

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

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**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
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YEAR ENDED JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Kansas Housing Resources Corporation
Topeka, Kansas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Kansas Housing Resources Corporation (KHRC), a component unit of the state of Kansas, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise KHRC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of KHRC, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KHRC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KHRC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KHRC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KHRC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended June 30, 2023, was conducted for the purpose of forming opinions on the financial statements that collectively comprise KHRC's basic financial statements. The Revenues, Expenses, and Operating Income (Loss) by Fund, KHRC Operations Statement of Revenues and Expenses by Program and Changes in Net Position, and State Housing Trust Fund Statement of Revenues and Expenses by Program, and Changes in Net Position (2023) for the year ended June 30, 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2023 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Revenues, Expenses, and Operating Income (Loss) by Fund, KHRC Operations Statement of Revenues and Expenses by Program and Changes in Net Position (2023), and State Housing Trust Fund Statement of Revenues and Expenses by Program, and Changes in Net Position (2023) are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2023.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of KHRC as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated November 1, 2022, which contained unmodified opinions on the respective financial statements of the business-type activities and each major fund. The KHRC Operations Statement of Revenues and Expenses by Program and Changes in Net Position (2022) and State Housing Trust Fund Statement of Revenues and Expenses by Program, and Changes in Net Position (2022) for the year ended June 30, 2022, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statements.

The KHRC Operations Statement of Revenues and Expenses by Program and Changes in Net Position (2022) and State Housing Trust Fund Statement of Revenues and Expenses by Program, and Changes in Net Position (2022) have been subjected to the auditing procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the KHRC Operations Statement of Revenues and Expenses by Program and Changes in Net Position (2022) and State Housing Trust Fund Statement of Revenues and Expenses by Program, and Changes in Net Position (2022) are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Report on Summarized Comparative Information

We have previously audited the KHRC's year ended June 30, 2022, financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and each major fund in our report dated November 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023, on our consideration of KHRC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KHRC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KHRC's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 25, 2023

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

The annual financial report of the Kansas Housing Resources Corporation (KHRC) consists of three sections: basic financial statements, required supplementary information, and supplementary information. This section of the report presents management's discussion and analysis (MD&A) of financial position and changes in financial position for the fiscal year ended June 30, 2023.

KHRC is a self-supporting entity and utilizes enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. This analysis should be read in conjunction with the Independent Auditor's Report, audited financial statements, and accompanying notes.

FINANCIAL HIGHLIGHTS

KHRC reports separately KHRC Operations and activities of the State Housing Trust Fund (SHTF). This separate reporting provides an increased level of understanding for KHRC Operations and SHTF activities. KHRC Operations are defined as fee for service and Federal grant administration, while SHTF activities include funding KHRC receives based solely on its designation as the provider of housing services for the State of Kansas. KHRC administers the SHTF on behalf of the State of Kansas.

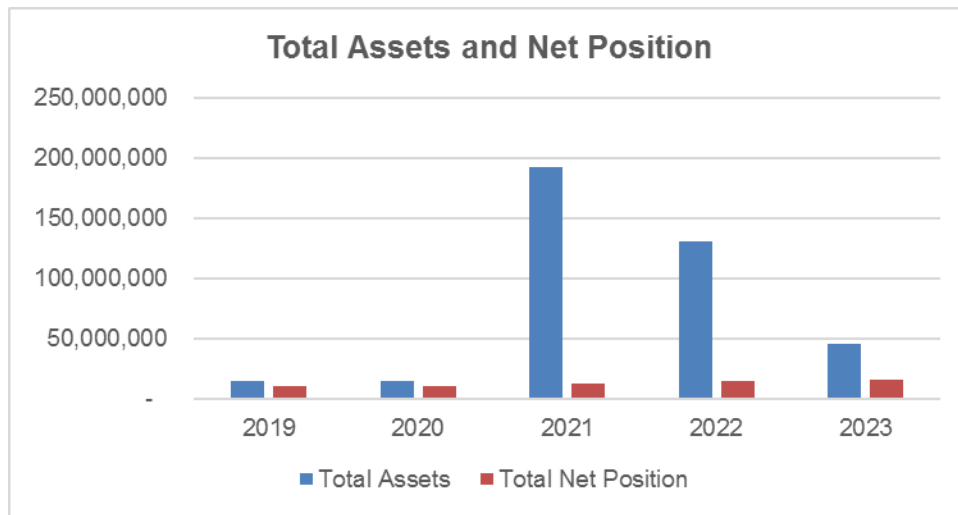
KHRC continues to utilize Federal and State government programs that serve its mission and provide resources leveraging its net position with other resources to finance affordable rental and owner-occupied housing for Kansans. KHRC has had decreasing revenues from expending Federal sources for COVID-19 related stimulus funding and has been tasked with effectively and efficiently administering new programs while also seeing increased funding in many existing programs. KHRC's challenge continues to be identifying longer term funding opportunities to meet Kansans' housing needs.

KHRC OPERATIONS

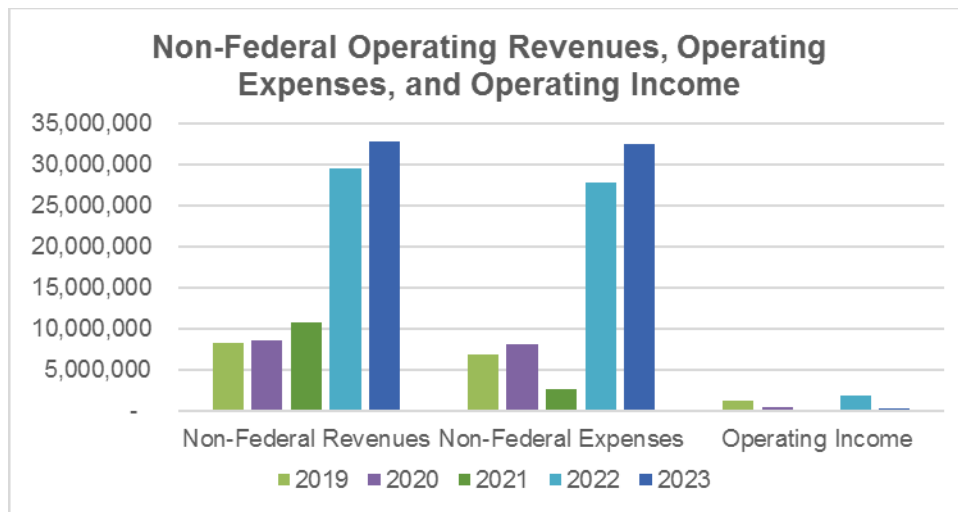
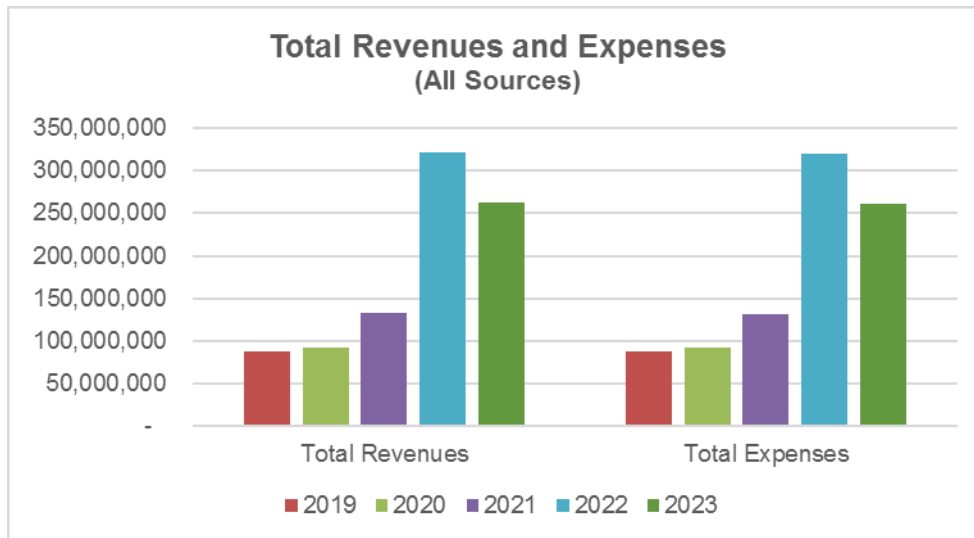
- Total assets were \$46.5 million at June 30, 2023, a decrease of \$84.5 million or 64.49 percent from fiscal year 2022 due to a net decrease in cash and investments of \$83.6 million, accounts receivable of \$284,359, and a decrease in net capital assets of \$457,508 and prepaid expenses of \$113,325. The decreases of cash and investments is driven by federal program expenditures in connection with the COVID-19 pandemic.
- Total liabilities were \$36.6 million at June 30, 2023, a decrease of \$80.8 million or 68.8 percent from fiscal year 2022 due primarily to a decrease of \$80.7 million in unearned revenue in connection with spending of COVID-19 relief funding received in the prior year and a decrease in accounts payable of \$3.0 million relating to previous year's contracted work.
- The change in deferred outflows and inflows of resources is due to updated actuarial assumptions, contributions, and other information relating to the Kansas Public Employees Retirement System (KPERs) Cost-Sharing Multiple-Employer Defined Benefit Pension Plan and the KPERs-sponsored OPEB Plan.
- Net position was \$16.2 million at June 30, 2023, a net increase of \$1.4 million or 9.21 percent from fiscal year 2022. The change in net position is discussed below.

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

- Total revenues were \$262.5 million in fiscal year 2023, a decrease of \$59.5 million or 18.5 percent from fiscal year 2022. Excluding Federal program revenues (“pass-throughs”) and transfers, total revenues were \$34.0 million in fiscal year 2023, an increase of \$4.3 million or 14.3 percent from fiscal year 2022. This was primarily due to an increase in grant administration/grant income and investment income, and fees for service of \$3.4 million, \$1.1 million, and \$486,945, respectively. The increases were offset by decreases in recognized match income and other income of \$331,329 and \$409,356, respectively.
- Total expenses (including transfers) were \$261.1 million in fiscal year 2023, a decrease of \$59.4 million or 18.5 percent from fiscal year 2022. Excluding Federal program expenses (“pass-throughs”) and transfers, total expenses were \$32.6 million in fiscal year 2023, an increase of \$4.3 million or 15.2 percent from fiscal year 2022 primarily due to an increase in other fees and services of \$9.2 million in connection with HAF and ERA program outsourcing. The increase was offset by decreases in salaries and wages, employee benefits, printing and advertising, expensed furniture and equipment, and recognized match expense of \$3.1 million, \$264,141, \$619,530, \$338,131, and \$331,329, respectively.
- Operating income was \$320,013 in fiscal year 2023, a decrease of \$1.5 million or 82.2 percent from fiscal year 2022.



**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

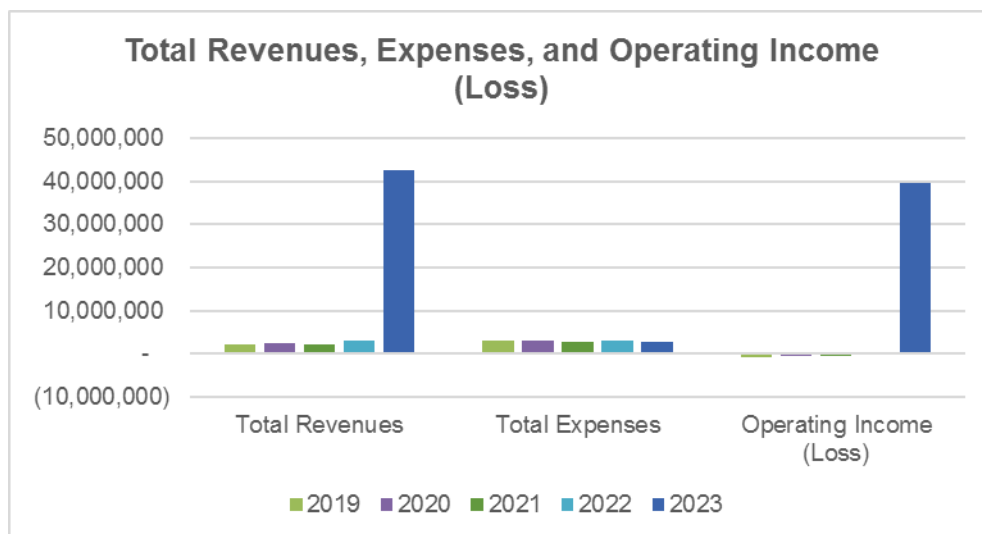
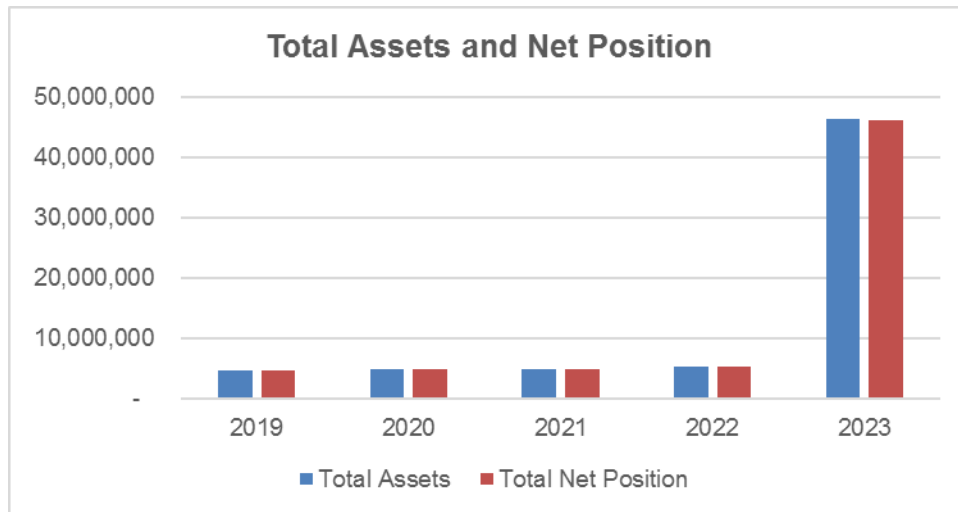


STATE HOUSING TRUST FUND

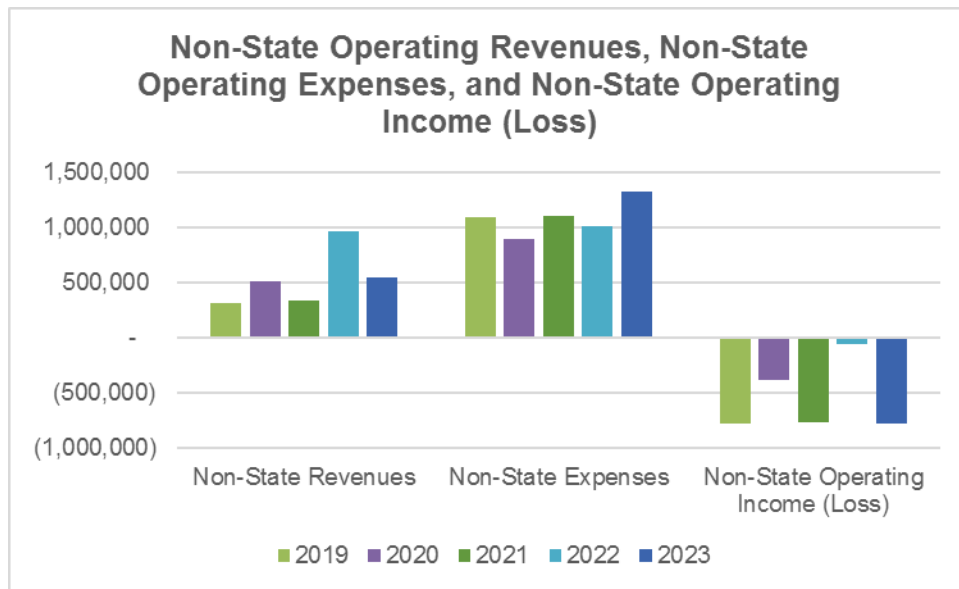
- Total assets were \$46.6 million at June 30, 2023, an increase of \$41.1 or 755.1 percent from fiscal year 2022, due primarily to an increase in cash and investments of \$41.5 million and prepaid expenses of \$36,509. Decreases in assets included \$48,909 of accounts receivable, and \$368,855 of program loans and interest receivable.
- Total liabilities were \$219,713 at June 30, 2023, an increase of \$126,938 or 136.8 percent from fiscal year 2022, due primarily to an increase in accrued salaries and wages, compensated absences, and unearned revenue of \$22,604, \$19,733, and \$89,540, respectively.
- Net position was \$46.4 million at June 30, 2023, an increase of \$41.0 million or 765.8 percent, from fiscal year 2022. The change in net position is discussed below.

