KANSAS TURNPIKE AUTHORITY

A COMPONENT UNIT OF THE STATE OF KANSAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2023

Kansas Turnpike Authority

KANSAS TURNPIKE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF KANSAS)

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

WITH

INDEPENDENT AUDITOR’S REPORT

PREPARED BY

DEPARTMENT OF FINANCE

KANSAS TURNPIKE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF KANSAS)

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended June 30, 2023 and 2022

TABLE OF CONTENTS

September 18, 2023

To the Kansas Turnpike Authority ("KTA" or "Authority") Board of Directors, KTA Bondholders and the Citizens of the State of Kansas, on behalf of KTA, we are pleased to transmit this annual comprehensive financial report for the year ended June 30, 2023. The Finance Department has prepared this annual report in accordance with generally accepted accounting principles (GAAP) in the United States. Responsibility for both the accuracy of the data and the completeness and fairness of this presentation, including all disclosures, rests solely with the Authority.

PROFILE OF THE KANSAS TURNPIKE AUTHORITY

The KTA is an instrumentality of the State of Kansas (the State) and a body corporate and politic, created by statute in 1953 to provide an alternative means of constructing necessary State roadways without further straining limited State highway funds. The KTA is authorized to construct, maintain, repair and operate the Turnpike System, which presently consists of 6 service stations, 22 interchanges and 236 centerline miles. The KTA enhances the State's transportation network by providing an effective and efficient means of safe, high-speed travel throughout the State and around population centers without straining appropriations. Operations and debt service are funded by toll revenues; no State or Federal appropriations are allocated to the KTA.

Only Turnpike System customers, who include out-of-state travelers, pay the tolls. Turnpikes serve Kansas as a mechanism for building infrastructure for current use but gradually paying for it over future periods. The KTA supplies a needed basic service at a fee that yields sufficient revenues to operate and maintain its roads at a high quality, as well as provide for debt service payments to its bondholders. Turnpike Revenue Bonds or Refunding Bonds may be issued for the purpose of paying the costs of turnpike projects or refunding outstanding bonds. Turnpike bond sales must be approved by the KTA Executive Board and must comply with all rules and regulations of the United States Treasury Department and the United States Securities and Exchange Commission. All KTA debt is issued in accordance with the Trust Agreement. Turnpike Bonds are payable solely from the tolls and other KTA revenues and do not constitute indebtedness of the State. The KTA's governing body (the Authority) consists of five members. Two members are appointed by the Governor, one member is the secretary of transportation and two members are the chairperson of the committee on transportation for the house of representatives and the senate. The Governor appointees serve a term of four-years, and may be reappointed. The Authority appoints the Chief Executive Officer of the KTA. The Executive Director is responsible for leading the KTA.

The division management staff supervises the daily operations and functions of the organization. Authority members provide oversight and policy direction. They appoint various consulting entities with national reputations for excellence, including the General Counsel, Bond Counsel, Consulting Engineers, Consulting Traffic Engineers, Financial Advisor, Bond Underwriter(s) and Independent Auditor(s). All action taken by the Authority members and staff must be in strict compliance with the provisions of the Trust Agreement.

9401 E Kellogg Drive I Wichita, Kansas 67207-1804
O: (316) 682-4537 I F: (316) 682-1201 I www.ksturnpike.com

Annually, the KTA is required by the Trust Agreement to adopt a final budget to provide for the next year's operating expenses, monthly deposits to the Replacement Reserve. The budget is adopted on a modified accrual (non-GAAP) basis wherein expenditures are recognized on a cash basis, and depreciation is not budgeted as an expenditure. Budgets are controlled at the division level, and the object of the budgetary controls is to ensure compliance with the provisions of the Trust Agreement. The Executive Director may approve changes within the budget at any level, but an increase in the total budget must be approved by the Authority.

ECONOMIC FACTORS

During FY 2023, the Authority increased traffic and revenue compared to the prior year as the State of Kansas remained in a stable and growing economy. Per the Kansas Department of Commerce, the State's unemployment rate maintained at a historically low level at 2.8% in June of 2023. Over the long term, the Kansas economy benefits in many ways from KTA network enhancements, including the positive impacts on business costs and productivity, labor market access, attractiveness to new business, residents and tourists and property values. Investments in highway maintenance and construction serve as an immediate boost to the economy through the employment of workers and the production of construction material.

For FY 2023 toll trips and toll revenue increased, while toll trips remained below pre-pandemic levels, traffic increased even though impacted by high fuel prices early in the fiscal year. Toll revenues increased above the FY 2022 by 2.9%. Passenger car toll trips increased by .9% compared to the prior year, while commercial traffic increased by .3% by the end of FY 2023.

MAJOR INITIATIVES

In FY2023, KTA continued to invest in infrastructure in order to maintain road conditions, improve overall road conditions and customer service. KTA is committed to maintaining the roadway at a level higher than the minimum acceptable condition. KTA has defined the minimum acceptable condition level as having at least 60 percent of the Interstate miles in good condition as defined by the Pavement Management System. At the end of FY23, the actual condition level was 77.9%. KTA continues to improve its bridge condition system and is systematically re-decking and raising bridges in order to meet today's standards for interstate highway bridge height.

In 2020, KTA made the decision to modernize its 236-mile roadway by becoming a cashless tolling system. Preparations are underway with a conversion date of mid-2024, and KTA made major strides toward that goal with civil construction beginning across the 236 miles. In addition to the toll zone construction, the back-office system and the customer interface are being redeveloped.

FINANCIAL STATEMENT PRESENTATION AND INTERNAL CONTROL

Management of the KTA is responsible for the establishment and maintenance of internal accounting controls that have been designed to ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. Such internal controls require estimates and judgments from management so that, in attaining reasonable assurance as to the adequacy of such controls, the cost does not outweigh the achieved benefit. We have established an internal control structure designed to achieve these financial objectives. We believe that the data, as presented, is accurate in all material respects and that it presents fairly the financial position and results of the KTA's operations. An audit of the financial statements has been performed in accordance with generally accepted auditing standards in compliance with the requirements of KTA's Second and Restated Indenture dated September 1, 2017. The required audit has been performed for the year ended June 30, 2023, by the KTA's independent auditors, Allen, Gibbs, and Houlik L.C. Their report is included in the Financial Section of the Annual Report. The Financial Section also includes Management's Discussion and Analysis which provides an overview and brief analysis of the basic financial statements. Readers are encouraged to review this information.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the KTA for its Annual Report for the fiscal year ended June 30, 2022. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Report. The Annual Report must satisfy both U.S. GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENT

We appreciate our Board of Directors for providing leadership as the Authority delivers transportation solutions for its customers. We also wish to thank Authority staff and the Finance team for their contributions to the production of this report.

Respectfully Submitted,

Steve Hewitt	Brandon Kauffman	Chelsey Miranda
Chief Executive Officer	Finance Director	Assistant Finance Director

9401 E Kellogg Drive I Wichita, Kansas 67207-1804
O: (316) 682-4537 I F: (316) 682-1201 I www.ksturnpike.com

THE AUTHORITY BOARD

The Authority Board is comprised of five members who provide oversight of the organization and consult with the Chief Executive Office in approving major contracts, policies and the annual budget.

Deb Miller was appointed to the Authority Board by Governor Laura Kelly in July 2020, but is no stranger to transportation. She carries the distinction of being the longest-serving Secretary of Transportation in Kansas history and currently serves as the Chairperson of the Authority Board.

Calvin Reed is the Acting Secretary of Transportation and Director of the Kansas Turnpike. He is a civil engineer, with over 20 years of experience in both the public and private sectors, most recently as the Engineer and Design Director for KDOT.

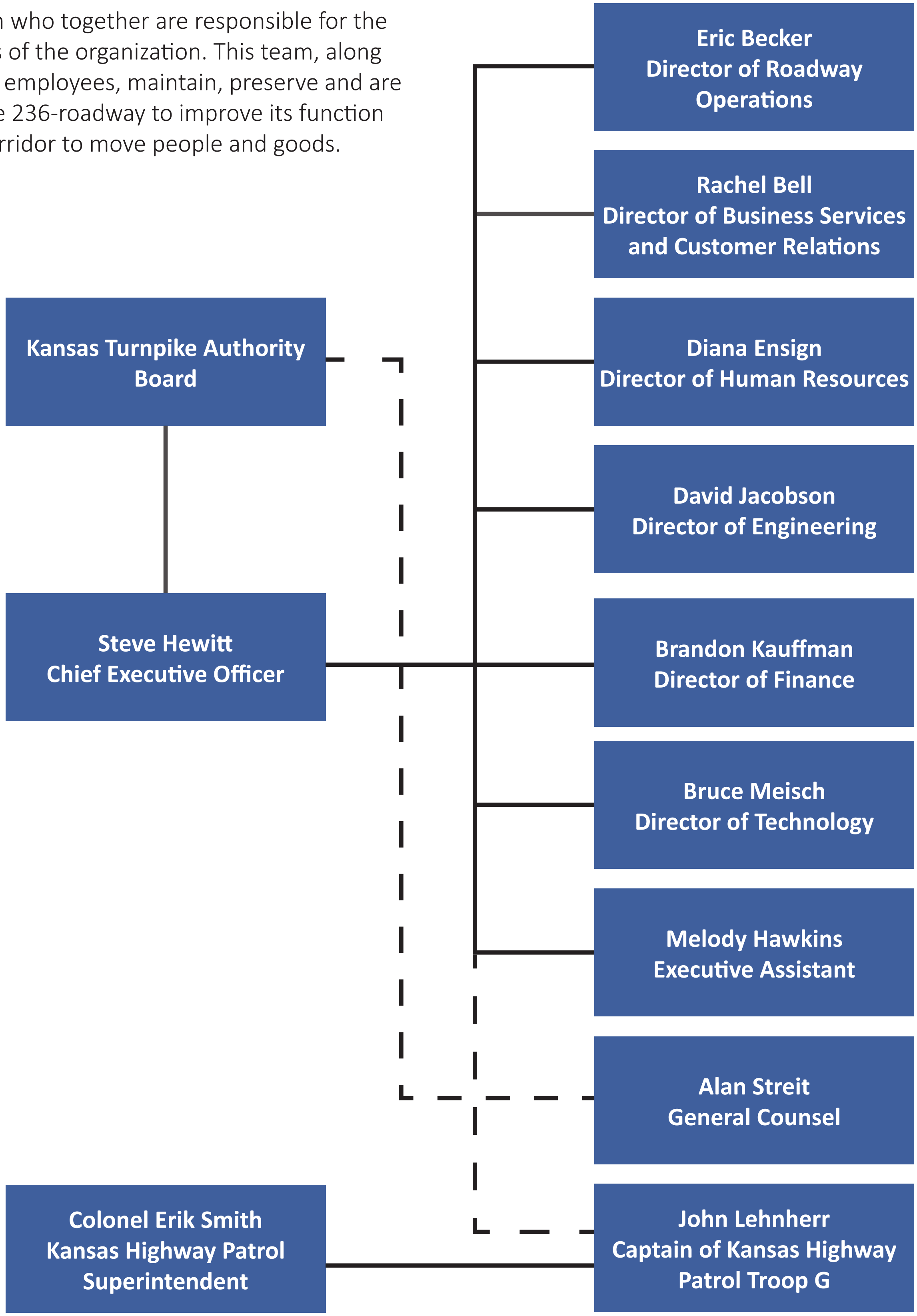
Senator Mike Petersen was appointed Chairman of the Senate Transportation Committee in 2012. He was first elected to the legislature in 2004.

Representative Shannon Francis was appointed Chairman of the House Transportation Committee following the retirement of Representative Richard J. Proehl from the Legislature. He has served in the Legislature since 2015.

Senator Ty Masterson was appointed in August 2021 by Governor Laura Kelly for a term expiring at the end of FY 25. He served on the Authority Board from 2016 - 2020 and has served in the legislature since 2005.

