

Kansas State University Annual Financial Report

for fiscal year ended June 30, 2024



Kansas State University Manhattan, Kansas

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Kansas State University

Management's Discussion and Analysis

The following discussion and analysis provide an overview of the financial position and activities of Kansas State University (K-State) for the year ended June 30, 2024, with comparative totals for the year ended June 30, 2023. This discussion has been prepared to assist readers in understanding the accompanying financial statements and footnotes.

K-State's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The financial statements, related footnote disclosures, and discussion and analysis are the responsibility of university management and have been prepared in accordance with Governmental Accounting Standards Board (GASB) principles for public colleges and universities.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of K-State at the end of the fiscal year using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Under the accrual basis of accounting all of the current year's revenues and expenses are considered regardless of when cash is received or paid. The statement as a whole provides information about the adequacy of resources to meet current and future operating and capital needs.

Within the Statement of Net Position, assets and liabilities are further classified as current or non-current. Current assets are those that are highly liquid and available for immediate and unrestricted use by K-State, and current liabilities are those likely to be settled in the next twelve months.

Net Position is divided into three categories:

1. **Net investment in capital assets** consists of equity in property, plant, and equipment owned by K-State, net of accumulated depreciation and outstanding debt obligations related to those capital assets.
2. **Restricted net position** is further divided into two subcategories, non-expendable and expendable. The corpus of non-expendable restricted resources is available only for investment purposes. Expendable restricted net position resources are available for expenditure, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
3. **Unrestricted net position** is available to use for any lawful purpose of the institution. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of K-State's resources in this category have been designated for various academic and research programs and initiatives.

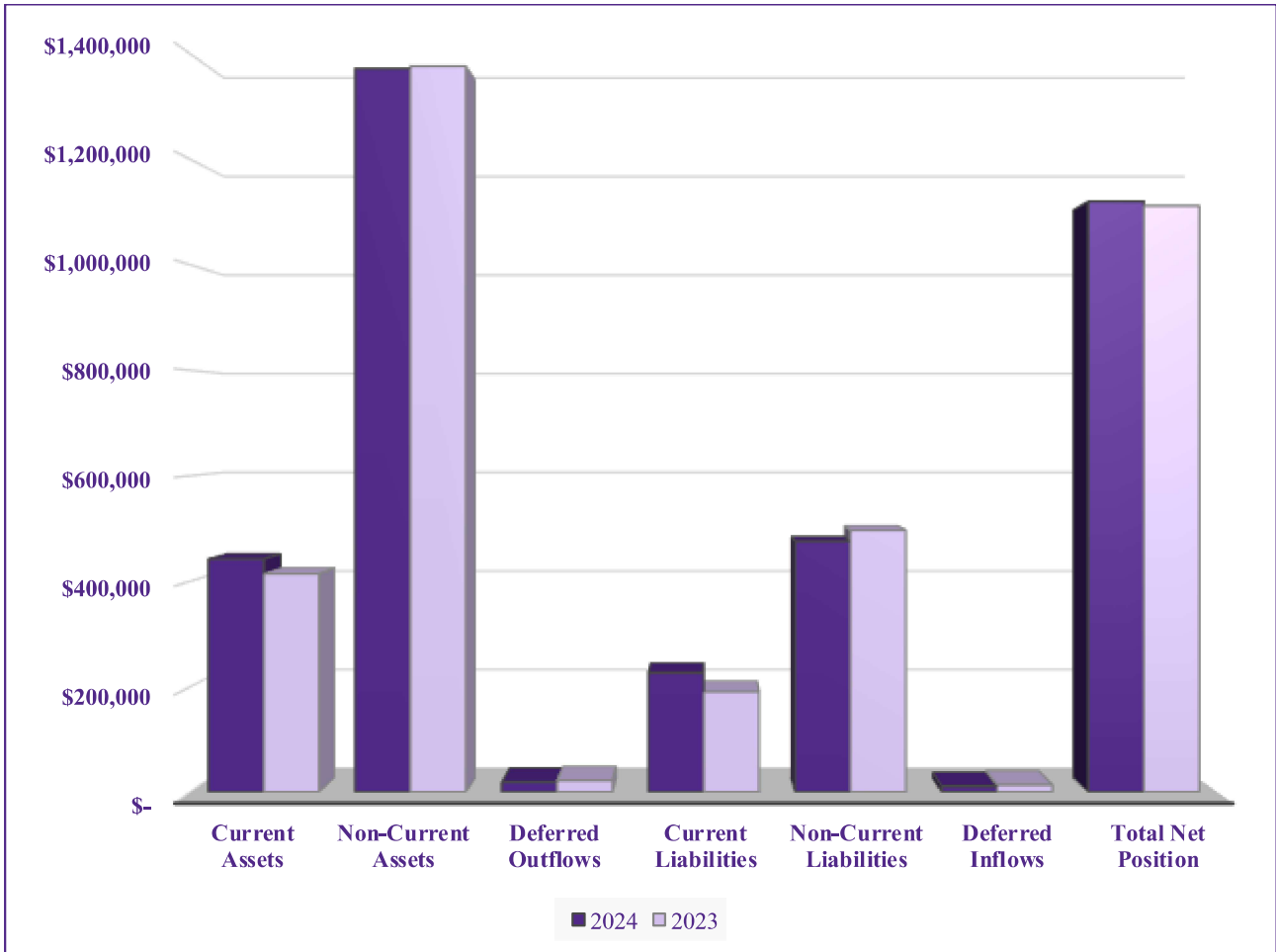
Total assets at June 30, 2024 were \$1.81 billion, compared to June 30, 2023 \$1.79 billion, an increase of 1.3%. Capital assets, net of depreciation, comprised 69.8%, or \$1.27 billion, of the total assets.

Total liabilities were \$701.7 million at June 30, 2024, compared to \$687 million at June 30, 2023, an increase of 2.1%. This increase was primarily a result of an increase in Unearned Revenue. Long-term liabilities comprised 67.8%, or \$475.6 million, of the total liabilities.

Total net position at June 30, 2024 was \$1.12 billion, compared to \$1.11 billion at June 30, 2023, an increase of 0.8%. The breakout of net position is shown below:

	June 30, 2024	June 30, 2023
Net investment in capital assets	\$ 800,588,718	\$ 776,196,078
Restricted net position	81,102,195	72,709,016
Unrestricted net position	238,797,888	263,134,478
	<u>\$1,120,488,801</u>	<u>\$1,112,039,572</u>

The composition of current and non-current assets and liabilities and net position is displayed below for fiscal year-end 2024 and 2023 (in thousands):



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the total revenues earned and expenses incurred for operating, non-operating, and other related activities during the fiscal year. The purpose of this statement is to assess K-State's operating results.

Revenues

Operating revenues at K-State as of June 30, 2024 increased by \$26.1 million, or 4.1%, to \$667.5 million compared to \$641.4 million the previous fiscal year. The following is a summary of the significant changes:

- Student fee revenues, afterscholarship allowances, were \$201.21 million in 2024, compared to \$203.96 million in 2023, a decrease of 1.3%.
- Grants and contracts revenue (federal, state and local, and non-governmental) were \$207.49 million in 2024, compared to \$193.49 million in 2023, an increase of 7%. This category includes funds received for sponsored research, teaching, and public service activities.
- Auxiliary enterprises include Housing, Athletics, Parking Services, Student Health, the Student Union and the Center for Child Development, along with a variety of other smaller services. Auxiliary revenues were \$163.9 million in 2024, compared to \$158 million in 2023, an increase of 3.7%.
- Sales and services were \$66.2 million in 2024, compared to \$52.7 million in 2023, an increase of 25.6%.
- Other operating revenues were \$17.1 million in 2024, compared to \$22.4 million in 2023, a decrease of 23.6%.

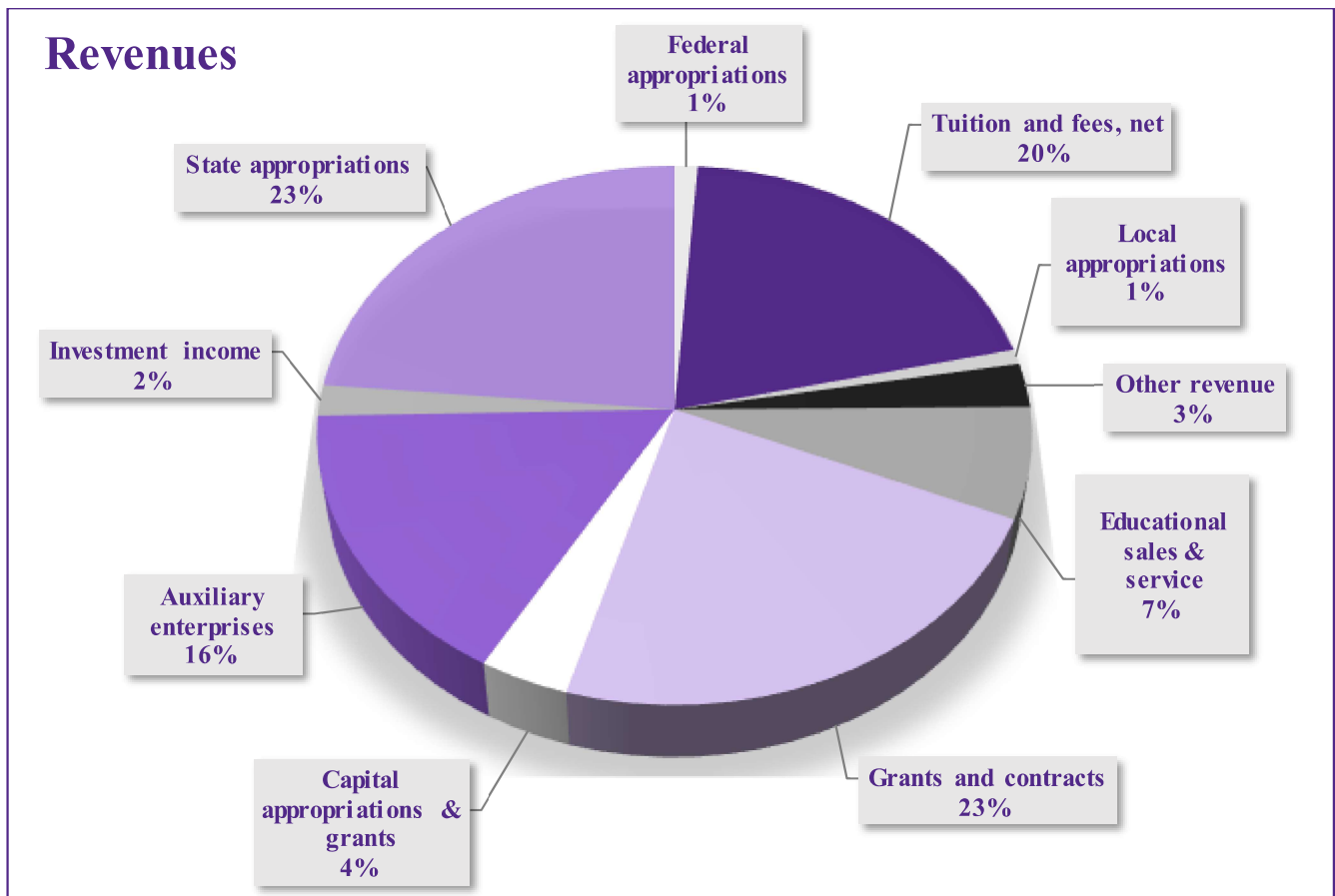
Total nonoperating revenues were up 3.6% from the prior year, going to \$295.21 million in 2024 from \$284.98 million in 2023. The following is a summary of the significant changes:

- State appropriations were \$234.4 million in 2024, compared to \$210.68 million in 2023, an increase of 11.3%.
- Local appropriations were \$8.78 million in 2024, compared to \$8.97 million in 2023, a decrease of 2.2%.
- Investment income was \$18.5 million in 2024, compared to \$8 million in 2023, an increase of 131.1%.
- Gain/Loss on disposal of assets was \$0.9 million in 2024, compared to \$10.9 million in 2023, a decrease of 108.7%.

Other revenues included the following changes and trends:

- Capital appropriations were \$14.95 million in 2024, compared to \$12.26 million in 2023, an increase of 22%.
- Capital grants and gifts were \$18.56 million in 2024, compared to \$15.03 million in 2023, an increase of 23.5%.

In summary, total revenues increased by \$42.6 million to \$996.8 million in 2024 from \$954.2 million in 2023. The composition of the total for 2024 is displayed in the following graph:



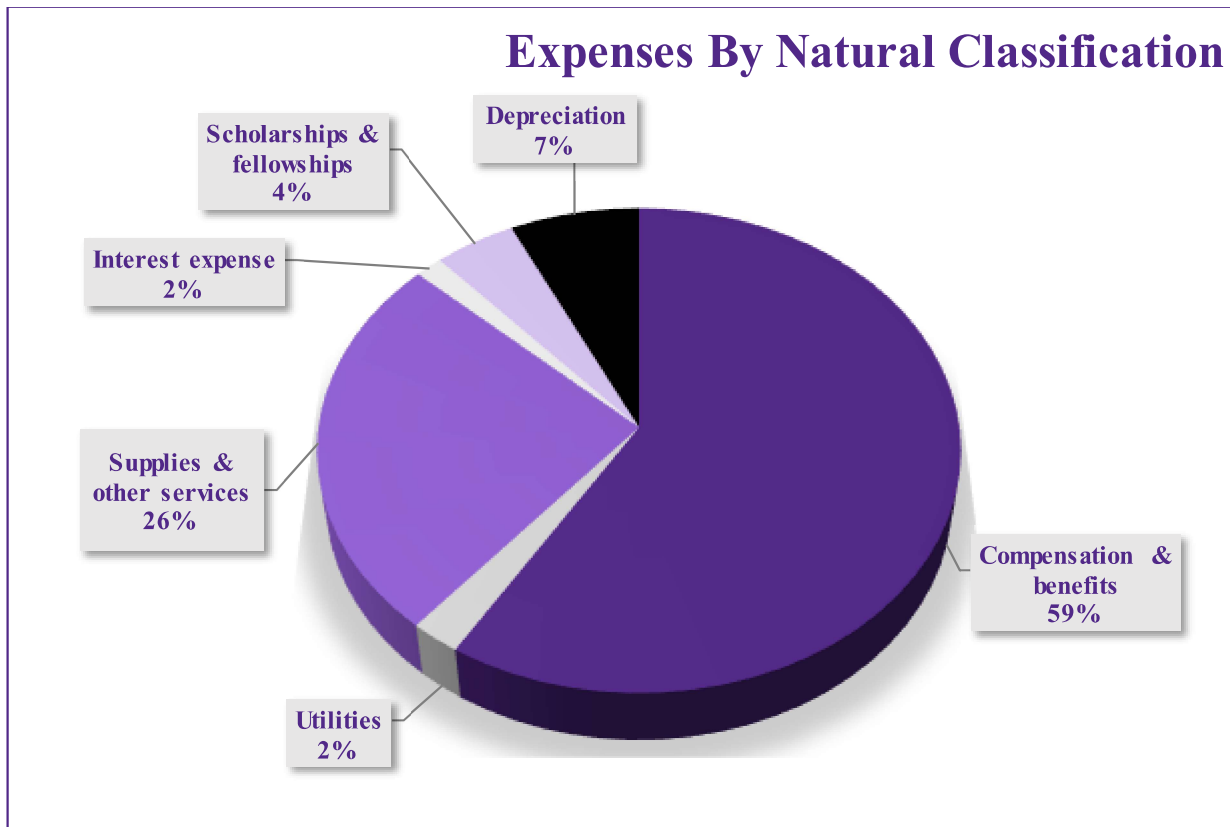
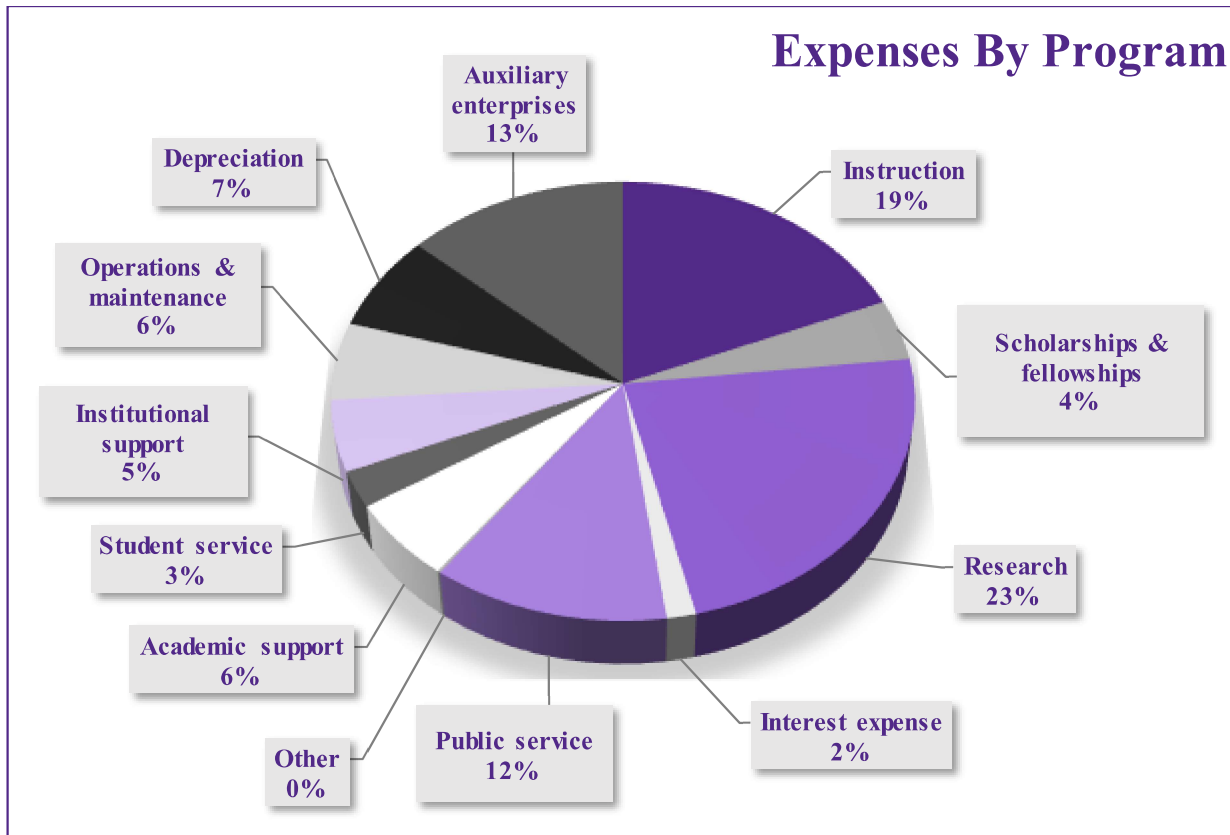
Expenses