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

- Total revenues and transfers were \$44.2 million in fiscal year 2023, an increase of \$40.7 million or 1,172.5 percent from fiscal year 2022. The increase was primarily attributed to an increase in state program revenues and the revolving loan program of \$20,000,000 and \$20,000,000, respectively. Excluding state program revenues and transfers, total revenues were approximately \$1.7 million in fiscal year 2023, an increase of \$731,435 or 76.21 percent.
- Total expenses were \$3.2 million in fiscal year 2023, an increase of \$106,024 or 3.5 percent from fiscal year 2022. Excluding state program expenses, transfers, and the prior year loss on investments, total expenses were \$1.3 million in fiscal year 2023, an increase of \$297,374 or 28.9 percent from fiscal year 2022. This was primarily due to a decrease in program expenses of \$273,230 net increases in various line-item expense accounts—primarily salaries and wages, benefits and provision for loan loss of \$331,467, \$89,075, and \$80,594 respectively.
- The SHTF had operating income of \$39.7 in fiscal year 2023, compared to an operating loss of \$68,642 in fiscal year 2022.



**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**



OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The *Statement of Net Position*, similar to a balance sheet, answers the question, “How is our financial health at the end of the year?” This statement includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources of KHRC, both financial and capital, short-term and long-term, using the accrual basis of accounting and economic resources measurement focus, which is similar to the accounting used by most private-sector companies. The resulting net position presented in the statement is displayed as restricted or unrestricted. Assets are restricted when their use is subject to external limits such as legal agreements or statutes. Assets falling outside this category are characterized as unrestricted. Over time for KHRC Operations, changes in net position may serve as a useful indicator of whether its financial position is improving or deteriorating. In contrast, the State Housing Trust Fund is designed to be a conduit for the deposit and subsequent payment or “pass-through” of housing funds to serve housing needs of the citizens of Kansas; thus, its financial position should not be evaluated from that perspective.

All of the current year’s revenues and expenses of KHRC are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Position*. This statement measures the activities of KHRC’s operations over the past year and presents the excess of revenues over expenses and changes in net position. It can be used to determine whether KHRC has successfully recovered all of its costs through externally funded programs and other revenue sources. This statement helps answer the question, “Is KHRC as a whole better off or worse off as a result of the year’s activities?”

The primary purpose of the *Statement of Cash Flows* is to provide information about the sources and uses of KHRC's cash and the change in cash balance during the reporting period. This statement reports cash receipts, cash payments, and net changes resulting from operating, capital and related financing, noncapital financing, and investing activities. It provides answers to such questions as “Where did cash come from?,” “What was cash used for?,” and “What was the change in cash balance during the reporting period?”

KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements follow the basic financial statements.

CONDENSED FINANCIAL INFORMATION

Statement of Net Position

The following table presents condensed statements of net position at June 30, 2023 and 2022:

	2023	2022	Increase (Decrease) 2023 vs. 2022
ASSETS			
CURRENT ASSETS			
Restricted	\$ 70,645,326	\$ 110,411,308	\$ (39,765,982)
Unrestricted	21,091,948	23,853,891	(2,761,943)
Total Current Assets	91,737,274	134,265,199	(42,527,925)
NONCURRENT ASSETS			
Net Capital Assets	651,104	1,108,612	(457,508)
Restricted	341,792	363,611	(21,819)
Unrestricted	378,417	758,450	(380,033)
Total Noncurrent Assets	1,371,313	2,230,673	(859,360)
Total Assets	93,108,587	136,495,872	(43,387,285)
DEFERRED OUTFLOWS OF RESOURCES			
Total Assets and Deferred Outflows of Resources	\$ 99,545,390	\$ 138,844,469	\$ (39,299,079)
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
CURRENT LIABILITIES			
Restricted	\$ 317,918	\$ 1,889,023	\$ (1,571,105)
Unrestricted	27,633,199	111,339,928	(83,706,729)
Total Current Liabilities	27,951,117	113,228,951	(85,277,834)
NONCURRENT LIABILITIES			
Unrestricted	8,888,404	4,246,806	4,641,598
Total Liabilities	36,839,521	117,475,757	(80,636,236)
DEFERRED INFLOWS OF RESOURCES			
	113,872	1,143,387	(1,029,515)
NET POSITION			
Net Investment in Capital Assets	348,678	491,451	(142,773)
Restricted	45,396,594	4,422,312	40,974,282
Unrestricted	16,846,725	15,311,562	1,535,163
Total Net Position	62,591,997	20,225,325	42,366,672
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 99,545,390	\$ 138,844,469	\$ (39,299,079)

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Analysis of Assets, Liabilities, and Net Position

Restricted current assets decreased \$39.8 million due primarily to a decrease in restricted cash of \$39.8 million, due to a decrease in COVID-19 funds of \$80.3 million offset by an increase in state funding received but not spent as of fiscal year-end of \$40.5 million.

Unrestricted current assets decreased \$2.8 million primarily due to a \$2.3 million net decrease in unrestricted cash and investments and a decrease of \$333,268 million in accounts receivable.

Net capital assets decreased \$457,708. This was the net effect of \$343,325 in additions, offset against \$724,814 in current fiscal year depreciation and amortization expense, plus the net disposal of \$76,019. The implementation of GASB 96 resulted in a net right to use asset of \$58,150 which is factored into the previously mentioned activity.

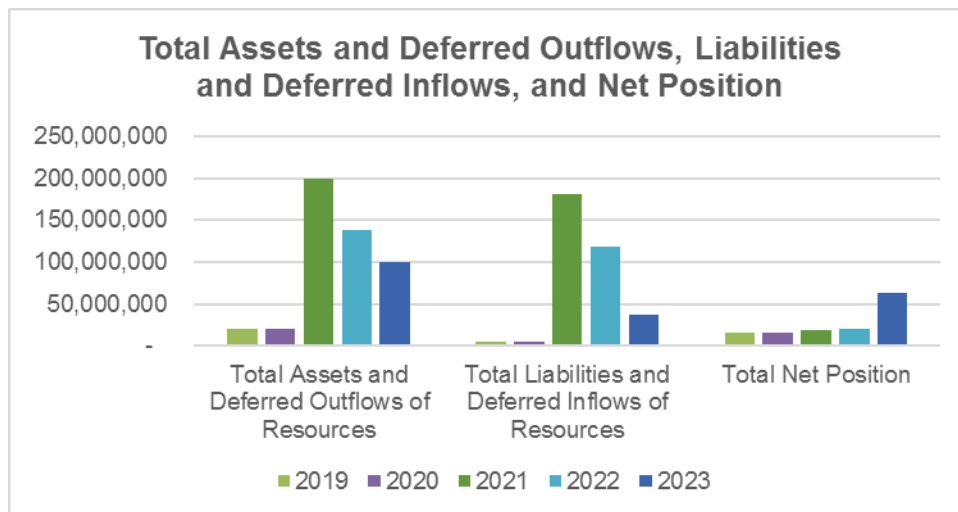
Restricted current liabilities decreased \$1.6 million due primarily to a decrease in grants/refunds payable.

Unrestricted current liabilities decreased \$83.7 primarily due to a decrease in unearned revenue of \$80.6 million and accounts payable of \$3.0 million.

Unrestricted noncurrent liabilities increased \$4.6 million primarily due to an increase in net pension liabilities of \$4.9 million and a decrease in non-current lease liabilities of \$210,992.

Total net position increased by \$42.4 million from fiscal year 2022 to 2023 due to the changes discussed below in the Analysis of Revenues, Expenses, and Changes in Net Position.

KHRC OPERATIONS AND STATE HOUSING TRUST FUND (Combined)



KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Statements of Revenues, Expenses, and Changes in Net Position

The following table presents condensed statements of revenues, expenses, and changes in net position for the years ended June 30, 2023 and 2022:

	2023	2022	Increase (Decrease) 2023 vs. 2022
REVENUES			
Operating Revenues:			
Fees for Services	\$ 5,660,365	\$ 4,858,155	\$ 802,210
Grant Administration/Grant Income	24,649,230	21,241,641	3,407,589
Recognized Match Income	2,664,454	2,995,783	(331,329)
Contributions and Donations	46,636	122,642	(76,006)
Other Income	247,160	1,295,049	(1,047,889)
Federal Program Revenues	228,493,641	292,223,166	(63,729,525)
State Program Revenues	22,000,000	2,000,000	20,000,000
Revolving Loan Program	20,000,000	-	20,000,000
Total Operating Revenues	<u>303,761,486</u>	<u>324,736,436</u>	<u>(20,974,950)</u>
Nonoperating Revenues	2,302,200	74,981	2,227,219
Total Revenues	<u>306,063,686</u>	<u>324,811,417</u>	<u>(18,747,731)</u>
EXPENSES			
Operating Expenses:			
Salaries, General and Administrative	30,481,345	25,000,538	5,480,807
Provision for Loan Losses, Net of Recoveries	208,440	129,296	79,144
Program Expenses	368,488	640,389	(271,901)
Recognized Match Expense	2,664,454	2,995,783	(331,329)
Federal Program Expenses	228,493,641	292,223,166	(63,729,525)
State Program Expenses	1,480,646	2,013,903	(533,257)
Total Expenses	<u>263,697,014</u>	<u>323,003,075</u>	<u>(59,306,061)</u>
TRANSFERS IN	199,113	537,213	(338,100)
TRANSFERS OUT	<u>(199,113)</u>	<u>(537,213)</u>	<u>338,100</u>
INCREASE IN NET POSITION	42,366,672	1,808,342	40,558,330
Net Position - Beginning of Year	<u>20,225,325</u>	<u>18,416,983</u>	<u>1,808,342</u>
NET POSITION - END OF YEAR	<u><u>\$ 62,591,997</u></u>	<u><u>\$ 20,225,325</u></u>	<u><u>\$ 42,366,672</u></u>

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Analysis of Revenues, Expenses, and Changes in Net Position

The majority of KHRC's revenue is from Federal and State program revenues, fees for services, grant administration/grant income, and recognized match income, which produce 99.9 percent of KHRC's revenues.

Fees for services increased \$802,210 due to a increases in reservation fees, allocation fees, and LIHTC fees earned during the fiscal year.

Grant Administration/Grant Income increased \$3.4 million, primarily due to additional fees earned for the administration of CARES and new American Rescue Plan Act funded programs.

Recognized match income and recognized match expense decreased \$331,329, driven by a decrease in the draws subject to match.

Federal program revenues and expenses decreased by \$63.7 million. Total federal program revenues and expenses due to funding/programs in connection with COVID-19 pandemic response was \$135.3 million in 2023 compared to was \$205.7 million in 2022, a decrease of \$70.4 million or 34.2 percent. The remainder was due to increased traditional Federal program pass-thru payments and other financial assistance. Federal program revenues and expenses represent subsidy (pass-through) proceeds and other financial assistance received or to be received by KHRC and transferred to or spent on behalf of secondary recipients. Federal program revenues equal Federal program expenses resulting in a zero net effect on KHRC's financial statements.

Salaries, general and administrative expenses increased \$5.5 million. The increase was primarily due to increased federal funding/programs in connection with COVID-19 pandemic response and included an increase in other fees and service that was offset by decreases in salaries and wages, employee benefits, printing and advertising, expensed furniture and equipment, and recognized match expenses.

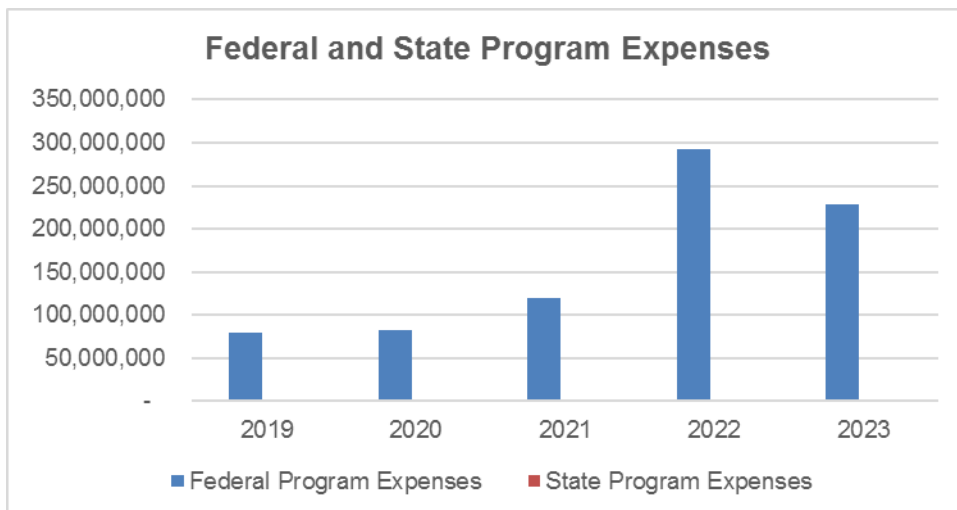
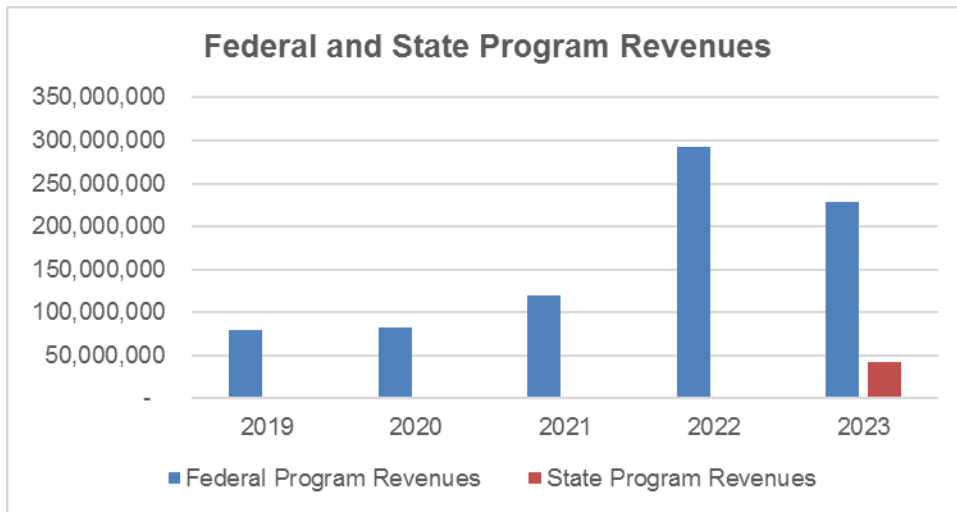
Program expenses decreased \$271,901. The decrease was primarily due to decreases in the Kansas Accessibility Modification and Emergency Repair Program and Kansas Gas Service Weatherization program of \$145,378 and \$60,500, respectively.

Receipt of State program funds (State program revenues) represent subsidy (pass-through) grant proceeds received by KHRC and transferred to or spent on behalf of secondary recipients. However, unlike Federal funds which are drawn and recorded as Federal program revenue and Federal program expense when the Federal program requirements are met (spent) by secondary recipients, State program funds are recognized as revenue upon receipt from the State and recognized as expense when transferred to or spent on behalf of secondary recipients in accordance with GASB Statements No. 24 and 33 (Note 1). Since State funding is generally received in one lump sum at the beginning of a fiscal year and spent over multiple fiscal years, timing differences result. For example, since 2013, \$2.0 million has been received on an annual basis; however, \$380,524, \$1.3 million, \$2.0 million, \$1.0 million, \$1.8 million, \$2.1 million, \$1.9 million, \$2.3, \$1.8 million, and \$2.0 million was spent in fiscal years 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, respectively. In fiscal year 2023, state program expenses were \$1.5 million. The balance of the MIH funds will be spent in subsequent periods.