KTA LEADERSHIP TEAM

The Kansas Turnpike Authority is led by the KTA's Chief Executive Officer Steve Hewitt and a 9-member leadership team who together are responsible for the daily operations of the organization. This team, along with nearly 450 employees, maintain, preserve and are re-designing the 236-roadway to improve its function as a regional corridor to move people and goods.



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kansas Turnpike Authority

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

AGH CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kansas Turnpike Authority
Wichita, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Kansas Turnpike Authority (Turnpike), a component unit of the State of Kansas, as of and for the years ended June 30, 2023 and 2022, and the related notes to financial statements, which collectively comprise the Turnpike's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Turnpike, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Turnpike and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on July 1, 2022, the Turnpike adopted Government Accounting Standards Board Statement 96: *Subscription-Based Information Technology Arrangements.* Our opinion is not modified with respect to this matter.

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 the Turnpike'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.

Auditor's 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 auditor's report that includes our opinion. 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 the Turnpike'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 the Turnpike'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 and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the 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 auditing standards generally accepted in the United States of America, 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Turnpike's basic financial statements. The supplementary information as listed in the table of contents is 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 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 supplementary information as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023 on our consideration of the Turnpike'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 the Turnpike'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 the Turnpike's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS
September 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) section of the Annual Comprehensive Financial Report (ACFR) for the Kansas Turnpike Authority (KTA) provides a comprehensive overview and analysis of the Authority's financial performance and operational highlights for the fiscal years 2023 and 2022. This section serves as a valuable tool for stakeholders, including investors, bondholders, government agencies, and the general public, to gain insights into the KTA's financial health, strategic initiatives, and key achievements during the specified period. By examining the financial results and key performance indicators for the fiscal years 2023 and 2022, as well as discussing significant events and trends, this MD&A aims to provide a clear and transparent narrative that enhances understanding and facilitates informed decision-making regarding the KTA's operations and financial standing in the specified fiscal years. Please read it in conjunction with the Turnpike's financial statements and associated footnotes.

Financial Highlights

The KTA's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at the year ended June 30, 2023, by $860.1 million, an increase of $59.0 million or 7.4% compared to 2022. This compares to the previous year when assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by $801.1 million, an increase of $52.4 million or 7.0% compared to 2021.

The KTA's total long-term liabilities decreased by $3.7 million in 2023. The key factors in this decrease were the decrease of $8.0 million in debt offset by an increase in net pension liability of $6.4 million. The KTA's total long-term liabilities decreased $14.2 million in 2022. The key factors in this decrease were the decrease of $8.7 million in debt and a decrease in net pension liability of $4.7 million.

Capital assets increased $42.3 million in 2023 and $24.7 million in 2022 primarily due to KTA's Cashless Tolling Conversion costs.

At the year ended June 30, 2023, and 2022, the outstanding debt for the KTA was $94.4 million and $103.2 million, respectively.

Using this Annual Report

This discussion and analysis are intended to serve as an introduction to the KTA's financial statements, which are comprised of the basic financial statements and the notes to the financial statements and supplementary information presented. Since the KTA operates like a single enterprise fund, fund level financial statements are only shown as supplementary information.

The basic financial statements are designed to provide readers with a broad overview of the KTA's finances, in a manner similar to a private-sector business. The Turnpike's financial statements consist of three statements – Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Change in Net Position

One of the most important questions asked about the Turnpike's finances is, "Is the Turnpike as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report all restricted and unrestricted assets and all liabilities using the accrual basis of accounting.

These two statements report the Turnpike's net position and changes in net position. The Turnpike's net position - the difference between assets/deferred outflows and liabilities/deferred inflows - is one way to measure the Turnpike's financial health, or financial position.

The Statement of Cash Flows

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. This provides information to address where did the cash come from, what was the cash used for and what was the change in cash balance for the fiscal year.

Notes to Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain information required to support the modified approach for the reporting of infrastructure assets, information concerning the Turnpike's schedule of changes in total other post-employment benefits liability, and information pertaining to the Turnpike's net pension liability.

Other Information

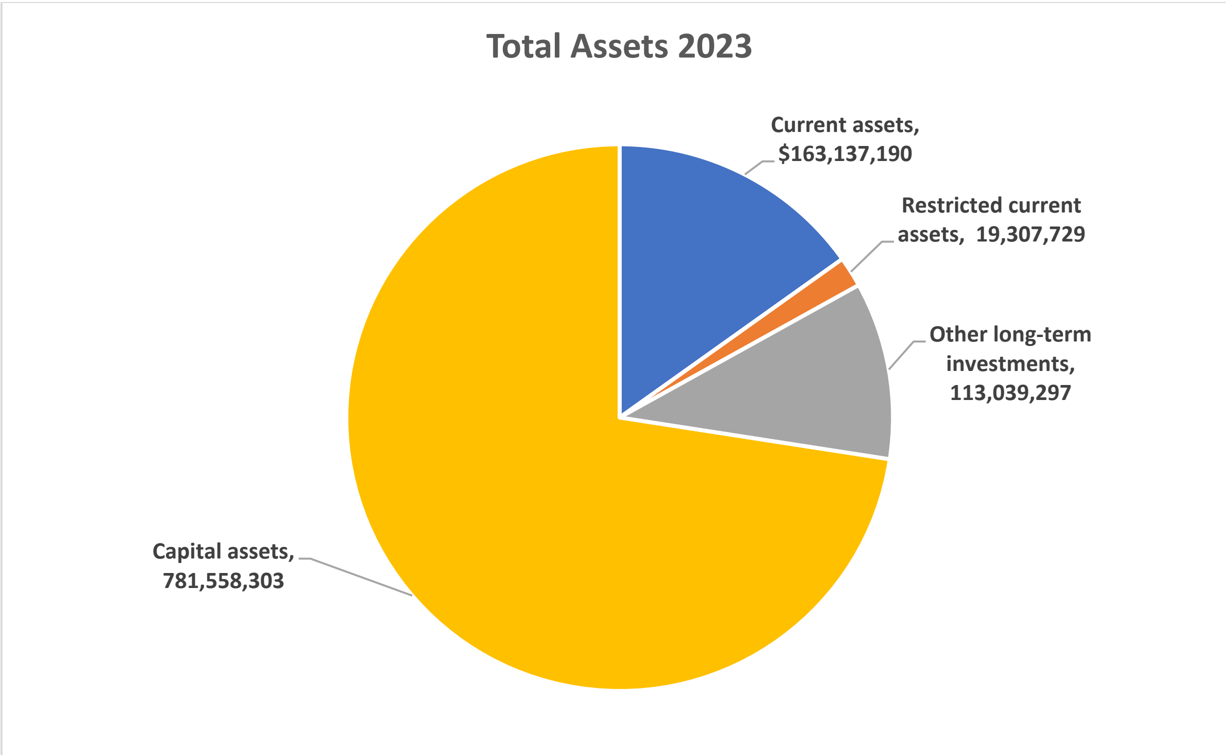
In addition to the basic financial statements, this report also contains other supplementary information helping a reader to understanding the traffic and revenues of the Turnpike, asset conditions and other supplementary financial information.

STATEMENTS OF NET POSITION COMBINED NET POSITION OF THE KTA AT JUNE 30 IS AS FOLLOWS	2023	2022 (restated)	2021
Assets			
Current assets	$ 163,137,190	$ 144,692,643	$ 121,171,067
Restricted current assets	19,307,729	19,806,437	20,488,623
Other long-term investments	113,039,297	116,791,269	121,164,651
Capital assets	781,558,303	739,296,699	714,607,051
Total assets	**1,077,042,519**	**1,020,587,048**	**977,431,392**
Deferred outflows of resources	**9,072,200**	**6,764,190**	**7,249,573**
Total assets & deferred outflows of resources	**$ 1,086,114,719**	**$ 1,027,351,238**	**$ 984,680,965**
Liabilities			
Current liabilities	$ 25,734,511	$ 33,879,736	$ 27,654,724
Turnpike revenue bonds	86,460,000	94,440,000	103,155,000
Bond premium	13,482,978	14,844,373	16,205,768
Lease liability	38,094	98,614	44,854
Subscription liability	--	285,652	--
Net pension liability	17,163,700	10,807,002	15,461,921
Total OPEB liability	5,554,335	5,839,489	6,941,656
Accrued compensated absences	2,269,000	2,317,000	1,049,000
Total liabilities	**150,702,618**	**162,511,866**	**170,512,923**
Deferred inflows of resources	**75,333,668**	**63,721,888**	**65,425,911**
Net position			
Net investment in capital assets	670,186,155	619,779,637	584,885,858
Restricted	17,773,209	18,357,650	18,894,165
Unrestricted	172,119,069	162,980,197	144,962,108
Total net position	**860,078,433**	**801,117,484**	**748,742,131**
Total liabilities, deferred inflows and net position	**$ 1,086,114,719**	**$ 1,027,351,238**	**$ 984,680,965**

The Turnpike's Statement of Net Position

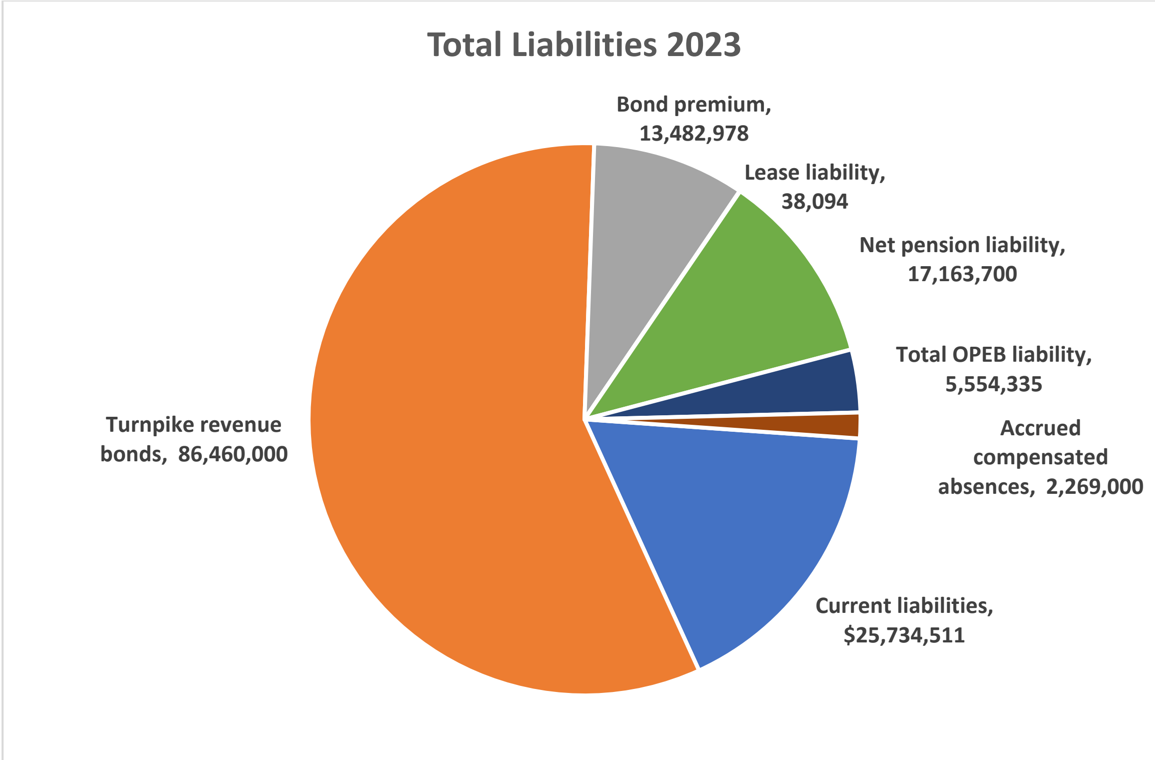
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In case of the KTA, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $860,078,433 and $801,117,484 on June 30, 2023, and 2022.