Operating expenses were \$972.02 million for the 2024 fiscal year compared to \$877.41 million for the 2023 fiscal year. This was an increase of 10.8%. The following is a summary of the changes for 2024:

- Expenses related to K-State’s mission of instruction, research and public service were \$533.7 million in 2024, compared to \$491.6 million in 2023, an increase of 8.6%.
- Auxiliary services expenses were \$131.9 million in 2024, compared to \$110.9 million in 2023, an increase of 19%.
- Expenses related to academic support, student services, and institutional support were \$135.1 million in 2024, compared to \$111 million in 2023, an increase of 21.7%.
- Operations & maintenance of plant expenditures were \$56.7 million in 2024, compared to \$46.4 million in 2023, an increase of 22.1%.
- Depreciation expenses were \$70.2 million in 2024, compared to \$73.6 million in 2023, a decrease of 4.6%.
- Scholarship & fellowship expenses were \$44.3 million in 2024, compared to \$43.9 million in 2023, an increase of 0.9%.

Non-operating expenses, represented by interest expense and other deductions, were \$16.3 million in 2024, compared to \$14.1 million in 2023, an increase of 15.9%.

The composition of total expenses for 2024, including operating and non-operating, are displayed below:



STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents cash receipts and payments during the fiscal year. Its purpose is to assess K-State's ability to generate future net cash flows and meet its obligations as they come due.

SUMMARY OF THE STATEMENT OF CASH FLOWS (in thousands of dollars):

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Net cash provided (used) by:		
Operating activities	\$ (200,317)	\$ (173,004)
Non-capital financing/appropriations	268,694	252,110
Capital and related financing/appropriations	(69,599)	(36,965)
Investing activities	<u>20,415</u>	<u>(7,880)</u>
Net increase in cash	\$ 19,193	\$ 34,261
Beginning cash and cash equivalent balances	<u>290,937</u>	<u>256,676</u>
Ending cash and cash equivalent balances	<u>\$ 310,130</u>	<u>\$ 290,937</u>

Cash provided by operating activities includes tuition and fee and grant and contract revenues. Cash used for operating activities includes payments to employees and suppliers. Cash provided by non-capital financing/appropriations includes state and local appropriations, federal grants and contracts, and the receipts and disbursements of the federal direct student loan program and the federal Pell student aid grant program. Cash provided for capital and related financing activities represents proceeds from debt, principal and interest payments towards debt, capital appropriations and grants, and the purchase and construction of capital assets. Cash provided by investing activities includes purchases and sales of investments as well as investment income earnings and losses realized.

CAPITAL ASSETS

K-State made significant investments in capital during the 2024 fiscal year. Detailed information regarding capital asset additions, retirements & depreciation is available in Note 9 to the financial statements.

The following is a brief summary of the construction projects that were completed during the current fiscal year:

- Various deferred building maintenance projects totaling \$12.47 million
- Conversion of the old Indoor Football Practice Facility into an Athletic Indoor Track. The conversion will include upgraded lighting, paint and HVAC. The facility will feature a 200-meter, 6-lane oval permanent banked track, an 8-lane sprint straightaway, a pole vault lane, two long jump/triple jump lanes, and a four-lane warm-up straightaway. The \$10.1 million conversion project began in March 2023 and is expected to be complete December 2023.

Additionally, several construction projects were in progress or in the planning and design phase at year-end:

- A \$9.2 million renovation project is underway for the GE Johnson Department of Architectural Engineering and Construction Science within West Seaton Hall. The project includes replacing and modernizing HVAC systems, updating the building with energy efficient windows, installing a 72-seat lecture classroom, refreshing and upgrading lighting, carpet, paint throughout the department, and installing a fire sprinkler system. The renovation began in March 2023 and is expected to be complete in Fall 2024.
- The new Agronomy Research & Innovation Center will be a focal point of the new Ag Innovation Hub as part of the Edge Collaboration District. The 59,000 SF facility will replace the existing Farm Research Center and provide modern facilities for interdisciplinary research and collaboration to accelerate agronomy and agricultural systems research innovation capabilities for the College of Agriculture and the university, a focus of K-State's Pillar 3 economic prosperity initiative. The \$23 million construction project began July 2024 and is expected to be completed in April 2026.

- A \$26.6 million Animal Science Arena will feature a multispecies competition arena to support teaching, youth and extension efforts in equine and livestock sciences. The arena will include bleacher seating for 3,000, stock pens with bucking chutes and roping boxes, a covered wash area, meeting room, an open lobby featuring concessions and beverage sales and a second-floor VIP area with windows overlooking the arena and staging area. Construction began March 2024 and is expected to be completed August 2025.
- The Global Center for Grain Science and Food Innovation will foster new collaborations across the University and beyond. One-third of all space will be dedicated to interdisciplinary research and up to 10% of the space will be reserved for onsite collaboration between public resources and private enterprises. This unique structure will create high-tech space for collaborative partnerships and modernize hands-on learning experiences. The \$130.5 million project began August 2024 and be completed August 2026.
- A \$12.5 million renovation project for Call Hall will feature upgraded and accessible classrooms and learning spaces, student collaboration space, a renovated dairy processing plant and modernized research labs. The renovation is expected to begin May 2025 and is expected to be complete January 2027.
- The Weber Hall renovation project will include an updated meat lab a new learning pavilion, upgraded and accessible classrooms and learning spaces, modernized research labs and student collaboration space. The \$18 million project will commence May 2025 and is expected to be complete January 2027.
- A \$32 million project will consist of updating, construction, renovation, furnishing and equipping of the Strong Complex of residence Halls, consisting of the Van Zile, Boyd and Putnam Halls. Construction is expected to begin December 2024 and be complete Fall 2026.

DEBT ADMINISTRATION

At June 30, 2024, K-State had \$464.15 million in debt outstanding, including lines of credit and amortization, compared to \$484.73 million at June 30, 2023. Excluding lines of credit and amortization, K-State had \$400.71 million in debt outstanding at June 30, 2023 and \$430.75 at June 30, 2023. K-State paid \$33.14 million in principal payments related to all outstanding debt.

Standard & Poor's Ratings Services currently rates K-State "AA"/Stable. Moody's Investors Service currently rates K-State "Aa3". More detailed information about the long-term liabilities is available in Notes 7, 8, 10, 11, 12, 13 and 14 to the financial statements.

ECONOMIC OUTLOOK

As the university prepares for the launch of the Next-Gen K-State Strategic Plan, we are encouraged by more than a decade of commitment, progress, and success toward Kansas State University's 2025 initiative. Research awards and endowment balance were two key metrics from the 2025 initiative that have excelled in recent years. Research awards in FY25 increased for the ninth year in a row and represented K-State's highest ever total, exceeding \$225 million. The university's endowment balance, which benefits key areas for faculty, staff and students, was at \$1.019 billion at the end of FY 2025, up from \$952 million in FY 2024. The university's alumni, friends, corporate partners, students, faculty, and staff provided total gifts of \$192.7 million. Annual fundraising continues to top \$100 million, with the three-year average now reaching \$210.2 million.

Fall student headcount for the 2024-2025 academic year rose by 2.8% from the previous year with student credit hours up 3%. This marks the second year of increased student enrollment and the highest year of enrollment since 2020. This positive trend can be attributed to K-State's strategic enrollment management initiative and the continuing efforts communication campaigns, and ultimately improve enrollment yield. The university is also continuing efforts to improve and align current activities related to all facets of the student journey with K-State, from recruitment and admissions through the educational experience and post-graduation.

As state funding has declined over the years, K-State has relied more heavily on tuition revenue to support operations. This presents an even greater challenge as tuition revenue has decreased parallel to enrollment. The 2024 Kansas Legislature continued to make significant investments in higher education, restoring higher education funding to pre-pandemic levels and providing a 1.9% higher education pricing index (HEPI) adjustment to reduce university pressure to raise tuition rates for the 2023-2024 academic year. The 2024 legislature appropriated new funds for several targeted initiatives and a 2.5% state employee pay increase. Extreme inflationary pressures driving operational cost increases contributed to university leadership's decision to increase tuition rates by 2.8% for all campuses and careers effective fall 2024.

In recent years the state has made increased investments in higher education. Several high impact projects have received new state appropriations and the university is optimistic that this trend will continue for individual projects as well as overall appropriations for FY2025. While there is room for some cautious optimism, we know that our current budget pressures are not unique across state entities and that the university will not be able to depend fully on state funding to address all its emerging budgetary needs.

Management will diligently monitor the state, national, and university economic conditions as part of its financial planning to protect the long-term health of the institution. The University is not aware of any additional known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond unknown variables.

Kansas State University
Statement of Net Position
For the Year Ended June 30, 2024

	University Funds	
	2024	2023
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 269,648,778	\$ 273,895,696
Restricted cash and cash equivalents	40,480,804	17,041,026
Accounts receivable, net	108,369,021	95,563,874
Pledges receivable, net	7,103,644	6,599,090
Investments	9,345,126	11,563,267
Loans to students, net	2,234,886	2,484,527
Inventories	4,237,698	4,810,912
Prepaid expenses	509,709	1,919,534
Total Current Assets	441,929,666	413,877,926
Noncurrent Assets		
Accounts receivable, net	702,590	558,094
Pledges receivable, net	16,500,889	19,739,277
Investments	78,026,732	77,646,316
Loans to students, net	2,457,549	3,132,998
Other assets	10,463	3,846
SBITA assets, net	7,834,501	7,516,990
Right to use assets, net	708,493	880,321
Capital assets, net	1,265,921,096	1,267,285,764
Total Noncurrent Assets	1,372,162,313	1,376,763,606
Total Assets	1,814,091,979	1,790,641,532
<u>DEFERRED OUTFLOWS</u>		
Pension contributions	16,418,551	19,592,262
Asset Retirement Obligation	1,765,374	1,746,255
OPEB Death & Disability	622,051	663,410
Total Deferred Outflows of Resources	18,805,976	22,001,927
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable and accrued liabilities	58,186,712	52,966,587
Unearned revenue	79,514,864	56,807,732
Accrued compensated absences	23,253,588	18,666,210
Capital leases payable	263,219	289,087
Other loans payable	30,449,513	31,403,640
SBITA liability	3,397,983	2,842,994
Revenue bonds payable	23,837,920	20,725,635
Other liabilities	72,135	80,927
Deposits held in custody for others	6,218,235	5,459,749
Refundable advances from governmental grants	915,275	1,156,665
Total Current Liabilities	226,109,444	190,399,226
Noncurrent Liabilities		
Accrued compensated absences	4,058,099	4,422,368
Unearned revenue	6,561,074	-
Capital leases payable	432,421	595,976
Other loans payable	13,557,007	12,748,684
SBITA liability	4,443,081	4,520,950
Revenue bonds payable	387,765,279	411,603,200
Other liabilities	1,141,168	929,733
Refundable advances from governmental grants	1,607,951	2,682,835
OPEB death & disability liability	2,082,484	2,323,449
Asset retirement obligation liability	1,979,674	1,919,608
Net pension liability	51,948,878	54,875,359
Total Noncurrent Liabilities	475,577,116	496,622,162
Total Liabilities	701,686,560	687,021,388
<u>DEFERRED INFLOWS</u>		
Deferred amounts on refunding	1,578,498	1,687,102
Leases	655,786	433,102
OPEB Death & Disability	586,660	677,045
Pension contributions	7,901,650	10,785,250
Total Deferred Inflows of Resources	10,722,594	13,582,499
<u>NET POSITION</u>		
Net investment in capital assets	800,588,718	776,196,078
Restricted for:		
Nonexpendable	23,664,916	23,335,552
Expendable		
Scholarships, research, instruction, public service, & other	23,382,038	20,720,032
Loans	5,040,354	5,433,400
Capital projects	28,017,144	22,304,419
Debt service	997,743	915,613
Unrestricted	238,797,888	263,134,478
Total Net Position	\$ 1,120,488,801	\$ 1,112,039,572

Kansas State University
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024

	University Funds	
	2024	2023
Operating Revenues:		
Tuition and fees, net of scholarship allowances of \$54,803,508	\$ 201,210,720	\$ 203,961,510
Federal appropriations	11,396,744	10,362,690
Federal grants and contracts	121,628,675	118,563,588
State and local grants and contracts	32,188,488	25,134,125
Nongovernmental grants and contracts	53,670,906	49,792,227
Sales and services of educational activities	66,211,917	52,721,628
Auxiliary enterprises		
Housing revenues	48,126,811	42,197,106
Athletics revenues	101,179,718	101,745,956
Parking revenues	3,704,350	3,451,134
Student health revenues	7,343,334	7,234,911
Child care center revenues	1,236,089	988,299
Union revenues	2,275,123	2,378,446
Other auxiliary revenues	34,734	7,943
Interest earned on loans to students	164,045	374,966
Other operating revenues	17,148,217	22,444,839
Contributions	2,635	62,907
	667,522,506	641,422,275
Total Operating Revenues		
Operating Expenses:		
Instruction	184,712,349	209,091,177
Research	228,254,102	181,153,456
Public Service	120,735,150	101,336,887
Academic Support	57,396,230	50,961,267
Student Service	26,093,796	23,719,528
Institutional Support	51,641,413	36,334,523
Operations & Maintenance of Plant	56,661,930	46,405,398
Depreciation & amortization	70,204,051	73,550,760
Scholarships & Fellowships	44,308,188	43,913,511
Auxiliary Enterprises	131,908,661	110,887,731
Other Expenses	105,975	57,177
	972,021,845	877,411,415
Total Operating Expenses		
Operating Income (Loss)	(304,499,339)	(235,989,140)
Nonoperating Revenues (Expenses)		
State appropriations	234,404,056	210,683,219
Local appropriations	8,775,023	8,969,634
Federal grants and contracts	21,514,808	34,912,372
Other nonoperating revenue	8,407,135	7,798,413
Investment income	18,514,663	8,009,899
Interest expense	(14,947,937)	(13,865,565)
Gain/loss on disposal of assets	(947,863)	10,897,234
Student fees for capital projects	3,593,321	3,706,075
	279,313,206	271,111,281
Net Nonoperating Revenues		
Income (Loss) Before Other Revenues, Expenses, Gains and Losses	(25,186,133)	35,122,141
Other Revenues, Expenses, Gains and Losses		
Capital appropriations	14,950,000	12,259,000
Capital grants and gifts	18,561,136	15,033,112
Additions to permanent endowment	25,929	519,731
Other additions/deductions, net	139,244	(162,175)
Asset Retirement Obligation	(40,947)	(37,962)
	33,635,362	27,611,706
Other Revenues, Expenses, Gains and Losses		
Increase (Decrease) in Net Assets	8,449,229	62,733,847
Net Position		
Net Position -- Beginning of Year, as previously reported	1,112,039,572	1,049,305,725
Net Position -- End of Year	\$ 1,120,488,801	\$ 1,112,039,572