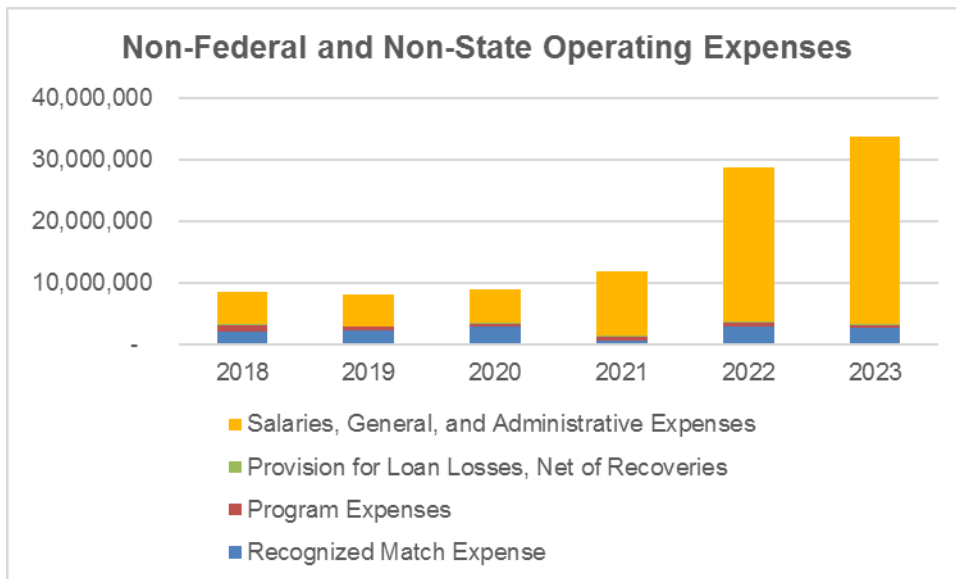
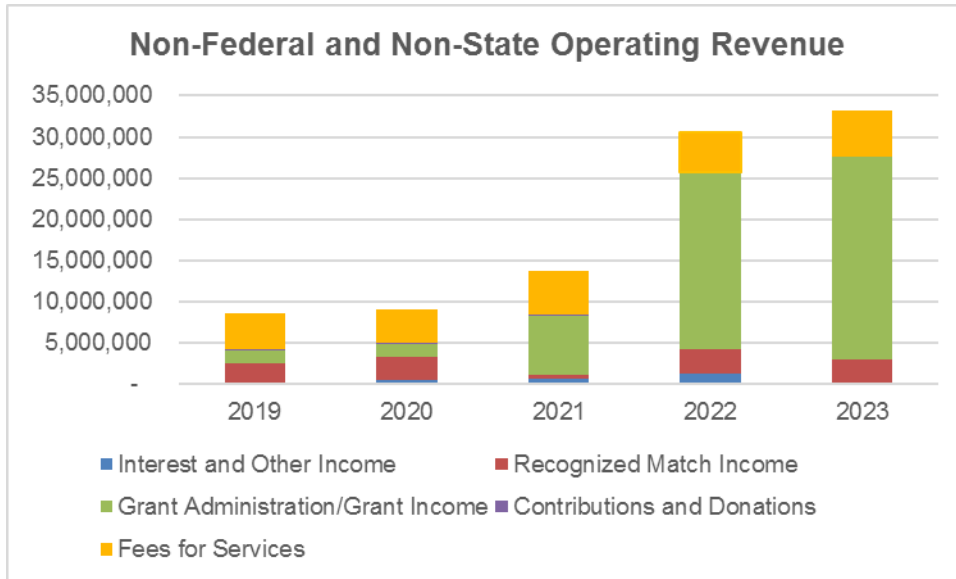
**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Transfers in and Transfers out decreased from \$537,213 to \$199,113. In fiscal year 2023, the interfund transfers primarily include a \$155,389 transfer from KHRC Operations to the SHTF for the annual state-wide Kansas Housing Conference. Additionally, there was a total of \$43,724 in transfers from the SHTF to KHRC Operations for the State match on HMIS funds.

KHRC OPERATIONS AND STATE HOUSING TRUST FUND (Combined)



**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**



Contacting KHRC's Financial Management

This financial report is designed to provide stakeholders in KHRC with a general overview of KHRC's finances and to show KHRC's accountability for the resources it receives, invests, and expends. If you have questions about this report, or need additional financial information, please contact Lori Threadgold, Chief Financial Officer, at Kansas Housing Resources Corporation, 611 Kansas Avenue, Suite 300, Topeka, Kansas 66603-3803, or visit our website at www.kshousingcorp.org.

KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
STATEMENT OF NET POSITION
JUNE 30, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF JUNE 30, 2022)

	2023			2022
	KHRC Operations	State Housing Trust Fund	Total Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Cash Equivalents:				
Restricted	\$ 26,784,153	\$ 43,837,071	\$ 70,621,224	\$ 110,387,488
Unrestricted	5,510,646	-	5,510,646	8,576,057
Total Cash and Cash Equivalents	32,294,799	43,837,071	76,131,870	118,963,545
Investments:				
Unrestricted	9,476,200	2,465,702	11,941,902	11,217,691
Accounts Receivable:				
Unrestricted	1,703,412	80,740	1,784,152	2,117,420
Prepays	1,756,070	64,562	1,820,632	1,897,448
Program Loans Accrued Interest Receivable:				
Restricted	2,153	-	2,153	2,352
Unrestricted	-	-	-	10,659
Program Loans Receivable:				
Restricted	21,949	-	21,949	21,468
Unrestricted	8,750	25,866	34,616	34,616
Total Current Assets	45,263,333	46,473,941	91,737,274	134,265,199
NONCURRENT ASSETS				
Security Deposit	12,635	-	12,635	12,635
Program Loans Accrued Interest Receivable:				
Unrestricted	1,714	22,296	24,010	30,772
Program Loans Receivable:				
Restricted	318,961	22,831	341,792	363,611
Unrestricted	290,416	51,356	341,772	715,043
Capital Assets Not Being Depreciated/ Amortized	-	-	-	16,650
Capital Assets Being Depreciated/ Amortized, Net	651,104	-	651,104	1,091,962
Total Noncurrent Assets	1,274,830	96,483	1,371,313	2,230,673
Total Assets	46,538,163	46,570,424	93,108,587	136,495,872
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - OPEB	64,080	-	64,080	1,752
Deferred Outflows - Pension	6,372,723	-	6,372,723	2,346,845
Total Deferred Outflows of Resources	6,436,803	-	6,436,803	2,348,597
Total Assets and Deferred Outflows of Resources	<u>\$ 52,974,966</u>	<u>\$ 46,570,424</u>	<u>\$ 99,545,390</u>	<u>\$ 138,844,469</u>

See accompanying Notes to Basic Financial Statements.

KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF JUNE 30, 2022)

	2023			2022
	KHRC Operations	State Housing Trust Fund	Total Business-Type Activities	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	\$ 752,404	\$ 6,056	\$ 758,460	\$ 3,769,554
Accrued Salaries and Wages	367,327	27,165	394,492	416,544
Lease and SBITA Liability, Current	288,143	-	288,143	391,886
Compensated Absences	426,475	19,733	446,208	374,852
PTO Exchange Liability	108,966	-	108,966	58,154
Unearned Revenue	25,581,701	164,195	25,745,896	106,387,092
Grants/Refunds Payable	208,952	-	208,952	1,830,869
Total Current Liabilities	<u>27,733,968</u>	<u>217,149</u>	<u>27,951,117</u>	<u>113,228,951</u>
NONCURRENT LIABILITIES				
Compensated Absences	55,417	2,564	57,981	112,728
Lease Liability, Noncurrent	14,283	-	14,283	225,275
Total OPEB Liability	59,082	-	59,082	61,620
Net Pension Liability	8,757,058	-	8,757,058	3,847,183
Total Noncurrent Liabilities	<u>8,885,840</u>	<u>2,564</u>	<u>8,888,404</u>	<u>4,246,806</u>
Total Liabilities	36,619,808	219,713	36,839,521	117,475,757
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - OPEB	65,872	-	65,872	45,824
Deferred Inflows - Pension	48,000	-	48,000	1,097,563
Total Deferred Inflows of Resources	<u>113,872</u>	<u>-</u>	<u>113,872</u>	<u>1,143,387</u>
NET POSITION				
Net Investment in Capital Assets	348,678	-	348,678	491,451
Restricted	1,536,692	43,859,902	45,396,594	4,422,312
Unrestricted	14,355,916	2,490,809	16,846,725	15,311,562
Total Net Position	<u>16,241,286</u>	<u>46,350,711</u>	<u>62,591,997</u>	<u>20,225,325</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 52,974,966</u>	<u>\$ 46,570,424</u>	<u>\$ 99,545,390</u>	<u>\$ 138,844,469</u>

See accompanying Notes to Basic Financial Statements.

KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	KHRC Operations	State Housing Trust Fund	Total Business-Type Activities	Total
OPERATING REVENUES				
Fees for Services	\$ 5,280,419	\$ 379,946	\$ 5,660,365	\$ 4,858,155
Grant Administration/Grant Income	24,646,809	2,421	24,649,230	21,241,641
Recognized Match Income	2,664,454	-	2,664,454	2,995,783
PAB Multi-family Allocation Fees	-	49,400	49,400	222,487
Contributions and Donations	-	46,636	46,636	122,642
Program Loan and Other Interest	85,171	71,142	156,313	162,680
Other Income	40,836	611	41,447	909,882
Federal Program Revenues	228,493,641	-	228,493,641	292,223,166
State Program Revenues	-	22,000,000	22,000,000	2,000,000
Revolving Loan Program	-	20,000,000	20,000,000	-
Total Operating Revenues	<u>261,211,330</u>	<u>42,550,156</u>	<u>303,761,486</u>	<u>324,736,436</u>
OPERATING EXPENSES				
Salaries and Wages	6,077,010	402,029	6,479,039	9,262,695
Employee Benefits	1,896,181	106,771	2,002,952	2,178,018
Communication	128,551	5,429	133,980	187,856
Printing and Advertising	884,561	3,395	887,956	1,504,157
Rents and Parking Fees	113,543	(3,968)	109,575	249,110
Repairs and Maintenance	11,509	356	11,865	60,031
Travel	282,176	36,739	318,915	138,687
Legal Fees	3,534	4,056	7,590	2,709
Audit Fees	46,264	446	46,710	33,337
Inspections	7,752	-	7,752	9,479
Dues and Subscriptions	61,289	908	62,197	51,786
Insurance	72,655	3,776	76,431	75,817
Data Processing and Data Services	997,229	31,143	1,028,372	1,082,281
Other Fees/Services	17,645,767	51,878	17,697,645	8,612,414
Office and Data Processing Supplies	98,185	19,105	117,290	144,915
Meeting and Venue Expenses	14,679	112,504	127,183	59,421
Expensed Furniture and Equipment	37,403	2,241	39,644	391,476
Provision for Loan Losses	72,250	136,190	208,440	129,296
Depreciation and Amortization	672,201	52,613	724,814	683,311
Program Expenses	9,048	359,440	368,488	640,389
Recognized Match Expense	2,664,454	-	2,664,454	2,995,783
Federal Program Expenses	228,493,641	-	228,493,641	292,223,166
Program Income Grant Expenses	601,435	-	601,435	273,038
State Program Expenses	-	1,480,646	1,480,646	2,013,903
Total Operating Expenses	<u>260,891,317</u>	<u>2,805,697</u>	<u>263,697,014</u>	<u>323,003,075</u>
OPERATING INCOME	320,013	39,744,459	40,064,472	1,733,361
NONOPERATING REVENUES AND EXPENSES				
Investment Income	1,191,531	1,141,029	2,332,560	102,361
Loss on Sale of Capital Assets	(30,360)	-	(30,360)	(27,380)
Total Nonoperating Revenues	<u>1,161,171</u>	<u>1,141,029</u>	<u>2,302,200</u>	<u>74,981</u>
TRANSFERS IN	43,724	155,389	199,113	537,213
TRANSFERS OUT	<u>(155,389)</u>	<u>(43,724)</u>	<u>(199,113)</u>	<u>(537,213)</u>
INCREASE IN NET POSITION	1,369,519	40,997,153	42,366,672	1,808,342
Net Position - Beginning of Year	<u>14,871,767</u>	<u>5,353,558</u>	<u>20,225,325</u>	<u>18,416,983</u>
NET POSITION - END OF YEAR	<u>\$ 16,241,286</u>	<u>\$ 46,350,711</u>	<u>\$ 62,591,997</u>	<u>\$ 20,225,325</u>

See accompanying Notes to Basic Financial Statements.

KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	KHRC Operations	State Housing Trust Fund	Total Business-Type Activities	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 180,891,292	\$ 42,931,411	\$ 223,822,703	\$ 256,086,517
Payments to Suppliers of Goods or Services	(257,036,691)	(2,245,175)	(259,281,866)	(307,118,984)
Payments to Employees for Services	(8,017,849)	(380,971)	(8,398,820)	(11,301,158)
Net Cash Provided (Used) by Operating Activities	(84,163,248)	40,305,265	(43,857,983)	(62,333,625)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers In From Other funds	43,724	155,389	199,113	537,213
Transfers Out to Other Funds	(155,389)	(43,724)	(199,113)	(537,213)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(111,665)	111,665	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Lease Payments	(471,767)	-	(471,767)	(105,441)
Proceeds from Sale of Property and Equipment	37,184	-	37,184	-
Purchase of Property and Equipment	(147,458)	-	(147,458)	(489,869)
Net Cash Used by Capital and Related Financing Activities	(582,041)	-	(582,041)	(595,310)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales and Maturities of Investments	(772,841)	(5,095,302)	(5,868,143)	2,727,796
Purchase of Investments	1,093,106	4,050,826	5,143,932	(3,222,030)
Investment Income	1,191,531	1,141,029	2,332,560	102,361
Net Cash Provided (Used) by Investing Activities	1,511,796	96,553	1,608,349	(391,873)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(83,345,158)	40,513,483	(42,831,675)	(63,320,808)
Cash and Cash Equivalents - Beginning of Year	115,639,957	3,323,588	118,963,545	182,284,353
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 32,294,799</u>	<u>\$ 43,837,071</u>	<u>\$ 76,131,870</u>	<u>\$ 118,963,545</u>

See accompanying Notes to Basic Financial Statements.

KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	KHRC Operations	State Housing Trust Fund	Total Business-Type Activities	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income	\$ 320,013	\$ 39,744,459	\$ 40,064,472	\$ 1,733,361
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	672,201	52,613	724,814	683,311
Loss on Sale of Capital Assets	(30,360)	-	(30,360)	(27,380)
Provision for Loan Losses, Net of Recoveries	72,250	136,190	208,440	129,296
Effects of Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:				
Accounts Receivable	284,359	48,909	333,268	64,264
Interest Receivable	4,149	10,659	14,808	72
Prepays	113,325	(36,509)	76,816	(1,325,203)
Program Loans Receivable	(33,025)	222,006	188,981	188,792
Deferred Outflows - OPEB	(64,080)	-	(64,080)	(1,752)
Deferred Outflows - Pension	(4,024,126)	-	(4,024,126)	(844,418)
Accounts Payable	(3,003,591)	(7,503)	(3,011,094)	3,152,556
Employee Payroll Liabilities	(673)	-	(673)	(673)
Accrued Salaries and Wages	(43,983)	22,604	(21,379)	119,208
Grants Payable	(1,621,917)	-	(1,621,917)	761,400
Unearned Revenue	(80,730,736)	89,540	(80,641,196)	(67,643,345)
Compensated Absences and PTO Exchanges	45,124	22,297	67,421	134,035
Net OPEB Liability	(2,538)	-	(2,538)	12,843
Net Pension Liability	4,909,875	-	4,909,875	(303,550)
Deferred Inflows - OPEB	65,872	-	65,872	45,824
Deferred Inflows - Pension	(1,095,387)	-	(1,095,387)	787,734
Net Cash Provided (Used) by Operating Activities	<u>\$ (84,163,248)</u>	<u>\$ 40,305,265</u>	<u>\$ (43,857,983)</u>	<u>\$ (62,333,625)</u>

See accompanying Notes to Basic Financial Statements.

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Kansas Housing Resources Corporation (KHRC) was established pursuant to Executive Reorganization Order No. 30 dated February 10, 2003 (ERO 30), and 2003 Kansas Senate Bill No. 285 (SB 285), which transferred the Division of Housing of the Kansas Department of Commerce and Housing to the Kansas Development Finance Authority (KDFA), effective July 1, 2003 to be organized in accordance with the Kansas Development Finance Authority Act (KDFA Act), K.S.A. 74-8901 et seq., as amended. KHRC was incorporated, effective July 1, 2003, by the KDFA to be a subsidiary corporation in accordance with the provisions of K.S.A. 74-8904 (v). That statute further provides that the Board members of KDFA shall constitute all the Board members of KHRC, and KDFA is the sole member of KHRC. KHRC is an independent instrumentality of the State of Kansas and a public body politic and corporate.

KHRC's mission is to enhance Kansas communities with housing opportunities. This goal is achieved through using a variety of strategies and approaches, including increasing home ownership opportunities, leveraging the construction of affordable rental housing, promoting energy efficiency improvements for owner-occupied and rental housing, providing affordable housing through rental assistance to low-income families and senior citizens, and creating housing opportunities for underserved persons and communities.

To accomplish its objectives, KHRC has the rights, powers, privileges, and duties conferred by ERO 30, SB 285, and its articles of incorporation and bylaws. These include making bylaws and adopting rules and regulations to carry out the purposes of KHRC; acquiring, holding, and disposing of real and personal property for its corporate purposes; appointing officers, agents and employees; entering into contracts and agreements; collecting fees and charging for its services; accepting gifts, grants, loans and other aid; investing and borrowing moneys; procuring insurance; and providing technical assistance and advice to the State of Kansas or political subdivisions of the State.

Accounting principles generally accepted in the United States of America require that the reporting entity include: (1) the primary government, (2) organizations for which the government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading. KHRC is financially accountable to its Board of Directors, appointed by the Governor of Kansas, and the State exercises oversight responsibility on financial interdependency and accountability for fiscal matters and scope of public service. KHRC is included in the State's financial reporting entity, and KHRC's transactions are reported in the State's Comprehensive Annual Financial Report as a component unit.

KHRC does not have any component units as defined by the Governmental Accounting Standards Board.

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with KHRC's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Basis of Accounting

KHRC's activities meet the definition of an enterprise fund because it is the intent of KHRC to recover, primarily through user charges and grant reimbursement, the cost of providing goods or services to the general public. These financial statements present the total business-type activities and the major enterprise funds of KHRC.

Transactions are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the funds are included on the statement of net position. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. Revenues are recognized when earned and expenses are recognized when the liability is incurred in accordance with the accrual basis of accounting.