Total assets for the KTA are $1,077,042,519 in 2023 and $1,020,587,048 in 2022. Of these total assets, $182,444,919 and $164,499,080 are current unrestricted and restricted asset in 2023 and 2022, respectively. Increases in both years was due to positive change in net position. Long-term investments totaled $113,039,297 in 2023 and $116,791,269 in 2022. Decreases in both years was a result of payments made for capital improvements. $781,558,303 in 2023 and $739,296,699 in 2022 are for capital assets. The increase in capital assets for both years was a result of the Cashless Tolling Conversion Project.



Deferred outflows of resources totaled $9,072,200 and $6,764,190 in 2023 and 2022. Deferred outflows of resources consist of deferred refundings, pension and OPEB related items. Deferred refunding deferred outflows decreased in both 2023 and 2022 due to amortization. Pension and OPEB deferred outflows change annually based on actuarial calculations.

Total liabilities for the KTA are $150,702,618 and $162,511,866 in 2023 and 2022, respectively. The majority of the long-term liabilities are for debt issued for major capital projects. Debt issues are never extended longer than the useful life of the project for which debt is being issued. Of these total liabilities, $102,250,072 in 2023 and $111,985,639 in 2022 are for other long-term liabilities. Decreases in other long-term liabilities in both years is due to repayment of revenue bonds. Net pension liability totaled $17,163,700 in 2023 and $10,807,002 in 2022. Total OPEB liability totaled $5,554,335 in 2023 and $5,839,489 in 2022. Changes in net pension and total OPEB liabilities results from changes in actuarial valuations. Current liabilities totaled $25,734,511 and $33,879,736 in 2023 and 2022, respectively. Changes in current liabilities are impacted by timing of vendor payments at the end of each year.



Deferred inflows of resources totaled $75,333,668 and $63,721,888 in 2023 and 2022. The largest portion of deferred inflows is related to lease receivable activity, which changes annually based on lease revenue recognition and new leases entered into. Other deferred inflows of resources consist of deferred refundings, pension and OPEB related items. Deferred refunding deferred inflows decreased in both 2023 and 2022 due to amortization. Pension and OPEB deferred outflows change annually based on actuarial calculations.

The largest portion of the KTA's net position, $670,186,155 (77.9%) in 2023 and $619,779,637 (77.4%) in 2022, reflects its investment in capital assets (e.g., right-of-way, roads, bridges, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The KTA uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the KTA's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the KTA's net position $17,773,209 (2.1%) in 2023 and $18,357,650 (2.3%) in 2022, represents resources that are subject to external restrictions on how they may be used primarily for debt service and debt service reserve funds.

Unrestricted net position, which totals $172,119,069 (20.0%) in 2023 and $162,980,197 (20.3%) in 2022, represents assets that may be used to meet the KTA's ongoing obligations to customers and creditors. The KTA's net position increased by $58,960,949 during the current fiscal year and $52,375,353 in 2022. The unrestricted assets may also include other designated funds. For example, the bond trust indenture requires the replacement reserve fund be maintained at the level of the replacement reserve requirement, which was $34,094,992 and $29,869,602 during the 2023 and 2022 reporting periods, respectively, and the operating fund balance is required to be maintained at 30% of the annual budget amount. The Turnpike's unrestricted resources may be used for capital replacement and improvement requirements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION OF THE KTA FOR THE YEAR ENDED JUNE 30 IS AS FOLLOWS	2023	2022 (restated)	2021
Operating revenue			
Tolls	$ 141,352,352	$ 137,385,312	$ 121,464,360
Concessionaire leases	6,023,417	5,855,887	5,419,674
Communication leases	675,099	510,093	510,093
Miscellaneous	3,215,865	1,108,946	3,227,220
Total Operating Revenue	**151,266,733**	**144,860,238**	**130,621,347**
Operating expenses			
Administration	25,801,014	22,127,924	21,700,857
Insurance	5,887,426	5,416,884	5,790,611
Toll collection	4,768,983	4,454,113	4,568,610
Patrol	7,700,989	6,696,087	7,029,224
Maintenance	12,049,410	9,180,055	9,247,906
Depreciation and amortization	4,581,453	4,416,338	4,352,163
Cost of repairs nad improvements	1,936,705	2,900,135	2,613,797
Preservation costs on modified infrastrucutre assets	32,678,221	33,810,369	44,297,640
Total operating expenses	**95,404,201**	**89,001,905**	**99,600,808**
Noneoperating revneues (expenses)			
Investment revenue	4,074,816	(2,482,691)	52,333
Interst revenue - leases	701,334	734,713	787,356
Interest on long-term debt	(2,459,243)	(2,661,407)	(3,394,436)
Gain on disposal of assets	781,510	926,405	766,151
Total nonoperating revenue	**3,098,417**	**(3,482,980)**	**(1,788,596)**
Changes in net position	**58,960,949**	**52,375,353**	**29,231,943**
Net position, beginning of year	**801,117,484**	**748,742,131**	**719,510,188**
Net position, end of year	**$ 860,078,433**	**$ 801,117,484**	**$ 748,742,131**

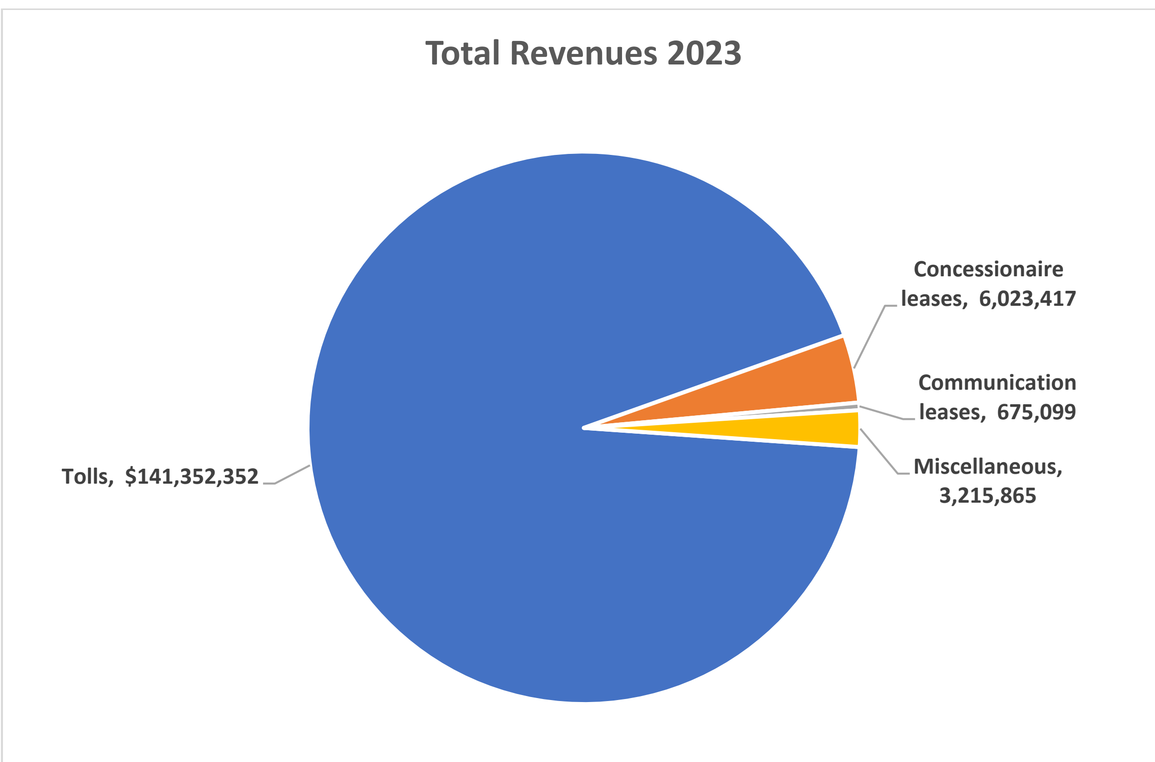
Statement of Revenues, Expenses, and Changes in Net Position

The first component of the overall change in the Turnpike's net position is its operating income – generally, the difference between net toll revenue and the expenses incurred to maintain and patrol the road and collect that revenue. In fiscal years 2023 and 2022, the Turnpike reported positive operating income, which is consistent with the majority of the Turnpike's operating history.

The KTA's net position increased by $58,960,949 in 2023 and $52,375,353 in 2022. The key elements to the increases are as follows:

- Toll Revenue was $141.4 million for the year ended June 30, 2023, or an increase of $3,967,040 or 2.9% when compared to the year ended June 30, 2022. While the Turnpike's traffic is relatively the same as last year, the Turnpike's violation revenue increased 47.2% or, $6.5 million. In 2022, toll revenue increased $15,920,952 or 13.1% compared to the year ended June 30, 2021, resulting from the lift of COVID-19 restrictions and toll increases.
- Investment revenue increased by $6,557,507 or 264.1% from year ended June 30, 2023, when compared to June 30, 2022, due to increase in market conditions. In 2022, investment revenue decreased $2,535,024 due to decline in market conditions.
- The Turnpike's Convenience and Fuel Store and Restaurant rental revenue was $6.0 million for the year ended June 30, 2023, comparable to $5.9 million in fiscal year 2022. In 2022, Convenience and Fuel Store and Restaurant revenues increased $436 thousand due to the lift of COVID-19 restrictions.

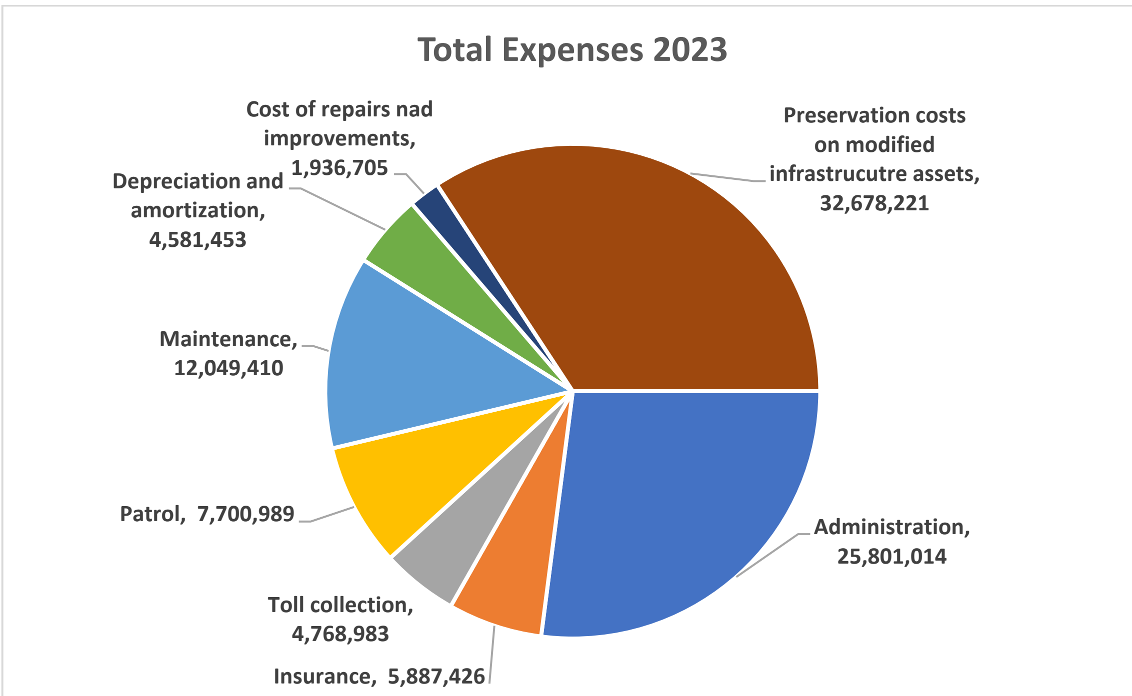
The Statement of Revenues, Expenses, and Changes in Net Position indicates the major source of revenue is tolls. Toll revenues comprised 93.4% and 94.8% of total operating revenues in 2023 and 2022, respectively. The Turnpike's Convenience and Fuel Store and Restaurant rental revenue is the second largest revenue source and was $6,023,417 million for the year ended June 30, 2023, comparable to $5,855,887 in fiscal year 2022.