Kansas State University
Statement of Cash Flows
For the Year Ended June 30, 2024

	University Funds	
	2024	2023
Cash Flows from Operating Activities		
Tuition and fees	\$ 200,748,310	\$ 202,440,797
Endowment income	2,635	62,907
Sales and services of educational activities	65,387,859	52,721,628
Auxiliary enterprise charges		
Housing	48,148,123	42,197,106
Other	140,496,516	127,775,435
Grants and contracts	211,202,384	187,230,280
Federal appropriations	10,759,048	10,160,088
Payments to suppliers	(315,654,103)	(284,330,659)
Compensation & benefits	(579,206,522)	(535,646,592)
Loans issued to students and employees	486,033	1,565,169
Other receipts (payments)	17,312,262	22,819,805
	(200,317,455)	(173,004,036)
Net Cash Flows from Operating Activities		
Cash Flows from Noncapital Financing Activities		
State appropriations	229,707,867	201,409,324
Local appropriations	8,775,023	8,969,634
Federal/State student aid	21,757,199	34,606,474
Repayment of perkins funds to ED	(1,155,236)	(1,747,265)
Funds held for others	722,043	1,386,679
Nonoperating grants	8,887,797	7,484,920
	268,694,693	252,109,766
Net Cash Flows from Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	10,161,403	66,611,045
Proceeds from sale of capital assets	868,883	13,440,075
Proceeds from insurance recovery	500,000	-
Capital appropriations	11,921,564	12,259,000
Capital grants and gifts	18,561,136	15,033,112
Student fees for capital projects	3,593,321	3,706,075
Purchases of capital assets	(64,785,150)	(100,590,788)
Principal paid on capital debt and leases	(35,225,682)	(33,516,907)
Interest paid on capital debt and leases	(14,833,857)	(13,619,009)
Other	(360,756)	(287,308)
	(69,599,138)	(36,964,705)
Net Cash Flows from Capital and Related Financing Activities		
Cash Flows from Investing Activities		
Investment income	18,550,882	6,007,505
Purchase of investments	(4,661,950)	(22,606,442)
Redemption of investments	6,525,828	8,718,614
	20,414,760	(7,880,323)
Net Cash Flows from Investing Activities		
Net change in cash and cash equivalents	19,192,860	34,260,702
Cash and cash equivalents -- beginning of year	290,936,722	256,676,020
	\$ 310,129,582	\$ 290,936,722
Cash and cash equivalents -- end of year	\$ 310,129,582	\$ 290,936,722

Kansas State University
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2024

	University Funds	
	2024	2023
Reconciliation		
Operating income (loss)---SRECNP	\$ (304,499,339)	\$ (235,989,140)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	70,204,051	73,550,760
Changes in assets and liabilities:		
Accounts receivable, net	(2,733,575)	(7,779,565)
Loans to students, net	486,033	1,565,169
Inventories	566,597	154,559
Prepaid expenses	1,409,825	(1,367,581)
Accounts payable and accrued liabilities	3,683,999	(3,089,783)
Deferred revenue	29,268,206	11,765,336
Accrued compensated absences	4,223,109	(299,236)
OPEB obligations	(289,991)	(299,318)
Pension contributions	(2,636,370)	(11,215,237)
Net cash used in operating activities---Cash Flow	\$ (200,317,455)	\$ (173,004,036)

Kansas State University Foundation
Consolidated Statements of Financial Position
June 30, 2024 and 2023

Assets

	2024	2023
Cash and cash equivalents	\$ 50,029,183	\$ 51,624,121
Cash restricted for future investment	10,450,324	10,231,043
Investments	1,385,328,495	1,306,865,911
Pledges receivable – net of allowance and discounts	126,248,258	143,564,038
Receivables from estates	3,171,129	1,271,526
Property and equipment, net of accumulated depreciation; 2024 - \$6,664,966, 2023 - \$6,123,234	13,037,354	13,380,860
Golf Course property and equipment, net of accumulated depreciation; 2024 - \$6,543,737, 2023 - \$6,055,329	7,572,408	7,935,114
Notes receivable	17,459,400	10,374,000
Cash surrender value of life insurance policies	9,412,387	8,865,592
Other assets and accrued investment income	34,398,385	6,550,064
	\$ 1,657,107,323	\$ 1,560,662,269

Liabilities and Net Assets

Liabilities

Accounts payable, deposits and other liabilities	\$ 6,204,947	\$ 3,551,125
Accrued liabilities	4,562,105	8,189,719
Assets held for others	21,879,988	20,619,526
Unitrust and annuity liabilities	17,576,233	23,204,218
Long-term debt and lines of credit	94,624,651	87,252,532
	144,847,924	142,817,120

Net Assets

Net assets without donor restrictions	131,090,735	121,738,295
Net assets with donor restrictions	1,381,168,664	1,296,106,854
	1,512,259,399	1,417,845,149
	\$ 1,657,107,323	\$ 1,560,662,269

Kansas State University Foundation
Consolidated Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 5,800,204	\$ 121,262,042	\$ 127,062,246
Provision for bad debts	-	(6,360,752)	(6,360,752)
Net contribution revenue, less provision for bad debts	5,800,204	114,901,290	120,701,494
Investment return (loss), net	(8,988,903)	1,042,663	(7,946,240)
Net realized and unrealized gains on investments	22,544,124	74,681,711	97,225,835
Other support			
Operational service charges, management fees and other	22,910,835	318,102	23,228,937
Receipts for grants, research, supplies, travel and other University departmental activities and funding allotments, etc.	406,900	3,367,947	3,774,847
Actuarial gains on unitrusts and annuity obligations	-	235,748	235,748
Net assets released from restrictions and change in donor designation	109,485,651	(109,485,651)	-
Total revenues, gains and other support	152,158,811	85,061,810	237,220,621
Expenses and Support			
Direct University support			
Scholarships and other student awards	24,123,937	-	24,123,937
Academic support	17,448,442	-	17,448,442
Administrative support	68,579,533	-	68,579,533
Capital improvements	3,405,347	-	3,405,347
Subtotal	113,557,259	-	113,557,259
Management and general	12,587,689	-	12,587,689
Fundraising and development	16,661,423	-	16,661,423
Total expenses and support	142,806,371	-	142,806,371
Change in Net Assets	9,352,440	85,061,810	94,414,250
Net Assets, Beginning of Year	121,738,295	1,296,106,854	1,417,845,149
Net Assets, End of Year	\$ 131,090,735	\$ 1,381,168,664	\$ 1,512,259,399

Kansas State University Foundation
Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 6,773,183	\$ 167,392,661	\$ 174,165,844
Provision for bad debts	-	(3,533,579)	(3,533,579)
Net contribution revenue, less provision for bad debts	6,773,183	163,859,082	170,632,265
Investment loss, net	(5,124,946)	(623,148)	(5,748,094)
Net realized and unrealized gains on investments	9,251,097	4,572,529	13,823,626
Other support			
Operational service charges, management fees and other	23,305,017	(41,371)	23,263,646
Receipts for grants, research, supplies, travel and other University departmental activities and funding allotments, etc.	389,442	2,799,177	3,188,619
Actuarial losses on unitrusts and annuity obligations	-	(866,358)	(866,358)
Net assets released from restrictions and change in donor designation	98,800,921	(98,800,921)	-
Total revenues, gains and other support	133,394,714	70,898,990	204,293,704
Expenses and Support			
Direct University support			
Scholarships and other student awards	22,207,475	-	22,207,475
Academic support	17,013,342	-	17,013,342
Administrative support	54,988,321	-	54,988,321
Capital improvements	9,663,836	-	9,663,836
Subtotal	103,872,974	-	103,872,974
Management and general	12,656,753	-	12,656,753
Fundraising and development	15,250,671	-	15,250,671
Total expenses and support	131,780,398	-	131,780,398
Change in Net Assets	1,614,316	70,898,990	72,513,306
Net Assets, Beginning of Year	120,123,979	1,225,207,864	1,345,331,843
Net Assets, End of Year	\$ 121,738,295	\$ 1,296,106,854	\$ 1,417,845,149

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Kansas State University (K-State) is a comprehensive, research, federal land grant institution, governed by the Kansas Board of Regents, and is an agency of the State of Kansas. Accordingly, K-State is included in the audited comprehensive annual financial report of the State of Kansas.

K-State is currently classified as a Doctoral/Research University – Extensive under the Carnegie Classification system and is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. Undergraduate, graduate and post-graduate degrees are available from nine colleges: Agriculture, Architecture, Planning & Design, Arts & Sciences, Business Administration, Education, Engineering, Health and Human Sciences, Veterinary Medicine, and Salina Aerospace and Technology (formerly K-State Polytechnic).

Other major operating units of K-State are the Agricultural Experiment Station and the statewide Cooperative Extension Service. K-State provides teaching, research, public service and related activities in the cities of Manhattan, Salina, and Olathe, Kansas. Additional sites include 18,000 acres of the Agricultural Experiment Station located in research centers at Hays, Garden City, Colby, Tribune and Parsons, and 8,600 acres in the Konza Prairie Research Natural Area, which is jointly operated by the Agricultural Experiment Station and the Division of Biology.

Financial Reporting Entity

As required by the accounting principles generally accepted in the United States of America, and as prescribed by the Governmental Accounting Standards Board (GASB), these financial statements present the consolidated financial position and financial activities of K-State and the component units listed below. These financial statements have not been audited.

Blended Component Units

The following blended component units are legally separate entities for which the university is financially accountable:

K-State Olathe Innovation Campus, Inc. is a not-for-profit corporation under the laws for the State of Kansas. Located in Olathe, Kansas, it is a place of academic research and focuses primarily on commercially viable applied research and technology discovery in animal health, plant science, food safety and security, bioenergy, and other relevant areas. It is a Type 1 Supporting Organization of Kansas State University under section 509 (a)(3) of the Internal Revenue Code.

K-State Athletics, Inc. is a not-for-profit entity under the laws of the State of Kansas. It provides an intercollegiate athletic program for the students, faculty, alumni, guests, and visitors of Kansas State University. The primary source of revenue is derived from athletic event ticket sales, conference distributions and game guarantees. K-State Athletics, Inc. has agreed to operate as a department of the university and be subject to the regulations and administrative policies of K-State.

Kansas State University in Italy is a not-for-profit entity established under Italian law in order to carry out education programs for students of K-State in Italy with recognition of a non-taxable entity status by Italian authorities.

The K-State Union Corporation is a not-for-profit entity under the laws of the State of Kansas, formed for the purpose of providing services and maintaining facilities for the operation of a student union at K-State.

Diagnostic Services of Kansas State, Inc. is a not-for-profit corporation under the laws of the State of Kansas. Its purpose is to conduct diagnostic tests and analytical services on a national and international basis on behalf of Kansas State University in order to support and enhance the educational, research and service mission of Kansas State University.

Kansas State University Veterinary Clinical Outreach, Inc. is a not-for-profit corporation under the laws of the State of Kansas. Its purpose is to provide veterinary and clinical training operations (general practice and specialty clinic) for the College of Veterinary Medicine.

Kansas State University Research Foundation (dba Kansas State University Innovation Partners) is a not-for-profit corporation under the laws of the State of Kansas. The business and purposes of this corporation are to promote, encourage, and aid scientific investigation, research, and technology transfer at Kansas State University.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

Discrete Component Unit

The Kansas State University Foundation (the Foundation) is legally separate from K-State and based on the nature and significance of the relationship to K-State is discretely presented.

The Foundation is a not-for-profit corporation under the laws of the State of Kansas. It was organized to promote the development and welfare of Kansas State University in its educational and scientific purposes. As a private, nonprofit organization, its financial reports are prepared in accordance with Financial Accounting Standards Board (FASB) standards, including FASB Statement Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. Due to the differences between K-State and the Foundation's reporting models, the Foundation's financial statements are not included in the consolidated statements, but instead are separately presented with no modifications. A complete copy of their audited financial statements, including notes, is available on their website:

<https://www.found.ksu.edu/financials/audit/index.html>.

Basis of Accounting

For financial reporting purposes, K-State is considered a special-purpose government engaged only in business-type activities. Accordingly, K-State's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents

For the purposes of the Statement of Cash Flows, K-State considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments in equity securities, fixed income securities, and mutual funds are carried at fair value. Fair value is determined using quoted market prices.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to K-State's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories

Inventories are stated at cost.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, K-State's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if the related project cost is \$100,000 or greater. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Costs incurred during construction of long-lived assets are recorded as construction-in-progress and are not depreciated until placed in service.

Depreciation is computed using the straight-line method and half-year convention over the estimated useful lives of the assets, generally 40 years for buildings, 25 years for infrastructure and land improvements, 8 years for equipment, 5 years for vehicles, 3 years for information processing and computer systems, and 5 to 40 years for componentized buildings and building improvements.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

Works of art have been capitalized at cost at the date of acquisition or fair market value at the date of donation. These are considered inexhaustible and are not subject to depreciation. It is the intent of K-State that all art works and historical objects be held for the purpose of exhibition to the public to further education and research. If any items are sold from any collection, the proceeds from such disposition are intended to be set aside for future acquisitions for the collections.

Unearned Revenues

Unearned revenues consist primarily of summer school tuition not earned during the current year, amounts received from grant and contract sponsors that have not yet been earned, and athletic ticket sales.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded as accrued compensated absences in the Statement of Net Position, and as an expense in the Statement of Revenues, Expenses and Changes in Net Position.

Deposits Held in Custody for Others

Deposits held in custody for others consist primarily of student organizations' moneys and amounts due for various study abroad programs.

Refundable Advances from Governmental Grants

In accordance with GASB Statement 33, K-State has recognized a liability for the federal portion of its Perkins Loan portfolio that is expected to be repaid to the Department of Education. Given that the Perkins Loan Program was not renewed and the wind-down procedures for the program require that the Federal funds be returned on an annual basis for the Department of Education's portion of the cash received each year, a liability has been recognized and an allocation is made between current and noncurrent based on expected repayment requirements in accordance with the current Department of Education guidelines.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of revenue bonds and loans payable, capital lease obligations with contractual maturities greater than one year, estimated amounts for accrued compensated absences, accrued other postemployment benefits, and other liabilities that will not be paid within the next fiscal year.

Deferred Outflow/Inflows of Resources

Deferred outflows and deferred inflows result from the consumption or acquisition of net position in one period that is applicable to future periods. Deferred outflows related to debt defeasance are amortized over the remaining life of the debt refunded. Deferred outflows and deferred inflows related to the pension plan are described in more detail in Note 13. Deferred outflows and deferred inflows related to the KPERs Death and Disability benefits plan are described in more detail in Note 14.

Net Position

K-State's net position is classified as follows:

Net investment in capital assets: This component represents capital assets, net of accumulated depreciation and outstanding principal debt balances related to the acquisition, construction or improvement of those assets.

