclosure Undertaking"), dated as of October 1, 2026, is executed and delivered by the **STATE OF KANSAS DEPARTMENT OF ADMINISTRATION** ("DOA") in connection with the issuance of the above-referenced bonds (the "Bonds") pursuant to the hereinafter-defined Bond Resolution for the purpose of providing certain information with respect to the Bonds in order to assist the underwriters or original purchasers of the Bonds in complying with the provisions of the Rule (as hereinafter defined).

**Section 1. Definitions**. In addition to the definitions set forth in the hereinafter-defined Bond Resolution, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report described in Section 2 of this Disclosure Undertaking.

"*Authority*" means the Kansas Development Finance Authority.

"*Beneficial Owner*" means any registered owner of any Bonds and any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the Registered Owner of any Bonds for federal income tax purposes.

"*Bond Resolution*" means the Bond Resolution No. 435 adopted by the Authority on September 1, 2026, as the same may be amended from time to time.

"*Dissemination Agent*" means any entity designated in writing by DOA to serve as dissemination agent pursuant to this Disclosure Undertaking, as set forth in Section 5.

"*DOA*" means the State of Kansas Department of Administration, together with its successors and assigns.

"*EMMA*" means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB (www.emma.msrb.org).

*"Financial Obligation"* means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"*Fiscal Year*" means the one-year period commencing on July 1 of any year and ending on June 30 of the following year, and numbered for the year in which it ends, or such other date or dates as may be adopted by the State for its general accounting purposes.

"*GAAP*" means accounting principles generally accepted in the United States of America, as applied to governmental units as in effect at the time of the preparation of the Annual Report.

"*Material Events*" means any of the events listed in Section 3(a) hereof.

"*MSRB*" means the Municipal Securities Rulemaking Board or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

"*Official Statement*" means the Official Statement dated ______ __, 2026 for the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*SEC*" means the Securities and Exchange Commission of the United States.

"*State*" means the State of Kansas.

**Section 2. Provision of Annual Reports**. DOA, as an "obligated person" for purposes of the Rule, agrees to provide, or cause to be provided, to the MSRB as soon as practicable after they are available, but in no event more than 190 days after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2026, financial information and operating data with respect to the State for such Fiscal Year of the type and in substantially the format contained in the State's annual financial statements as set forth in the Annual Comprehensive Financial Report of the State of Kansas for the Fiscal Year ended June 30, 2025, incorporated by reference in the Official Statement, and financial information and operating data regarding the State in substantially the scope and form contained in each of the tables of information regarding the State in Appendix A to the Official Statement and the Kansas Public Employees Retirement System in Appendix B to the Official Statement, each updated as of the end of the prior Fiscal Year, beginning with the Fiscal Year ending June 30, 2026 (the "Annual Report"). Such information shall include actual information for such Fiscal Year but need not include revised estimates or projections for future Fiscal Years. The method of preparation and basis of accounting of the Annual Report shall be as set forth in the Annual Comprehensive Financial Report of the State of Kansas for the Fiscal Year ended June 30, 2025, incorporated by reference in Appendix A to the Official Statement or otherwise in conformance with State laws or regulations. If the financial information in the Annual Report is not prepared in accordance with GAAP, but such financial information in accordance with GAAP is available, such financial information shall also be provided in accordance with GAAP. The financial information in the Annual Report may be unaudited; provided, however, that if audited financial information is available, such audited financial information shall be provided for inclusion in the Annual Report when available. If the basis of accounting is changed to a basis less comprehensive than contained in the Official Statement, DOA shall provide, or cause to be provided, notice of such change in the same manner as for a Material Event under Section 3(b) hereof. Any or all of the Annual Report may be incorporated by reference from other documents, including official statements of debt issues with respect to the State and agencies or instrumentalities thereof that have been filed with the MSRB or the SEC and, in the case of a final official statement, that is available from the MSRB. DOA shall clearly identify each document incorporated by reference and the source from which it is available. If the Fiscal Year of the State changes, DOA shall provide, or cause to be provided, notice of such change in the same manner as for a Material Event under Section 3(b). If the Annual Report is not available and thus not filed within the time period specified in this Section 2, DOA shall send, or cause to be sent, a notice to the MSRB in substantially the form set forth in Exhibit A to this Disclosure Undertaking.

**Section 3. Reporting of Material Events**.

(a) DOA agrees that it will file, or cause to be filed, pursuant to Section 3(b) below, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the State[*];

(xiii) an event with respect to the State analogous to the consummation of a merger, consolidation or acquisition or the sale of all or substantially all of the assets of State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

[*] This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the State, any of which affect security holders, if material; or

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the State, any of which reflect financial difficulties.

(b) DOA shall file, or cause to be filed, a notice of such occurrence in a timely manner, not in excess of 10 business days after the occurrence of the event with the MSRB. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds need not be given under this Disclosure Undertaking any earlier than the notice of such redemption or defeasance is given to the Owners of affected Bonds pursuant to the Bond Resolution.