Operating expenses for administration, insurance, toll collection, patrol and maintenance were $56.2 million or 58.9% of total operating expenses in 2023. Operating expenses for these functions were approximately $3.3 million (5.6%) less than budgeted for 2023.

Operating expenses for administration, insurance, toll collection, patrol and maintenance were $47.9 million or 53.8% of total operating expenses in 2022. Operating expenses for these functions were approximately $4.9 million (9.3%) less than budgeted for 2022.

The second largest component of operating expenses is the cost of repairs and improvements and preservation costs related to the modified approach to infrastructure. The KTA continually reviews its ongoing capital needs to maintain, enhance, and modernize, the Turnpike system wide. As part of the plan, $34.6 million and $36.7 million was spent on construction projects in fiscal years 2023 and respectively, which were deemed to be repair or maintenance to improve or preserve infrastructure assets.



Nonoperating revenues and expenses consist primarily of interest paid on long-term debt and investment earnings. Interest paid on long-term debt declined in the current year due the decrease in long-term debt as a result of scheduled principal payments. Investment earnings improved in 2023 and declined in 2022 due to changes in market conditions.

The Turnpike's Cash Flows

Changes in the Turnpike's operating cash flows are consistent with changes in operating income and nonoperating revenues and expenses, discussed earlier.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023 and 2022, the Turnpike reported $781,558,303 and $739,296,699 invested in capital assets. The Turnpike's infrastructure assets are made up of two networks: Roadway system network and Bridge system network. As of the June 30, 2023, the condition assessment of the Turnpike's roadway system and bridge system both exceeded the established condition level set by the Turnpike. The bridge and pavement condition levels are 81.4% and 77.9% respectively, or 11.4% and 17.9% respectively higher than the minimum acceptable condition level. Capital assets increased $42.2 million or 5.7% in 2023. $33.5 million of the increase is for the Cashless Tolling modernization project which should be complete in 2024. Capital assets increased $24.7 million or 3.5% in 2022. $18.0 million of the increase is for the Cashless Tolling modernization project. For additional information on capital assets, see Note 4.

CAPTIAL ASSETS AT JUNE 30 IS AS FOLLOWS	2023	2022 (restated)	2021
Capital assets			
Land	$ 19,324,148	$ 20,349,517	$ 20,349,017
Infrastructure, non-depreciable	722,519,339	681,859,494	655,694,402
Building and improvements	21,889,419	22,948,167	24,038,581
Machinery and equipment	17,214,302	13,181,781	14,467,924
Leased equipment	108,846	167,111	57,127
Subscription assets	502,249	790,629	--
Total capital assets	**$ 781,558,303**	**$ 739,296,699**	**$ 714,607,051**

Debt

At the end of 2023 and 2022, the Turnpike had $94,440,000 and $103,155,000 of bonds outstanding. Of the 2023 total, $7,980,000 is payable in fiscal year 2024, and the remainder is listed liabilities. During fiscal year 2022, the Turnpike's bond rating by Moody's was "Aa2," confirming a Stable Outlook. For additional information on debt, see Note 6.

Long-term Debt AT JUNE 30 IS AS FOLLOWS	2023	2022 (restated)	2021
Long-term debt			
Revenue bonds	$ 94,440,000	$ 103,155,000	$ 112,585,000
Bond premium	13,482,978	14,844,373	16,205,768
Total long-term debt	**$ 107,922,978**	**$ 117,999,373**	**$ 128,790,768**

Contacting the Turnpike's Financial Management

This financial report is designed to provide our customers, suppliers, investors, and creditors with a general overview of the Turnpike's finances and of the Turnpike's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Brandon Kauffman, Chief Financial Officer at 9401 E. Kellogg, Wichita, KS 67207.

KANSAS TURNPIKE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF KANSAS)

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

ASSETS AND DEFERRED OUTFLOWS

	2023	2022 (Restated)
Assets		
Current assets		
Cash and cash equivalents	**$ 56,361,489**	$ 76,315,300
Short-term investments	**78,131,580**	48,276,947
Intergovernmental receivables	**6,746,034**	1,147,524
Accounts receivable, net of allowance for uncollectible accounts of $14,738,360 and $11,672,456 respectively	**12,147,563**	10,703,796
Lease receivables	**4,617,020**	4,935,311
Accrued interest receivable	**1,813,045**	421,035
Material and supply inventory	**3,290,130**	2,852,672
Prepaid expense and other assets	**30,329**	40,058
Restricted - cash and cash equivalents	**4,119,915**	23,923
Restricted - investments	**15,187,814**	19,782,514
Total current assets	**182,444,919**	164,499,080
Non-current assets		
Long-term investments	**45,390,764**	65,826,161
Long-term lease receivables	**67,648,533**	50,965,108
Capital assets:		
Capital assets, not being depreciated	**741,843,487**	702,209,011
Capital assets, net of accumulated depreciation	**39,714,816**	37,087,688
Total capital assets	**781,558,303**	739,296,699
Total non-current assets	**894,597,600**	856,087,968
Total assets	**1,077,042,519**	1,020,587,048
Deferred outflows of resources		
Deferred refunding	**1,461,108**	1,556,919
Deferred outflows - pensions	**6,670,326**	4,195,957
Deferred outflows - OPEB	**940,766**	1,011,314
Total deferred outflows of resources	**9,072,200**	6,764,190

Continued

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	2023	2022 (Restated)
Liabilities		
Current liabilities		
Current maturities of long-term debt	**7,980,000**	8,715,000
Lease liability	**72,156**	69,263
Subscription liability	**285,652**	280,706
Prepaid tolls	**2,269,866**	2,208,063
Accounts payable	**7,185,970**	14,853,589
Accrued expenses	**4,786,900**	4,782,999
Accrued compensated absences	**1,794,000**	1,523,000
Accrued interest	**1,359,967**	1,447,116
Total current liabilities	**25,734,511**	33,879,736
Non-current liabilities		
Turnpike revenue bonds	**86,460,000**	94,440,000
Bond premium	**13,482,978**	14,844,373
Lease liability	**38,094**	98,614
Subscription liability	**--**	285,652
Net pension liability	**17,163,700**	10,807,002
Total OPEB liability	**5,554,335**	5,839,489
Accrued compensated absences	**2,269,000**	2,317,000
Total non-current liabilities	**124,968,107**	128,632,130
Total liabilities	**150,702,618**	162,511,866
Deferred inflows of resources		
Deferred refunding	**1,706,535**	2,116,104
Deferred inflows - leases	**70,918,165**	54,837,825
Deferred inflows - pensions	**950,821**	4,945,521
Deferred inflows - OPEB	**1,758,147**	1,822,438
Total deferred inflows of resources	**75,333,668**	63,721,888
Net position		
Net investment in capital assets	**670,186,155**	619,779,637
Restricted - expendable for debt service	**17,773,209**	18,357,650
Unrestricted	**172,119,069**	162,980,197
Total net position	**$ 860,078,433**	$ 801,117,484

The accompanying notes are an integral
part of these financial statements.

KANSAS TURNPIKE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF KANSAS)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended June 30, 2023 and 2022

	2023	2022 (Restated)
Operating Revenues		
Tolls	**$ 141,352,352**	$ 137,385,312
Concessionaire leases	**6,023,417**	5,855,887
Communication leases	**675,099**	510,093
Miscellaneous	**3,215,865**	1,108,946
	151,266,733	144,860,238
Operating Expenses		
Administration	**25,801,014**	22,127,924
Insurance	**5,887,426**	5,416,884
Toll collection	**4,768,983**	4,454,113
Patrol	**7,700,989**	6,696,087
Maintenance	**12,049,410**	9,180,055
Depreciation and amortization	**4,581,453**	4,416,338
Cost of repairs and maintenance	**1,936,705**	2,900,135
Preservation costs on modified infrastructure assets	**32,678,221**	33,810,369
	95,404,201	89,001,905
Operating Income	**55,862,532**	55,858,333
Nonoperating Revenues (Expenses)		
Investment revenue	**4,074,816**	(2,482,691)
Interest revenue - leases	**701,334**	734,713
Interest on long-term debt	**(2,459,243)**	(2,661,407)
Gain on disposal of assets	**781,510**	926,405
	3,098,417	(3,482,980)
Change in net position	**58,960,949**	52,375,353
Net position, beginning of year	**801,117,484**	748,742,131
Net position, end of year	**$ 860,078,433**	$ 801,117,484

The accompanying notes are an integral
part of these financial statements.

KANSAS TURNPIKE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF KANSAS)

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	2023	2022 (Restated)
Operating Activities		
Cash received from toll collections	**$ 139,914,559**	$ 135,387,172
Cash received from concessionaire rentals and miscellaneous	**9,685,416**	6,951,885
Cash paid to suppliers	**(82,353,938)**	(54,694,126)
Cash paid to employees	**(22,327,035)**	(18,372,279)
Net cash flows from operating activities	**44,919,002**	69,272,652
Capital and Related Financing Activities		
Interest paid	**(4,221,545)**	(4,483,900)
Payments on bonds	**(8,715,000)**	(9,430,000)
Payments on leases	**(69,451)**	(59,555)
Payments on subscriptions	**(280,706)**	(301,467)
Proceeds from sale of capital assets	**930,129**	1,156,763
Payments for capitalized costs	**(46,979,852)**	(28,298,571)
Net cash flows from capital and related financing activities	**(59,336,425)**	(41,416,730)
Investing Activities		
Investment revenue realized	**2,358,855**	1,888,371
Proceeds from sale and maturities of investments	**95,755,605**	61,956,221
Purchase of investments	**(99,554,856)**	(82,256,991)
Net cash flows from investing activities	**(1,440,396)**	(18,412,399)
Change in Cash and Cash Equivalents	**(15,857,819)**	9,443,523
Cash and Cash Equivalents, Beginning of Year	**76,339,223**	66,895,700
Cash and Cash Equivalents, End of Year	**$ 60,481,404**	$ 76,339,223
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Operating income	**$ 55,862,532**	$ 55,858,333
Depreciation	**4,581,453**	4,416,338
Changes in operating assets and liabilities		
Accounts receivable, lease receivable and prepaid tolls	**(23,345,608)**	7,274,460
Material and supply inventory	**(437,458)**	4,768
Deferred outflows - pension	**(2,474,369)**	314,985
Deferred outflows - OPEB	**70,548**	74,589
Accounts payable and accrued expenses	**(7,440,718)**	8,373,351
Net pension liability	**6,356,698**	(4,654,919)
Total OPEB liability	**(285,154)**	(1,102,167)
Prepaid expenses and other assets	**9,729**	7,370
Deferred inflows - pension	**(3,994,700)**	3,177,327
Deferred inflows - OPEB	**(64,291)**	913,528
Deferred inflows - leases	**16,080,340**	(5,385,311)
Net cash flows from operating activities	**$ 44,919,002**	$ 69,272,652
Noncash investing capital and financing activities:		
Amortization of bond premium and deferred refunding	**$ (1,675,153)**	$ (1,675,153)
Capital assets acquired with lease and subscription financing	**11,824**	1,037,775

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Turnpike & Reporting Entity - The Kansas Turnpike Authority (Turnpike) was created as a public corporation in 1953 by the Kansas Legislature with power to construct, operate and maintain turnpike projects and to issue revenue bonds for any of its corporate purposes, payable solely from the tolls and revenue pledged for their payment. Its enabling statutes are found in K.S.A 68-2001 et seq., as amended and supplemented. The Kansas Legislature has authority to modify the statutes related to the Turnpike, and thus modify the structure and operating activities of the Turnpike.