Restricted net position – non-expendable: Restricted non-expendable net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted net position – expendable: Restricted expendable net position includes resources in which K-State is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of K-State, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Tax Status

K-State is classified as exempt from federal income tax under Section 115(a) and under Section 501(a) of the Internal Revenue Code, as an organization described in Section 501(c)(3). Certain revenues generated from activities unrelated to K-State's exempt purpose may be subject to federal income tax under Internal Revenue Code Section 511(a)(2)(B).

Classification of Revenues

Revenues are classified as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as 1) student tuition and fees, net of scholarship discounts and allowances, 2) federal appropriations, 3) sales and services of auxiliary enterprises or educational activities, 4) most federal, state and local grants and contracts, and 5) interest on institutional student loans.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts, contributions, certain federal and state grants, and other revenue sources that are defined as non-operating revenues by GASB 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, such as state appropriations and investment income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by K-State and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in K-State's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, a scholarship discount and allowance has been recorded.

Pensions

K-State's proportional share of the Kansas Public Employees Retirement System (KPERS) is reported in accordance with the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Kansas State University

Notes to Financial Statements
For the Year Ended June 30, 2024

Note 2 – Deposits and Investments

A summary of deposits and investments at June 30 is as follows:

	2024	2023
Cash deposits with State Treasury	\$ 279,171,297	\$ 239,216,331
Cash deposits with financial institutions	30,958,285	51,720,391
Investments at K-State Foundation	43,554,876	43,053,507
Other investments	43,816,982	46,156,076
	<u>\$ 397,501,440</u>	<u>\$ 380,146,305</u>

A reconciliation of deposits and investments to the Statement of Net Position as of June 30 is as follows:

	2024	2023
Cash and cash equivalents (current)	\$ 269,648,778	\$ 273,895,696
Restricted cash and cash equivalents (current)	\$ 40,480,804	\$ 17,041,026
Investments (current)	\$ 9,345,126	\$ 11,563,267
Investments (non-current)	\$ 78,026,732	\$ 77,646,316
	<u>\$ 397,501,440</u>	<u>\$ 380,146,305</u>

Deposits

The total carrying amount of cash and cash equivalents on deposit with the State Treasurer and other financial institutions at June 30, 2024 was \$310,129,582. K-State's deposits with the State Treasurer are pooled with the funds of other state agencies and, with the exception of the bond funds, placed in short-term investments in accordance with statutory limitations with the exception of the bond funds. All bond proceeds are invested in conjunction with specifications stated in the bond resolutions.

State law requires K-State to deposit the majority of its cash balances with the State Treasurer, who holds and invests the funds. These investments are managed by the Pooled Money Investment Board (PMIB), which maintains a published investment policy. The exceptions to this are any funds maintained in the imprest fund, organizational safekeeping, and any funds held by external entities on behalf of K-State.

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

Deposit balances not maintained by the State Treasurer are covered by FDIC or collateralized. K-State does not have a formal deposit policy regarding custodial credit risk. However, management has evaluated the financial stability of the financial institutions involved and feels the deposit custodial credit risk is minimal.

Kansas State University

Notes to Financial Statements For the Year Ended June 30, 2024

Investments

Pooled Money Investment Board (PMIB): The investment policy of the PMIB is governed by state statutes. The primary objectives are to attain safety, liquidity, and yield. Allowable investments for state pooled monies are as follows:

- Certificates of deposit in Kansas banks, which are fully collateralized.
- Direct obligations of, or obligations that are insured as to principal and interest by, the United States of America, or any agency thereof.
- Obligations and securities of United States sponsored enterprises that under federal law may be accepted as security for public funds. Monies available for investment shall not be invested in mortgage-backed securities of such enterprises, which include the Government National Mortgage Association.
- Repurchase and reverse purchase 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.
- Loans as mandated by the Kansas Legislature limited to not more than the greater of 10 percent or \$140,000,000 of total investments.
- Certain Kansas agency bonds and SKILL or IMPACT act projects and bonds.
- Corporate bonds that have received one of the two highest credit ratings by a nationally recognized investment rating firm, not to exceed maturities of two years.
- High grade commercial paper that does not exceed 270 days to maturity and have received one of the two highest credit ratings by a nationally recognized investment rating firm.

Kansas Development Finance Authority (K DFA): For investments related to K-State's revenue bonds, state statutes permit cash balances to be invested as permitted by bond documents and bond covenants. K DFA manages K-State's revenue bond investments. Allowable investments include:

- U.S. Government obligations
- Obligations of government-sponsored agencies
- Federal funds, unsecured certificates of deposit, time deposits and banker's acceptances
- Deposits – fully insured by FDIC
- Certain state or municipal debt obligations
- Certain pre-refunded municipal obligations
- Commercial paper
- Investments in money market funds
- Repurchase agreements
- Stripped securities
- Investments in the Municipal Investment Pool Fund
- Investment agreements

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

Kansas State University Foundation (the Foundation)

The Foundation is authorized by state statute to act as the investing agent for the state agricultural university fund. Allowable investments include:

- Time deposit, open accounts for periods of not less than 30 days, or certificates of deposit for periods of not less than 90 days, in commercial banks located in Kansas.
- United States treasury bills or notes with maturities as the investing agent shall determine.
- The permanent endowment fund of the endowment association or foundation.

The Foundation is also the investing agent for K-State Athletics, Inc. The investment policies of the Foundation are governed by policies and procedures established by their Asset Management Committee, which is a committee of the Board of Directors, in collaboration with staff and consultants. The Foundation staff implements policies through: (1) the selection of investment strategies, (2) the hiring, monitoring, and changing of investment managers, and (3) rebalancing the portfolios. Investment results are monitored by the committee quarterly through manager and portfolio performance and due diligence reporting, and annually through outside auditing of the Foundation's accounts and procedures. The specific return objectives, risk parameters, and spending policies of K-State Athletics, Inc. are adopted in compliance with the Foundation's policies and procedures for endowment and investment management.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. K-State does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

PMIB minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities.

For revenue bond investments managed by K DFA, due to the tax-exempt status of the bonds, it is generally the practice of K DFA and K-State to match reserve fund interest rates to the arbitrage yield on the bonds and the term of the investments to the maturity of the bonds. For invested loan funds, K DFA generally invests to maximize the interest rate and set a term of investment based on estimated expenditures, which is generally 3-5 years.

The state agricultural university funds are invested in the Foundation's pooled endowment fund and are subject to their investment policy.

As of June 30, 2024, K-State had investments with the following maturities:

Investment Type	Investment Maturities					Undetermined Maturity Dates
	Fair Value	< 1 yr.	1-5 yrs.	6-10 yrs.	> 10 yrs.	
K-State Foundation Investment Pool	\$ 43,554,876	-	-	-	-	\$ 43,554,876
Other Long Term Investments	43,816,982	-	-	-	-	43,816,982
Grand Total	\$ 87,371,858	-	-	-	-	\$ 87,371,858

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to K-State. K-State's investments may have credit risk, since the underlying securities may include securities other than those that take the form of U.S. Treasuries or obligations explicitly guaranteed by the U.S. government. Certain investments have an underlying collateral agreement.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, K-State will not be able to recover the value of the investments that are in the possession of an outside party. K-State's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the university's name, and are held by either the counterparty or the counterparty's trust department or agent.

K-State does not have a formal investment policy that addresses custodial credit risk. However, K-State's custodial credit risk is estimated to be minimal based on the expressed investment policies of PMIB, K DFA and the Foundation.

Concentration of credit risk is the risk of loss attributed to the magnitude of K-State's investment in a single issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Information about concentrations of investments with a single issuer is not provided by the State Treasurer or PMIB and therefore K-State cannot provide this information. The financial statements of the State of Kansas provide additional information about the risk associated with the State Treasurer's and PMIB's investment portfolios.

Fair Value Measurement

GASB Statement 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities on a recurring basis recognized in the accompanying Statement of Net Position and the corresponding level within the fair value hierarchy on June 30, 2024. Information to determine the June 30, 2024, levels for investments held by the Foundation for K-State Athletics, Inc. was not available as of the date of their audit report and therefore not included in the table below.

	June 30, 2024			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market mutual funds	\$ 22,966,809	\$ 22,966,809	\$ -	\$ -
U.S. Treasury securities	9,195,865	9,195,865	-	-
Equity Securities	16,268,474	3,962,261	11,229,883	1,076,330
External investment pools	11,605,887	7,870,767	809,339	2,925,781
	<u>\$ 60,037,035</u>	<u>\$ 43,995,702</u>	<u>\$ 12,039,222</u>	<u>\$ 4,002,111</u>

Kansas State University

Notes to Financial Statements
For the Year Ended June 30, 2024

Note 3 – Accounts Receivable

Accounts Receivable are shown net of allowances for doubtful accounts in the accompanying Statement of Net Position.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Tuition and Fees	\$ 16,143,485	\$ 16,109,406
Auxiliary Enterprises	2,150,410	-
Grants and Contracts	50,101,540	48,278,143
Unspent state appropriations	25,703,706	17,979,081
Federal appropriations	1,607,688	969,992
Other	14,077,256	13,495,589
	<u>\$ 109,784,085</u>	<u>\$ 96,832,211</u>
Less: Allowance for uncollectible amounts	712,474	710,243
Net Accounts Receivable	<u>\$ 109,071,611</u>	<u>\$ 96,121,968</u>

Note 4 – Pledges Receivable

Pledges receivable are shown net of allowances for uncollectible accounts in the accompanying Statement of Net Position.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Due within one year	\$ 7,649,840	\$ 7,103,467
Due in one to five years	19,168,409	20,659,015
More than five years	1,181,238	3,010,819
	<u>\$ 27,999,487</u>	<u>\$ 30,773,301</u>
Less: Unamortized discount	3,532,076	4,030,135
Less: Allowance for uncollectible amounts	862,878	404,799
Net Pledges Receivable	<u>\$ 23,604,533</u>	<u>\$ 26,338,367</u>

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

Note 5 – Loans to Students

Student loans made through the Federal Perkins Loan Program and the Health Professions Student Loan Program comprise substantially all of the loans to students at June 30, 2024 and 2023. The programs provide for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100%, if the participant complies with certain provisions.

As K-State determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U. S. Department of Education.

Effective October 1, 2018, the United States Department of Education (U.S. ED) did not renew the Federal Perkins Loan Program. As a result, after a brief transition period, no new loans could be disbursed to students. The current guidance provided by U.S. ED stipulates that as cash is collected by the university from loans disbursed prior to October 1, 2018, such funds are to be remitted back to U.S. ED on a proportional basis (the Perkins program was originally funded by U.S. ED with a small percentage matched by the university). Given this recent guidance, K-State has determined that it is probable that U.S. ED, as the provider of the original resource, will require the return of the resources originally received under this program. At the time of the receipt, K-State recorded non-exchange revenues, and thereby, the balance of the resources provided by U.S. ED previously resided in the university's restricted net position.

Pursuant to guidance provided by GASB Statement 33 and based on K-State's estimate that the return of these resources is probable, a liability of \$2,523,226 has been recorded on the university's financial statements for the fiscal year ended June 30, 2024.

Note 6 – Leases Receivable

For the year ended June 30, 2024, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On July 1, 2021, Kansas State University entered into a 27-month lease as Lessor for the use of 3459 Denison Avenue Marlatt Tower. An initial lease receivable was recorded in the amount of \$18,392. As of June 30, 2024, the value of the lease receivable is \$0 and the value of the short-term lease receivable is \$0. The lessee is required to make monthly fixed payments of \$661. The lease has an interest rate of 0.5930%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2024 was \$0, and Kansas State University recognized lease revenue of \$2,223 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On July 1, 2021, Kansas State University entered into a 49-month lease as Lessor for the use of Sections 24&25 of Township 11 South, Range 17 West - Hays, KS. An initial lease receivable was recorded in the amount of \$35,354. As of June 30, 2024 the value of the lease receivable is \$8,884 and the value of the short-term lease receivable is \$8,884. The lessee is required to make annual fixed payments of \$8,964. The lease has an interest rate of 0.8930%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2024 was \$9,380, and Kansas State University recognized lease revenue of \$8,658 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On August 1, 2022, Kansas State University entered into a 120-month lease as Lessor for the use of CLM 5253 Vanguard Wireless -Manhattan, KS. An initial lease receivable was recorded in the amount of \$296,450. As of June 30, 2024, the value of the lease receivable is \$252,868 and the value of the short-term lease receivable is \$24,677. The lessee is required to make monthly fixed payments of \$2,500. The lease has an interest rate of 2.9270%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2024 was \$239,631, and Kansas State University recognized lease revenue of \$29,645 during the fiscal year. The lessee has 5 extension option(s), each for 60 months.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

On January 1, 2024, Kansas State University entered into a 72-month lease as Lessor for the use of CLM 6839 KSU Salina Extension Building - Salina, KS. An initial lease receivable was recorded in the amount of \$386,690. As of June 30, 2024, the value of the lease receivable is \$352,390 and the value of the short-term lease receivable is \$60,802. The lessee is required to make semi-annual fixed payments of \$34,300. The lease has an interest rate of 2.3120%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2024 was \$354,466, and Kansas State University recognized lease revenue of \$32,224 during the fiscal year. The lessee has 1 extension option(s), each for 12 months.

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 94,363	\$ 14,950	\$ 109,313
2026	88,590	12,712	101,302
2027	91,813	10,470	102,283
2028	95,153	8,141	103,294
2029	98,613	5,722	104,335
2030-2033	145,610	5,718	151,328
Total	<u>\$ 614,142</u>	<u>\$ 57,713</u>	<u>\$ 671,855</u>

Note 7 – Right-to-Use Assets/Leases Payable

For the year ended June 30, 2024, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On July 1, 2021, Kansas State University entered into a 930-month lease as Lessee for the use of CLM 426 Land 2382 NW 20th St. - Columbus, KS. An initial lease liability was recorded in the amount of \$78,871. As of June 30, 2024, the value of the lease liability is \$76,867, and the value of the short-term lease liability is \$355. Kansas State University is required to make annual fixed payments of \$2,340. The lease has an interest rate of 2.5830%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$78,871 with accumulated amortization of \$3,053 is included with Land on the Lease Class activities table found below.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

On August 10, 2021, Kansas State University entered into a 60-month lease as Lessee for the use of CLM 300 Ricoh Copiers - 26 Umberger Hall - Manhattan, KS. An initial lease liability was recorded in the amount of \$93,118. As of June 30, 2024, the value of the lease liability is \$39,334, and the value of the short-term lease liability is \$18,778. Kansas State University is required to make monthly fixed payments of \$1,591. The lease has an interest rate of 1.0030%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$93,118 with accumulated amortization of \$53,853 is included with Equipment on the Lease Class activities table found below. Kansas State University has the option to purchase the Equipment for \$1.

On July 1, 2021, Kansas State University entered into a 35-month lease as Lessee for the use of Aviation Research Center. An initial lease liability was recorded in the amount of \$147,263. As of June 30, 2024, the value of the lease liability is \$0, and the value of the short-term lease liability is \$0. Kansas State University is required to make monthly fixed payments of \$7,076. The lease has an interest rate of 0.5140%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$0 with accumulated amortization of \$0 is included with Buildings on the Lease Class activities table found below. Kansas State University has 2 extension option(s), each for 12 months. Kansas State University had a termination period of 3 months as of the lease commencement.

On July 1, 2021, Kansas State University entered into a 43-month lease as Lessee for the use of CLM 420 Land Konza Prairie Research Natural Area - Manhattan, KS. An initial lease liability was recorded in the amount of \$143,326. As of June 30, 2024, the value of the lease liability is \$36,177, and the value of the short-term lease liability is \$36,177. Kansas State University is required to make annual fixed payments of \$40,000. The lease has an interest rate of 0.8930%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$143,326 with accumulated amortization of \$118,615 is included with Land on the Lease Class activities table found below.