**Section 4. Filing**. Submission of material event notices, Annual Reports, or any other filing required by this Disclosure Undertaking shall be effected by sending the filing or notice to the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), in such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

**Section 5. Dissemination Agent**. DOA may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The appointment of a Dissemination Agent shall be effective upon the delivery to DOA of written acceptance of such designation. The Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to DOA. The Dissemination Agent shall, promptly upon receipt of the Annual Report or notice of the occurrence of an event described in Section 3(a), provide the Annual Report or notice, as applicable, to the MSRB and provide a report to DOA certifying the Annual Report or notice, as applicable, has been provided pursuant to this Disclosure Undertaking. The Dissemination Agent shall not be responsible in any manner for the content of the Annual Report or any notice prepared by DOA pursuant to this Disclosure Undertaking.

**Section 6. Termination of Reporting Obligation**. The obligations of DOA under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If DOA's obligations hereunder are assumed in full by some other entity, such other entity shall be responsible for compliance with this Disclosure Undertaking in the same manner as if it were the signatory hereto, and the assignor shall have no further responsibility hereunder. If such termination or assignment and assumption occurs prior to the final maturity of the Bonds, notice of such termination or assignment and assumption shall be given in the same manner as for a Material Event under Section 3(b).

**Section 7. Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Undertaking, DOA may amend this Disclosure Undertaking and any provision of this Disclosure Undertaking may be waived, provided that (a) Bond Counsel or other counsel experienced in federal securities law matters provides DOA (with a copy to the Authority) with its opinion that the undertakings contained herein, as so amended or after giving effect to such waiver, are in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Disclosure Undertaking; (b) if the amendment or waiver relates to Section 2 or 3(a), it may be made only in connection with a change in circumstances that arises from a change in law or legal requirements, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; and (c) the amendment or waiver is either (i) approved by the Registered Owners of the Bonds in the same manner as provided in the Bond Resolution for amendments of the Bond Resolution with consent of the Registered Owners or (ii) does not in the opinion of Bond Counsel (provided to DOA with a copy to the Authority) materially impair the interests of the Registered Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, such amendment or waiver shall be described in the next Annual Report, which shall include a narrative explanation of the reason for the amendment or waiver and its impact on such Annual Report. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (a) notice of such change shall be given in the same manner as for a Material Event under Section 3(b) and (b) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 8. Additional Information**. Nothing in this Disclosure Undertaking shall be deemed to prevent DOA from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Undertaking. If DOA chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Disclosure Undertaking, DOA shall not have any obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

**Section 9. Noncompliance**. In the event of a failure of DOA or the Dissemination Agent, if any, to comply with any provision of this Disclosure Undertaking, any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause DOA or the Dissemination Agent, if any, as the case may be, to comply with its obligations under this Disclosure Undertaking. Noncompliance with the provisions of this Disclosure Undertaking shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Dissemination Agent, if any, to comply with this Disclosure Undertaking shall be an action to compel performance.

**Section 10. Beneficiaries**. This Disclosure Undertaking shall inure solely to the benefit of Beneficial Owners from time to time of the Bonds and shall create no rights in any other Person.

**Section 11. Severability**. If any provision in this Disclosure Undertaking shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 12. Electronic Transactions**. The transactions described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

(Remainder of page intentionally left blank)

**Section 13. Governing Law**. This Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State and any suits and actions arising out of this Disclosure Undertaking shall be instituted in a court of competent jurisdiction in the State.

STATE OF KANSAS DEPARTMENT OF ADMINISTRATION

By ________________________________________
Secretary

**Exhibit A**
**To**
**Continuing Disclosure Undertaking**

**Notice To Repositories Of Failure To File Annual Report**

| | |
|---|---|
| Name of Issuer: | Kansas Development Finance Authority (the "Authority") |
| Name of Bond Issue: | $_____________ Kansas Development Finance Authority Revenue Bonds (State of Kansas Project), Series 2026L and $_____________ Kansas Development Finance Authority Taxable Revenue Bonds (State of Kansas Project), Series 2026M |
| Name of Obligated Person: | State of Kansas Department of Administration |
| Date of Issuance: | October __, 2026 |

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Undertaking dated as of October 1, 2026. The Obligated Person anticipates that the Annual Report will be filed by __________.

Dated _____________________

STATE OF KANSAS DEPARTMENT OF ADMINISTRATION/[DISSEMINATION AGENT]

By ________________________________________,

[THIS PAGE INTENTIONALLY LEFT BLANK]

## APPENDIX G

## FORM OF BOND COUNSEL OPINION

[Closing Date]

Kansas Development Finance Authority
Topeka, Kansas

Re: $108,395,000* Kansas Development Finance Authority Revenue Bonds (State of Kansas Project), Series 2026L ("Series 2026L Bonds")

$19,585,000* Kansas Development Finance Authority Taxable Revenue Bonds (State of Kansas Project), Series 2026M ("Series 2026M Bonds")

To the Addressees:

We have served as Bond Counsel to the Kansas Development Finance Authority (the "Authority") in connection with the issuance by the Authority of the above-captioned Series 2026L Bonds and Series 2026M Bonds (collectively, the "Bonds"). The Bonds have been authorized and issued pursuant to the Constitution and the laws of the State of Kansas, including K.S.A. 74-8901 *et seq.* and Chapter 117, Section 177(b) of the 2025 Session Laws of Kansas, all as may be amended and supplemented (collectively, the "Act"), and Bond Resolution No. 435 duly adopted by the Authority on September 1, 2026 (the "Bond Resolution"). Capitalized terms contained herein shall have the meanings ascribed thereto in the Bond Resolution.