The Kansas Turnpike Authority consists of five members, two appointed by the Governor, the Secretary of Transportation, the Chairperson of the Senate Committee on Transportation and Utilities, and a member of the House of Representatives Committee on Transportation.

K.S.A. 68-2003 was amended during the State of Kansas' 2013 and 2015 legislative sessions. The amendments named the Secretary of Transportation of the State of Kansas as the director of the Turnpike, effective July 1, 2013. The director is responsible for the daily administration of the toll roads, bridges, structures and facilities constructed, maintained or operated by the Turnpike. While the Turnpike retains its separate identity, powers and duties as an instrumentality of the State of Kansas (State), the amendment requires duplication of effort, facilities, and equipment between the Kansas Department of Transportation and the Turnpike be minimized in operation and maintenance of turnpikes and highways of the State.

Due to the amendments to K.S.A. 68-2003, the Turnpike became financially accountable to the State, as the State has oversight responsibility of day-to-day operations and administration of the Turnpike. The State also has the ability to significantly influence operations and accountability for fiscal matters, special financing relationships, and scope of public service. The Turnpike is therefore included in the State's financial reporting entity, and the Turnpike's transactions are reported in the State's financial statements as a component unit.

The Turnpike extends unsecured credit to certain K-TAG customers.

Cash Equivalents - The Turnpike considers all liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. At June 30, 2023 and 2022, cash equivalents consisted primarily of commercial paper, money market accounts with brokers and certain U.S. agency obligations.

Investments and Investment Income - Money market investments are measured at amortized cost. Other investments are recorded at fair value. 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. Investment income includes dividend and interest income and the net change for the year in the fair value. In accordance with the 2009 Second Amended and Restated Trust Indenture, interest earned, and profits realized from investments in all funds and accounts, except the construction fund, are deposited in the revenue fund. Losses are charged to the fund or account owning the investment.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable - Accounts receivable are reported net of an allowance for uncollectible accounts based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for uncollectible accounts by identifying known accounts that will not be collected and by estimating the remaining accounts that are likely not to be collected. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Lease Receivables - Lease receivables are reported for lease arrangements in which the Turnpike is providing the right for another entity to use its nonfinancial assets as stated in a contract for a period of time in an exchange or exchange like transaction. Management determines the allowance for uncollectible leases by identifying known leases that will not be collected and by estimating the remaining leases that are likely not to be collected. Currently, management has determined that all lease receivables are collectable.

Inventories - Material and supply inventory is valued at cost determined using the FIFO (first-in, first-out) method.

Prepaid Tolls - The Turnpike collects tolls in advance of actual usage for certain members using the K-TAG program. Customers are allowed a discount from normal toll rates if certain prepaid balances are maintained. Prepaid amounts are recorded as a liability until such amounts are realized through the usage of the Turnpike by its customers.

Capital Assets - All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Turnpike utilizes a capitalization threshold of $50,000 for buildings and IT equipment and $5,000 for all other equipment. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Buildings and equipment are depreciated using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Lives
Buildings and improvements	40 years
Machinery and equipment	4 - 20 years
Lease equipment	3 - 5 years
Subscription assets	2 - 5 years

For the initial capitalization of general infrastructure assets (those long-lived assets reported by the Turnpike that are normally stationary in nature and can normally be preserved for a significantly longer life than most capital assets), the Turnpike chose to include all such items regardless of their acquisition date or amount. The Turnpike was able to estimate the historical cost for the initial reporting of these assets from historical cost records or through back trending (i.e., estimating the current replacement cost of the assets being recorded and using appropriate price-level index to deflate the cost to the estimated construction year). As the Turnpike constructs or acquires additional infrastructure assets, they are capitalized and reported at historical cost.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Infrastructure assets (primarily roadway pavement and bridges) are reported using the modified approach as defined in GASB Statement 34. When using the modified approach, only those projects that add efficiency or capacity to the highway system are capitalized. Infrastructure assets are not depreciated. Expenditures that preserve those assets are expensed.

Compensated Absences - The Turnpike policies allow full-time employees to earn vacation as follows:

Length of Service	Earnings Rate	Allowed Vacation Earnings
Less than 5 years	4 hours for each two-week period	13 days per year
5 to 15 years	5 hours for each two-week period	16.25 days per year
15 to 25 years	6 hours for each two-week period	19.5 days per year
Greater than 25 years	7 hours for each two-week period	22.75 days per year

The maximum number of vacation days, which may be accumulated as of the first pay period ending January, is 30 days. This maximum is increased by five days for each five years of service for employees with lengths of service over 25 years.

Beginning December 20, 1996, the Turnpike discontinued the sick leave policy and created paid time off (PTO). Paid time off can be used at the employee's discretion and is earned at the rate of 2.5 hours (3.5 hours over 25 years) each two-week period. Once each calendar year, the employee can choose to be paid for PTO over 40 hours. The accumulated sick leave balance prior to December 20, 1996, may still be taken after all PTO is used. Employees who have completed eight years of continuous full-time service will be paid 30% of the value of any unused sick leave upon termination.

The Turnpike has recorded these liabilities using the pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability expected to be paid more than one year after the statement of net position date is included in other long-term liabilities.

Net Position - Net position of the Turnpike is classified in three components. The net investment in capital assets consists of capital assets reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction or improvement of those assets. Restricted expendable net position is non-capital assets, the use of which is limited by external constraints imposed by creditors (such as through debt covenants), grantor or donors, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted expendable net position.

Restatement - On July 1, 2022, the Turnpike adopted GASB statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about the governments' subscription-based information technology arrangements (SBITA's). A SBITA is defined as a contract that

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. This statement establishes that a SBITA results in an intangible right-to-use subscription asset and a corresponding subscription liability. The Turnpike implemented this standard as of July 1, 2021 and restated the following balances as of and for the year ended June 30, 2022.

	As of June 30, 2022		
	As previously reported	GASB 96 implementation	As restated
Capital assets	$ 738,506,072	$ 790,627	$ 739,296,699
Subscription liability	--	566,358	566,358
Administration expense	22,429,397	(301,473)	22,127,924
Depreciation and amortization	4,339,142	77,196	4,416,338
Interest expense	2,661,399	8	2,661,407

There was no cumulative impact to net position as of July 1, 2021 to report.

Deferred Inflows of Resources/Deferred Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Turnpike has three items that qualify for reporting in this category: deferred charge on refunding and deferred outflows for pensions and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note 9 and 10, respectively, for more information on the deferred outflows for pensions and OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Turnpike has four items that qualify for reporting in this category: deferred charge on refunding, leases and deferred inflows for pensions and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows for leases are deferred and recognized as revenue in a systematic and rational manner over the term of the lease. See Notes 9 and 10, respectively, for more information on the deferred inflows for pensions and OPEB.

Operating Revenues and Expenses - The principal revenues of the Turnpike are toll revenues received from customers. The Turnpike also recognizes as operating revenue rental fees received

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

from concessionaires from operating leases on concession property, rental fees received from right-of-way operating leases and other revenues earned related to the operation of the Turnpike, and operating expenses for administrative expenses and Turnpike improvements not funded from bonds. All other revenues and expenses are reported as non-operating revenues and expenses. The Turnpike first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

Pensions - The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of employee service and the plan's fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liability.

For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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.

2. BUDGET PROCESS

Each year the Turnpike prepares a preliminary annual budget of operating expenses. Copies are filed with the Trustee. The Consulting Engineer recommends the amount to be transferred to the replacement reserve fund for major repairs and replacements. The budget is adopted on or before July 1. The Turnpike may amend the budget at any time.

2. BUDGET PROCESS (CONTINUED)

A comparison of actual expenses in the revenue fund and operations account with the budget for the year ended June 30, 2023, is as follows:

	Budget	Actual	Over (Under)
Administration	$ 27,665,860	$ 25,801,014	$ (1,864,846)
Insurance	8,206,000	5,887,426	(2,318,574)
Toll collection	5,259,432	4,768,983	(490,449)
Patrol	7,472,095	7,700,989	228,894
Maintenance	10,924,123	12,049,410	1,125,287
	$ 59,527,510	$ 56,207,822	$ (3,319,688)

3. DEPOSITS, INVESTMENTS AND INVESTMENT INCOME

Deposits - Custodial credit risk is the risk that in the event of a bank failure, an entity's deposits may not be returned to it. The Turnpike's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the State of Kansas; bonds of any city, county, school district or special road district of the State of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2023 and 2022, the Turnpike's bank balance was $56,399,997 and $75,459,025, respectively; none of these balances were exposed to custodial credit risk.

Investments - The Turnpike may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies, U.S. Government Sponsored Enterprises, money market funds, certificates of deposit and other depository accounts.

At June 30, 2023, the Turnpike had the following investments and maturities:

		Maturities in Years		
Type	Fair Value	Less than 1	1-5	Fair Value Hierarchy
US Treasury obligations	$ 47,255,765	$ 24,961,822	$ 22,293,943	Level 1
US agency obligations	74,043,909	51,295,072	22,748,837	Level 2
State and municipality bonds	2,521,107	2,173,123	347,984	Level 2
Commercial paper	12,880,447	12,880,447	--	Level 2
Certificates of deposit	2,008,930	2,008,930	--	N/A
Money market mutual funds	46,619,357	46,619,357	--	N/A
	185,329,515	$ 139,938,751	$ 45,390,764	
Less cash equivalents	46,619,357			
Investments per statement of net position	$ 138,710,158			

3. DEPOSITS, INVESTMENTS AND INVESTMENT INCOME (CONTINUED)

At June 30, 2022, the Turnpike had the following investments and maturities:

		Maturities in Years		
Type	Fair Value	Less than 1	1-5	Fair Value Hierarchy
US Treasury obligations	$ 60,768,714	$ 13,944,421	$ 46,824,293	Level 1
US agency obligations	54,706,567	38,180,455	16,526,112	Level 2
State and municipality bonds	3,797,365	1,321,610	2,475,755	Level 2
Commercial paper	14,612,976	14,612,976	--	Level 2
Money market mutual funds	63,171,827	63,171,827	--	N/A
	197,057,449	$ 131,231,289	$ 65,826,160	
Less cash equivalents	63,171,827			
Investments per statement of net position	$ 133,885,622			

Fair Value Measurements - Following is a description of the valuation methodologies used for assets measured at fair value in the table above.

An investment's categorization within the valuation 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.

US treasury obligations are valued at Level 1 using quoted prices in active markets for identical assets.

US agency obligations, state bonds and commercial paper are valued at Level 2 using pricing models that maximize the use of observable inputs for similar securities.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Turnpike's investment policy limits investments in mortgage backed security issuers with remaining maturities not exceeding five years, and U.S. dollar denominated deposit accounts maturing no more than 360 days after purchase.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Turnpike's policy to diversify investments so that potential losses on individual securities will be minimized. On June 30, 2023 and 2022, the Turnpike's investments in U.S. agency obligations not directly guaranteed by the U.S. government were rated AA+ by Standard & Poor's. On June 30, 2023 and 2022, commercial paper was rated from A- to A-1 by Standard and Poor's. State and municipality bonds held on June 30, 2023 and 2022 were rated AAA to AA by Standard & Poor's.