On July 1, 2021, Kansas State University entered into a 51-month lease as Lessee for the use of CLM 6784 Skid Steer Lease (5 components) - Manhattan, KS. An initial lease liability was recorded in the amount of \$110,473. As of June 30, 2024, the value of the lease liability is \$27,802, and the value of the short-term lease liability is \$27,802. Kansas State University is required to make annual fixed payments of \$28,050. The lease has an interest rate of 0.8930%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$110,473 with accumulated amortization of \$77,981 is included with Equipment on the Lease Class activities table found below. Kansas State University has 3 extension option(s), each for 12 months.

On July 1, 2021, Kansas State University entered into a 60-month lease as Lessee for the use of CLM 6389 KSU Communications - Pittsburgh, PA. An initial lease liability was recorded in the amount of \$23,768. As of June 30, 2024, the value of the lease liability is \$9,658, and the value of the short-term lease liability is \$4,804. Kansas State University is required to make quarterly fixed payments of \$1,222. The lease has an interest rate of 1.0590%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$23,768 with accumulated amortization of \$14,261 is included with Equipment on the Lease Class activities table found below. Kansas State University has 3 extension option(s), each for 12 months.

On July 1, 2021, Kansas State University entered into a 47-month lease as Lessee for the use of CLM 154 Xerox Color Copier Lease - Manhattan, KS. An initial lease liability was recorded in the amount of \$20,288. As of June 30, 2024, the value of the lease liability is \$4,809, and the value of the short-term lease liability is \$4,809. Kansas State University is required to make monthly fixed payments of \$439. The lease has an interest rate of 0.8930%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$20,288 with accumulated amortization of \$15,496 is included with Equipment on the Lease Class activities table found below.

On October 1, 2022, Kansas State University entered into a 60-month lease as Lessee for the use of CLM 5501 Facility Office Area - Stockton, KS. An initial lease liability was recorded in the amount of \$32,955. As of June 30, 2024, the value of the lease liability is \$21,974, and the value of the short-term lease liability is \$6,512. Kansas State University is required to make monthly fixed payments of \$595. The lease has an interest rate of 3.3050%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$32,955 with accumulated amortization of \$11,534 is included with Buildings on the Lease Class activities table found below.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

On September 1, 2022, Kansas State University entered into a 24-month lease as Lessee for the use of CLM 428 Office 600 W. Woodside 09-01-2022 - McPherson, KS. An initial lease liability was recorded in the amount of \$13,069. As of June 30, 2024, the value of the lease liability is \$0, and the value of the short-term lease liability is \$0. Kansas State University is required to make annual fixed payments of \$6,600. The lease has an interest rate of 2.0240%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$13,069 with accumulated amortization of \$11,980 is included with Buildings on the Lease Class activities table found below.

On February 1, 2023, Kansas State University entered into a 51-month lease as Lessee for the use of CLM 436 Office Space 120 N Main Street Copy - Wakeeney, KS. An initial lease liability was recorded in the amount of \$14,513. As of June 30, 2024, the value of the lease liability is \$9,514, and the value of the short-term lease liability is \$3,379. Kansas State University is required to make quarterly fixed payments of \$900. The lease has an interest rate of 2.6760%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$14,513 with accumulated amortization of \$4,838 is included with Buildings on the Lease Class activities table found below. Kansas State University has 1 extension option(s), each for 24 months.

On September 25, 2022, Kansas State University entered into a 60-month lease as Lessee for the use of 2nd Floor of Monica Hall Bldg Copy. An initial lease liability was recorded in the amount of \$35,253. As of June 30, 2024, the value of the lease liability is \$23,948, and the value of the short-term lease liability is \$6,928. Kansas State University is required to make monthly fixed payments of \$587. The lease has an interest rate of 2.3660%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$35,253 with accumulated amortization of \$12,456 is included with Buildings on the Lease Class activities table found below.

On November 1, 2023, Kansas State University entered into a 24-month lease as Lessee for the use of CLM 6719 Research Field Site Housing - Lindsborg, KS. An initial lease liability was recorded in the amount of \$32,994. As of June 30, 2024, the value of the lease liability is \$16,194, and the value of the short-term lease liability is \$16,194. Kansas State University is required to make annual fixed payments of \$16,800. The lease has an interest rate of 3.7420%. The buildings estimated useful life was 24 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$32,994 with accumulated amortization of \$10,998 is included with Buildings on the Lease Class activities table found below.

On November 1, 2023, Kansas State University entered into a 24-month lease as Lessee for the use of CLM 6753 Research Housing - Hays, KS. An initial lease liability was recorded in the amount of \$37,608. As of June 30, 2024, the value of the lease liability is \$15,423, and the value of the short-term lease liability is \$15,423. Kansas State University is required to make annual fixed payments of \$3,200. The lease has an interest rate of 3.7420%. The buildings estimated useful life was 24 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$37,608 with accumulated amortization of \$12,536 is included with Buildings on the Lease Class activities table found below.

On November 1, 2023, Kansas State University entered into a 24-month lease as Lessee for the use of CLM 6760 Research Housing - Americus, KS. An initial lease liability was recorded in the amount of \$34,015. As of June 30, 2024, the value of the lease liability is \$16,695, and the value of the short-term lease liability is \$16,695. Kansas State University is required to make annual fixed payments of \$17,320. The lease has an interest rate of 3.7420%. The buildings estimated useful life was 24 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$34,015 with accumulated amortization of \$11,338 is included with Buildings on the Lease Class activities table found below.

On October 1, 2023, Kansas State University entered into a 36-month lease as Lessee for the use of CLM 6761 Office Space - Pittsburg, KS. An initial lease liability was recorded in the amount of \$36,932. As of June 30, 2024 the value of the lease liability is \$28,270, and the value of the short-term lease liability is \$12,055. Kansas State University is required to make monthly fixed payments of \$1,050. The lease has an interest rate of 3.6310%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$36,932 with accumulated amortization of \$9,233 is included with Buildings on the Lease Class activities table found below.

Kansas State University

Notes to Financial Statements For the Year Ended June 30, 2024

On October 1, 2023, Kansas State University entered into a 60-month lease as Lessee for the use of CLM 6413 Geary County Annex Building - Junction City, KS. An initial lease liability was recorded in the amount of \$8,410. As of June 30, 2024, the value of the lease liability is \$6,610, and the value of the short-term lease liability is \$1,568. Kansas State University is required to make annual fixed payments of \$1,800. The lease has an interest rate of 3.5110%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024, of \$8,410 with accumulated amortization of \$1,261 is included with Buildings on the Lease Class activities table found below.

Right-to-Use asset activity for the year ended June 30, 2024 is summarized as follows:

Leased Buildings and Improvements	\$	327,767	\$	149,959	\$	232,009	\$	245,717
Leased Equipment and Furnishings		247,647		-		-		247,647
Leased Land		222,198		-		-		222,198
<hr/>								
Total Right-to-Use Assets	\$	797,612	\$	149,959	\$	232,009	\$	715,562
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Less: Accumulated Depreciation								
Leased Buildings and Improvements	\$	171,549	\$	146,636	\$	232,009	\$	86,176
Leased Equipment and Furnishings		107,055		54,537		-		161,592
Leased Land		81,112		40,556		-		121,668
<hr/>								
Total Depreciation	\$	359,716	\$	241,729	\$	232,009	\$	369,436
<hr/>								
Right-to-Use Assets, net	\$	437,896	\$	(91,770)	\$	-	\$	346,126
<hr/>								
K-State Athletics, Inc.								127,655
K-State Veterinary Clinical Outreach, Inc.								234,711
							<u>\$</u>	<u>708,492</u>

Kansas State University

Notes to Financial Statements
For the Year Ended June 30, 2024

Leases Payable Maturity Schedule:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 171,478	\$ 7,180	\$ 178,658
2026	56,221	3,545	59,766
2027	24,310	2,475	26,785
2028	5,872	2,036	7,908
2029	393	1,947	2,340
2030-2034	2,120	9,580	11,700
2035-2039	2,409	9,291	11,700
2040-2044	2,736	8,964	11,700
2045-2049	3,108	8,592	11,700
2050-2054	3,531	8,169	11,700
2055 - 2059	4,011	7,689	11,700
2060 - 2064	4,557	7,143	11,700
2065 - 2069	5,177	6,523	11,700
2070 - 2074	5,881	5,819	11,700
2075 - 2079	6,681	5,020	11,700
2080 - 2084	7,589	4,111	11,700
2085 - 2089	8,621	3,079	11,700
2090 - 2094	9,794	1,906	11,700
2095 - 2099	8,785	575	9,360

Note 8 – Subscription-Based Information Technology Arrangements (SBITA)

For the year ended June 30, 2024, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On July 1, 2022, Kansas State University, KS entered into a 42-month subscription for the use of CLM 198 Medical Practice Software. An initial subscription liability was recorded in the amount of \$367,793. As of June 30, 2024, the value of the subscription liability is \$123,974, and the value of the short-term subscription liability is \$123,974. Kansas State University, KS is required to make annual fixed payments of \$126,801. The subscription has an interest rate of 2.2800%. The value of the right to use asset as of June 30, 2024 of \$386,293 with accumulated amortization of \$220,739 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Kansas State University, KS entered into a 42-month subscription for the use of CLM 200 HCS management solution Software. An initial subscription liability was recorded in the amount of \$167,721. As of June 30, 2024, the value of the subscription liability is \$88,525, and the value of the short-term subscription liability is \$42,659. Kansas State University, KS is required to make annual fixed payments of \$40,524. The subscription has an interest rate of 2.2800%. The value of the right to use asset as of June 30, 2024 of \$170,221 with accumulated amortization of \$97,269 is included with Software on the Subscription Class activities table found below.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

On July 1, 2022, Kansas State University, KS entered into a 19-month subscription for the use of CLM 204 Windows & Office Software. An initial subscription liability was recorded in the amount of \$576,688. As of June 30, 2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Kansas State University, KS is required to make annual fixed payments of \$583,483. The subscription has an interest rate of 2.0200%. The value of the right to use asset as of June 30, 2024 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Kansas State University, KS entered into a 23-month subscription for the use of CLM 255 Guardicore Data Center Workload Security Software. An initial subscription liability was recorded in the amount of \$95,033. As of June 30, 2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Kansas State University, KS is required to make annual fixed payments of \$96,863. The subscription has an interest rate of 2.0200%. The value of the right to use asset as of June 30, 2024 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Kansas State University, KS entered into a 50-month subscription for the use of CLM 256 Student Organization Management Software. An initial subscription liability was recorded in the amount of \$135,808. As of June 30, 2024, the value of the subscription liability is \$68,145, and the value of the short-term subscription liability is \$33,688. Kansas State University, KS is required to make annual fixed payments of \$35,242. The subscription has an interest rate of 2.2800%. The value of the right to use asset as of June 30, 2024 of \$145,179 with accumulated amortization of \$69,686 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Kansas State University, KS entered into a 54-month subscription for the use of CLM 296 IT Service Management Software. An initial subscription liability was recorded in the amount of \$561,825. As of June 30, 2024, the value of the subscription liability is \$294,904, and the value of the short-term subscription liability is \$143,494. Kansas State University, KS is required to make annual fixed payments of \$141,845. The subscription has an interest rate of 2.3700%. The value of the right to use asset as of June 30, 2024 of \$561,825 with accumulated amortization of \$249,700 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Kansas State University, KS entered into a 51-month subscription for the use of CLM 329 SoftDocs Workflow Platform. An initial subscription liability was recorded in the amount of \$351,489. As of June 30, 2024, the value of the subscription liability is \$182,262, and the value of the short-term subscription liability is \$88,726. Kansas State University, KS is required to make annual fixed payments of \$87,550. The subscription has an interest rate of 2.2800%. The value of the right to use asset as of June 30, 2024 of \$351,489 with accumulated amortization of \$163,378 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Kansas State University, KS entered into a 24-month subscription for the use of CLM 499 Enterprise-Wide Customer Relationship Management System. An initial subscription liability was recorded in the amount of \$194,634. As of June 30, 2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Kansas State University, KS is required to make annual fixed payments of \$98,290. The subscription has an interest rate of 2.0200%. The value of the right to use asset as of June 30, 2024 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Kansas State University, KS entered into a 24-month subscription for the use of CLM 500 TargetX Customer Relationship Software. An initial subscription liability was recorded in the amount of \$188,386. As of June 30, 2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Kansas State University, KS is required to make annual fixed payments of \$95,135. The subscription has an interest rate of 2.0200%. The value of the right to use asset as of June 30, 2024 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Kansas State University, KS entered into a 25-month subscription for the use of CLM 522 523 Application Integration Software. An initial subscription liability was recorded in the amount of \$130,058. As of June 30, 2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Kansas State University, KS is required to make annual fixed payments of \$65,790. The subscription has an interest rate of 2.0200%.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

The value of the right to use asset as of June 30, 2024 of \$130,058 with accumulated amortization of \$124,856 is included with Software on the Subscription Class activities table found below.

On August 12, 2022, Kansas State University, KS entered into a 36-month subscription for the use of CLM 5084 Mental Health Platform. An initial subscription liability was recorded in the amount of \$445,636. As of June 30, 2024, the value of the subscription liability is \$148,522, and the value of the short-term subscription liability is \$148,522. Kansas State University, KS is required to make annual fixed payments of \$151,760. The subscription has an interest rate of 2.1800%. The value of the right to use asset as of June 30, 2024 of \$445,636 with accumulated amortization of \$280,173 is included with Software on the Subscription Class activities table found below. Kansas State University, KS has 2 extension option(s), each for 12 months.

On July 1, 2022, Kansas State University, KS entered into a 36-month subscription for the use of CLM 5108 Student Financial Platform. An initial subscription liability was recorded in the amount of \$382,641. As of June 30, 2024, the value of the subscription liability is \$135,154, and the value of the short-term subscription liability is \$135,154. Kansas State University, KS is required to make annual fixed payments of \$122,900. The subscription has an interest rate of 2.1800%. The value of the right to use asset as of June 30, 2024 of \$391,241 with accumulated amortization of \$260,828 is included with Software on the Subscription Class activities table found below. Kansas State University, KS has 2 extension option(s), each for 12 months.

On July 1, 2022, Kansas State University, KS entered into a 60-month subscription for the use of CLM 5401 Canvas LMS Software. An initial subscription liability was recorded in the amount of \$1,133,256. As of June 30, 2024, the value of the subscription liability is \$694,893, and the value of the short-term subscription liability is \$219,258. Kansas State University, KS is required to make annual fixed payments of \$228,772. The subscription has an interest rate of 2.3700%. The value of the right to use asset as of June 30, 2024 of \$1,133,256 with accumulated amortization of \$453,302 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Kansas State University, KS entered into a 31-month subscription for the use of CLM 5113 Cobblestone Software. An initial subscription liability was recorded in the amount of \$242,227. As of June 30, 2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Kansas State University, KS is required to make annual fixed payments of \$124,020. The subscription has an interest rate of 2.1800%. The value of the right to use asset as of June 30, 2024 of \$242,227 with accumulated amortization of \$186,328 is included with Software on the Subscription Class activities table found below.

On December 1, 2022, Kansas State University, KS entered into a 36-month subscription for the use of CLM 5255 OMNI CMS License. An initial subscription liability was recorded in the amount of \$135,781. As of June 30, 2024, the value of the subscription liability is \$47,032, and the value of the short-term subscription liability is \$47,032. Kansas State University, KS is required to make annual fixed payments of \$44,971. The subscription has an interest rate of 3.2400%. The value of the right to use asset as of June 30, 2024 of \$135,781 with accumulated amortization of \$71,662 is included with Software on the Subscription Class activities table found below.

On September 16, 2022, Kansas State University, KS entered into a 36-month subscription for the use of CLM 5333 Othot Enrollment Suite Software. An initial subscription liability was recorded in the amount of \$146,823. As of June 30, 2024, the value of the subscription liability is \$48,933, and the value of the short-term subscription liability is \$48,933. Kansas State University, KS is required to make annual fixed payments of \$50,000. The subscription has an interest rate of 2.1800%. The value of the right to use asset as of June 30, 2024 of \$171,823 with accumulated amortization of \$102,616 is included with Software on the Subscription Class activities table found below. Kansas State University, KS has 1 extension option(s), each for 36 months.

