
IV. Other Information

Other Retirement Plans

Faculty and other eligible unclassified employees of the Board of Regents (Regents) Office or state universities must participate in the Regents' mandatory retirement plan. Authorized by statute, this 403(b) defined contribution plan is funded through contributions by the employees and the employer (the Board Office or the state university). Employees are required to serve a one year waiting period before becoming eligible to participate in the plan, but participation can begin earlier if certain waiver provisions are met. The contributions and earnings are fully vested with the first contribution.

Employees participating in the Regents' mandatory retirement plan are required to contribute 5.5 % of their salary, up to the maximum dollar amount permitted by the Internal Revenue Code. During fiscal year 2008, employees contributed approximately \$37 million. During fiscal year 2008, the 8.5 % employer contribution totaled \$58.2 million, representing covered wages of approximately \$693.7 million. These employees, along with employees who participate in the KPERS retirement program, may also elect to participate, up to the maximum dollar amount permitted by the Internal Revenue Code, in the Regents' voluntary retirement plan, which allows the member to purchase a 403(b) contract to supplement the mandatory retirement plan. These employees, along with employees who participate in the KPERS retirement program, may also elect to participate, up to the maximum dollar amount permitted by the Internal Revenue Code in the State's 457 deferred compensation program, to supplement to the mandatory retirement plan.

The retirement plan for the School for the Blind and the School for the Deaf are also covered by KPERS in the 401(a) defined benefit plan. The KPERS employee rate is 4% and 7.37% employer rate (6.37% employer and 1% death & disability).

E. Subsequent Events

Bonds and Notes

Short-term Debt

Certificate of Indebtedness – On July 1,2008 the Pooled Money Investment Board (PMIB) issued a \$300 million Certificate of Indebtedness per K.S.A. 75- 3725a, subject to redemption not later than June 30, 2009. See Section III-I, Short-term Obligations, for additional information on issuance of a Certificate of Indebtedness.

Certificate of Indebtedness – On December 17,2008 the Pooled Money Investment Board (PMIB) issued a \$250 million Certificate of Indebtedness per K.S.A. 75- 3725a, subject to redemption not later than June 30, 2009. See Section III-I, Short-term Obligations, for additional information on issuance of a Certificate of Indebtedness.

Accrued Receivables for Ad Valorem Taxes – In July 2008, receivables were posted to the State Treasurer's receivables in the amount of \$28.6 million for the Kansas Educational Building Fund and \$14.3 million for the State Institutions Building Fund per K.S.A. 76-6b11. See Section III-I, Short-term Obligations, for additional information.

Accrued Receivables for Children's Initiatives Fund – In July 2008, receivables were posted to the State Treasurer's receivables for the Children's Initiatives Fund in the amount of \$32.6 million per Senate Bill No. 534, Section 85(f), Session of 2008. See Section III-I, Short-term Obligations, for additional information.

Accrued Receivables for Economic Development Initiatives Fund – In July 2008, receivables were posted to the State Treasurer's receivables for the Economic Development Initiatives Fund in the amount of \$21.2 million per Senate Bill No. 534, Section 85(g), Session of 2008.

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Accrued Receivables for Correctional Institutions' Building Fund – In July 2008, receivables were posted to the State Treasurer's receivables for the Correctional Institutions' Building Fund in the amount of \$4.0 million per Senate Bill No. 534, Section 85(h), Session of 2008.

Accrued Receivables for Kansas Endowment for Youth Fund – In July 2008, receivables were posted to the State Treasurer's receivables for the Kansas Endowment for Youth Fund in the amount of \$207.6 thousand per Senate Bill No. 534, Section 85(i), Session of 2008.

Accrued Receivables for 27th Payroll – In July 2008, receivables were posted to the State Treasurer's receivables for the 27th Payroll in the amount of \$16.1 million per Senate Bill No. 534, Section 85(p), Session of 2008.

Loans – Senate Bill No. 534, Section 89, and Senate Substitute for House Bill No. 2946, Section 20, Session of 2008 allows the Kansas Racing and Gaming Commission to borrow from the Pooled Money Investment Board during fiscal year 2009 for operating expenses for expanded lottery operations. In addition, the borrowing limitation over fiscal years 2008 and 2009 increased from \$3 million to \$5 million. In October 2008, \$500,000 was borrowed at an interest rate of 5.9%. In December 2008, \$100,000 was borrowed at an interest rate of 6.1%. The loans are due June 30, 2009.

Bond Anticipation Note – In December 2008, the KDFA issued Bond Anticipation Note Series 2008-3 for \$1.5 million to Pittsburg State University for the Student Health Center project. The note is due December 1, 2009 and has an interest rate of 2.8%.

Bond Anticipation Note – In December 2008, the KDFA issued Bond Anticipation Note Series 2008-4 for \$5.0 million to Kansas University for housing system project. The note is due December 1, 2009 and has an interest rate of 2.0%.

Long-term Debt

Revenue Bonds – In July 2008, the KDFA issued Series 2008C for Kansas Athletics Incorporated, a component unit of the State, for improvements to athletic facilities and administrative offices. The bonds totaled \$32.8 million with interest rates ranging from 3.0 to 5.0%. The bonds final maturity is June 1, 2033.

Revenue Bonds – In September 2008, the Department of Transportation converted Highway Revenue Bonds, Series 2004 B bonds from variable rate to fixed rate bonds. Interest rates range from 4.3 to 5.0%. The bonds final maturity remains September 1, 2024.

Revenue Bonds – In October 2008, the KDFA issued Series 2008L for various State projects including continued renovation of the State Capitol, payment of Bond Anticipation Note Series 2008-1 and 2, renovations and repairs to Army National Guard armories, Department of Correction prison expansion, and Kansas University School of Pharmacy projects. The bonds totaled \$64.3 million with interest rates ranging from 2 to 5.3%. The bonds final maturity is on November 1, 2028.

Revenue Bonds – In October 2008, the KDFA issued the Kansas Public Water Supply Revolving Loan Fund Revenue Bonds Series 2008 DW for the Department of Health and Environment. The bonds totaled \$36.7 million with interest rates ranging from 2.3 to 6.0%. The bonds final maturity is on April 1, 2029.

Revenue Bonds – In October 2008, the KDFA issued the Kansas Department of Transportation Communication System Lease Program Series 2008G bonds for the Department of Transportation. The bonds totaled \$14.2 million with interest rates ranging from 4.6 to 5.1%. The bonds final maturity is on April 1, 2023.

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Revenue Bonds – In December 2008, the KDFA issued the Kansas Water Pollution Control Revolving Fund Revenue Bonds Series 2008 CW for the Department of Health and Environment. The bonds totaled \$66.5 million with interest rates ranging from 3.0 to 5.1%. The bonds final maturity is on November 1, 2029.

Economy

The slowing of the national and State economies that began in 2007 has taken a significant turn for the worse this fall. Recent measures of consumer spending and confidence indicate that the economy is sliding deeper into a major downturn, the depth and severity of which remains unclear as of early November. The accelerating financial crisis engulfing the housing, credit, and stock markets makes the level of uncertainty regarding the November Consensus estimate much higher than normal. Although forecasts of virtually all major income-related economic variables for the nation and the State have been lowered since April, the possibility remains that the relative health of certain key sectors of the State's economy, including aviation manufacturing and energy, could enable Kansas to experience a milder contraction than the country as a whole.

Risk and Uncertainties

The State invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result the State's investments have likely incurred a significant decline in fair value since June 30, 2008.