Concentration of Credit Risk - The Turnpike investment policy limits the amount that may be invested in any one issuer. The limit on any single U.S. Government Sponsored Enterprise may not exceed 35% of the combined portfolio of the Turnpike. Additionally, the limit on money market funds and certificates of deposit and other depository accounts may not exceed 50% of each type

3. DEPOSITS, INVESTMENTS AND INVESTMENT INCOME (CONTINUED)

of the combined portfolio of the Turnpike. On June 30, 2023 and 2022, the Turnpike had the following concentrations:

	2023	2022
Federal Home Loan Mortgage Corporation	15.14%	36.62%
Federal Home Loan Bank	65.19%	28.27%
Federal National Mortgage Association	N/A	9.93%
MUFG Bank LTD/NY Comm Paper	N/A	5.16%

Summary of Carrying Values - The carrying values of deposits and investments shown above are included in the statement of net position as follows:

	2023	2022
Carrying Value:		
Deposits	$ 13,862,047	$ 13,167,396
Investments	185,329,515	197,057,449
	$ 199,191,562	$ 210,224,845

Included in the following statement of net position captions:

	2023	2022
Cash and cash equivalents	$ 56,361,489	$ 76,315,300
Short-term investments	78,131,580	48,276,947
Restricted cash and cash equivalents	4,119,915	23,923
Restricted investments	15,187,814	19,782,514
Other long-term investments	45,390,764	65,826,161
	$ 199,191,562	$ 210,224,845

Investment Income - Investment income for the periods ended June 30, consisted of:

	2023	2022
Interest and dividend income	$ 3,161,875	$ 1,363,873
Net change in fair value of investments	912,941	(3,846,564)
	$ 4,074,816	$ (2,482,691)

4. CAPITAL ASSETS

Capital assets activity for the periods ended June 30, 2023 and 2022 (restated) was:

	June 30, 2022	Increases	Decreases	June 30, 2023
Capital assets, not being depreciated:				
Land	$ 20,349,517	$ 90,506	$ 1,115,875	$ 19,324,148
Infrastructure, including CIP	681,859,494	52,850,885	12,191,040	722,519,339
Total capital assets, not being depreciated	702,209,011	52,941,391	13,306,915	741,843,487
Capital assets, being depreciated:				
Buildings and improvements	42,477,168	--	--	42,477,168
Machinery and equipment	36,830,035	7,345,376	1,808,202	42,367,209
Leased equipment	233,741	11,824	--	245,565
Subscription assets	867,825	--	--	867,825
Total capital assets being depreciated	80,408,769	7,357,200	1,808,202	85,957,767
Less accumulated depreciation for:				
Buildings and improvements	19,529,001	1,058,748	--	20,587,749
Machinery and equipment	23,648,254	3,164,236	1,659,583	25,152,907
Leased equipment	66,630	70,089	--	136,719
Subscription assets	77,196	288,380	--	365,576
Total accumulated depreciation	43,321,081	4,581,453	1,659,583	46,242,951
Total capital assets, being depreciated, net	37,087,688	2,775,747	148,619	39,714,816
Capital assets, net	$ 739,296,699	$ 55,717,138	$ 13,455,534	$ 781,558,303

4. CAPITAL ASSETS (CONTINUED)

	June 30, 2021	Increases	Decreases	June 30, 2022
Capital assets, not being depreciated:				
Land	$ 20,349,017	$ 500	$ --	$ 20,349,517
Infrastructure, including CIP	655,694,402	27,321,558	1,156,466	681,859,494
Total capital assets, not being depreciated	676,043,419	27,322,058	1,156,466	702,209,011
Capital assets, being depreciated:				
Buildings and improvements	42,477,168	--	--	42,477,168
Machinery and equipment	37,014,787	2,132,975	2,317,727	36,830,035
Leased equipment	63,790	169,951	--	233,741
Subscription assets	--	867,825	--	867,825
Total capital assets being depreciated	79,555,745	3,170,751	2,317,727	80,408,769
Less accumulated depreciation for:				
Buildings and improvements	18,438,587	1,090,414	--	19,529,001
Machinery and equipment	22,546,863	3,188,761	2,087,370	23,648,254
Leased equipment	6,663	59,967	--	66,630
Subscription assets	--	77,196	--	77,196
Total accumulated depreciation	40,992,113	4,416,338	2,087,370	43,321,081
Total capital assets, being depreciated, net	38,563,632	(1,245,587)	230,357	37,087,688
Capital assets, net	$ 714,607,051	$ 26,076,471	$ 1,386,823	$ 739,296,699

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses in current liabilities at June 30, consisted of:

	2023	2022
Payable to suppliers	$ 7,185,970	$ 14,853,589
Contracts payable and retained amounts	1,871,438	2,481,864
Payable to employees (including payroll taxes and benefits)	1,054,204	806,909
Concessionaires deposits	875,000	474,226
Estimated self-insurance costs	986,258	1,020,000
	$ 11,972,870	$ 19,636,588

6. LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the Turnpike for the periods ended June 30, 2023 and 2022 (restated):

	June 30, 2022	Additions	Deductions	June 30, 2023	Current Portion
Long-term debt					
Revenue bonds	$ 103,155,000	$ --	$ 8,715,000	$ 94,440,000	$ 7,980,000
Bond premium	14,844,373	--	1,361,395	13,482,978	--
Other long-term liabilities					
Lease liabilities	167,877	11,824	69,451	110,250	72,156
Subscription liabilities	566,358	--	280,706	285,652	285,652
Net pension liability	10,807,002	9,672,126	3,315,428	17,163,700	--
Total OPEB liability	5,839,489	473,517	758,671	5,554,335	--
Accrued compensated absences	3,840,000	2,017,000	1,794,000	4,063,000	1,794,000
Total long-term liabilities	$ 139,220,099	$ 12,174,467	$ 16,294,651	$ 135,099,915	$ 10,131,808

	June 30, 2021	Additions	Deductions	June 30, 2022	Current Portion
Long-term debt					
Revenue bonds	$ 112,585,000	$ --	$ 9,430,000	$ 103,155,000	$ 8,715,000
Bond premium	16,205,768	--	1,361,395	14,844,373	--
Other long-term liabilities					
Lease liabilities	57,482	169,951	59,556	167,877	69,263
Subscription liabilities	--	867,825	301,467	566,358	280,706
Net pension liability	15,461,921	4,093,229	8,748,148	10,807,002	--
Total OPEB liability	6,941,656	352,679	1,454,846	5,839,489	--
Accrued compensated absences	3,478,000	1,885,000	1,523,000	3,840,000	1,523,000
Total long-term liabilities	$ 154,729,827	$ 7,368,684	$ 22,878,412	$ 139,220,099	$ 10,587,969

7. REVENUE BONDS PAYABLE

At June 30, 2023 and 2022, Turnpike revenue bonds payable were as follows:

	2023	2022
Series 2019A	62,335,000	62,335,000
Series 2020A	32,105,000	40,820,000
	$ 94,440,000	$ 103,155,000

Interest rates on the bonds vary between 3.00% and 5.00%. The debt service requirements as of June 30, 2023, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2024	$ 11,940,200	$ 7,980,000	$ 3,960,200
2025	10,957,125	7,225,000	3,732,125
2026	9,972,075	6,445,000	3,527,075
2027	8,985,800	5,640,000	3,345,800
2028	8,003,975	4,815,000	3,188,975
2029 – 2033	36,831,375	24,145,000	12,686,375
2034 – 2038	36,831,875	31,005,000	5,826,875
2039	7,364,625	7,185,000	179,625
	$ 130,887,050	$ 94,440,000	$ 36,447,050

Bonds subject to redemption prior to maturity at the Turnpike's option are as follows:

	Callable on or After	Call Price
Series 2019A	September 1, 2029	At par
Series 2020A	No early redemption	N/A

In August 2020, the Turnpike issued $50,250,000 in Series 2020A Turnpike Refunding Revenue Bonds at a premium of $4,596,823 with an average interest rate of 3%, to current refund $41,390,000 of the Turnpike's Series 2010A and $14,805,000 of the Turnpike's Series 2012A Bonds with an average interest rate of 4.06% and 3.59%, respectively. The Turnpike refunded these bonds to reduce total debt payments by $10,109,925. The net economic gain (difference between the present value of the old and new debt service payments) is $7,013,508.

In April 2019, the Turnpike issued $62,335,000 in Series 2019A Turnpike Refunding Revenue Bonds at a premium of $13,741,774 with an average interest rate of 5%, to advance refund the Turnpike's Series 2009A Bonds. Approximately $79,293,302 was irrevocably deposited into an escrow account to refund $77,425,000 of outstanding Series 2009A bonds with an average interest rate of 6.6%.The 2009A bonds will be called on September 1, 2029. As a result, the Series 2009A bonds are defeased and the liability for this portion of the bonds has been removed from

7. REVENUE BONDS PAYABLE (CONTINUED)

the Turnpike's financial statements. The Turnpike refunded these bonds to reduce total debt payments by $26,161,721. The economic gain (difference between the present value of the old and new debt service payments) is $16,758,230.

The bond trust indenture of the Turnpike requires, among other things, that special reserve accounts be established and maintained. Additionally, the indenture requires the Turnpike to charge such tolls for the use of the Turnpike, that, together with any other available funds, will produce revenues at least equal to the greater of: a) an amount sufficient to pay operating, maintenance, and debt service costs, and to satisfy deposits to the debt service reserve fund and the replacement reserve fund as defined by the bond trust indenture; or b) an amount sufficient to enable the Turnpike to have in each fiscal year a debt service coverage ratio that will not be less than 1.25. The Turnpike was in compliance with the above requirements as of June 30, 2023 and 2022.

The Turnpike has pledged specific revenue streams to secure the repayment of certain outstanding debt issuances. The corresponding debt issuances are for Turnpike revenue bonds and the purpose of the debt is for Turnpike improvements. The following table lists those revenues, the amount and term of the pledge remaining, the current year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year, and the approximate percentage of the revenue stream that has been committed:

Revenue pledged	Amount of pledge	Term of commitment	Percentage of revenue pledged	Principal and interest for the year ended 2023	Pledged net revenue recognized for the year ended 2023
Net revenues	$ 130,887,050	Through 2039	100%	$ 12,925,625	$ 99,835,061

8. LEASE LIABILIITES

Description and purpose	Date of lease agreement	Amount of original agreement	Lease term	Interest rates	Amount outstanding June 30, 2023	Amount outstanding June 30, 2022
Konica Minolta copier	12/23/2020	$ 63,790	60 months	0.6557%	$ 32,144	$ 44,854
Konica Minolta copier Topeka HQ	3/17/2023	11,824	60 months	0.6557%	11,636	--
IBM Lease 169234	9/1/2021	68,433	36 months	0.6873%	26,765	49,537
IBM Lease 169235	9/1/2021	101,518	36 months	0.6873%	39,705	73,486
		$ 245,565			$ 110,250	$ 167,877

8. LEASE LIABILIITES (CONTINUED)

The principal and interest requirements to maturity as of June 30, 2023, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2024	$ 72,675	$ 72,156	$ 519
2025	24,992	24,842	150
2026	8,972	8,923	49
2027	2,489	2,468	21
2028	1,866	1,861	5
	$ 110,994	$ 110,250	$ 744

9. SUBSCRIPTION LIABILITIES

Description and purpose	Date of subscription agreement	Amount of original agreement	Subscription term	Interest rates	Amount outstanding June 30, 2023	Amount outstanding June 30, 2022
Debtbook	4/12/2022	19,117	36 months	2.0147%	$ 6,372	$ 12,617
Optiv security	4/1/2022	609,766	36 months	1.6597%	203,237	403,157
VMware ELA	4/11/2022	228,159	36 months	2.0147%	76,043	150,584
		$ 857,042			$ 285,652	$ 566,358

The principal and interest requirements to maturity as of June 30, 2023, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2024	$ 290,685	$ 285,652	$ 5,033

10. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The Turnpike 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 Comprehensive Annual 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.

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points".