On July 1, 2022, Kansas State University, KS entered into a 36-month subscription for the use of CLM 5376 Cloud Based Digital Signage Software. An initial subscription liability was recorded in the amount of \$126,074. As of June 30, 2024, the value of the subscription liability is \$42,018, and the value of the short-term subscription liability is \$42,018. Kansas State University, KS is required to make annual fixed payments of \$42,934. The subscription has an interest rate of 2.1800%. The value of the right to use asset as of June 30, 2024 of \$129,008 with accumulated amortization of \$86,005 is included with Software on the Subscription Class activities table found below.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

On July 1, 2022, Kansas State University, KS entered into a 43-month subscription for the use of CLM 5404 Qualtrics Cloud Service Research Suite License. An initial subscription liability was recorded in the amount of \$216,699. As of June 30, 2024, the value of the subscription liability is \$83,105, and the value of the short-term subscription liability is \$83,105. Kansas State University, KS is required to make annual fixed payments of \$65,000. The subscription has an interest rate of 2.2800%. The value of the right to use asset as of June 30, 2024 of \$216,699 with accumulated amortization of \$120,948 is included with Software on the Subscription Class activities table found below.

On August 15, 2022, Kansas State University, KS entered into a 36-month subscription for the use of CLM 5633 Sierra Cedar Cloud Managed Services. An initial subscription liability was recorded in the amount of \$709,822. As of June 30, 2024, the value of the subscription liability is \$261,216, and the value of the short-term subscription liability is \$240,903. Kansas State University, KS is required to make monthly fixed payments of \$20,350. The subscription has an interest rate of 2.1800%. The value of the right to use asset as of June 30, 2024 of \$709,822 with accumulated amortization of \$444,296 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Kansas State University, KS entered into a 37-month subscription for the use of CLM 269 Oracle. An initial subscription liability was recorded in the amount of \$4,408,791. As of June 30, 2024, the value of the subscription liability is \$2,203,881, and the value of the short-term subscription liability is \$1,090,037. Kansas State University, KS is required to make annual fixed payments of \$1,138,170. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of June 30, 2024 of \$4,408,791 with accumulated amortization of \$2,859,756 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, Kansas State University, KS entered into a 36-month subscription for the use of CLM 304 Cayuse. An initial subscription liability was recorded in the amount of \$242,819. As of June 30, 2024, the value of the subscription liability is \$98,386, and the value of the short-term subscription liability is \$98,386. Kansas State University, KS is required to make semi-annual fixed payments of \$37,500. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of June 30, 2024 of \$267,819 with accumulated amortization of \$178,546 is included with Software on the Subscription Class activities table found below.

On July 1, 2023, Kansas State University, KS entered into a 36-month subscription for the use of CLM 560 (5239) Payment Processing Administration (Cashnet) and Installment Payment Plan . An initial subscription liability was recorded in the amount of \$280,834. As of June 30, 2024, the value of the subscription liability is \$189,986, and the value of the short-term subscription liability is \$90,787. Kansas State University, KS is required to make annual fixed payments of \$90,848. The subscription has an interest rate of 2.9010%. The value of the right to use asset as of June 30, 2024 of \$280,834 with accumulated amortization of \$93,611 is included with Software on the Subscription Class activities table found below.

On April 1, 2024, Kansas State University, KS entered into a 60-month subscription for the use of CLM 240 Study Abroad Software . An initial subscription liability was recorded in the amount of \$100,045. As of June 30, 2024, the value of the subscription liability is \$80,686, and the value of the short-term subscription liability is \$18,269. Kansas State University, KS is required to make annual fixed payments of \$19,359. The subscription has an interest rate of 2.3120%. The value of the right to use asset as of June 30, 2024 of \$100,045 with accumulated amortization of \$5,002 is included with Software on the Subscription Class activities table found below.

On February 24, 2024, Kansas State University, KS entered into a 36-month subscription for the use of CLM 203 Tenable security management services - SHI International Corp.. An initial subscription liability was recorded in the amount of \$124,280. As of June 30, 2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Kansas State University, KS is required to make annual fixed payments of \$124,280. The subscription has an interest rate of 2.4260%. The value of the right to use asset as of June 30, 2024 of \$124,280 with accumulated amortization of \$14,614 is included with Software on the Subscription Class activities table found below.

On February 1, 2024, Kansas State University, KS entered into a 72-month subscription for the use of CLM 6832 Microsoft 3-Year Campus EES . An initial subscription liability was recorded in the amount of \$3,216,773. As of June 30, 2024, the value of the subscription liability is \$2,649,509, and the value of the short-term subscription liability is \$505,929. Kansas State University, KS is required to make annual fixed payments of \$567,265. The subscription has an interest rate of 2.3150%. The value of the right to use asset as of June 30, 2024 of \$3,216,773 with accumulated amortization of \$223,387 is included with Software on the Subscription Class activities table found below.

Kansas State University

Notes to Financial Statements For the Year Ended June 30, 2024

On July 30, 2023, Kansas State University, KS entered into a 36-month subscription for the use of CLM 6402 Adobe Enterprise License SHI. An initial subscription liability was recorded in the amount of \$608,644. As of June 30, 2024, the value of the subscription liability is \$399,934, and the value of the short-term subscription liability is \$197,108. Kansas State University, KS is required to make annual fixed payments of \$208,710. The subscription has an interest rate of 2.9010%. The value of the right to use asset as of June 30, 2024 of \$608,644 with accumulated amortization of \$186,538 is included with Software on the Subscription Class activities table found below.

Software as a Service	\$ 11,085,136	\$ 4,330,578	\$ 1,087,970	\$ 14,327,744
Total SBITA Right-to-Use Assets	\$ 11,085,136	\$ 4,330,578	\$ 1,087,970	\$ 14,327,744
Less: Amortization				
Software as a Service	\$ 3,568,146	\$ 4,013,064	\$ 1,087,967	\$ 6,493,243
Total Depreciation	\$ 3,568,146	\$ 4,013,064	\$ 1,087,967	\$ 6,493,243
SBITA Right-to-Use Assets, net	\$ 7,516,990	\$ 317,514	\$ 3	\$ 7,834,501

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,397,983	\$ 178,957	\$ 3,576,940
2026	2,529,996	103,017	2,633,013
2027	794,634	44,421	839,055
2028	564,021	25,891	589,913
2029	554,429.70	12,835.05	567,265

Kansas State University

Notes to Financial Statements
For the Year Ended June 30, 2024

Note 9 – Capital Assets

Capital asset activity for the year ended June 30, 2024 is summarized as follows:

Land and Improvements	\$ 13,525,437	\$ 2,989,849	\$ 30,000	\$ 16,485,286
Art Collections	3,198,298	11,413	-	3,209,711
Construction in Progress	27,252,018	37,156,341	22,955,236	41,453,123
Buildings & Improvements	1,669,674,002	33,558,360	3,161,050	1,700,071,312
Land Improvements	40,308,506	794,690	-	41,103,196
Infrastructure	90,689,798	-	52,339	90,637,459
Equipment and Furnishings	219,998,637	13,188,036	17,186,604	216,000,069
Vehicles	35,790,348	3,100,878	2,704,233	36,186,992
Intangibles	10,957,723	52,546	1,240,771	9,769,498
IT Info Processing Equipment	6,072,179	12,300	204,653	5,879,826

Total Capital Assets	\$ 2,117,466,946	\$ 90,864,413	\$ 47,534,886	\$ 2,160,796,472
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Less: Accumulated Depreciation

Building & Improvements	\$ 628,704,321	\$ 42,916,979	\$ 3,161,050	\$ 668,460,250
Land Improvements	23,151,194	1,199,620	-	24,350,815
Infrastructure	34,562,413	3,448,520	20,936	37,989,997
Equipment and Furnishings	174,807,445	10,162,798	15,572,026	169,398,217
Vehicles	24,209,739	3,229,815	2,586,233	24,853,321
Intangibles	9,887,350	498,955	1,218,881	9,167,424
IT Info Processing Equipment	6,067,532	6,697	204,653	5,869,576

Total Depreciation	\$ 901,389,994	\$ 61,463,385	\$ 22,763,779	\$ 940,089,600
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Capital Assets, net	\$ 1,216,076,951	\$ 29,401,028	\$ 24,771,107	\$ 1,220,706,872
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K-State Olathe Innovation Campus, Inc.	25,738,217
K-State Athletics, Inc.	14,890,295
K-State Union Corporation	3,166,398
K-State Veterinary Clinical Outreach, Inc	1,415,689
Kansas State University Research Foundation	3,625
	<u>\$ 1,265,921,096</u>

Kansas State University

Notes to Financial Statements For the Year Ended June 30, 2024

Capital asset activity for the year ended June 30, 2023 is summarized as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Land and Improvements	\$ 13,554,280	\$ -	\$ 28,843	\$ 13,525,437
Art Collections	3,191,855	6,443	-	3,198,298
Construction in Progress	32,545,410	22,385,071	27,678,463	27,252,018
Buildings & Improvements	1,576,192,400	94,076,259	594,657	1,669,674,002
Land Improvements	40,043,648	272,208	7,350	40,308,506
Infrastructure	90,476,010	213,788	-	90,689,798
Equipment and Furnishings	223,209,178	7,798,651	11,009,192	219,998,637
Vehicles	32,016,287	4,427,685	653,624	35,790,348
Intangibles	11,920,811	166,229	1,129,317	10,957,723
IT Info Processing Equipment	6,144,274	-	72,095	6,072,179
Total Capital Assets	\$ 2,029,294,153	\$ 129,346,334	\$ 41,173,541	\$ 2,117,466,946
Less: Accumulated Depreciation				
Building & Improvements	\$ 587,638,684	\$ 41,442,761	\$ 377,124	\$ 628,704,321
Land Improvements	21,955,351	1,203,193	7,350	23,151,194
Infrastructure	31,101,183	3,461,230	-	34,562,413
Equipment and Furnishings	172,961,480	10,847,992	9,002,027	174,807,445
Vehicles	21,948,835	2,898,970	638,066	24,209,739
Intangibles	9,930,062	908,912	951,623	9,887,351
IT Info Processing Equipment	6,085,405	54,222	72,095	6,067,532
Total Depreciation	\$ 851,621,000	\$ 60,817,280	\$ 11,048,285	\$ 901,389,995
Capital Assets, net	\$ 1,177,673,153	\$ 68,529,054	\$ 30,125,256	\$ 1,216,076,951
K-State Olathe Innovation Campus, Inc.				25,184,147
K-State Athletics, Inc.				20,744,077
K-State Union Corporation				2,978,865
K-State Veterinary Clinical Outreach, Inc				2,293,942
Kansas State University Research Foundation				7,782
				\$ 1,267,285,764

K-State has elected not to capitalize its library book collections. These collections adhere to K-State's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep encumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at the time of purchase rather than be capitalized.

Kansas State University
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 10 – Unearned Revenue

Unearned revenues consist primarily of summer session tuition and fees, advance collections on grants and contracts, and athletic ticket sales. The breakdown of unearned revenues is as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Tuition and fees	\$ 7,420,495	\$ 7,851,058
Grants and contracts	31,415,046	25,877,333
Athletic tickets and other	<u>47,240,397</u>	<u>23,079,341</u>
	<u>\$ 86,075,938</u>	<u>\$ 56,807,732</u>

Note 11 – Changes in Non-Current Liabilities

Liability activity for the year ended June 30, 2024, consists of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Accrued compensated absences	\$ 23,088,578	\$ 27,311,686	\$ 23,088,578	\$ 27,311,686	\$ 23,253,588	\$ 4,058,098
Accrued other postemployment benefits	2,323,449	-	240,965	2,082,484	-	2,082,484
Capital leases payable	885,063	149,958	339,382	695,639	263,219	432,420
SBITA liability	7,363,944	4,330,576	3,853,456	7,841,064	3,397,983	4,443,081
Other loans payable	44,152,324	10,161,403	10,307,206	44,006,521	30,449,514	13,557,007
Revenue bonds payable	432,328,835	-	20,725,634	411,603,201	23,837,920	387,765,281
Other liabilities	6,769,768	1,273,369	2,326,934	5,716,203	987,410	4,728,793
Net pension liability	54,875,359	-	2,926,481	51,948,878	-	51,948,878
Total Liabilities	<u>\$ 571,787,320</u>	<u>\$ 43,226,992</u>	<u>\$ 63,808,636</u>	<u>\$ 551,205,676</u>	<u>\$ 82,189,634</u>	<u>\$ 469,016,042</u>

Liability activity for the year ended June 30, 2023, consists of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Accrued compensated absences	\$ 23,387,814	\$ 23,088,578	\$ 23,387,814	\$ 23,088,578	\$ 18,666,210	\$ 4,422,368
Accrued other postemployment benefits	2,832,879	-	509,430	2,323,449	-	2,323,449
Capital leases payable	555,454	3,769,460	3,439,851	885,063	289,087	595,976
Other loans payable	31,855,503	20,864,783	8,567,962	44,152,324	31,403,640	12,748,684
Revenue bonds payable	407,577,932	45,746,262	20,995,359	432,328,835	20,725,635	411,603,200
Other liabilities	48,259,051	6,616,308	-	54,875,359	-	54,875,359
Net pension liability	10,087,348	8,478,014	4,431,650	14,133,712	4,080,586	10,053,126
Total Liabilities	<u>\$ 524,555,981</u>	<u>\$ 108,563,405</u>	<u>\$ 61,332,066</u>	<u>\$ 571,787,320</u>	<u>\$ 75,165,158</u>	<u>\$ 496,622,162</u>

Kansas State University

Notes to Financial Statements
For the Year Ended June 30, 2024

Note 12 – Revenue Bonds Outstanding

Revenue bonds payable consisted of the following at June 30, 2024:

	Principal Outstanding <u>June 30, 2024</u>	Principal Outstanding <u>June 30, 2023</u>
Kansas Development Finance Authority Revenue Bonds – Series 2023C (The K-State Athletics, Inc. of Kansas State University Project) issued on March 14, 2023, in the original amount of \$45,640,000. Due in annual installments with the final maturity on July 1, 2043. Interest ranging from 4% to 4.25% payable semi-annually, collateralized by a pledge of operating and non-operating unrestricted gross revenues, gains, and net assets released from restrictions.	\$45,640,000	\$45,640,000
Kansas Development Finance Authority Revenue Bonds – Series 2022D (Kansas State University 2014D-2 Housing Residential/Dining Refunding Project) issued on February 1, 2022, in the original amount of \$55,450,000. Due in annual installments with the final maturity on April 1, 2044. Interest ranging from 3% to 5% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.	\$52,335,000	\$53,935,000
Kansas Development Finance Authority Revenue Bonds – Series 2022D (Kansas State University 2014D-2 2005A Refunding Project) issued on February 1, 2022, in the original amount of \$20,285,000. Due in annual installments with the final maturity on April 1, 2034. Interest ranging from 4% to 5% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.	\$17,675,000	\$19,015,000
Kansas Development Finance Authority Revenue Bonds – Series 2022D (Kansas State University 2014D-2 2007A Refunding Project) issued on February 1, 2022, in the original amount of \$8,730,000. Due in annual installments with the final maturity on April 1, 2032. Interest of 5% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.	\$7,310,000	\$8,035,000
Kansas Development Finance Authority Revenue Bonds – Series 2021A (Kansas State University 2010G-2 (BAB) Student Recreation Complex Expansion Refunding Project) issued on January 13, 2021, in the original amount of \$16,300,000. Due in annual installments with the final maturity on May 1, 2040. Interest ranging from 2% to 5% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.	\$14,410,000	\$15,070,000
Kansas Development Finance Authority Revenue Bonds – Series 2021A (Kansas State University 2010U-1 Qualified Energy Conservation Refunding Project) issued on January 13, 2021, in the original amount of \$5,445,000. Due in annual installments with the final maturity on May 1, 2028. Interest 5% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.	\$3,490,000	\$4,490,000
Kansas Development Finance Authority Revenue Bonds – Series 2021A (Kansas State University 2010U-2 Energy Conservation Refunding Project) issued on January 13, 2021, in the original amount of \$1,830,000. Due in annual installments with the final maturity on May 1, 2029. Interest 5% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.	\$1,830,000	\$1,830,000