KHRC administers grants and Federal and State assistance programs, representing "pass-through" financial assistance, on behalf of secondary recipients. In accordance with GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, KHRC recognizes financial activity related to pass-through grants and financial assistance as revenues and expenses of KHRC.

Grants and other financial assistance received from Federal and State governments and other third parties are recognized as operating revenue when all applicable eligibility requirements have been met in accordance with GASB No. 33, Accounting and Financial Reporting for Non-Exchange Transactions.

KHRC Operations

KHRC defines *KHRC Operations* as fees for services, Federal grant administration, and other activities that have the characteristics of an exchange transaction.

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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

State Housing Trust Fund

The *State Housing Trust Fund* (SHTF) was established by House Bill No. 2517 as a vehicle to deposit housing funds and provide a necessary match for the HOME program.

Now codified at KSA 74-8959, the SHTF legislation contains few requirements and funding sources and essentially created a discretionary, interest-bearing trust account for the purpose of housing programs and services. The Statute allows KHRC, as the administrator of this fund, to maintain and invest funds outside of the State Treasury and to apply for and receive grants, gifts, and donations.

KHRC defines SHTF funding sources as funding KHRC receives based solely on its designation as the provider of housing services for the State of Kansas. SHTF sources generally do not include federal grant administration/grant income or other activities that have the characteristics of an exchange transaction.

Use of Estimates

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

Related Parties

KHRC reimbursed KDFA for shared board-related and professional service expenses incurred during the year. In addition, KHRC purchases goods, supplies, and services from State agencies or entities and utilizes State contracts for administrative purposes.

Programs

The following is a brief description of significant programs financed by Federal, State and SHTF-funded grants or agreements over which KHRC exercises fiscal and administrative control with Supplementary Information program references in parentheses:

- Housing Development Program (Housing Development) – The Housing Development Program is designed to secure private equity capital for the development of affordable rental housing through tax incentives (i.e., tax credits) rather than direct subsidies. Enacted in the Tax Reform Act of 1986, the Tax Credit is a 10-year Federal tax credit against a taxpayer's ordinary income tax liability available to individuals (directly or through partnerships) and corporations who acquire or develop and own the affordable rental housing properties. The Tax Credit historically provides as much as 75-80% of the total development cost, which reduces the amount of debt financing in affordable rental housing developments. This allows lower rents and greater flexibility. KHRC receives application fees and fees for services from developers and owners who participate in the Housing Development (Tax Credit) program.

KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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

Programs (Continued)

- Housing Compliance Program (Housing Compliance) – The Housing Compliance Program exists to service and oversee project performance for developments that received an allocation of Housing Tax Credits, Private Activity Bonds, and/or HOME Rental Housing Development, Tax Credit Assistance Program and Credit Exchange Program dollars. The program is responsible for the development, implementation, and maintenance of policy, procedures, and processes, and provides enhanced asset management features and monitoring oversight to help ensure initial and ongoing project viability for the term of the contractual agreement. The program is also involved in budget analyses, reserve draws, leasing and marketing, monthly and annual reporting, project stabilization, project monitoring through onsite reviews, training and technical assistance, conflict resolution, tenant complaints and other areas as necessary to ensure compliance with Federal and State laws. On the preservation side, Rental Compliance works with owners to: limit and/or mitigate risk; address overleveraged properties and options other than foreclosure; maximize utility cost savings through green building and energy efficient technologies; comply with fair housing, 504, and ADA requirements; accomplish project stabilization for distressed properties; provide outreach and education with other Affordable Housing Programs and local units of government; deliver technical assistance that aids KHRC partners in the exploration and evaluation of other programs, resources, and opportunities that may be available to meet ongoing preservation needs; and minimize the number of properties opting out of programs by offering incentives to remain in the programs. KHRC receives fees from owners for annual compliance monitoring, asset management, and other miscellaneous fees for services.

- KHRC Corporate (KHRC Corporate) – Activity includes miscellaneous fees for services (e.g., manufactured housing license fees), KHRC Operations-funded program loan interest, and other miscellaneous corporate revenues and expenses.

Federal Programs

- Contract Administration Program (Contract Administration) – KHRC is the Section 8 Contract Administrator for project-based Section 8 properties in Kansas. The program also provides the Section 8 housing assistance payment to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing at rents they can afford. KHRC receives basic administrative fees for services from HUD to administer the program. See Note 16 for additional information on the status of KHRC's Section 8 Contract with HUD.

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

Federal Programs (Continued)

- HOME Investment Partnership Program (HOME) – HOME is funded through HUD and was created by Congress as part of the National Affordable Housing Act of 1990. The intent of the HOME Program is to provide decent, affordable housing to lower-income households, expand the capacity of nonprofit housing providers, strengthen the ability of state and local governments to provide housing, and leverage private-sector participation. KHRC administers the Federal funds and required matching funds to carry out program activities related to down payment assistance, rental housing development, and tenant based rental assistance. KHRC is reimbursed for eligible costs associated with administration of the program.
- Weatherization Assistance Program (DOE-WAP) – DOE-WAP is a long-term formula grant program funded by the U.S. Department of Energy (DOE). The purpose of the program is to make low-income households in income-eligible, single or multi-family dwellings, including manufactured homes, more energy efficient, thereby reducing the utility bills of these families. Funds may be used for air leakage reduction, incidental repairs, health and safety measures, furnace and cooling system repair/replacement, insulation, and replacement of inefficient refrigerators. KHRC receives partial reimbursement of eligible costs associated with administration of the program.
- Low-Income Energy Assistance Program (LIEAP-WAP) – KHRC receives and administers up to 15% of a portion of the State of Kansas' LIEAP grant, a block grant program, funded by Health and Human Services (HHS) for the same purposes as the DOE-WAP program. KHRC receives reimbursement of eligible costs associated with administration of the program.
- Community Services Block Grant (CSBG) – CSBG is a formula grant funded by HHS and enables local CSBG entities to provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community. Services include the following areas: employment, education, making better use of available income, housing, emergency services, nutrition, and providing linkages to other community resources. KHRC receives reimbursement of eligible costs associated with administration of the program.
- Emergency Solutions Grant Program (ESG) – ESG is a formula grant funded by HUD and provides assistance to units of local government or nonprofit organizations to improve the quality of existing emergency homeless shelters, to help meet the costs of operating emergency shelters, and to provide certain essential social services to homeless individuals. KHRC receives partial reimbursement of eligible costs associated with administration of the program.

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

Federal Programs (Continued)

- Homeless Management Information Systems (HMIS) Program – HMIS is funded by HUD and provides a database management system to gather unduplicated client-level data on the extent of homelessness in Kansas to improve the effectiveness of homeless shelters and service delivery systems. KHRC receives partial reimbursement of eligible costs associated with administration of the program.
- National Housing Trust Fund Program (NHTF) – NHTF is an affordable housing production program that complements existing Federal, state and local efforts to increase and preserve the supply of decent, safe and sanitary affordable housing for extremely low and very low-income households, including homeless families. NHTF funds will be awarded with the HOME and LIHTC awards. KHRC receives reimbursements of eligible costs associated with administration of the program.
- Kansas Emergency Rental Assistance Program (KERA and KERA2) – KERA is funded through the federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021. The KERA program provides rent, utility and internet assistance to households experiencing financial hardship as a result of the COVID pandemic. KHRC receives reimbursement of eligible costs associated with administration of the program. The programs were funded under two rounds (KERA and KERA2).
- Kansas Eviction Prevention Program (KEPP) – KEPP is funded from the federal Coronavirus Relief Fund as authorized by the Strengthening People and Revitalizing Kansas (SPARK) taskforce and approved by the State Finance Council. The KEPP program provides rental assistance to households experiencing financial hardship as a result of the COVID pandemic. KHRC receives reimbursement of eligible costs associated with administration of the program.
- Kansas Homeowner Assistance Fund (HAF) – HAF is funded through the is funded through the American Rescue Plan Act (ARPA) of 2021. The program provides financial relief to homeowners financially impacted by the COVID pandemic.
- Moderate Income Housing Program American Rescue Plan Act (MIH ARPA) – The MIH Program, that is traditionally funded by the State of Kansas, was funded by the American Rescue Plan Act. The Kansas Legislature made \$20,000,000 in ARPA funds available for the development of moderate income housing in rural communities through a grant agreement executed between KHRC and the Recovery Office on July 5, 2022. Those funds are awarded to projects through a series of RFPs issued through KHRC's Moderate Income Housing (MIH) program, with development activities subject to MIH requirements.

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

State Housing Trust Fund Programs

- General State Housing Trust Fund (General SHTF) – Activity includes miscellaneous revenues, program loan interest income and other miscellaneous expenses incurred as the housing administrator for the State of Kansas.
- Kansas Housing Conference (KHC) – The KHC is a state-wide annual conference for elected officials, housing and community development leaders, business professionals, developers, and other stakeholders dedicated to creating innovative housing solutions for all Kansans. KHC activity represents revenues and expenses associated with the annual conference, which is held at various locations throughout the state.
- Moderate Income Housing Program (MIH) – The MIH Program funded by the State of Kansas provides \$2.0 million per year for fiscal years 2013 through 2022 for loans and grants to cities or counties for infrastructure or housing development in rural areas. In 2023, an additional \$20.0 million was funded by the State, bringing the total 2023 funding to \$22.0 million.
- Kansas Accessibility Modification and Emergency Repair Program (KAMP/ERP) – The KAMP/ERP program provides awards to existing weatherization agencies to facilitate weatherization client repairs with a traditional grant rather than a savings and education program. KAMP/ERP repair funding allows federally funded weatherization measures to move forward. Funding is provided by transfers from KHRC Operations or available SHTF funds.
- Kansas City Power and Light Program (KCP&L) – The KCP&L program is a partnership KHRC has with KCP&L to provide weatherization services to KCP&L customers.
- Kansas Gas Service Weatherization Program (KGS-WAP) – The Kansas Gas Service Program (KGS) provides gap funding for weatherization services to Kansas Gas Service customers to bring homes up to a standard to allow federal weatherization assistance to occur. Funding was provided by agreement between KHRC and OneGas Foundation for a one-time donation of \$80,000 to be used as follows: \$2,000 for KHRC administrative costs and \$78,000 for KHRC weatherization partner agencies to provide weatherization services.
- Atmos Energy Weatherization (Atmos Wx) – The Atmos Energy Corporation provides funding for weatherization upgrades to income-eligible participants. Funding was provided by agreement between KHRC and Atmos Energy for a one-time donation of \$20,000.

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(CONTINUED)

State Housing Trust Fund Programs (Continued)

- Kansas Affordable Housing Tax Credit State LIHTC (KS Affordable Housing TC State LIHTC) – During the 2022 Legislative Session House Bill 2237 was passed and signed into law. New Sections 1 – 6 of the Bill, now K.S.A. 2022 Supp. 79-32,304 through 79-32,309, create the Kansas Affordable Housing Tax Credit Act. The tax credit will be for each qualified development for each year of the credit period, in an amount equal to the federal tax credit allocated or allowed by the Kansas Housing Resources Corporation to such qualified development. The Kansas Housing Resources Corporation is required to issue an allocation certificate to an owner of a qualified development receiving a credit under the Affordable Housing Tax Credit Act, to be issued simultaneously with issuance of federal form 8609, related to federal tax credits.
- Kansas Investor Tax Credit (KS Housing Investor TC) – Beginning in 2022, the Kansas Legislature made available a state income tax credit to developers and builders of new housing in rural communities. The tax credit is a per-unit amount that is indexed for small, medium and large counties (\$35,000, \$32,000 or \$30,000 per unit). The legislation requires that a minimum of 2.5M credits be allocated to small and medium-sized counties, with the balance available to larger (pop. Of 8,000+) counties. The credit may roll over one calendar year from the allocation year, with investors having 4 years to claim the credit against their tax liability. After the initial issuance, the credits may be sold or otherwise transferred to other eligible taxpayers, with no limit on the number of transfers.
- Rural Housing Revolving Loan Program – The Legislature has made \$20,000,000 available to establish a Revolving Loan Fund to support the development of housing and housing infrastructure through loans to cities and counties. The initial allocation of \$20,000,000 is for rural communities. It is anticipated that the first loans will be made in late 2023 or early 2024. \$2,000,000 of the \$20,000,000 funding was moved to the Home Loan Guarantee Program.
- Home Loan Guarantee for Rural Kansas (Rural Loan Guarantee) – Established by the Kansas Legislature in 2022, the HLG program evens the playing field for Kansans seeking to build or rehabilitate a home in rural counties. For many rural homebuyers, the cost of building or renovating a home often exceeds the home's appraised value due to a lack of comparable properties in the area. HLG helps financial institutions guarantee the gap under a loan used for land and building purchases, renovation, and new construction costs capitalized or financed within Kansas counties that have a population less than 10,000. HLG guarantees the amount of the loan that exceeds 80% of the appraised value of the home, up to 125% of the appraised value of the home subject to the loan. Each amount of guarantee shall not exceed \$100,000. Financial institutions that serve rural homebuyers request loan guarantee funds from KHRC. Eligible institutions include banks, trust companies, savings banks, credit unions, savings and loan associations, or any other lending institution.

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

Cash and Cash Equivalents

KHRC cash equivalents are defined as short-term highly liquid investments that are readily convertible to cash with an original maturity of three months or less.

Restricted cash and cash equivalents include cash held under Federal, State, and private grant programs, valued at fair value. Various government programs or external agreements dictate how these restricted funds may be used.

Investments

Investments are reported at fair value. KHRC's investment policy limits investments to the following investment types: U.S. Treasury Securities, U.S. Government agency obligations, certificates of deposit, investments in the Kansas Municipal Investment Pool, repurchase agreements, promissory notes with maturities of one year or less, commercial paper, and money market funds.

Fair Value of Financial Instruments

GASB 72, *Fair Value Measurement and Application*, which establishes a framework for measuring fair value that requires or permits fair value measurement and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs.

Accounts Receivable

KHRC uses the reserve method of accounting for bad debts. Under this method, all uncollectible accounts are charged to the allowance account, and bad debt expense is determined by adjusting the balance in the allowance account to a reserve considered reasonable by management.

Restricted accounts receivable includes: Federal program receivables for subsidy (pass-through) grant proceeds to be received or spent on behalf of secondary recipients. Various government programs or external agreements dictate how restricted receivable proceeds may be used.

Program Loans Receivable

Program loans receivable consist of no-interest or below market-interest rate loans made to financially assist and develop difficult-to-develop affordable housing areas and provide funding for modifications benefiting disabled and moderate to very low-income rental housing tenants and homeowners. Program loans receivable are carried at the unpaid principal balance outstanding less an allowance for estimated program loans receivable losses. Program loans receivable are generally secured by a subordinated collateral position to the property owner's first mortgage.

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(CONTINUED)**

Program Loans Receivable (Continued)

Restricted program loans receivable consists of HOME loans funded by the HOME program or reported as HOME match contributions, Tax Credit Assistance Program (TCAP) loans, and Moderate Income Housing (MIH) loans. Since HOME match contributions are permanent contributions to the HOME program, subsequent repayment of the loans is restricted to a HOME project or to HOME-eligible housing. Subsequent repayment of the TCAP loans is restricted to TCAP rules and TCAP eligible uses. MIH loan proceeds are subject to MIH rules and restrictions.

Allowance for Program Loans Receivable Losses

The allowance for program loans receivable losses is increased by charges to expense and decreased by charge-offs (net of recoveries). The provision for program loans receivable losses is charged to expense when, in management's opinion, it is probable KHRC will be unable to collect all amounts (principal and interest) under the contractual terms of the loan documents. The provision for program loans receivable losses also includes corresponding accrued interest on program loans receivable included in the allowance for program loans receivable losses. In evaluating the provision, management generally considers the age of the various program loans receivable portfolios, historical performance of the borrower, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, subordination position, and current economic conditions.

Interest on Program Loans Receivable

Interest on program loans receivable is accrued based upon the principal amounts outstanding per program loans receivable agreements and includes interest on principal amounts outstanding included in the allowance for program loans receivable losses.

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Individual items with a cost of \$5,000 or more with a useful life of more than one year are capitalized. Maintenance and repairs, which do not improve or extend the useful lives of the respective assets, are expensed as incurred. Depreciation is computed using the straight-line method with no salvage value over the estimated useful lives of the assets ranging from 24 months to 8 years for leasehold improvements, three to eight years for furniture and equipment, and five years for vehicles.

Leases

KHRC is a lessee for noncancelable leases of office space, office equipment, and software. KHRC recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statement of net position. KHRC recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

Leases (Continued)

At the commencement of a lease, KHRC initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how KHRC determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- KHRC uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, KHRC generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease and option years that KHRC is reasonably certain to exercise.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that KHRC is reasonably certain to exercise.

KHRC monitors change in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported as current and noncurrent on the statement of net position.

Subscription-Based Information Technology Arrangements (SBITA)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Grants Payable

Grants payable represent amounts received or due for various Federal and State government program grant awards unpaid to grant recipients as of year-end.

Restricted grants payable includes amounts to be paid from restricted assets such as from subsidy (pass-through) grant proceeds to be received or spent on behalf of secondary recipients.