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

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

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

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contributions rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 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 covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 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 (not including the 1.00% contribution rate for Death and Disability Program) and the statutory contribution rate were 8.87% from July 1, 2021 through December 31, 2021 and 8.90% from January 1, 2022 through June 30, 2022. The actuarially-determined employer contribution rate and the statutory contribution rate were 8.90% from July 1, 2022 through December 31, 2022 and 8.43% from January 1, 2023 through June 30, 2023. Contributions to the pension plan from the Turnpike were $1,748,431 and $1,541,758 for the periods ended June 30, 2023 and 2022, respectively.

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

Net pension liability activity for the years ended June 30 was as follows:

	June 30, 2023	June 30, 2022
Net pension liability	$ 17,163,700	$ 10,807,002
Measurement date	June 30, 2022	June 30, 2021
Valuation date	December 31, 2021	December 31, 2020
Proportion	0.863%	0.901%
Change in proportion	0.037%	-0.009%

The collective net pension liability is measured by KPERS each June 30, and the total pension liability used to calculate the collective net pension liability is determined by an actuarial valuation as of each December 31, rolled forward to June 30. The Turnpike’s proportion of the collective net pension liability was based on the ratio of the Turnpike’s actual contributions to KPERS, relative to the total employer and non-employer contributions of the local subgroup within KPERS for the fiscal years ended June 30, 2022 and 2021. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

For the years ended June 30, 2023 and 2022, the Turnpike recognized pension expense of $1,636,060 and $468,575, respectively. At June 30, 2023 and 2022, the Turnpike reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 649,202	$ 30,765	$ 426,577	$ 97,853
Net difference between projected and actual earnings on pension plan investments	1,452,907	--	--	3,837,537
Changes in proportionate share	76,268	920,056	100,251	1,010,131
Changes in assumptions	2,743,518	--	2,127,371	--
Turnpike contributions subsequent to measurement date	1,748,431	--	1,541,758	--
Total	$ 6,670,326	$ 950,821	$ 4,195,957	$ 4,945,521

The $1,748,431 reported as deferred outflows of resources related to pensions resulting from the Turnpike 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:

Year ended June 30:	
2024	$ 908,768
2025	1,026,951
2026	530,860
2027	1,460,060
2028	44,435
	$ 3,971,074

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study conducted for the three-year period beginning January 1, 2016. The experience study is dated January 7, 2020.

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study were as follows:

- Investment return assumption was lowered from 7.25% to 7.00%

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities	23.5%	5.20%
Non-U.S. equities	23.5	6.40
Private equity	8	9.50
Private real estate	11	4.45
Yield driven	8	4.70
Real return	11	3.25
Fixed income	11	1.55
Short-term investments	4	0.25
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability at June 30, 2022 was 7.00%. The discount rate used to measure the total pension liability at the prior measurement date of June 30, 2021 was 7.25%. The projection of cash flows used to determine the discount rate was based on member and employer contributions. The local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The statutory cap for the State fiscal year 2022 was 1.2%. The local employers are currently contributing the full actuarial contribution rate. The expected employer actuarial contribution rate was modeled for future years for these groups, assuming all actuarial assumptions are met in the future years. 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.

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Turnpike's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the Turnpike's proportionate share of the collective net pension liability calculated using the discount rate of 7.00% for fiscal 2023 and 7.25% for fiscal year 2022, as well as what the Turnpike'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 (6.00/6.25%) or 1-percentage-point higher (8.00/8.25%) than the current rate:

	1% Decrease (6.00/6.25%)	Current Discount Rate (7.00/7.25%)	1% Increase (8.00/8.25%)
June 30, 2023	$ 24,656,212	$ 17,163,700	$ 10,921,352
June 30, 2022	$ 17,776,462	$ 10,807,002	$ 4,962,219

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

11. OTHER POST EMPLOYMENT HEALTHCARE BENEFITS DESCRIPTION

The Turnpike participates in two different other post-employment benefit plans (OPEB), which are separately disclosed in the following section.

<u>Turnpike's OPEB Plan</u>

Plan Description. The Turnpike offers medical, dental and prescription drug insurance to qualifying retirees and their dependents through a single-employer defined benefit healthcare plan. Qualifying retirees are those employees who retire with at least 10 years of full-time employment with the Turnpike and are eligible to receive pension benefits under the Kansas Public Employees' Retirement System (KPERS). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the plan.

Benefits Provided. Retirees must pay COBRA rates to continue coverage, which extends until the individuals become eligible for Medicare at age 65. Turnpike retirees not meeting specified age and service criteria contribute 100% of the COBRA premium rate; otherwise, retirees pay the same rate as employees, and the Turnpike pays the remaining cost of coverage. The medical and dental benefits are provided through a self-insured arrangement, with the subsidy provided from general operating funds.

11. OTHER POST EMPLOYMENT HEALTHCARE BENEFITS DESCRIPTION (CONTINUED)

Employees covered by benefit terms. At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	56
Active employees	266
	322

Total OPEB Liability

Total OPEB liability activity for the years ended June 30 was as follows:

	June 30, 2023	June 30, 2022
Total OPEB Liability	$ 5,112,032	$ 5,376,320
Measurement date	June 30, 2023	June 30, 2022
Valuation date	January 1, 2022	January 1, 2022

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise noted:

Discount rate	3.90% for June 30, 2022 measurement date 4.00% for June 30, 2023 measurement date
Healthcare cost trend rates	3.90% for remaining 2022, 6.5% for 2023, decreasing by 0.50% per year for years 2023-2025 and 0.25% per year for 2026 and after to an ultimate rate of 4.50% for 2029 and later years
Retiree share of benefit cost	Retirees pay 100% of COBRA rates unless specified minimum age and service levels are met, in that case retirees pay active employee premium rates.

The discount rate was based on the average of the published yields from the S&P Municipal Bond 20-year High Grade and the Fidelity GO AA-20 Years indexes. Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted General Mortality Tables using MP-2021 Full Generational Improvement.

The actuarial assumptions used in the January 1, 2022 valuation were based on reasonable expectations of future experience under the postretirement insurance program based on years of experience information provided by the Turnpike.

11. OTHER POST EMPLOYMENT HEALTHCARE BENEFITS DESCRIPTION (CONTINUED)

Changes in the Total OPEB Liability

	June 30, 2023 Total OPEB Liability	June 30, 2022 Total OPEB Liability
Beginning balance	$ 5,376,320	$ 6,418,406
Changes for the year:		
Service cost	85,193	174,142
Interest	202,400	127,532
Differences between actual and expected experience	142,238	160,760
Changes in assumptions and inputs	(150,567)	(1,072,638)
Benefit payments	(543,552)	(431,882)
Net changes	(264,288)	(1,042,086)
Ending balance	$ 5,112,032	$ 5,376,320

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of the following changes:

- For the June 30, 2022 valuation, the salary scale was revised from 3.00% to 4.00%.
- The discount rate increased from 3.90% on June 30, 2022 to 4.00% on June 30, 2023 and increased from 2.00% on June 30, 2021 to 3.90% on June 30, 2022.
- The mortality assumption was changed from the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted General Mortality Tables using Scale MP-2020 Full Generational Improvement on June 30, 2021. For the June 30, 2022 and 2023 measurement dates, Scale MP-2021 Full Generational Improvement was used.
- The retiree per capita costs, retiree contribution premiums and trend assumption were updated as part of the actuarial evaluation for both valuation years.

Changes of benefit terms. There were no changes in benefit terms for June 30, 2022 or 2023.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Turnpike, as well as what the Turnpike's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00%/2.90%) or 1-percentage-point higher (5.00%/4.90%) than the current discount rate:

11. OTHER POST EMPLOYMENT HEALTHCARE BENEFITS DESCRIPTION (CONTINUED)

	1% Decrease (3.00%/2.90%)	Current Discount Rate (4.00%/3.90%)	1% Increase (5.00%/4.90%)
June 30, 2023	$ 5,356,526	$ 5,112,032	$ 4,878,969
June 30, 2022	$ 5,640,462	$ 5,376,320	$ 5,124,198

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Turnpike, as well as what the Turnpike's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
June 30, 2023	$ 4,754,426	$ 5,112,032	$ 5,517,505
June 30, 2022	$ 5,044,010	$ 5,376,320	$ 5,752,204

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

For the year ended June 30, 2023 and 2022, the Turnpike recognized OPEB expense of $266,423 and $281,545, respectively. At June 30, 2023 and 2022, the Turnpike reported deferred outflows of resources from the following sources:

	June 30, 2023		**June 30, 2022**	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 827,068	$ 56,403	$ 896,603	$ 67,683
Changes in assumptions	56,115	1,236,370	76,810	1,328,161
Total	$ 883,183	$ 1,292,773	$ 973,413	$ 1,395,844

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	**Deferred (Inflows) of Resources**
2024	$ (21,170)
2025	(24,658)
2026	(64,797)
2027	(97,047)
2028	(199,835)
Thereafter	(2,083)
	$ (409,590)

11. OTHER POST EMPLOYMENT HEALTHCARE BENEFITS DESCRIPTION (CONTINUED)

KPERS Death and Disability OPEB Plan

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

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

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

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

Employees covered by benefit terms. At June 30, 2023, the following employees were covered by the benefit terms:

Disabled employees	2
Active employees	297
	299

11. OTHER POST EMPLOYMENT HEALTHCARE BENEFITS DESCRIPTION (CONTINUED)

Total OPEB Liability

Total OPEB liability activity for the years ended June 30 was as follows:

	June 30, 2023	June 30, 2022
Total OPEB liability	$ 442,303	$ 463,169
Measurement date	June 30, 2022	June 30, 2021
Valuation date	December 31, 2021	December 31, 2020

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise noted:

Price inflation	2.75%
Payroll growth	3.00%
Salary increases, including inflation	3.50 to 10%, including price inflation
Discount rate	3.54%
Healthcare cost trend rates	Not applicable for the coverage in this plan
Retiree share of benefit cost	Not applicable for the coverage in this plan

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on actuarial experience study for the three-year period beginning January 1, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2021 KPERS pension valuation.

Changes in the Total OPEB Liability

	June 30, 2023 Total OPEB Liability	June 30, 2022 Total OPEB Liability
Beginning balance	$ 463,169	$ 523,250
Changes for the year:		
Service cost	66,421	72,506
Interest	11,304	13,050
Effect on economic/demographic gains/losses	23,551	(135,612)
Effect of assumptions changes or inputs	(109,577)	523
Benefit payments	(12,565)	(10,548)
Net changes	(20,866)	(60,081)
Ending balance	$ 442,303	$ 463,169

11. OTHER POST EMPLOYMENT HEALTHCARE BENEFITS DESCRIPTION (CONTINUED)

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate increased from 2.16% on June 30, 2021 to 3.54% on June 30, 2022 and decreased from 2.21% on June 30, 2020 to 2.16% on June 30, 2021.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Turnpike, as well as what the Turnpike's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%/1.16%) or 1-percentage-point higher (4.54%/3.16%) than the current discount rate:

	1% Decrease (2.54%/1.16%)	Current Discount Rate (3.54%/2.16%)	1% Increase (4.54%/3.16%)
June 30, 2023	$ 456,569	$ 442,303	$ 427,078
June 30, 2022	$ 471,723	$ 463,169	$ 451,332

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

<u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

For the year ended June 30, 2023 and 2022, the Turnpike recognized OPEB expense of $12,814 and $29,196, respectively. At June 30, 2023 and 2022, the Turnpike reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 21,210	$ 357,017	$ --	$ 414,451
Changes in assumptions	23,808	108,357	27,353	12,143
Benefit payments subsequent to the measurement date	12,565	--	10,548	--
Total	$ 57,583	$ 465,374	$ 37,901	$ 426,594

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling $12,565 consist of payment made to KPERS for benefits and administrative costs, and will be recognized as a reduction in the total OPEB liability during the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

11. OTHER POST EMPLOYMENT HEALTHCARE BENEFITS DESCRIPTION (CONTINUED)

		Deferred (Inflows) of Resources
Year ended June 30:		
2022	$	(64,911)
2023		(64,911)
2024		(64,911)
2025		(64,303)
2026		(58,377)
Thereafter		(102,943)
	$	(420,356)

Summary of OPEB Plans

As of June 30, 2023 and 2022, the Turnpike's total OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense associated with the two OPEB plans are summarized as follows:

	June 30, 2023	June 30, 2022
Total OPEB liability	$ 5,554,335	$ 5,839,489
Deferred outflows of resources	940,766	1,011,314
Deferred inflows of resources	1,758,147	1,822,438
OPEB expense	279,237	310,741

12. RISK MANAGEMENT

The Turnpike is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to worker's compensation and employee health benefits. Settled claims have not exceeded such commercial coverage during the past three years.