Kansas State University

Notes to Financial Statements For the Year Ended June 30, 2024

	<u>Principal Outstanding June 30, 2024</u>	<u>Principal Outstanding June 30, 2023</u>
<p>Kansas Development Finance Authority Revenue Bonds – Series 2021A (Kansas State University 2012F Energy Conservation Refunding Project) issued on January 13, 2021 in the original amount of \$10,310,000. Due in annual installments with the final maturity on May 1, 2033. Interest ranging from 2% to 5% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.</p>	\$8,235,000	\$8,960,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2021A (Kansas State University 2012H (2003C Portion) Scientific R&D Facilities Refunding Project) issued on January 13, 2021, in the original amount of \$19,900,000. Due in annual installments with the final maturity on May 1, 2033. Interest ranging from 2% to 5% payable semi-annually, collateralized a by pledge of K-State’s unrestricted revenues.</p>	\$17,135,000	\$18,650,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2021A (Kansas State University 2012H (2003J-1 Portion) Scientific R&D Facilities Energy Conservation Refunding Project) issued on January 13, 2021, in the original amount of \$3,325,000. Due in annual installments with the final maturity on May 1, 2024. Interest 5% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.</p>	\$0	\$335,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2021C (The K-State Athletics, Inc. of Kansas State University 2012B-2 Refunding Project) issued on March 24, 2021, in the original amount of \$11,350,000. Due in annual installments with the final maturity on July 1, 2040. Interest ranging from 2.4% to 2.8% payable semi-annually, collateralized by a pledge of operating and non-operating unrestricted gross revenues, gains, and net assets released from restrictions.</p>	\$11,350,000	\$11,350,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2021C (The K-State Athletics, Inc. of Kansas State University 2016D Refunding Project) issued on March 24, 2021, in the original amount of \$6,830,000. Due in annual installments with the final maturity on July 1, 2040. Interest ranging from 2.4% to 2.8% payable semi-annually, collateralized by a pledge of operating and non-operating unrestricted gross revenues, gains, and net assets released from restrictions.</p>	\$6,830,000	\$6,830,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2019H (K-State Olathe Innovation Campus, Inc 2009L Olathe Refunding Project) issued on September 19, 2020, in the original amount of \$23,275,000. Due in annual installments with the final maturity on September 1, 2039. Interest ranging from 2% to 5% payable semi-annually, collateralized by a pledge of sales tax revenue.</p>	\$19,780,000	\$20,680,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2019C (Kansas State University 2011G Landfill Refunding Project) issued on July 9, 2020, in the original amount of \$2,930,000. Due in annual installments with the final maturity on May 1, 2041. Interest ranging from 3% to 5% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.</p>	\$2,445,000	\$2,550,000

Kansas State University

Notes to Financial Statements For the Year Ended June 30, 2024

	<u>Principal Outstanding June 30, 2024</u>	<u>Principal Outstanding June 30, 2023</u>
<p>Kansas Development Finance Authority Revenue Bonds – Series 2019C (Kansas State University 2011G Housing Refunding Project) issued on July 9, 2020, in the original amount of \$9,545,000. Due in annual installments with the final maturity on May 1, 2041. Interest ranging from 3% to 5% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.</p>	\$7,990,000	\$8,310,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2019C (Kansas State University 2009K1 Child Care Refunding Project) issued on July 9, 2020, in the original amount of \$9,545,000. Due in annual installments with the final maturity on May 1, 2041. Interest ranging from 3% to 5% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.</p>	\$3,970,000	\$4,155,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2019C (Kansas State University Derby Dining Center Project) issued on July 9, 2020, in the original amount of \$14,465,000. Due in annual installments with the final maturity on May 1, 2044. Interest ranging from 3% to 5% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.</p>	\$12,485,000	\$12,890,000
<p>Kansas Development Finance Authority Direct Placement Revenue Bonds – Series 2017E (Kansas State University Electrical Distribution System Project) issued on August 17, 2017, in the original amount of \$8,100,000. Due in annual installments with the final maturity on May 1, 2025. Interest of 1.97% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.</p>	\$1,150,000	\$2,275,000
<p>Kansas Development Finance Authority Direct Placement Revenue Bonds – Series 2017B (Kansas State University Energy Conservation Project – Salina Campus) issued on February 15, 2017, in the original amount of \$2,883,500. Due in annual installments with the final maturity on January 15, 2032. Interest of 2.52% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.</p>	\$1,770,500	\$1,968,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2016D (The K-State Athletics, Inc. of Kansas State University 2011A-1 Refunding Project) issued on April 5, 2016, in the original amount of \$15,615,000. Due in annual installments with final maturity on July 1, 2031. Interest ranging from 2.4% to 5% payable semi-annually, collateralized by the pledge of revenues of the corporation.</p>	\$8,800,000	\$9,585,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2016D (The K-State Athletics, Inc. of Kansas State University 2012B-1 Refunding Project) issued on April 5, 2016, in the original amount of \$32,495,000. Due in annual installments with final maturity on July 1, 2032. Interest ranging from 2.4% to 5% payable semi-annually, collateralized by the pledge of revenues of the corporation.</p>	\$25,880,000	\$26,095,000

Kansas State University

Notes to Financial Statements For the Year Ended June 30, 2024

	<u>Principal Outstanding June 30, 2024</u>	<u>Principal Outstanding June 30, 2023</u>
<p>Kansas Development Finance Authority Revenue Bonds – Series 2016A (Kansas State University Student Union Project) issued on January 7, 2016, in the original amount of \$24,275,000. Due in annual installments with final maturity on March 1, 2036. Interest ranging from 2.0% to 4.0% payable semi-annually, collateralized by a pledge of the K-State’s unrestricted revenues.</p>	\$16,425,000	\$17,530,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2016A (Kansas State University Seaton Hall Project) issued on January 7, 2016, in the original amount of \$59,000,000. Due in annual installments with final maturity on March 1, 2040. Interest ranging from 2.0% to 4.0% payable semi-annually, collateralized by a pledge of the K-State’s unrestricted revenues.</p>	\$43,505,000	\$45,690,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2016A (Kansas State University 2007H Parking Refunding Project) issued on January 7, 2016, in the original amount of \$14,540,000. Due in annual installments with final maturity on March 1, 2036. Interest ranging from 2.0% to 4.0% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.</p>	\$9,840,000	\$10,500,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2015B (Kansas State University Chill Plant Project) issued on April 30, 2015, in the original amount of \$53,650,000. Due in annual installments with final maturity on May 1, 2035. Interest ranging from 3.0% to 5.0% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.</p>	\$34,990,000	\$37,490,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2015B (Kansas State University 2005A Housing Refunding Project) issued on April 30, 2015, in the original amount of \$800,000. Due in annual installments with final maturity on May 1, 2034. Interest ranging from 3.0% to 5.0% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.</p>	\$490,000	\$530,000
<p>Kansas Development Finance Authority Revenue Bonds – Series 2015B (Kansas State University 2007A Housing Refunding Project) issued on April 30, 2015, in the original amount of \$7,415,000. Due in annual installments with final maturity on May 1, 2037. Interest ranging from 3.0% to 5.0% payable semi-annually, collateralized by a pledge of K-State’s unrestricted revenues.</p>	\$6,650,000	\$6,665,000
<p>Kansas Development Finance Authority Revenue Bonds-Series 2012B-2 (K-State Athletics, Inc. of Kansas State University Project) issued on March 1, 2012, in the original amount of \$23,640,000. Due in annual installments with final maturity on July 1, 2025. Interest ranging from 1.088% to 4.233% payable annually, collateralized by the pledge of revenues of the corporation.</p>	\$4,680,000	\$4,680,000

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

	<u>Principal Outstanding June 30, 2024</u>	<u>Principal Outstanding June 30, 2023</u>
<p>Kansas Development Finance Authority Revenue Bonds-Series 2008D (The Kansas Board of Regents – Kansas State University Student Life Center Project, Salina Campus) issued on June 15, 2008, in the original amount of \$1,600,000. Due in one installment from the Trust Estate May 1, 2038. Interest at 5.10% payable semi-annually, collateralized by a pledge of student fees.</p>	\$1,600,000	\$1,600,000

Note 13 – Revenue Bonds Maturity Schedule

Future debt service requirements for all bonds outstanding at June 30, 2024 are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 21,827,500	\$ 13,903,687	\$ 35,731,187
2026	21,507,500	13,036,706	34,544,206
2027	22,427,500	12,127,209	34,554,709
2028	23,158,000	11,170,841	34,328,841
2029	24,128,500	10,210,466	34,338,966
2030-2034	125,201,500	37,418,710	162,620,210
2035-2039	92,670,000	18,193,966	110,863,966
2040-2044	57,770,000	5,460,236	63,230,236
Total	<u>\$ 388,690,500</u>	<u>\$ 121,521,822</u>	<u>\$ 510,212,322</u>

In prior years, K-State defeased certain revenue bonds payable by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the defeased bonds and the related trust balances are not reflected in the financial statements. Additionally, the above listing does not include unamortized premiums & discounts outstanding.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

Note 14 – Loan Obligations

	Balance Outstanding <u>6/30/24</u>
<u>Loans Payable</u>	
In July 2005, K-State and National City Commercial Capital Corporation entered into a 19-year financing agreement for the purpose of funding steam pipe replacement in the amount of \$873,755. Quarterly principal and interest payments are due starting September 29, 2005 at an interest rate of 1.0475%.	\$44,593
In January 2016, K-State and KSU Real Estate Fund, LLC entered into a 10-year financing agreement for the purpose of purchasing the Knox land in the amount of \$825,000. Annual lease payments were due starting February 1, 2016.	\$85,000
In November 2017, K-State and the City of Manhattan, Kansas entered into a 15-year financing agreement for the purpose of purchasing the Kansas State University Institute of Commercialization building in the amount of \$4,543,277. Annual lease payments were due beginning November 17, 2016.	\$2,579,821
In March 2022, K-State and KSU Real Estate Fund, LLC entered into a 31-year financing agreement for the purpose of purchasing a residence hall on the Kansas State University Aerospace and Technology campus in the amount of \$9,480,000. Annual lease payments are due beginning May 1, 2024. The liability is limited to the amount of Construction in Progress until the building is constructed.	\$9,310,000
K-State is obligated for the purchase of certain equipment funded through issuance of blanket financing agreements.	\$2,285,884

Loans Payable Maturity Schedule:

<u>Year Ending June 30:</u>	<u>Loan Payments</u>
2025	\$ 1,214,606
2026	1,113,911
2027	1,117,220
2028	1,140,148
2029	647,323
2030-2034	1,962,089
2035-2039	1,495,000
2040-2044	1,745,000
2045-2049	2,020,000
2050-2053	1,850,000
Total	<u>\$ 14,305,297</u>

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

Other Loans Payable

In fiscal year 2010, \$2,538,649 of special assessment bonds were issued in Johnson County to pay for the infrastructure of the K-State Olathe Innovation Campus, Inc., with an additional amount issued in fiscal year 2011 of \$427,368. The City of Olathe reevaluated property boundaries used to allocate special assessment bonds, resulting in a decrease in the liability by \$338,105. During the year ended June 30, 2022, K-State Olathe Innovation Campus, Inc. donated 11.58 acres of land to the City of Olathe. As a result, future maturities were amended and the outstanding balance at June 30, 2024 is \$568,348.

K-State Athletics, Inc. has an available \$32,000,000 revolving line of credit with a banking institution with an interest rate equal to the monthly reset term of the secured overnight financing rate plus 1.6 % and a maturity at July 1, 2025, of which KSA has an outstanding balance of \$29,132,875 and \$30,099,909 at June 30, 2024 and 2023, respectively. Pledged as collateral are all uncollected pledges associated with the baseball and soccer capital campaign, and all pledges designated for the Vanier Family Football Complex.

Other Loans Payables summary:

K-State Olathe special assessment bonds	\$ 563,348
Athletics Line of Credit	<u>29,132,875</u>
	<u>\$ 29,696,223</u>

Note 15 – Retirement Plans

K-State participates in one cost-sharing multiple-employer defined benefit pension plan, one defined contribution pension plan, and one federal pension plan.

Defined Benefit Plan

University Support Staff employees participate in the Kansas Public Employees Retirement System (KPERS). Benefit provisions are established by state statute and provide retirement, disability, and death benefits to benefits eligible employees. See Note 16 for detailed information.

Defined Contribution Plan

Eligible faculty and professional staff employees are required to participate in the Kansas Board of Regents (Regents) defined contribution retirement plan, which was authorized by K.S.A. 74-4925. The Regents have selected the following companies to provide investment options to participants: 1) Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF) and 2) Voya Financial. Benefits under these plans depend solely on the contributed amounts and the returns earned on the investment of those contributions. All contributions are fully vested with the first contribution.

For the fiscal year ended June 30, 2024, active members were required by statute to contribute 5.5% and the university to contribute 8.5% of the employees' covered payroll. The Kansas Legislature establishes and may amend active plan members' and the university's contribution rates. K-State contributed \$23,372,052 during fiscal year 2024 and \$21,586,152 during fiscal year 2023. Individual employees contributed \$15,051,573 during fiscal year 2024 and \$13,882,008 during fiscal year 2023.

Federal Retirement Plan

Some Cooperative Extension Service employees at K-State participate in federal benefit programs. Prior to December 31, 1986, federal appointees were required to participate in the Federal Civil Service Retirement System (CSRS), a defined benefit plan. CSRS employees are subject to the hospital insurance portion of FICA, the CSRS employee deduction of 7.0%, and the employer contribution of 7.0%.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

The Federal Employees Retirement System (FERS), also a defined benefit plan, was created beginning January 1, 1987. Employees hired after December 31, 1983 were automatically converted to FERS. Other federal employees not covered by FERS had a one-time option to transfer to FERS through December 31, 1987. Current FERS employees contribute 8% with an employer contribution rate of 1%. They also participate in a Thrift Savings Plan with an automatic employer contribution of 18.4%. Employees may also contribute to this plan at variable rates, in which case the employer contributes at a variable rate up to 5%. CSRS employees are also eligible for participation in the Thrift Savings Plan, but without employer contributions. Acceptance of new member participation was terminated effective July 1, 1986.

For the fiscal years ended June 30, 2024 and June 30, 2023, K-State contributed \$119,922 and \$135,746 respectively. Individual employees contributed \$49,307 and \$59,294 to these plans for fiscal years 2024 and 2023, respectively.

Voluntary Tax-Sheltered Annuity Program

Employees may also elect to participate, up to the maximum dollar amount permitted by the Internal Revenue Code, in a voluntary tax-sheltered annuity program. This voluntary plan permits employees to designate a part of their earnings into tax-sheltered investments and thus defer federal and state income taxes on their contributions and the accumulated earnings under the plan. Participation and the level of employee contributions are voluntary. The employer is not required to make contributions to the plan.

Note 16 – Pension Plan – Kansas Public Employees Retirement System

General Information about the Pension Plan

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

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

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

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

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

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

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Notes to Financial Statements

For the Year Ended June 30, 2024

Contributions: Member contribution rates are established by state law and are paid by the employee according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined based on the results of each annual actuarial valuation for each of the three statewide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and the school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2024.

The actuarially determined employer contribution rates (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows: State employees' actuarial employer rate: 10.08%; statutory employer capped rate: 13.11%; Police and firemen actuarial employer rate: 22.86%; statutory employer capped rate: 22.86%. Contributions to the pension plan from K-State were \$5,186,969 for the year ended June 30, 2024.

Member contribution rates as a percentage of eligible compensation in fiscal year 2024 are 6.00% for public employees and 7.15% for police and firemen.