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

Compensated Absences

KHRC utilizes a modern paid time off (PTO) policy. Under terms of KHRC's PTO policy, which became effective July 1, 2016, employees are granted leave for vacation, sickness, and other personal time under a single accrual. Employees accrue PTO leave at a rate based upon the number of years employed. Minimum usage requirements also apply. Upon retirement or termination, KHRC employees are generally paid for unused PTO leave and accrued compensatory time up to a maximum of 240 hours.

PTO Exchange Liability

KHRC compensated absences policy reflects a 240 maximum hour accrual. Periodically, management evaluates accrued hours in excess of the policy and determines amounts to be paid out. That balance is reflected as a PTO exchange liability in the statement of net position.

Unearned Revenue

Unearned revenue represents (1) Rental Development fees for services received, but not earned (e.g., for allocation fees received, since the owner/developer's allocation request and supporting documents have not been submitted, the fees are unearned); (2) Kansas Housing Conference registration fees received, but not earned (fees are recognized when the conference is held); and (3) grant funding received but not earned (grant funds are recognized when spent for eligible purposes).

Pensions

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

Other Postemployment Benefits (OPEB)

For the purpose of measuring the net OPEB liability for KHRC, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, have been determined by an actuarial valuation and are accounted for in accordance with the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

Net Position

Net position is classified as follows:

Net Investment in Capital Assets – represent KHRC’s investment in capital assets and right to use assets less the related liability.

Restricted – represent those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. KHRC is legally or contractually obligated to spend these funds in accordance with the restriction imposed by third parties.

Unrestricted – consist of those operating funds over which the Board of Directors retains full control to use in achieving any of its authorized purposes.

When an expense is incurred that can be paid using either restricted or unrestricted resources, KHRC’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Deferred Outflows of Resources/Deferred Inflows of Resources

The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. KHRC’s deferred outflows are relating to the pension and OPEB liabilities.

The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. KHRC’s deferred inflows are relating to the pension and OPEB liabilities.

Revenues and Expenses

Revenues are classified as operating or nonoperating according to the following criteria:

Operating Revenues – include activities that have the characteristics of an exchange transaction (i.e., transactions where essentially equal value is exchanged) as well as those incurred which relate directly to housing programs for persons of low and moderate income such as a) fees for services, and b) grant administration/grant income. Operating revenues also include interest income on program loans, Federal and State program revenues associated with grant administration, contributions and donations, proceeds for the Revolving Loan Program and other miscellaneous administrative fees as part of KHRC’s principal ongoing operations.

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

Revenues and Expenses (Continued)

Nonoperating Revenues – include activities that have the characteristics of nonexchange transactions such as investment income which is defined as nonoperating revenue by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.

Expenses are classified as operating or nonoperating according to the following criteria:

Operating Expenses – include activities that have the characteristics of an exchange transaction such as a) employee salaries, benefits, and related expenses; b) supplies and other services; c) insurance; and d) depreciation and amortization expense related to capital assets and right to use leased assets. Operating expenses also include Federal, State, and private program expenses associated with Federal and State grant administration and donated program funding administration.

Nonoperating Expenses – include activities that have the characteristics of nonexchange transactions not meeting the above definition for operating expenses.

Income Taxes

KHRC is a tax-exempt quasi-governmental organization. Accordingly, under Section 115 (1) of the Internal Revenue Code (IRC), no provision for income taxes has been included in the accompanying financial statements.

Adoption of New Accounting Standard

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

KHRC adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

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NOTE 2 CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2023 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Cash:		
Financial Institution	\$ 76,131,863	\$ 76,131,863
Kansas State Treasurer	7	7
Certificates of Deposit	4,817,477	4,817,477
U.S. Agency Securities	7,401,709	7,124,425
Total	<u>\$ 88,351,056</u>	<u>\$ 88,073,772</u>

A summary of investments and maturities as of June 30, 2023 consisted of the following:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturities (In Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Certificates of Deposit	\$ 4,817,477	\$ 2,088,158	\$ 2,729,319
U.S. Agency Securities	7,124,425	736,298	6,388,127
Total	<u>\$ 11,941,902</u>	<u>\$ 2,824,456</u>	<u>\$ 9,117,446</u>

Investment Policy. KHRC has adopted a formal investment policy. The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield. The standard of care to be used by investment officials shall be the “prudent person” standard, and shall be applied in the context of managing an overall portfolio. Investments are made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Interest Rate Risk. KHRC minimizes the risk it will realize in losses due to declines in the market value of securities in its portfolios by structuring its investment portfolio so that securities mature to meet cash requirements for scheduled disbursements or ongoing operations, taking into account cash balances available or expected to be available for such requirements, thereby avoiding the need to sell securities on the open market prior to maturity. KHRC also diversifies its investments to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of securities.

Credit Risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligation is called credit risk. Per the investment policy, KHRC will minimize credit risk through pre-qualifying institutions, diversifying its portfolios, and maintaining a standard of quality of authorized eligible investments. As of June 30, 2023, KHRC’s investments were rated AA+ to BBB- by Standard & Poor’s.

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NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, KHRC will not be able to recover the value of its deposits or investments that are in the possession of an outside party. KHRC's investment policy requires collateralization on all demand deposit accounts, and to secure investments in certificates of deposits and repurchase agreements. KHRC also minimizes custodial credit risk by pre-qualifying the custodial or depository institutions, broker/dealers, intermediaries, and advisors with which KHRC will do business. Investments held at June 30, 2023, are held by the investment's counterparty. The deposits held with a financial institution and the Kansas State Treasurer were fully collateralized at June 30, 2023.

Concentration of Credit Risk. KHRC's investments are diversified to minimize the risk of loss resulting from over concentration of assets in a specific maturity, specific issuer, or specific class of securities. The maximum percentage of portfolio by investment type ranges from 100% for U.S. Treasury securities, U.S. Government Instrumentality Obligations and the State of Kansas Pooled Money Investment Board to 15% for bankers' acceptances and commercial paper. All of KHRC's investments, except for certificates of deposit (40.34%), are in U.S. Government Instrumentality Obligations, which include U.S. Treasury Securities (5.65%) and investments in the Federal National Mortgage Association (9.60%), Federal Home Loan Bank (36.17%), the Federal Home Loan Mortgage Corporation (6.17%), and the Federal Farm Credit Banks Funding Corporation (2.07%) as of June 30, 2023.

Risks and Uncertainties. KHRC maintains a portion of its total assets in a combination of bonds, fixed income securities, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market fluctuation, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect investments and the amounts reported in the combined statement of financial position.

NOTE 3 FAIR VALUE MEASUREMENTS

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

Certificates of deposit are carried at cost, thus are not included in the fair value hierarchy.

The following describes three levels of inputs that may be used to measure fair value:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

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

KHRC's U.S. Agency securities (Note 2) are valued on a recurring basis as follows:

Investments by Fair Value Level	Investment at Fair Value		
	Level 1	Level 2	Total
U.S. Agency Securities	\$ -	\$ 7,124,425	\$ 7,124,425

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2023 consisted of the following:

Rental Compliance Monitoring Fees Receivable,		
Net (Various Property Owners)	\$	706,961
HUD Section 8 Fees Receivable		490,022
Federal Grant Administration/Grant Receivable		455,491
Other Receivables, Net		131,678
Total Accounts Receivable	\$	1,784,152

KHRC is responsible for the administration, allocation, and compliance of the Rental Development (tax credit) Program for the State of Kansas. Rental Development fees are recognized as revenue as projects progress through the tax credit application process from initial application to final allocation, while Rental Compliance monitoring fees are generally due for all placed-in-service properties no later than March 15th following the first year of credit. The allowance for accounts uncollectible and related provision for bad debts represent an estimate of compliance monitoring fees that will not be paid due to owners opting out of the program or leaving the program due to foreclosure. Rental Compliance monitoring fees receivable are shown net of allowance for uncollectible fees of \$10,000 at June 30, 2023.

Since compliance monitoring reports and related fees are reported on a calendar year basis, the Rental Compliance monitoring fees receivable represents an estimate of compliance monitoring fees due for the period January 2023 through June 2023 for calendar year 2023.

Amounts billed to and collected from government agencies are subject to adjustment as a result of government audits. Thus, HUD Section 8 fees receivable are subject to adjustment.

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NOTE 4 ACCOUNTS RECEIVABLE (CONTINUED)

The Federal program receivable represents subsidy (pass-through) grant proceeds to be received and spent on behalf of secondary recipients. The Federal grant administration/grant receivable represents reimbursable eligible costs incurred in association with administration of various Federal programs.

NOTE 5 PROGRAM LOANS RECEIVABLE

Program loans receivable as of June 30, 2023 consisted of the following:

	Program Loans Receivable	Allowance for Program Loans Receivables Losses	Net Programs Loans Receivable
HOME Loans, Bearing Interest at 1.0%-5.02%, Collateralized by Mortgages (KHRC Operations)	\$ 2,415,910	\$ 2,075,000	\$ 340,910
TCAP Loans, Non-Interest Bearing, Collateralized by Mortgages (KHRC Operations)	4,581,248	4,581,248	-
State Housing Trust Fund Loans, Bearing Interest at 0%-5.1%, Collateralized by Mortgages (SHTF)	682,279	622,279	60,000
HUD Restructured Loans, Bearing Interest at 1.0%, Collateralized by Mortgages (SHTF)	2,580,688	2,580,688	-
Financing Adjustment Factor Loans, Non-Interest Bearing, Collateralized by Mortgages (SHTF)	173,206	173,206	-
Disaster Loans, Bearing Interest at 0%-5%, Collateralized by Mortgages (SHTF)	2,253,200	2,253,200	-
Kansas Energy Efficiency Program Loans, Non-Interest Bearing, Collateralized by Mortgages (SHTF)	17,222	-	17,222
Moderate Income Housing Loans, Bearing Interest at 0%-3%, Collateralized by Mortgages (SHTF)	22,831	-	22,831
Other KHRC Operations Loans, Bearing Interest at 0%-1.5%, Collateralized by Mortgages (KHRC Operations)	299,166	-	299,166
Total Program Loans Receivable	<u>\$ 13,025,750</u>	<u>\$ 12,285,621</u>	<u>\$ 740,129</u>

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NOTE 5 PROGRAM LOANS RECEIVABLE (CONTINUED)

Program loans accrued interest receivable as of June 30, 2023, consisted of the following:

	Program Loans Accrued Interest Receivable	Allowance for Program Loans Receivable Losses	Net Program Loans Accrued Interest Balance
HOME Loans (KHRC Operations)	\$ 794,238	\$ 792,085	\$ 2,153
State Housing Trust Fund Loans (SHTF)	313,757	291,461	22,296
HUD Restructured Loans (SHTF)	250,597	250,597	-
Disaster Loans (SHTF)	215,295	215,295	-
Other KHRC Operations Loans (KHRC Operations)	1,714	-	1,714
Total Program Loans Accrued Interest Receivable	<u>\$ 1,575,601</u>	<u>\$ 1,549,438</u>	<u>\$ 26,163</u>

The following is a brief description of the various types of program loans financed by KHRC Operations and the State Housing Trust Fund:

KHRC Operations

HOME loans provide loans for housing programs and services, which include programs for the repair, rehabilitation, and improvement of existing residential housing, accessibility modifications, rental subsidies and the provision of housing services and assistance to disabled persons and persons having low or moderate income. Most loans are secured by subordinated mortgages that run concurrent with the first mortgage. Loan repayment is generally based on the following: a percentage of annual excess cash flow (e.g., 25%) when the debt coverage ratio reaches or exceeds 1.25, or on an amortized schedule. First mortgages on tax credit properties are generally based on a 30-year amortization with a 15-year balloon payment. First mortgages on Section 8 properties are generally 40-year terms. Maturity dates vary from calendar years 2024-2049. HOME loans are restricted to a HOME project or to HOME eligible housing.

TCAP loans provided gap funding for Tax Credit projects, which but for this funding would likely not be developed in the current market. The TCAP loans were funded under ARRA through HUD. Loan repayment is based on a balloon payment due sixteen years after the commencement of the compliance period as defined by Internal Revenue Code Section 42. All loans are secured by a mortgage and mature in calendar year 2027. TCAP loans are restricted to TCAP rules and eligible uses.

Other KHRC Operations loans provide loans for housing programs and services, which include programs for the repair, rehabilitation, and improvement of existing residential housing, and new construction loans. Other KHRC Operations loans are funded by KHRC Operations. Loans are secured by a mortgage or other agreement and mature between calendar years 2026 and 2030.

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NOTE 5 PROGRAM LOANS RECEIVABLE (CONTINUED)

State Housing Trust Fund

State Housing Trust Fund loans provide loans for housing programs and services, which include programs for the repair, rehabilitation, and improvement of existing residential housing, accessibility modifications, rental subsidies and the provision of housing services and assistance to disabled persons and persons having low or moderate income. Loan repayment is generally based on a percentage of excess cash flow (e.g., 25%) when the debt coverage ratio reaches or exceeds 1.25 or on an amortized schedule. All loans are secured by mortgages, which are generally subordinated to the first mortgage and due through calendar year 2032.

HUD Restructured loans were donated to KHRC through the Office of Affordable Housing Preservation per Section 517(a)(5) of the Multifamily Assisted Housing Restructuring Act of 1997, which provides debt restructuring, including the subordination of HUD held notes, to qualified FHA insured multifamily Section 8 properties. Loan repayment is based on 75% of Surplus Cash per HUD definition. The properties receive project-based Section 8 subsidy and have 30-year first mortgages expiring between calendar years 2034 and 2037.

Financing Adjustment Factor (FAF) loans were available per Section 1012(a) of the Stewart B. McKinney Homeless Assistance Act of 1988, as amended, which provided 50% of the amounts recaptured from the refinancing of certain bond-financed projects that shall be made available to KHRC for loans and grants. These funds were used in the State of Kansas to provide decent, safe, and sanitary housing affordable to very low-income families or persons. Loan repayment is generally based on 75% of surplus cash per HUD definition. Most of the properties that received FAF loans were Section 8 FHA-insured with 40-year first mortgages expiring between calendar years 2023 and 2035. Subsequent repayment of FAF loans is unrestricted.

Disaster loans provided loans for new construction or reconstruction of disaster-affected communities. Disaster loans were funded by the State of Kansas State Finance Council. Loan repayment is generally based on a 15 or 20-year balloon payment with maturity dates between calendar years 2023 and 2028. Subsequent repayment of Disaster loans is unrestricted.

Moderate Income Housing (MIH) loans provided an interest free loan to help a city/county develop housing and infrastructure in a rural area. The MIH loan was funded by discretionary SHTF resources. Loan repayment is based on a 10-year balloon payment with a calendar year 2026 maturity date. Subsequent repayment of the SHTF-funded MIH loan is restricted.

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NOTE 5 PROGRAM LOANS RECEIVABLE (CONTINUED)

A summary of the allowance for program loans receivable losses activity for the period ending June 30, 2023 is as follows:

	Program Loans Receivable	Program Loans Accrued Interest Receivable	Total
Ending Balance - June 30, 2022	\$ 12,225,870	\$ 1,421,339	\$ 13,647,209
Provision for Loan Losses	59,751	148,689	208,440
Recoveries	-	(20,590)	(20,590)
Ending Balance - June 30, 2023	<u>\$ 12,285,621</u>	<u>\$ 1,549,438</u>	<u>\$ 13,835,059</u>

NOTE 6 CAPITAL ASSETS, LEASES, AND SBITAs

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

Category	Beginning Balance	Implementation of GASB 96	Increase	Decrease	Transfer	Ending Balance
Capital Assets:						
Furniture and Equipment	\$ 1,282,086	\$ -	\$ -	\$ (58,492)	\$ 87,000	\$ 1,310,594
Assets in Progress	16,650	-	147,458	-	(164,108)	-
Vehicles	80,782	-	-	-	77,108	157,890
Leasehold Improvements	820,584	-	-	(114,598)	-	705,986
Right-of-Use Asset - Buildings	1,423,124	-	-	(260,174)	-	1,162,950
Right-of-Use Asset - Equipment	33,667	-	21,419	(33,324)	-	21,762
Right-of-Use Asset - SBITA	-	174,448	-	-	-	174,448
Total Capital Assets	<u>3,656,893</u>	<u>174,448</u>	<u>168,877</u>	<u>(466,588)</u>	<u>-</u>	<u>3,533,630</u>
Accumulated Depreciation and Amortization:						
Furniture and Equipment	(1,247,652)	-	(68,538)	41,526	-	(1,274,664)
Vehicles	(28,847)	-	(13,407)	-	-	(42,254)
Leasehold Improvements	(358,944)	-	(210,689)	94,380	-	(475,253)
Right-of-Use Asset - Buildings	(912,838)	-	(312,669)	254,663	-	(970,844)
Right-of-Use Asset - Equipment	-	-	(3,213)	-	-	(3,213)
Right-of-Use Asset - SBITA	-	-	(116,298)	-	-	(116,298)
Total Accumulated Depreciation and Amortization	<u>(2,548,281)</u>	<u>-</u>	<u>(724,814)</u>	<u>390,569</u>	<u>-</u>	<u>(2,882,526)</u>
Net Capital Assets	<u>\$ 1,108,612</u>	<u>\$ 174,448</u>	<u>\$ (555,937)</u>	<u>\$ (76,019)</u>	<u>\$ -</u>	<u>\$ 651,104</u>

KHRC leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2028 and provide for various renewal options. Interest rates range from 2.60% to 4.60%.