We have examined the law and such certified proceedings, certifications and other documents as we have deemed necessary to give the opinions below.

Regarding questions of fact material to our opinion, we have relied upon representations of the Authority, the State of Kansas Department of Administration ("DOA") and Kansas State University ("KSU," together with DOA, the "Departments"), contained in the Bond Resolution, the Pledge Agreement, the Tax Compliance Agreement and other Transaction Documents and on the certified proceedings and other certifications of the Authority and the Departments furnished to us, without undertaking to verify them by independent investigation.

We have also relied upon the legal opinions in the opinion letter of the Office of Chief Counsel of DOA, counsel to DOA, regarding certain matters, including (a) the valid existence of DOA as a department of the executive branch of government of the State; (b) the power and authority of DOA to enter into and perform its obligations under the Pledge Agreement, the Disclosure Undertaking, the Tax Compliance Agreement, and the Administrative Service Fee Agreement between DOA and the Authority (collectively, the "DOA Documents"); and (c) the due authorization, execution and delivery of the DOA Documents by DOA, and the binding effect and enforceability thereof against DOA. We have further relied upon the legal opinions in the opinion letter of the Office of General Counsel of KSU, counsel to KSU, regarding certain matters, including (i) the valid existence of KSU as a state agency of the State; (ii) the power and authority

* Preliminary, subject to change.

of KSU to enter into and perform its obligations under the Pledge Agreement and the Tax Compliance Agreement (collectively, the "KSU Documents"); and (iii) the due authorization, execution and delivery of the KSU Documents by KSU, and the binding effect and enforceability thereof against KSU. We assume the accuracy of the opinions in those opinion letters and express no opinion with respect to those issues.

Based on the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, payable solely from the Trust Estate.

2. The Bonds do not constitute a debt or liability of the Authority, the State, the Departments or any political subdivision of the State within the meaning of any constitutional or statutory provision or limitation and do not constitute a pledge of the full faith and credit of the State or of any political subdivision thereof. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

3. The interest on the Series 2026L Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Authority and the Departments comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2026L Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the Departments have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause interest on the Series 2026L Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026L Bonds. The Series 2026L Bonds have *not* been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

4. The interest on the Bonds is exempt from all Kansas state, county and municipal taxes, including income and property taxes; provided, however, that no opinion is expressed with respect to the applicability of the privilege tax imposed on banking institutions pursuant to K.S.A. 79-1107 and 79-1108.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Bond Resolution, the Pledge Agreement, and the Tax Compliance Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding (a) the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds, except as may be set forth in our supplemental opinion of even date herewith, (b) the attachment, perfection or priority of the lien on the Trust Estate pledged under the Bond Resolution, or (c) the tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion letter.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Very truly yours,

## APPENDIX H

## BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants" and collectively with the Direct Participants, the "Participants"). S&P Global Ratings has assigned a rating of "AA+" to DTC. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. *So long as Cede & Co., as nominee for DTC, is the owner of the Bonds, the Authority shall treat Cede & Co. as the only owner of the Bonds for all purposes under the Bond Resolution, including receipt of all principal of, redemption premium, if any, and interest on the Bonds and receipt of notices.*

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Authority or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC. NEITHER THE AUTHORITY, DOA, THE ORIGINAL PURCHASERS NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OF ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE BOND RESOLUTION; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER. THE

BENEFICIAL OWNERS OF THE BONDS WILL RELY ON PARTICIPANTS FOR TIMELY PAYMENT AND OTHER NOTICES AND FOR OTHERWISE MAKING AVAILABLE TO THE BENEFICIAL OWNER THE RIGHTS OF A BONDOWNER. NO ASSURANCES CAN BE PROVIDED THAT, IN THE EVENT OF BANKRUPTCY OR INSOLVENCY OF DTC OR A PARTICIPANT THROUGH WHICH A BENEFICIAL OWNER HOLDS BENEFICIAL INTERESTS IN THE BONDS, PAYMENT WILL BE MADE BY DTC OR THE PARTICIPANT ON A TIMELY BASIS.

(Remainder of page intentionally left blank)

[This Page Intentionally Left Blank]

KANSAS DEVELOPMENT FINANCE AUTHORITY • REVENUE BONDS (STATE OF KANSAS PROJECT), SERIES 2026L AND TAXABLE SERIES 2026M



Printed by: ImageMaster, LLC
www.imagemaster.com