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

At June 30, 2024, K-State reported a liability of \$51,948,878 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. K-State's proportion of the net pension liability was based on the ratio of the university's actual contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2023. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2023 the K-State proportion was 0.7053770%, which was a decrease of 0.0247820% from its proportion measured as of June 30, 2022. At June 30, 2023, K-State Police and Fire Group proportion was 0.1803360%, which was a decrease of 0.0070480% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, K-State recognized pension expense of \$2,550,599. At June 30, 2024, deferred outflows of resources and deferred inflows of resources were reported related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Difference between expected and actual experience	\$ 2,044,422	\$ -
Net difference between projected and actual earnings on pension plan investments	3,469,422	-
Changes in proportionate share	62,352	7,901,650
Changes in assumptions	5,655,386	-
University contributions subsequent to measurement date	5,186,969	-
Total	\$ 16,418,551	\$ 7,901,650

\$16,418,551 reported as deferred outflows of resources related to pensions resulting from K-State's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Kansas State University

Notes to Financial Statements
For the Year Ended June 30, 2024

Year ended June 30:		
2024	\$	603,788
2025		(485,817)
2026		3,158,103
2027		52,810
2028		1,066
Thereafter		-
Total	<u>\$</u>	<u>3,329,950</u>

Actuarial assumptions: The total pension liability in the December 31, 2022, was rolled forward to June 30, 2023. The actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases, including wage increases	3.50 to 12.00 percent, including inflation
Long-term rate of return, net of investment expense and including price inflation	7.00 percent

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50	6.40
Private Equity	8.00	9.50
Private Real Estate	11.00	4.45
Yield driven	8.00	4.70
Real return	11.00	3.25
Fixed income	11.00	1.55
Short-term investments	4.00	0.25
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from K-State will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Notes to Financial Statements

For the Year Ended June 30, 2024

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	\$ 74,462,952	\$ 51,948,878	\$ 33,139,350

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

Note 17 – Death and Disability OPEB Plan – Kansas Public Employees Retirement System

Description

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

Benefits provided

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

Long-term disability benefit

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

Group life waiver of premium benefit

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

Kansas State University

Notes to Financial Statements For the Year Ended June 30, 2024

Members covered by benefit terms. At June 30, 2024, the following members were covered by the benefit terms:

Active Members	882
Disabled Members	40
Total	922

Total OPEB Liability

The total OPEB liability of \$2,082,484 was measured as of June 30, 2023 and was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise noted:

Price inflation	2.75%
Payroll growth	3.00%
Salary increases, including inflation	3.50 to 10%, including price inflation
Discount rate	3.65%
Healthcare cost trend rates	Not applicable for the coverage in this plan
Retiree share of benefit cost	Not applicable for the coverage in this plan

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

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

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

Changes in the Total OPEB Liability

Balance at fiscal year-end 6/30/22	\$ 2,323,449
<u>Changes for the year:</u>	
Service Cost	\$ 100,616
Interest	78,142
Effect of liability gains or losses	25,488
Effect of assumption changes or inputs	(8,057)
Benefit payments	(437,154)
Net changes	(240,965)
Balance at fiscal year-end 6/30/23	\$ 2,082,484

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For the Year Ended June 30, 2024

Changes of assumptions

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

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of K-State, as well as what the university's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
2.65%	3.65%	4.65%
\$ 2,156,912	\$ 2,082,484	\$ 2,010,796

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS. Therefore, there is no sensitivity to a change in healthcare trend rates.

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

For the year ended June 30, 2024, K-State recognized OPEB expense of \$113,622. At June 30, 2024, K-State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 83,083	\$ 340,201
Changes in assumptions	101,814	246,459
Benefit payments subsequent to the measurement date	437,154	-
Total	\$ 622,051	\$ 586,660

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$622,051 consist of payments made to KPERS for benefits and administrative costs and will be recognized as a reduction in the total OPEB liability during the year ended June 30, 2024. Other amounts reported as deferred outflows of sources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred Outflows (Inflows) of Resources

Year ended June 30:

2024	\$ (65,136)
2025	\$ (65,136)
2026	\$ (61,401)
2027	\$ (48,831)
2028	\$ (43,150)
Thereafter	<u>(118,109)</u>
	<u>\$ (401,763)</u>

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Notes to Financial Statements

For the Year Ended June 30, 2024

Note 18 – Asset Retirement Obligations

K-State measures its asset retirement obligations (AROs) based on the best estimate of the current value of costs associated with future retirement activities that are legally required when retiring certain assets. The university measures its estimate based on recent historical costs for similar retirement activities, cost estimates provided by vendors, and other inputs based on review of similar transactions internally and at other institutions. The following summary provides a general description of the major AROs reported at June 30, 2024 as well as a reference to the legal requirements that generated the ARO and the remaining useful life of the associated tangible capital asset:

<u>Description</u>	<u>Asset</u>	<u>Regulation</u>	<u>Remaining useful life</u>	<u>ARO measured at 6/30/2024</u>
Decommission costs, including disposal of radioactive materials, labor, energy & other costs	TRIGA Mark II nuclear reactor teaching facility	10 CFR 50.75, "Reporting & Recordkeeping for Decommissioning Planning"	45 yrs	\$ 1,979,674
Total Asset retirement obligations at June 30, 2024				\$ 1,979,674

Deferred outflows of resources relate to the ARO totaled \$1,765,374 as of June 30, 2024. The expected future expense recognition associated with deferred outflows of resources related to the ARO over the next 5 years and thereafter is as follows:

Deferred Outflows (Inflows) of Resources		
Year Ended June 30:		
2025	\$	39,231
2026		39,231
2027		39,231
2028		39,231
2029		39,231
Thereafter		1,569,219
	\$	1,765,374

Legally required funding and assurance provisions have been met with a statement of intent submitted to the U.S. Nuclear Regulatory Commission (NRC), in compliance with 10 CFR 50.75(e)(1)(iv). The statement assures the NRC that funds for decommissioning will be obtained, when necessary, through a request for a legislative appropriation of funds or other means, to provide funds sufficiently in advance of decommissioning to prevent delay of required activities.

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Notes to Financial Statements

For the Year Ended June 30, 2024

Note 19 – Pollution Remediation

The following disclosures are made in accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*:

A chemical waste landfill was created with approval of the U.S. Atomic Energy Commission and utilized from the mid-1960's to 1987 as a burying ground for tritium, carbon-14 and other short-lived radioactive elements. The university also disposed of some chemicals at the site from 1979 to 1983. The Kansas Board of Regents approved the plan to clean up the site, which commenced in FY2011 and was completed as of July 2012. Monitoring groundwater, sampling and reporting will continue as mandated by KDHE.

Seven monitoring wells have been installed and a quarterly sampling schedule is in effect related to the removal of diesel and gasoline underground storage tanks at the Ashland Bottoms Agronomy farm in Riley County. All remediation costs are covered by the State through the KDHE Petroleum Storage Tank Release Trust Fund, less a \$4,000 deductible paid by the university. KSU completed the required monitoring period and KDHE closed this file in approximately September 2022.

A 1500 gallon urea ammonium nitrate spill occurred at the Ashland Bottoms Agronomy farm on October 20, 2017. The ongoing cleanup is being conducted and paid for by Kansas State University. Expenses to date total \$62,775. Future expenses are estimated at \$3,000.

Note 20 – Commitments and Contingencies

At June 30, 2024, K-State had outstanding commitments on various construction projects and contracts totaling approximately \$3.6 million.

K-State is a defendant in several lawsuits. However, university officials are of the opinion, based on advice of in-house legal counsel, that the ultimate outcome of all litigation will not have a material effect on the future operations or financial position of the university.

As of July 1, 2024, university property was insured with a \$1,000,000 deductible and a maximum policy limit of \$1,000,000,000 for the total of property damage and time element combined at scheduled locations. Coverage extends to buildings, machinery, equipment, and other contents (contents of buildings are covered at 10% of the value of the building) as well as business interruption. Property insurance is currently arranged through FM Global. K-State, as an agency of the State of Kansas, is covered by the Kansas Tort Claims Act, which generally limits the university's liability for general liability and personal injury claims to \$500,000 for any number of claims arising out of a single occurrence or event. K-State does not carry separate comprehensive general liability or personal injury insurance for the university as a whole. K-State is also covered by the Regent's insurance policy for automobile liability. Other insurance the university carries includes professional liability coverage for doctors at the university's student health center; coverage for employee crime and theft for the Division of Financial Services; Aviation Insurance to cover the liability and operations of K-State Polytechnic; coverage for some mobile equipment through an Inland Marine policy, and cybersecurity coverage has been procured in cooperation with the Kansas Board of Regents for K-State and its controlled corporations and affiliates. Additionally, the university purchases international liability insurance and International Travel Accident insurance, and assistance services.

In the normal course of operations, K-State receives grants, contracts, and other forms of reimbursement from various federal and state agencies. These activities are subject to audit and disallowance by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. K-State officials believe that the liability, if any, for any reimbursement that may arise as the result of audits, would not have a material effect on K-State's financial position.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

Note 21 – Component Unit Disclosures

Discretely Presented Component Unit

Kansas State University Foundation (the Foundation) – The purpose of the Foundation is to encourage, receive and hold in trust any real or personal property given for the use of K-State, its faculty and students; and to invest, disburse, manage and control all such gifts in accordance with donor intent and to provide those services to K-State which are not or cannot be provided through state appropriations or student fees. Due to the differences between K-State and the Foundation’s reporting models, the Foundation’s financial statements are separately presented immediately following K-State’s statements, with no modifications.

The Foundation’s endowment consists of approximately 4,600 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). In accordance with generally accepted accounting principles, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following is the composition of net assets by type of endowment fund, excluding associated liabilities under split-interest agreements as of June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowments	-	\$ 638,867,570	\$ 638,867,570
Accumulated investments gains	-	174,845,613	174,845,613
Board designated endowments	23,081,130	-	23,081,130
Board policy designated to address underwater endowments	39,172,257	-	39,172,257
Term endowments	-	108,182,543	108,182,543
Net Assets	<u>\$ 62,253,387</u>	<u>\$ 921,895,726</u>	<u>\$ 984,149,113</u>

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

The Foundation's investments include debt and equity securities for liquidity, donated assets and real estate, as well as a managed portfolio of long-term investments. The Foundation's investments at June 30, 2024 were as follows:

	June 30, 2024	2024 Fair Value Measurements		
		Level 1	Level 2	Level 3
Investments by fair value level				
Equity securities	\$ 194,204,159	\$ 194,204,159	\$ -	\$ -
Mutual funds	59,774,982	59,774,982	-	-
U.S. Government and agency obligations	30,970,071	-	30,970,071	-
Corporate bonds	58,125	-	58,125	-
Futures contracts	-	-	-	-
Closely held common stock	140,215,231	-	-	140,215,231
Real estate held for investment	149,438,039	-	-	149,438,039
	<u>\$ 574,660,607</u>	<u>\$ 253,979,141</u>	<u>\$ 31,028,196</u>	<u>\$ 289,653,270</u>
Investments measured at the net asset value (NAV)				
Absolute return hedge funds	\$ 185,290,196			
Equity securities	273,723,589			
Venture capital	122,403,930			
Domestic private equity	105,464,015			
International private equity	24,286,242			
Private capital distressed debt	9,511,371			
Natural resources	21,121,750			
Fixed income	75,821,701			
Other securities and investments	15,997			
Real estate funds	52,804,079			
Total investments measured at the NAV	<u>\$ 870,442,870</u>			
Total investments	<u>\$ 1,445,103,477</u>			

For the fiscal year ended June 30, 2024, the total return of the Endowment Pool was 8.82%.

Kansas State University

Notes to Financial Statements

For the Year Ended June 30, 2024

The Foundation holds certain assets for the benefit of K-State which do not provide a market rate of return on funds invested. Some examples of these investments include:

University Real Estate Fund – Certain real estate holdings vital to the mission of K-State were purchased and are held for current and potential university use.

Smith Scholarship House – The Foundation has provided the building rent-free in order to maintain the house in operation for the benefit of the students.

Holiday Inn – The hotel located adjacent to the university was built on land acquired by the Foundation to meet the needs of public lodging and service facilities close to the university.

Faculty and Accommodation Loans – The Foundation provides faculty loans at favorable interest rates to K-State faculty and staff to enable them to conduct business travel pending reimbursement from the university. Non-interest-bearing accommodation loans are available to faculty and staff when their salary payment cannot be processed by the university by payday.

Blended Component Units

Transactions between K-State and the following blended units have been eliminated from the financial statements. All other balances and transactions are blended with those of K-State and reported as if they were balances and transactions of the university.

K-State Olathe Innovation Campus, Inc. (Olathe) – On the Statement of Revenues, Expenses and Changes in Net Position, the Change in Net Position is recorded as \$2,082,910. Payments were made to K-State and its affiliates totaling \$4,511,970 during the fiscal year ending June 30, 2024. Investments held by Olathe at fiscal year-end total \$14,543,046.

K-State Italy – Revenues received from K-State totaled \$108,702.

K-State Athletics, Inc. (Athletics) – K-State owns all land used by Athletics, and any purchases and/or construction of permanent real property (i.e. buildings, land and improvements) on the land are recorded as leasehold improvements. On the Statement of Revenues, Expenses and Changes in Net Position, the Change in Net Position is recorded as -\$12,526,057. Payments made to K-State and its affiliates totaled \$13,871,786 during the fiscal year ending June 30, 2024. Revenue received from K-State was \$9,757,319. Investments held by Athletics at fiscal year-end totaled \$51,570,168 on the Statement of Net Position. Net pledges receivable, which consist of unconditional promises to give cash and other assets, totaled \$23,604,533. Pledges are accrued at estimated fair value at the date each promise is received. An allowance for doubtful collections is estimated by identifying specific pledges that are in doubt and applying a historical percentage to the remaining pledges.

Kansas State University Research Foundation (KSURF) – As of June 30, 2024, KSURF had investments totaling \$21,771,486 on the Statement of Net Position. The Change in Net Position on the Statement of Revenues, Expenses and Changes in Net Position for KSURF totaled -\$1,190,012 for the fiscal year.

Kansas State University Veterinary Clinical Outreach, Inc. (KSUVCO) – The Change in Net Position is -\$1,051,726 on the June 30, 2024 Statement of Revenues, Expenses and Change in Net Position.

Diagnostic Services of Kansas State, Inc (KSDS) - The Change in Net Position is \$2,328,590 on the June 30, 2024 Statement of Revenues, Expenses and Change in Net Position.

The K-State Union Corporation (the Union) – The Union is operated from facilities owned by K-State without charge. Included in the Change in Net Position amount of \$634,231 on the June 30, 2024 Statement of Revenue, Expenses and Change in Net Position are revenues received from K-State and related entities in the amount of \$3,280,095. Investments at fiscal year-end total \$40,984 on the Statement of Net Position.

Kansas State University

Notes to Financial Statements
For the Year Ended June 30, 2024

Note 22 – Operating Expenses by Natural Classification

	Compensation & Benefits	Supplies & Other Services	Utilities	Scholarships & Fellowships	Depreciation	Total
Instruction	\$ 158,406,941	\$ 26,303,350	\$ 2,059	\$ -	\$ -	\$ 184,712,349
Research	164,482,913	62,779,778	991,411	-	-	228,254,102
Public Service	76,191,999	44,250,998	292,154	-	-	120,735,150
Academic Support	37,983,446	19,411,987	797	-	-	57,396,230
Student Service	18,471,759	7,619,936	2,101	-	-	26,093,796
Institutional Support	31,445,404	20,195,993	16	-	-	51,641,413
Operations and Maintenance of Plant	17,825,771	20,884,153	17,952,006	-	-	56,661,930
Depreciation & Amortization	-	-	-	-	70,204,051	70,204,051
Scholarships and Fellowships	-	-	-	44,308,188	-	44,308,188
Auxiliary Enterprises	75,695,038	52,583,344	3,630,279	-	-	131,908,661
Other	-	105,975	-	-	-	105,975
Total Operating Expenses	\$ 580,503,270	\$ 254,135,513	\$ 22,870,823	\$ 44,308,188	\$ 70,204,051	\$ 972,021,845

Note 22 – Subsequent Events

On October 1, 2024, K-State Athletics obtained a \$20,000,000 line of credit at a variable interest rate and maturity at June 30, 2025.

In October 2024, the University issued \$25,215,000 of bond debt with an interest rate range of 4%-5% and matures in April 2049. The proceeds of the bonds were used for the purpose of updating, construction, renovation, furnishing and equipping of the Strong Complex of residence halls, consisting of the Van Zile, Boyd and Putnam Halls located on the Kansas State University campus in Manhattan, KS.

Management has performed an analysis of the activities and transactions after June 30, 2024 to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2024.

Kansas State University
Annual Financial Report
For the fiscal year ended June 30, 2024
is available at:

<http://www.k-state.edu/finsvcs/financialreporting/annual-financial-reporting/>

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