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NOTE 6 CAPITAL ASSETS, LEASES, AND SBITAS (CONTINUED)

Total future minimum lease payments under lease agreements are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 229,382	\$ 4,429	\$ 233,811
2025	4,244	394	4,638
2026	4,386	252	4,638
2027	4,532	106	4,638
2028	1,121	3	1,124
Total Minimum Lease Payments	<u>\$ 243,665</u>	<u>\$ 5,184</u>	<u>\$ 248,849</u>

KHRC has entered into a SBITA for a housing-related database. The SBITA arrangement has an interest rate of 0.14% and expires in 2024, with future payments as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 58,761	\$ 17	\$ 58,778
Total Minimum SBITA Payments	<u>\$ 58,761</u>	<u>\$ 17</u>	<u>\$ 58,778</u>

NOTE 7 NONCURRENT LIABILITIES

The following is a summary changes in noncurrent liabilities for the year ended June 30, 2023:

	Balance June 30, 2022	Implementation of GASB 96	Additions	Deletions	Balance June 30, 2023	Current Portion
Compensated Absences	\$ 487,580	\$ -	\$ 85,720	\$ (69,111)	\$ 504,189	\$ 446,208
PTO Exchange	58,154	-	50,812	-	108,966	108,966
Lease Liability	617,161	-	21,419	(394,915)	243,665	229,382
SBITA Liability	-	174,448	-	(115,687)	58,761	58,761
Net OPEB Liability	61,620	-	-	(2,538)	59,082	-
Net Pension Liability	3,847,183	-	4,909,875	-	8,757,058	-
Total	<u>\$ 5,071,698</u>	<u>\$ 174,448</u>	<u>\$ 5,067,826</u>	<u>\$ (582,251)</u>	<u>\$ 9,731,721</u>	<u>\$ 843,317</u>

NOTE 8 HOME MATCH CARRYFORWARD

By establishing the HOME program, Congress intended to establish a partnership between the Federal government and states, units of local government, and nonprofit organizations to expand the supply of affordable, standard housing for low-income families. In keeping with the concept of partnership, each jurisdiction participating in the HOME program is required to make contributions to qualified housing in an amount equal to 25% of appropriated HOME funds drawn for housing projects. These contributions are known as "match." KHRC incurs match obligation each Federal fiscal year based on the amount of HOME funds drawn from its U.S. Treasury account subject to match. Each Federal fiscal year, KHRC must make eligible matching contributions in an amount that equals the match obligation incurred during that fiscal year. Matching contributions made in excess of the match obligation may be carried forward to meet the next year's obligation.

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NOTE 8 HOME MATCH CARRYFORWARD (CONTINUED)

At June 30, 2023, KHRC had received excess match contributions of \$14,826,284, which may be carried forward and applied to next year's obligation.

NOTE 9 EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description. KHRC participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its 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 General Assembly. Member employees with 10 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 10 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 retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

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

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NOTE 9 EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

General Information about the Pension Plan (Continued)

State law provides that the employer contribution rates be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate was 9.97% for fiscal year ended June 30, 2022. The statutory contribution rate for fiscal year 2022 was 13.33%. Contributions to the pension plan from KHRC were \$762,389 for the year ended June 30, 2023.

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

At June 30, 2023, KHRC reported a liability of \$8,757,058 for its proportionate share of KPERS' collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2022 and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. KHRC's proportion of the collective net pension liability was based on the ratio of KHRC'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, 2022. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2022, KHRC's proportion was 0.122555%, which increased by 0.054270% from its proportion measured as of June 30, 2021 of 0.068285%.

For the year ended June 30, 2023, KHRC recognized a reduction in pension expense of \$165,566, which is recorded with salaries and related payroll expenses. At June 30, 2023, KHRC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 194,102	\$ 3,804
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	737,499	-
Changes in Assumptions	1,346,123	-
Changes in Proportionate Share	3,332,610	44,196
KHRC Contributions Subsequent to Measurement Date	762,389	-
Total	<u>\$ 6,372,723</u>	<u>\$ 48,000</u>

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NOTE 9 EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

The \$762,389 reported as deferred outflows of resources related to pensions resulting from KHRC 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 (deferred inflows):

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 1,569,389
2025	1,422,020
2026	704,032
2027	1,798,966
2028	67,927
Total	<u>\$ 5,562,334</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021, actuarial valuation, which was rolled forward to June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Price Inflation	2.75%
Salary Increases, Including Price Inflation	3.50% to 12.00%
Long-Term Rate of Return Net of Investment Expense and Including Price Inflation	7.00%

Mortality rates were based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, with adjustments for age setback or set forward and actual experience. Rates are projected into the future using Scale MP-2016.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an actuarial experience study conducted during 2019, dated January 7, 2020.

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.

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NOTE 9 EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	23.5 %	5.20 %
Non-U.S. Equities	23.5	6.40
Private Equity	8.0	9.50
Private Real Estate	11.0	4.45
Yield Driven	8.0	4.70
Real Return	11.0	3.25
Fixed Income	11.0	1.55
Short Term Investments	4.0	0.25
Total	<u>100.0 %</u>	

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 contractually required rate and that contributions from KHRC will be made at the contractually required rate. State/School employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer contribution was modeled for future years, assuming all actuarial assumptions are met in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of KHRC's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents KHRC's proportionate share of the collective net pension liability calculated using the discount rate of 7.00%, as well as what KHRC's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
KHRC's Proportionate Share of the Collective Net Pension Liability	<u>\$ 12,379,834</u>	<u>\$ 8,757,058</u>	<u>\$ 5,729,466</u>

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NOTE 9 EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

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 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

KPERS sponsors a long-term disability program for participating employers. Participating employers pay the cost of the long-term disability and life insurance coverage for their eligible members. For GASB 75 purposes, Kansas Housing Resource Corporation is considered to be participating in a single employer long-term disability plan.

Eligible employees consist of all individuals who are:

- Currently active members of KPERS;
- Employees of an educational institution under the Kansas Board of Regents as defined in K.S.A. 74-4925;
- Eligible employees of University of Kansas Hospital Authority as defined in K.S.A. 76-3322; or
- Elected officials.

The plan provides a group life insurance benefit for active members through a fully-insured program with Standard Insurance Company. Because this benefit is fully-insured, it is not included in the scope of the actuarial valuation for the OPEB liability. The plan also provides a self-funded LTD benefit and a self-funded life insurance benefit for disabled members (referred to as “group life waiver of premium”). These items are considered “Other Post-Employment Benefits” under GASB 75 accounting rules, and they are included in the actuarial valuation for the OPEB liability. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees Covered by Benefit Terms. As of December 31, 2021, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

Active Plan Members	116
Total Plan Members	116

Contributions. All KPERS employers contribute a statutory 1% of pay for the Death and Disability Plan. There is no employee contribution for the Death and Disability Plan.

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NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

General Information about the OPEB Plan (Continued)

Benefits. The key provisions of the LTD benefit include the following:

- **Definition of Disability.** For the first 24 months following the end of the benefit waiting period, a member is totally disabled if the member is unable to perform the material and substantial duties of his or her regular occupation due to sickness or injury. Thereafter, the member is totally disabled if the member is unable to perform the material and substantial duties of any gainful occupation due to sickness or injury.
- **Benefit Waiting Period.** For approved claims, benefits begin on the later of (a) the date the member completes 180 continuous days of total disability; or (b) the date the member ceases to draw compensation from his or her employer.
- **Monthly Benefit.** The monthly benefit is 60% of the member's monthly rate of compensation, with a minimum of \$100 and a 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.
- **Maximum Benefit Period.** If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever first occurs. If the disability occurs at or after age 60, benefits are payable while disability continues, for a period of five years or until the date of the member's retirement, whichever first occurs.
- **Limitation for Mental Illnesses and Substance Abuse.** 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.

The key provisions of the group life waiver of premium benefit include the following:

- **Benefit Amount.** Upon the death of a member 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 (a) the member's annual rate of compensation at the time of disability, or (b) the member's previous 12 months of compensation at the time of the last date on payroll. If the member had been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point.
- **Accelerated Death Benefit.** If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, he or she may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary.
- **Conversion Right.** If a member retires or disability benefits end, he or she may convert the group life insurance coverage to an individual life insurance policy.

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

General Information about the OPEB Plan (Continued)

Changes in the total OPEB liability are as follows:

	Total OPEB Liability Increase (Decrease)
Beginning Balance	\$ 61,620
Changes for the Year:	
Service Cost	19,182
Interest on Total OPEB Liability	1,745
Effect of Economic/Demographic Gains or Losses	6,138
Effect of Assumptions Changes or Inputs*	6,138
Net Changes	(29,603)
Ending Balance	\$ 65,220

*Discount rate change from 2.16% to 3.54%

Actuarial Assumptions. The following actuarial assumptions were used in the development of KHRC's long-term disability cost projections. Where consistent with the terms of the plan, actuarial assumptions affecting active employee liabilities have utilized the assumptions for the KPERs as provided in the December 31, 2021, actuarial valuation reports for the pension plan. These assumptions were adopted by the KPERs Board in connection with a study of experience during 2016-2018. Assumptions related to post-disability payout streams are based on historical experience of the KPERs Death and Disability Plan for all participants.

Valuation Date	December 31, 2021
Measurement Date	June 30, 2022
Price Inflation	2.75%
Salary Increases, Including Price Inflation	3.50%
Mortality	RP-2014 Mortality Table Projected Generationally with Scale MP-2021
Payroll Growth	3.00%
Actuarial Cost Method	Entry Age Normal

KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

General Information about the OPEB Plan (Continued)

Sensitivity of KHRC's OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the employer as of June 30, 2022, calculated using the discount rate of 3.54%, as well as what the employer's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current rate. The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 61,298	\$ 59,082	\$ 56,564

Sensitivity of KHRC's OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the employer as of June 30, 2022, calculated using the current healthcare cost trend rates as well as what the employer's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this exhibit is provided as it is a required disclosure under GASB 75.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 59,082	\$ 59,082	\$ 59,082

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

At June 30, 2023, KHRC reported a liability of \$59,082 for its total OPEB obligation. The liability was measured as of June 30, 2022, by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022.

For the year ended June 30, 2022, KHRC recognized a reduction in pension expense of \$44,818, which is recorded with salaries and related payroll expenses. At June 30, 2023, KHRC 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	\$ 5,528	\$ 38,472
Changes in Assumptions	617	27,400
KHRC Contributions Subsequent to Measurement Date	57,935	-
Total	\$ 64,080	\$ 65,872

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The \$57,935 reported as deferred outflows of resources related to OPEB resulting from KHRC contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (deferred inflows):

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (8,848)
2025	(8,848)
2026	(8,848)
2027	(8,806)
2028	(8,318)
Thereafter	<u>(16,059)</u>
Total	<u>\$ (59,727)</u>

NOTE 11 DEFERRED COMPENSATION PLAN

The State offers a Deferred Compensation Plan (Plan), a voluntary defined contribution retirement plan, as authorized by IRS Code Section 457. Salary reduction agreements are made with eligible employees whereby prescribed amounts are withheld from the employees' pay and remitted to the Trustee, Great West Financial, LLC, which invests the withholdings in eligible annuity products in accordance with the investment instructions of the employees. These monies are not available to employees until termination or retirement from employment, death, or unforeseeable emergency. Any employees, except those employed on an emergency, temporary, or intermittent basis, are eligible on their first day of employment to participate in the Plan. During fiscal year 2023, 36 KHRC employees participated in the Plan.

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

KANSAS HOUSING RESOURCES CORPORATION
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RECOGNIZED MATCH INCOME AND EXPENSE

HOME Match Income and Expense – The HOME program requires a 25% matching obligation when HOME funds subject to matching requirements are drawn from its U.S. Treasury account. The HOME program provides a 100% match reduction (draws are not subject to match) for funds expended in areas with an approved Presidential disaster declaration for up to two Federal fiscal years. HOME match income and expense amounts represent match contributions provided by KHRC and non-KHRC (e.g., subgrantee) resources, which reduce KHRC’s HOME match obligation. Excess HOME match may be carried forward to meet the next year’s obligation.

ESG Match Income and Expense – The ESG program requires a dollar for dollar matching obligation when ESG funds subject to matching requirements are drawn from its U.S. Treasury account. ESG match income and expense amounts represent match contributions provided by KHRC and non-KHRC (e.g., subgrantee) resources, which reduce KHRC’s ESG match obligation. ESG income equals ESG match expense resulting in a net effect of zero on KHRC’s financial statements. Unlike HOME match, excess ESG match by grant year may not be carried forward to meet the next year’s obligation.

HMIS Match Income and Expense – The HMIS program requires a 25% matching obligation when HMIS funds subject to matching requirements are drawn from its U.S. Treasury account. HMIS match income and expense amounts represent match contributions provided by KHRC resources, which reduce KHRC’s HMIS match obligation. HMIS match income equals HMIS match expense resulting in a net effect of zero on KHRC’s financial statements. Unlike HOME match, excess HMIS match may not be carried forward to meet the next year’s obligation.

Match expense for the period ending June 30, 2023 is as follows:

Recognized Match Income - HOME	\$ 849,901
Recognized Match Income - ESG	1,791,691
Recognized Match Income - HMIS	<u>22,862</u>
Total Recognized Match Income	<u>2,664,454</u>
Recognized Match Expense - HOME	849,901
Recognized Match Expense - ESG	1,791,691
Recognized Match Expense - HMIS	<u>22,862</u>
Total Recognized Match Expense	<u>2,664,454</u>
Net Recognized Match Expense	<u><u>\$ -</u></u>

Match income and expense reflected on KHRC’s financial statements represents HOME match inclusive of non-KHRC match contributions, excluding excess match contributions carried over to future years (see also Note 8), and ESG and HMIS match.

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 INTERFUND TRANSFERS

A summary of interfund transfers by fund for the year ended June 30, 2023 is as follows:

	Transfers In	Transfers Out
KHRC Operations	\$ 43,724	\$ (155,389)
State Housing Trust Fund	155,389	(43,724)
Total Transfers	\$ 199,113	\$ (199,113)

The interfund transfers primarily include a \$155,389 transfer from KHRC Operations to the SHTF for the annual state-wide Kansas Housing Conference. Additionally, there was a total of \$43,724 in transfers from the SHTF to KHRC Operations for the State match on HMIS funds.

NOTE 14 RISK MANAGEMENT

KHRC is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims expenses and liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. KHRC has not made a claim against any of the insurance policies. KHRC also has commercial insurance coverage on personal property with a limit of \$998,917 and a \$1,000 deductible, which includes coverage on electronic data processing equipment, media, and data. This policy also provides general liability coverage with a \$1,000,000 per occurrence/\$2,000,000 aggregate limit. In addition, there is a Public Officials and Employees Liability Insurance Policy including Employment Practices Liability with an aggregate limit of \$2,000,000 and a \$1,000 deductible, and Business Auto coverage including hired and non-owned auto liability with a limit of \$1,000,000 combined single limit for Bodily Injury and Property Damage. KHRC also has a fidelity bond insurance policy with a \$5,500,000 employee dishonesty/fidelity limit, and a \$1,000,000 limit for forgery or alteration, computer fraud, and other miscellaneous types of coverage, and a \$50,000 deductible. KHRC also participates in the State's nonstate employee health benefit plan. Insurance settlements have not exceeded insurance coverage for fiscal years ending June 30, 2023, 2022, or 2021.

NOTE 15 CONTINGENCIES AND COMMITMENTS

Intergovernmental Financial Assistance – KHRC administers various Federal and State programs. These programs are subject to audit and adjustment by the awarding agencies and other organizations. Any disallowed claims, including amounts already collected may constitute a liability of the applicable program. The amount, if any, of expenses disallowed cannot be determined at this time. KHRC expects such amounts, if any, to be immaterial.

Litigation – KHRC, in the normal course of business, is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, KHRC believes the resolution of these matters will not have a material adverse effect on the financial condition of KHRC.

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 15 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Annual Contributions Contract – KHRC entered into an amended Annual Contributions Contract (ACC) with HUD for project-based Section 8 contract administration on August 29, 2011. The agreement extended KHRC's contract from its original expiration date of October 1, 2011 to March 31, 2012 and provided HUD the option to extend the ACC for up to three additional and successive renewal terms of three calendar months each for the period April 1, 2012 through December 31, 2012. The amended agreement contained reduced tasks and correspondingly reduced fees for services. On August 15, 2012, the Government Accountability Office (GAO) sustained protests filed against HUD under the PBCA NOFA proposals, which were due in June 2012. On August 7, 2013, HUD awarded new ACC contracts in 42 states, which included KHRC being awarded the Kansas contract. On March 25, 2014, the United States Court of Appeals ruled against HUD and determined procurement contracts rather than PBCA NOFA proposals should have been issued. During the fiscal year 2019, the contract was extended to January 31, 2021, with the option by HUD exercised to further extend it for up to two additional and successive extension terms of six months each. During fiscal year 2023, the contract was extended to January 31, 2024.

