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## **IV. Other Information**

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Employees participating in the Regents' mandatory retirement plan are required to contribute 5.5 percent of their salary, up to the maximum dollar amount permitted by the Internal Revenue Code. During fiscal year 2009, employees contributed approximately \$37.7 million. During fiscal year 2009, the 8.5 percent employer contribution totaled \$59.2 million, representing covered wages of approximately \$699.6 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 percent and 7.97 percent employer rate (6.97 percent employer and 1 percent death & disability).

### **F. Subsequent Events**

#### **Bonds and Notes**

##### Short-term Debt

*Certificate of Indebtedness* – On July 6, 2009, the Pooled Money Investment Board (PMIB) issued a \$700 million Certificate of Indebtedness per K.S.A. 75- 3725a, subject to redemption not later than June 30, 2010. See Section III-J, Short-term Obligations, for additional information on issuance of a Certificate of Indebtedness.

*Accrued Receivables for Ad Valorem Taxes* – In July 2009, receivables were posted to the State Treasurer's receivables in the amount of \$29.2 million for the Kansas Educational Building Fund and \$14.6 million for the State Institutions Building Fund per K.S.A. 76-6b11. See Section III-J, Short-term Obligations, for additional information.

*Accrued Receivables for Children's Initiatives Fund* – In July 2009, receivables were posted to the State Treasurer's receivables for the Children's Initiatives Fund in the amount of \$33.4 million per House Bill No. 2354, Section 48(f), Session of 2009. See Section III-J, Short-term Obligations, for additional information.

*Accrued Receivables for Economic Development Initiatives Fund* – In July 2009, receivables were posted to the State Treasurer's receivables for the Economic Development Initiatives Fund in the amount of \$20.9 million per House Bill No. 2354, Section 48(g), Session of 2009.

*Accrued Receivables for Correctional Institutions' Building Fund* – In July 2009, receivables were posted to the State Treasurer's receivables for the Correctional Institutions' Building Fund in the amount of \$4.4 million per House Bill No. 2354, Section 48(h), Session of 2009.

*Accrued Receivables for Kansas Endowment for Youth Fund* – In July 2009, receivables were posted to the State Treasurer's receivables for the Kansas Endowment for Youth Fund in the amount of \$207.6 thousand per House Bill No. 2354, Section 48(i), Session of 2009.

*Accrued Receivables for 27<sup>th</sup> Payroll* – In July 2009, receivables were posted to the State Treasurer's receivables for the 27<sup>th</sup> Payroll in the amount of \$7.8 million per Senate Bill No. 2354, Section 48(n), Session of 2009.

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## IV. Other Information

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### Long-term Debt

*Revenue Bonds* – In July 2009, the KDFA issued Series 2008K-1 and 2 for Kansas Board of Regents-Kansas State University, a component unit of the State, for Childcare Center Project. The K-1 bond series totaled \$4.6 million with interest rates ranging from 4.0 to 5.0 percent. The bonds final maturity is November 1, 2039. The K-2 bond series totaled \$1.5 million with interest rates ranging from 2.6 to 5.6 percent. The bonds final maturity is November 1, 2022.

*Lease Purchase Agreement* – In August 2009, the State entered a \$20 million lease agreement with Banc of America Public Capital Corp (Lessor) for acquisition of equipment for the new financial management system. Draws were made in August 2009, for \$2.8 million and November 2009, for \$4.3 million. The lease carries an interest rate of 3.46 percent and final payment is scheduled for February 1, 2014.

*Revenue Bonds* – In August 2009, the KDFA issued Series 2009M for various purposes, including continued renovation of the State Capitol, refunding of Series 2002J bonds, State General Fund refunding restructure, the Kansas University School of Pharmacy project, and a Department of Wildlife and Parks project. The bonds totaled \$116.9 million (\$40.4 million taxable Build America Bonds) with interest rates ranging from 3 to 6.3 percent. The bonds final maturity is on November 1, 2034.

*Revenue Bonds* – In August 2009, the KDFA issued Series 2009N for the purpose State General Fund refunding restructure. The bonds totaled \$10.1 million (taxable) with interest rates ranging from 3.9 to 5.8 percent. The bonds final maturity is on November 1, 2024.

*Revenue Bonds* – In September 2009, the KDFA issued the Kansas Public Water Supply Revolving Loan Fund Revenue Bonds Series 2009 DW for the Department of Health and Environment. A portion of these bonds will be used to refund \$36.9 million in prior bonds. The bonds totaled \$73 million (\$31.4 taxable Build America Bonds) with interest rates ranging from 1.5 to 5.2 percent. The bonds final maturity is on April 1, 2026.

### G. Economic Condition

Overall, the Kansas economy entered a significant downturn in 2009, following the global and the U.S. economies. The Kansas economy has slowed due in large part to the overall downturn in manufacturing, which accounted for 12.1percent of total employment in Kansas. After experiencing slowing employment growth through most of 2008, manufacturing experienced significant job losses during 2009. Major job losses were experienced in the aircraft manufacturing sector, which has been hit particularly hard by the aftermath of the 2008 financial crisis. Continuing tight credit markets and negative publicity have had a significant dampening effect on aircraft orders. In addition, consumer spending has slowed significantly in response to stagnant wage growth and limited access to credit, forcing retailers to limit their payrolls. Gross state product (GSP) is forecast to increase by 2.6 percent, and personal income is expected to increase by 0.7 percent in 2010.

Major Kansas Economic Trends

Major Kansas Economic Trends	2009	2010
GSP Growth (\$ Constant)	(1.3) %	2.6 %
Personal Income Growth (\$ Current)	(2.7)	0.7
Employment Growth (Place of Work)	(3.1)	(1.6)
Unemployment Rate (Monthly Average)	7.0	7.3
Source: Kansas Consensus Revenue Estimating Group, Kansas Labor Market Information Services & Moody's Economy.com		