NOTE 16 JOINT POWERS AGREEMENTS

KHRC entered into a joint powers agreement with the State of Kansas' Department of Social and Rehabilitation Services (SRS) on January 16, 2008, and an amended agreement with the new Kansas Department for Children and Families (DCF) on October 1, 2016 for the period October 1, 2016 through September 30, 2018. The agreement was amended on October 1, 2018 to extend the contract through September 30, 2019, on October 1, 2019 to extend the contract through September 30, 2020, on October 1, 2020 to extend the contract through September 30, 2021, on October 1, 2021 to extend the contract through September 30, 2022, and on October 1, 2022 to extend the contract through September 30, 2023 with the option to renew by mutual, written consent. The purpose of the agreement is to transfer 15% of a portion of SRS'/DCF's Low Income Energy Assistance (LIEAP) regular block grant to supplement KHRC's Department of Energy Weatherization Assistance Program (DOE WAP) funds. The agreements are subject to Federal funding availability.

NOTE 17 FEDERAL GRANTS AUDIT UNDER OMB 2 CFR, PART 200. SUBPART F – AUDIT REQUIREMENTS

The U.S. Office of Management and Budget (OMB) 2 *CFR, Part 200, Subpart F - Audit Requirements and Government Auditing Standards* require audits of KHRC's expenditures of Federal awards since KHRC's expenditures were \$750,000 or more in the fiscal year ended June 30, 2023. Such expenditures are included in the June 30, 2023, *OMB 2 CFR, Part 200, Subpart F - Audit Requirements* audit for the State of Kansas.

REQUIRED SUPPLEMENTARY INFORMATION

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
SCHEDULE OF KHRC'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
KHRC'S Proportion of the Collective Net Pension Liability	0.122555%	0.068285%	0.055551%	0.050188%	0.052400%	0.057030%	0.052500%	0.052560%	0.052640%	0.052880%
KHRC'S Proportionate Share of the Collective Net Pension Liability	\$ 8,757,058	\$ 3,847,183	\$ 4,150,733	\$ 3,246,017	\$ 3,418,111	\$ 3,831,693	\$ 3,528,690	\$ 3,639,427	\$ 3,363,465	\$ 3,841,452
KHRC'S Covered Payroll	\$ 6,515,191	\$ 3,380,143	\$ 2,752,292	\$ 2,445,945	\$ 2,505,750	\$ 2,615,373	\$ 2,275,432	\$ 2,245,616	\$ 2,311,032	\$ 2,286,270
KHRC'S Proportionate Share of the Collective Net Pension Liability as a Percentage of Its Covered Payroll	74%	88%	66%	75%	73%	68%	64%	62%	69%	60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.75%	76.40%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%

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

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
SCHEDULE OF KHRC'S PENSION CONTRIBUTIONS
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 762,389	\$ 849,131	\$ 480,990	\$ 396,606	\$ 323,110	\$ 301,762	\$ 282,718	\$ 248,289	\$ 229,231	\$ 237,343
Contributions in Relation to the Contractually Required Contribution	<u>(762,389)</u>	<u>(849,131)</u>	<u>(480,990)</u>	<u>(396,606)</u>	<u>(323,110)</u>	<u>(301,762)</u>	<u>(282,718)</u>	<u>(248,289)</u>	<u>(229,231)</u>	<u>(237,343)</u>
Contribution Efficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
KHRC's Covered Payroll	\$ 5,938,643	\$ 6,515,191	\$ 3,380,143	\$ 2,752,292	\$ 2,445,945	\$ 2,505,750	\$ 2,615,373	\$ 2,275,432	\$ 2,245,616	\$ 2,311,032
Contributions as a Percentage of Covered Payroll	12.84%	13.03%	14.23%	14.41%	13.21%	12.04%	10.81%	10.91%	10.21%	10.27%

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
SCHEDULE OF CHANGES IN KHRC'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS***

Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability:						
Service Cost	\$ 19,182	\$ 17,007	\$ 13,171	\$ 14,585	\$ 14,397	\$ 15,633
Interest on Total OPEB Liability	1,745	1,454	2,108	2,894	2,522	1,586
Effect of Economic/Demographic Gains (Losses)	6,138	(5,649)	(13,978)	(31,135)	(12,138)	-
Effect of Assumption Changes or Inputs	(29,603)	31	425	500	(631)	(1,148)
Net Change in Total OPEB Liability	(2,538)	12,843	1,726	(13,156)	4,150	16,071
Total OPEB Liability - Beginning	<u>61,620</u>	<u>48,777</u>	<u>47,051</u>	<u>60,207</u>	<u>56,057</u>	<u>39,986</u>
Total OPEB Liability - Ending	<u>\$ 59,082</u>	<u>\$ 61,620</u>	<u>\$ 48,777</u>	<u>\$ 47,051</u>	<u>\$ 60,207</u>	<u>\$ 56,057</u>
Covered Employee Payroll	\$ 5,858,700	\$ 2,981,365	\$ 2,752,292	\$ 2,445,945	\$ 2,505,750	\$ 2,615,373
KHRCS Total OPEB Liability as a Percentage of the Covered Employee Payroll	1.01%	2.07%	1.77%	1.92%	2.40%	2.14%

*GASB 75 requires presentation of 10 years. As of June 30, 2023, only six years of information is available.

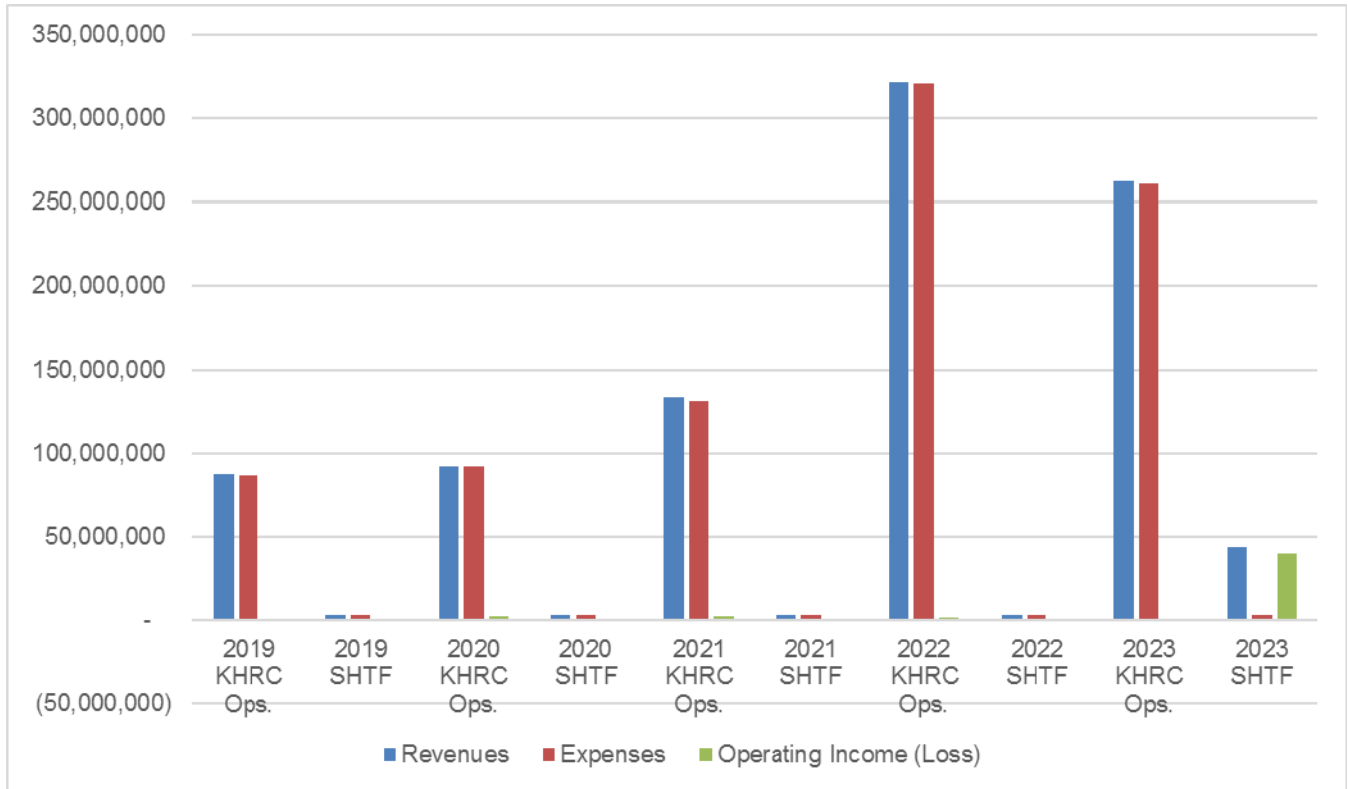
**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
SCHEDULE OF KHRC'S OPEB CONTRIBUTIONS
LAST TEN FISCAL YEARS***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily Required Contribution	\$ 57,935	\$ 1,038	\$ 34,863	\$ 27,863	\$ 24,408	\$ 20,191
Contributions in Relation to the Statutorily Required Contribution	<u>(57,935)</u>	<u>(1,038)</u>	<u>(34,863)</u>	<u>(27,863)</u>	<u>(24,408)</u>	<u>(20,191)</u>
Contribution Efficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
KHRC's Covered Payroll	\$ 5,938,643	\$ 5,858,700	\$ 2,981,365	\$ 2,752,292	\$ 2,445,945	\$ 2,505,750
Contributions as a Percentage of Covered Payroll	0.98%	0.02%	1.17%	1.01%	1.00%	0.81%

*GASB 75 requires presentation of 10 years. As of June 30, 2023, only six years of information is available.

SUPPLEMENTARY INFORMATION

**KANSAS HOUSING RESOURCES CORPORATION
 (A COMPONENT UNIT OF THE STATE OF KANSAS)
 REVENUES, EXPENSES, AND OPERATING INCOME (LOSS) BY FUND
 YEAR ENDED JUNE 30, 2023**



**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)**

**KHRC OPERATIONS STATEMENT OF REVENUES AND EXPENSES BY PROGRAM, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023**

	Housing Development	Housing Compliance	Contract Administration	NHTF	HOME	DOE WAP	LIEAP WAP	CSBG	ESG	HMS	KHRC Corporate		HAF	KERA	KERA 2	KEPP	MIH ARPA	Eliminate Intrafund Transfers	Total
OPERATING REVENUES																			
Fees for Services	\$ 1,158,522	\$ 1,273,432	\$ 2,832,725	\$ 2,920	\$ 8,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ -	\$ 4,453,997	\$ 4,127,600	\$ 13,459,053	\$ -	\$ 62,850	\$ -	\$ 5,280,419
Grant Administration/Grant Income	-	-	-	168,710	529,766	766,997	290,116	397,084	367,572	23,064	-	-	-	-	-	-	-	-	24,646,809
Recognized Match Income	-	-	-	-	849,901	-	-	-	1,791,691	22,862	-	-	-	-	-	-	-	-	2,864,454
Program Loan and Other Interest	-	-	-	-	81,576	-	-	-	-	-	3,595	-	-	-	-	-	-	-	85,171
Other Income	988	1,986	2,013	240	28,722	3,714	374	415	505	60	-	88	-	1,671	-	-	60	-	40,836
Federal Program Revenues	-	-	64,964,084	4,786,078	4,216,005	5,210,124	5,197,429	7,720,210	4,139,993	151,836	-	43,102,758	27,130,362	61,874,762	-	-	-	-	228,493,641
Total Operating Revenues	1,159,510	1,275,418	67,798,822	4,957,948	5,714,290	5,980,835	5,487,919	8,117,709	6,299,761	197,822	8,095	47,556,843	31,257,962	75,335,486	-	-	62,910	-	261,211,330
OPERATING EXPENSES																			
Salaries and Wages	445,262	902,578	1,064,611	107,381	333,514	411,745	162,881	216,048	234,577	33,044	10,588	109,768	504,417	1,499,173	-	-	41,423	-	6,077,010
Employee Benefits	151,868	289,648	336,136	32,121	104,764	119,936	56,691	69,142	73,794	6,668	3,317	35,575	154,218	453,062	-	-	9,241	-	1,896,181
Communication	9,180	16,698	18,663	1,619	5,889	6,400	3,900	3,719	4,149	324	94	2,033	8,655	46,676	-	-	532	-	128,551
Printing and Advertising	1,232	2,289	9,901	232	2,760	18,806	481	564	668	47	170	182,174	1,087	664,070	-	-	80	-	884,561
Rents and Parking Fees	7,990	(26,890)	(24,118)	1,240	2,849	(16,356)	11,254	(1,850)	(5,196)	1,183	1,037	9,499	54,740	102,163	-	-	(4,002)	-	113,543
Equipment Repairs and Maintenance	461	993	1,059	106	301	4,061	204	219	245	18	12	87	346	3,367	-	-	30	-	11,509
Travel	35,054	43,087	48,239	4,561	19,322	49,978	9,135	23,827	11,346	847	1,491	4,086	8,065	22,179	-	-	959	-	282,176
Legal Fees	51	130	2,614	9	45	69	20	30	33	-	182	16	59	270	-	-	6	-	3,534
Audit Fees	164	208	4,179	309	514	450	389	689	709	70	73	275	12,145	25,814	-	-	276	-	46,264
Inspections	-	-	-	-	7,752	-	-	-	-	-	-	-	-	-	-	-	-	-	7,752
Dues and Subscription	4,021	6,167	5,431	2,397	2,631	10,293	710	22,423	280	38	22	2,387	648	3,794	-	-	47	-	61,289
Insurance	5,128	10,493	11,563	1,000	3,537	10,638	1,882	2,696	161	80	1,112	5,252	16,324	16,324	-	-	323	-	72,655
Data Processing and Data Services	41,892	56,347	277,966	7,202	25,673	41,588	30,366	32,257	5,669	716	427	69,646	109,947	293,154	-	-	4,379	-	997,229
Other Fees/Services	3,520	5,851	35,859	975	26,148	4,325	911	1,115	1,636	38,014	802	4,039,031	3,257,961	10,229,260	-	-	359	-	17,645,767
Office and Data Processing Supplies	8,380	11,658	10,762	850	4,085	31,381	1,879	3,542	2,711	106	5,111	906	4,071	12,539	-	-	204	-	98,185
Meeting and Venue Expenses	1,101	2,185	2,393	228	673	2,398	473	373	611	329	176	329	526	176	-	-	115	-	14,679
Expensed Furniture and Equipment	843	25,475	2,059	188	609	1,484	280	419	480	32	17	183	1,036	4,232	-	-	66	-	37,403
Provision for Loan Losses	-	-	-	-	72,250	-	-	-	-	-	-	-	-	-	-	-	-	-	72,250
Depreciation	38,249	87,653	103,465	7,794	27,458	71,637	7,226	17,799	26,702	316	29,726	4,731	27,797	106,101	-	108,495	7,052	-	672,201
Program Expenses	-	-	-	-	-	-	-	-	-	-	-	9,048	-	-	-	-	-	-	9,048
Recognized Match Expense	-	-	-	-	849,901	-	-	-	-	-	22,862	-	-	-	-	-	-	-	2,664,454
Federal Program Expense	-	-	64,964,084	4,786,078	4,216,005	5,210,124	5,197,429	7,720,210	4,139,993	151,836	-	43,102,758	27,130,362	61,874,762	-	-	-	-	228,493,641
Program Income/Grant Expenses	-	-	-	-	268,297	-	-	-	-	-	-	-	-	67,395	-	-	-	-	601,435
Total Operating Expenses	754,396	1,434,570	66,874,886	4,954,290	5,974,977	5,979,157	5,486,065	8,112,982	6,292,704	256,319	62,526	47,564,443	31,348,727	75,625,690	108,495	61,090	-	-	260,891,317
OPERATING INCOME (LOSS)	405,114	(159,152)	923,936	3,658	(260,687)	1,678	1,854	4,727	7,057	(58,497)	(54,431)	(7,600)	(90,765)	(290,204)	(108,495)	1,820	-	-	320,013
NONOPERATING REVENUES																			
Investment Income	-	-	50	-	31,504	-	-	-	-	-	128,627	500	74,883	312,640	-	-	643,327	-	1,191,531
Gain (Loss) on Capital Assets	-	-	-	-	-	-	-	-	-	-	(30,360)	-	-	-	-	-	-	-	(30,360)
Total Nonoperating Revenues	-	-	50	-	31,504	-	-	-	-	-	98,267	500	74,883	312,640	-	-	643,327	-	1,161,171
TRANSFERS IN	-	-	-	-	8,854	26,230	-	8,367	105,754	58,502	34,300	-	113	2,499	-	-	-	(200,895)	43,724
TRANSFERS OUT	-	-	-	-	(34,300)	(26,230)	-	(8,367)	(105,754)	-	(179,021)	-	(2,500)	(112)	-	-	-	200,895	(155,389)
INCREASE (DECREASE) IN NET POSITION	\$ 405,114	\$ (159,152)	\$ 923,986	\$ 3,658	\$ (254,629)	\$ 1,678	\$ 1,854	\$ 4,727	\$ 7,057	\$ 5	\$ (100,885)	\$ (7,100)	\$ (18,269)	\$ 24,823	\$ (108,495)	\$ 645,147	\$ -	\$ -	1,369,519
Net Position - Beginning of Year																			14,871,767
Net Position - End of Year																			\$ 16,241,286

KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
STATE HOUSING TRUST FUND STATEMENT OF REVENUES AND EXPENSES BY PROGRAM, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	General SHTF	KHC	KGS-WAP	KCP&L	Atmos Wx	KS Affordable Housing TC State LIHTC	KS Housing Investor TC	Rural Housing Revolving Loan Program	Rural Loan Guarantee	MIH	KAMP ERP	Eliminate Intrafund Transfers	Total	
OPERATING REVENUES														
Fees for Services	\$ -	\$ 157,115	\$ -	\$ -	\$ -	\$ 95,261	\$ 127,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,946	
Grant Administration/Grant Income	-	-	-	2,421	-	-	-	-	-	-	-	-	2,421	
PAB Multifamily Allocation Fees	49,400	-	-	-	-	-	-	-	-	-	-	-	49,400	
Program Loan and Other Interest	71,142	-	-	-	-	-	-	-	-	-	-	-	71,142	
Contributions and Donations	-	10,500	-	30,136	6,000	-	-	-	-	-	-	-	46,636	
Other Income	-	58	-	-	-	-	234	-	6	313	-	-	611	
State Program Revenues	-	-	-	-	-	-	-	-	-	22,000,000	-	-	22,000,000	
Revolving Loan Program	-	-	-	-	-	-	-	18,000,000	2,000,000	-	-	-	20,000,000	
Total Operating Revenues	120,542	167,673	-	32,557	6,000	95,261	127,804	18,000,000	2,000,006	22,000,313	-	-	42,550,156	
OPERATING EXPENSES														
Salaries and Wages	5,495	63,939	39	2,100	48	37,921	117,750	1,792	8,904	163,710	331	-	402,029	
Employee Benefits	1,162	18,477	8	453	11	5,982	32,861	371	2,238	45,137	71	-	106,771	
Communication	16	744	1	2	-	394	1,726	-	64	2,482	-	-	5,429	
Printing and Advertising	2	174	-	-	-	44	628	-	1,890	657	-	-	3,395	
Rents and Parking Fees	286	20,532	2	-	2	(9,297)	(5,189)	21	275	(10,621)	21	-	(3,968)	
Equipment Repairs and Maintenance	-	32	-	-	-	30	108	-	3	183	-	-	356	
Travel	1,149	20,435	-	-	-	5,236	3,852	2	154	5,908	3	-	36,739	
Legal Fees	-	6	-	-	-	13	14	-	3,992	31	-	-	4,056	
Audit Fees	34	259	-	-	-	-	44	-	41	67	1	-	446	
Dues and Subscriptions	15	463	-	-	-	44	126	1	16	242	1	-	908	
Insurance	-	575	-	-	-	396	1,031	-	41	1,733	-	-	3,776	
Data Processing and Data Services	152	17,786	1	-	3	(283)	6,242	9	209	7,014	10	-	31,143	
Other Fees/Services	487	48,584	-	-	-	664	717	-	32	1,393	1	-	51,878	
Office and Data Processing Supplies	18	14,034	-	-	-	523	647	2,475	38	1,370	-	-	19,105	
Meeting and Venue Expenses	13	111,676	-	-	-	71	292	-	9	442	1	-	112,504	
Expensed Furniture and Equipment	-	1,643	-	-	-	67	198	-	7	326	-	-	2,241	
Provision for Loan Losses	136,190	-	-	-	-	-	-	-	-	-	-	-	136,190	
Depreciation	-	4,313	-	-	-	13,126	11,619	-	347	23,208	-	-	52,613	
Program Expenses	-	-	-	30,136	6,000	-	-	-	-	-	323,304	-	359,440	
State Program Expenses	-	-	-	-	-	-	-	-	-	1,480,646	-	-	1,480,646	
Total Operating Expenses	145,019	323,672	51	32,691	6,064	54,931	172,666	4,671	18,260	1,723,928	323,744	-	2,805,697	
OPERATING INCOME (LOSS)	(24,477)	(155,999)	(51)	(134)	(64)	40,330	(44,862)	17,995,329	1,981,746	20,276,385	(323,744)	-	39,744,459	
NONOPERATING REVENUES														
Investment Income	30,596	-	-	-	-	-	-	291,132	32,348	786,953	-	-	1,141,029	
TRANSFERS IN	-	155,390	51	66	-	-	-	-	-	-	323,744	(323,862)	155,389	
TRANSFERS OUT	(367,586)	-	-	-	-	-	-	-	-	-	-	323,862	(43,724)	
INCREASE (DECREASE) IN NET POSITION	<u>\$ (361,467)</u>	<u>\$ (609)</u>	<u>\$ -</u>	<u>\$ (68)</u>	<u>\$ (64)</u>	<u>\$ 40,330</u>	<u>\$ (44,862)</u>	<u>\$ 18,286,461</u>	<u>\$ 2,014,094</u>	<u>\$ 21,063,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>40,997,153</u>	
													Net Position - Beginning of Year	5,353,558
													Net Position - End of Year	<u>\$ 46,350,711</u>

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)**

**KHRC OPERATIONS STATEMENT OF REVENUES AND EXPENSES BY PROGRAM, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

	Housing Development	Housing Compliance	Contract Administration	NHTF	HOME	DOE WAP	LIEAP WAP	CSBG	ESG	HMSIS	KHRC Corporate	HAF	KERA	KERA2	KEPP	Eliminate Intrafund Transfers	Total	
OPERATING REVENUES																		
Fees for Services	\$ 908,720	\$ 1,201,460	\$ 2,664,044	\$ 1,440	\$ 7,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,200	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ 4,793,474	
Grant Administration/Grant Income	-	-	-	90,969	387,101	371,748	225,450	487,800	257,057	9,370	-	2,485,091	10,899,887	4,836,959	1,175,485	-	21,226,917	
Recognized Match Income	-	-	-	643,495	-	-	-	-	2,320,500	31,788	-	-	-	-	-	-	2,995,783	
Program Loan and Other Interest	-	-	-	-	83,508	-	-	-	-	-	3,646	-	-	-	-	-	87,154	
Other Income	135	272	325	23	443,082	803	60	51	73	3	12	7	2,774	2,572	-	450,192		
Federal Program Revenues	-	-	63,108,258	3,853,384	3,689,865	2,771,619	5,049,968	9,198,519	8,403,480	93,345	-	3,809,781	131,834,348	60,277,496	133,103	-	292,223,166	
Total Operating Revenues	908,855	1,201,732	65,772,627	3,945,816	5,254,611	3,144,170	5,275,478	9,686,370	10,981,110	134,506	13,858	6,294,929	142,737,009	65,117,027	1,308,588	-	321,776,686	
OPERATING EXPENSES																		
Salaries and Wages	377,104	630,885	784,192	61,015	267,353	176,992	121,072	150,023	169,384	11,114	17,687	98,558	5,045,775	1,280,979	-	-	9,192,133	
Employee Benefits	100,991	177,180	225,332	16,804	68,404	47,365	34,615	39,046	45,801	3,395	2,753	21,879	1,159,430	217,327	-	-	2,160,322	
Communication	5,961	10,618	12,632	721	4,492	3,220	2,104	2,201	3,001	177	1,140	118,242	-	22,036	-	-	186,722	
Printing and Advertising	447	2,797	2,078	47	939	16,661	11,920	1,759	743	24	15	581,345	656,547	228,769	-	-	1,504,091	
Rents and Parking Fees	(2,942)	(2,423)	9,343	545	(4,198)	2,203	3,259	(2,968)	475	733	(267)	(1,429)	268,595	(21,816)	-	-	249,110	
Equipment Repairs and Maintenance	997	1,898	2,291	137	631	1,404	421	350	420	32	34	154	48,563	2,550	-	-	59,882	
Travel	11,913	24,495	28,236	2,114	10,940	13,772	3,170	7,627	7,940	(2,192)	467	2,988	20,181	5,166	-	-	136,817	
Legal Fees	54	102	130	8	280	26	21	22	28	2	841	8	1,079	97	-	-	2,698	
Audit Fees	91	247	3,425	233	436	307	306	578	538	107	75	47	26,708	1	-	-	33,099	
Inspections	-	-	-	-	9,479	-	-	-	-	-	-	-	-	-	-	-	-	9,479
Dues and Subscription	3,594	5,647	5,172	2,559	2,486	2,406	349	21,206	(6)	3	108	1,901	7,632	(1,396)	-	-	51,661	
Insurance	2,992	5,547	6,716	400	2,064	5,695	1,068	1,107	1,392	75	85	602	38,630	8,990	-	-	75,263	
Data Processing and Data Services	33,991	42,728	264,948	3,138	21,094	31,203	28,848	2,394	2,983	79	259	84,953	443,262	109,390	-	-	1,069,270	
Other Fees/Services	18,422	6,386	17,431	1,451	28,991	2,127	920	2,047	2,007	23,999	150	1,669,185	3,908,050	2,768,624	-	-	8,449,190	
Office and Data Processing Supplies	8,137	10,850	13,490	274	2,396	4,182	5,233	39,687	1,901	296	9,323	688	42,176	5,305	-	-	143,938	
Meeting and Venue Expenses	873	1,696	2,014	116	615	434	349	327	507	1,181	177	1,181	14,161	2,917	-	-	25,390	
Expensed Furniture and Equipment	6,281	12,803	14,883	707	3,743	6,583	1,834	2,930	3,697	407	69	697	314,862	6,038	-	-	375,534	
Provision for Loan Losses	-	-	-	-	73,700	-	-	-	-	-	-	-	-	-	-	-	-	73,700
Depreciation	29,274	47,866	51,772	3,551	21,900	17,314	20,686	11,854	12,231	199	31,455	9,105	192,193	118,783	108,495	-	676,678	
Program Expenses	-	-	-	-	-	-	-	-	-	-	7,719	-	-	-	-	-	7,719	
Recognized Match Expense	-	-	-	-	643,495	-	-	-	2,320,500	31,788	-	-	-	-	-	-	2,995,783	
Federal Program Expense	-	-	63,108,258	3,853,384	3,689,865	2,771,619	5,049,968	9,198,519	8,403,480	93,345	-	3,809,781	131,834,348	60,277,496	133,103	-	292,223,166	
Program Income Grant Expenses	-	-	-	-	120,411	-	-	-	-	-	-	-	102,534	50,093	-	-	273,038	
Total Operating Expenses	598,180	979,322	64,652,343	3,947,204	4,969,516	3,103,513	5,286,143	9,478,709	10,977,022	163,006	72,131	6,281,779	144,242,968	65,081,249	241,598	-	319,974,683	
OPERATING INCOME (LOSS)	310,675	222,410	1,220,284	(1,388)	285,095	40,657	(10,665)	207,661	4,088	(28,500)	(58,273)	13,150	(1,505,959)	35,778	1,066,990	-	1,802,003	
NONOPERATING REVENUES (EXPENSES)																		
Investment Income (Expense)	-	-	(51)	-	1,906	-	-	-	-	-	(51,309)	500	91,234	73,269	-	-	115,549	
Loss on Capital Assets	-	-	-	-	-	-	-	-	-	-	(27,380)	-	-	-	-	-	(27,380)	
Total Nonoperating Revenues (Expenses)	-	-	(51)	-	1,906	-	-	-	-	-	(78,689)	500	91,234	73,269	-	-	88,169	
TRANSFERS IN	-	-	-	-	25,446	-	-	8,502	63,254	29,052	-	-	1,511,844	-	133,103	(1,745,747)	25,679	
TRANSFERS OUT	-	-	-	-	-	(225)	-	(211,758)	(62,851)	(402)	(540,354)	-	(133,103)	-	(1,308,588)	1,745,747	(511,534)	
INCREASE (DECREASE) IN NET POSITION	\$ 310,675	\$ 222,410	\$ 1,220,233	\$ (1,388)	\$ 312,447	\$ 40,657	\$ (10,665)	\$ 4,405	\$ 4,491	\$ 150	\$ (677,316)	\$ 13,650	\$ (35,984)	\$ 109,047	\$ (108,495)	\$ -	1,404,317	
Net Position - Beginning of Year, as Restated																	13,467,450	
Net Position - End of Year																	\$ 14,871,767	

**KANSAS HOUSING RESOURCES CORPORATION
(A COMPONENT UNIT OF THE STATE OF KANSAS)
STATE HOUSING TRUST FUND STATEMENT OF REVENUES AND EXPENSES BY PROGRAM, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

	General SHTF	KHC	Tenant Landlord Counseling	KGS-WAP	KCP&L	Atmos	MIH	KAMP ERP	Total
OPERATING REVENUES									
Grant Administration/Grant Income	\$ -	\$ 64,681	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,681
Recognized Match Income	13,795	-	-	-	929	-	-	-	14,724
Program Loan and Other Interest	222,487	-	-	-	-	-	-	-	222,487
Contributions and Donations	69,837	-	-	-	-	-	5,689	-	75,526
Other Income	-	57,500	-	-	45,142	20,000	-	-	122,642
Federal Program Revenues	459,677	10	-	-	-	-	3	-	459,690
Recognized Match Income	-	-	-	-	-	-	2,000,000	-	2,000,000
Total Operating Revenues	<u>765,796</u>	<u>122,191</u>	<u>-</u>	<u>-</u>	<u>46,071</u>	<u>20,000</u>	<u>2,005,692</u>	<u>-</u>	<u>2,959,750</u>
OPERATING EXPENSES									
Salaries and Wages	899	49,685	25	1,157	915	11	17,774	96	70,562
Employee Benefits	168	11,595	4	294	192	2	5,424	17	17,696
Communication	7	846	-	14	-	-	267	-	1,134
Printing and Advertising	10	35	(5)	2	-	-	23	1	66
Rents and Parking Fees	12	(1,531)	-	88	-	-	1,422	9	-
Equipment Repairs and Maintenance	-	108	-	-	-	-	41	-	149
Travel	1,119	26	-	4	-	-	720	1	1,870
Legal Fees	-	7	-	-	-	-	4	-	11
Audit Fees	34	84	-	50	-	3	55	12	238
Dues and Subscriptions	3	79	-	1	-	-	42	-	125
Insurance	-	436	-	3	-	-	115	-	554
Data Processing and Data Services	27	12,849	(6)	36	-	-	102	3	13,011
Other Fees/Services	142,206	17,716	-	5	-	-	45	3,252	163,224
Office and Data Processing Supplies	15	589	3	4	-	-	366	-	977
Meeting and Venue Expenses	200	33,803	-	1	-	-	26	1	34,031
Expensed Furniture and Equipment	13,795	1,670	(10)	58	(24)	-	453	-	15,942
Provision for Loan Losses	55,596	-	-	-	-	-	-	-	55,596
Depreciation	-	6,633	-	-	-	-	-	-	6,633
Program Expenses	38,346	-	-	60,500	45,142	20,000	-	468,682	632,670
State Program Expenses	-	-	-	-	-	-	2,013,903	-	2,013,903
Harveyville Statutory Appropriation	-	-	-	-	-	-	-	-	-
Total Operating Expenses	<u>252,437</u>	<u>134,630</u>	<u>11</u>	<u>62,217</u>	<u>46,225</u>	<u>20,016</u>	<u>2,040,782</u>	<u>472,074</u>	<u>3,028,392</u>
OPERATING INCOME (LOSS)	<u>513,359</u>	<u>(12,439)</u>	<u>(11)</u>	<u>(62,217)</u>	<u>(154)</u>	<u>(16)</u>	<u>(35,090)</u>	<u>(472,074)</u>	<u>(68,642)</u>
NONOPERATING REVENUES (EXPENSES)									
Investment Income	(21,010)	-	-	-	-	-	7,822	-	(13,188)
TRANSFERS IN	<u>11,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>511,534</u>
TRANSFERS OUT	<u>(25,679)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,679)</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ 478,204</u>	<u>\$ (12,439)</u>	<u>\$ (11)</u>	<u>\$ (62,217)</u>	<u>\$ (154)</u>	<u>\$ (16)</u>	<u>\$ (27,268)</u>	<u>\$ 27,926</u>	<u>404,025</u>
							Net Position - Beginning of Year		<u>4,949,533</u>
							Net Position - End of Year		<u>\$ 5,353,558</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Kansas Housing Resources Corporation
Topeka, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of Kansas Housing Resources Corporation (KHRC), a component unit of the State of Kansas, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the KHRC's basic financial statements, and have issued our report thereon dated September 25, 2023.

Report on Internal Control Over Financial Reporting

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

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

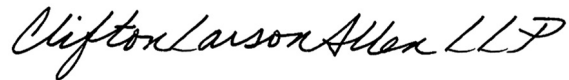
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Baltimore, Maryland
September 25, 2023