Liabilities include an accrual for claims that have been incurred but not reported. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, frequency of claims and other economic and social factors.

12. RISK MANAGEMENT (CONTINUED)

Changes in the balance of claims liabilities during 2023 and 2022 are summarized as follows:

	2023	2022
Balance, beginning of period	$ 1,020,000	$ 1,020,000
Current year claims and changes in estimates	6,002,651	6,264,900
Claim payments	(6,036,393)	(6,264,900)
Balance, end of period	$ 986,258	$ 1,020,000

13. LESSOR LEASES

The Turnpike has entered into several leasing agreements with service stations, restaurants and communications companies along the Turnpike.

The service station and restaurant leases generally have terms of five years, 10.5 years or 12 years with interest rates ranging from 0.506% to 2.718%. The leases have various renewal options. The Turnpike is reimbursed for all utility payments and the lessee is responsible for insurance expenses associated with the properties. The service station and restaurant leases have base rents and contingent rental payments based on the gallons of gasoline sold, service station nonfuel sales or gross sales for the restaurant. For the years ended June 30, 2023 and 2022, contingent rental payments received were $687,127 and $1,041,336, respectively.

The lease agreements with communications companies are to operate communication systems within the Turnpike right-of-way. The leases generally have terms of five years or ten years. The five-year leases have anywhere from four to nine five-year renewal options. The Turnpike does not incur any significant costs associated with the maintenance of the communications systems and upon termination of the leases, the communication systems remain the property of the Turnpike.

13. LESSOR LEASES (CONTINUED)

The future payments included in the measurement of the lease receivable is as follows:

Year Ending June 30,	Total to be received	Principal	Interest
2024	$ 5,960,475	$ 4,617,020	$ 1,343,455
2025	6,208,940	5,047,399	1,161,541
2026	6,352,895	5,265,524	1,087,371
2027	6,522,188	5,512,975	1,009,213
2028	6,589,373	5,661,172	928,201
2029 – 2033	30,659,698	27,294,897	3,364,801
2034 – 2038	9,517,934	7,636,756	1,881,178
2039 – 2043	9,180,148	8,338,890	841,258
2044 - 2048	2,581,325	2,384,767	196,558
2049	516,265	506,153	10,112
	$ 84,089,241	$ 72,265,553	$ 11,823,688

14. COMMITMENTS

The Turnpike has committed to construction contracts for Turnpike repair and improvements valued at approximately $77,833,923 on June 30, 2023.

15. COST-SHARING AGREEMENTS

The Turnpike participates in various cost-sharing agreements with the Kansas Department of Transportation (KDOT) in order to minimize duplication of effort, facilities, and equipment. For example, the Turnpike is the project lead on a cost-sharing construction project with KDOT and the City of Wichita. The Turnpike will be reimbursed from KDOT and the City of Wichita for their portion of the project costs. At June 30, 2023 and 2022, the Turnpike recorded a $6,025,964 and $1,130,005 receivable from these parties for costs incurred, respectively.

In fiscal year 2020, the Turnpike became the project lead for a construction project that will be fully reimbursed by KDOT. At June 30, 2023 and 2022, the Turnpike recorded a $720,070 and $17,519 receivable from KDOT, respectively.

16. PENDING GOVERNMENTAL ACCOUNTING STANDARDS

GASB Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: 1) classification and reporting of derivative instruments within the scope of Statement No. 53 that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; 2) clarification of certain provisions in Statement No. 87, Statement No. 94 and Statement No. 96; 3) extension of the period during which the London Interbank offered Rate (LIBOR) is considered an appropriate benchmark interest rate of the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; 4) accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program; 5) disclosures related to nonmonetary transactions; 6) pledges of future revenues when resources are not received by the pledging government; 7) clarification of provisions in Statement No 34 related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63; and 8) terminology used in Statement No. 53 to refer to resource flows statements. The provisions of this statement for items 1 and 2 are effective for financial statements for the Turnpike's fiscal year ending June 30, 2024, and June 30, 2023, respectively. All other provisions of this statement are effective upon issuance.

GASB statement No. 100, *Accounting Changes and Error Corrections*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates and changes to or within the financial reporting entity. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for each type of accounting change and error corrections. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This statement also requires disclosure in the notes to the financial statements of descriptive information about accounting changes and error corrections. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. The provisions of this statement are effective for financial statements for the Turnpike's fiscal year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this statement are effective for financial statements for the Turnpike's fiscal year ending June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

KANSAS TURNPIKE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF KANSAS)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Turnpike's
Total OPEB Liability

Last Six Fiscal Years*

Turnpike's OPEB Plan

	2023	2022	2021	2020	2019	2018
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability						
Service cost	$ 85,193	$ 174,142	$ 173,520	$ 135,692	$ 122,378	$ 111,923
Interest	202,400	127,532	183,767	180,262	204,992	206,552
Changes in benefit terms	-	-	-	513,118	-	(80,596)
Differences between actual and expected experience	142,238	160,760	(90,243)	926,747	136,704	301,719
Changes in assumptions changes or inputs	(150,567)	(1,072,638)	(457,935)	(104,489)	121,326	43,793
Benefit payments	(543,552)	(431,882)	(570,263)	(689,628)	(914,056)	(898,772)
Net change in total OPEB liability	(264,288)	(1,042,086)	(761,154)	961,702	(328,656)	(315,381)
Total OPEB liability - beginning	5,376,320	6,418,406	7,179,560	6,217,858	6,546,514	6,861,895
Total OPEB liability - ending	$ 5,112,032	$ 5,376,320	$ 6,418,406	$ 7,179,560	$ 6,217,858	$ 6,546,514
Covered-employee payroll	$ 20,176,545	$ 17,351,643	$ 17,366,791	$ 16,825,810	$ 17,416,679	$ 18,019,901
Total OPEB liability as a percentage of covered-employee payroll	25.34%	30.98%	36.96%	42.67%	35.70%	36.33%

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the plan.

Changes of benefit terms. Changes of benefit terms reflect the effects of changes:

2020 plan year

- Eleven employees retired earlier than expected due to a voluntary retirement incentive offer during the year ended June 30, 2020. This is valued as a change in benefit terms.

Schedule of Changes in the Turnpike's
Total OPEB Liability

Last Six Fiscal Years*

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of the following changes:

- Discount rate changes:
  - 3.90% on June 30, 2022 to 4.00% on June 30, 2023
  - 2.00% on June 30, 2021 to 3.90% on June 30, 2022
  - 2.60% on June 30, 2020 to 2.00% on June 30, 2021
  - 3.00% on June 30, 2019 to 2.60% on June 30, 2020
  - 3.30% on June 30, 2018 to 3.00% on June 30, 2019
  - 3.40% on June 30, 2017 to 3.30% on June 30, 2018

- Assumed salary scale changes:
  - 3.00% on June 30, 2020 to 4.00% on June 30, 2022
  - 2.00% on June 30, 2019 to 3.00% on June 30, 2020

- Mortality assumption changes:

  2020 plan year
  - From Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with MP-2018 Full Generational Improvement to the Society of Actuaries to Pub-2010 Public Retirement Plans Headcount-weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement.

  2021 plan year
  - From Pub-2010 Public Retirement Plans Headcount-weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement to Pub-2010 Public Retirement Plans Headcount-weighted General Mortality Tables using Scale MP-2020 Full Generational Improvement.

  2022 plan year
  - From Pub-2010 Public Retirement Plans Headcount-weighted General Mortality Tables using Scale MP-2020 Full Generational Improvement to Pub-2010 Public Retirement Plans Headcount-weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement.

- The retiree per capita costs, retiree contribution premiums and trend assumption were updated as part of the actuarial evaluation for all plan years.

KANSAS TURNPIKE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF KANSAS)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Turnpike's
Total OPEB Liability

Last Six Fiscal Years*

KPERS Death and Disability OPEB Plan

	2023	2022	2021	2020	2019	2018
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	$ 66,421	$ 72,506	$ 63,926	$ 65,559	$ 65,124	$ 76,317
Interest	11,304	13,050	20,505	27,607	30,146	24,704
Effect of economic/demographic gains or losses	23,551	(135,612)	(97,730)	(191,617)	(139,331)	-
Effect of assumptions changes or inputs	(109,577)	523	28,823	5,621	(5,544)	(18,382)
Benefit payments	(12,565)	(10,548)	(28,187)	(37,766)	(120,652)	(72,251)
Net change in total OPEB liability	(20,866)	(60,081)	(12,663)	(130,596)	(170,257)	10,388
Total OPEB liability - beginning	463,169	523,250	535,913	666,509	836,766	826,378
Total OPEB liability - ending	$ 442,303	$ 463,169	$ 523,250	$ 535,913	$ 666,509	$ 836,766
Covered-employee payroll	$17,351,643	$17,366,791	$ 16,825,810	$ 17,416,679	$ 18,019,901	$ 19,080,744
Total OPEB liability as a percentage of covered-employee payroll	2.55%	2.67%	3.11%	3.08%	3.70%	4.39%

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the plan.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period:

June 30, 2023: 3.54%
June 30, 2022: 2.16%
June 30, 2021: 2.21%
June 30, 2020: 3.50%
June 30, 2019: 3.87%
June 30, 2018: 3.58%
June 30, 2017: 2.85%

KANSAS TURNPIKE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF KANSAS)

REQUIRED SUPPLEMENTARY INFORMATION

Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System

Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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
Turnpike's proportion of the collective net pension liability	0.863%	0.901%	0.892%	0.942%	1.007%	1.079%	1.082%	1.123%	1.169%	1.179%
Turnpike's proportionate share of the net pension liability	$ 17,163,700	$ 10,807,002	$ 15,461,921	$ 13,163,068	$ 14,036,694	$ 15,692,194	$ 16,732,544	$ 14,751,631	$ 14,383,900	$ 17,950,769
Turnpike's covered payroll	$ 17,351,643	$ 17,366,791	$ 16,825,810	$ 17,416,679	$ 18,019,901	$ 19,080,744	$ 18,554,529	$ 18,756,731	$ 9,503,355 *	$ 19,270,991
Turnpike's proportionate share of the net pension liability as a percentage of its covered payroll	99%	62%	92%	76%	78%	82%	90%	79%	151%	93%
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%

* Covered payroll for the fiscal year ended June 30, 2014 only includes the six month period January 1 - June 30, 2014.

^ Covered payroll is measured as of the measurement date.

KANSAS TURNPIKE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF KANSAS)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Turnpike's Contributions
Kansas Public Employees Retirement System

Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,748,431	$ 1,541,758	$ 1,517,433	$ 1,473,645	$ 1,504,716	$ 1,518,095	$ 1,628,854	$ 1,731,011	$ 1,721,487	$ 832,233
Contributions in relation to the contractually required contribution	(1,748,431)	(1,541,758)	(1,517,433)	(1,473,645)	(1,504,716)	(1,518,095)	(1,628,854)	(1,731,011)	(1,721,487)	(832,233)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Turnpike's covered payroll	$ 20,176,545	$ 17,351,643	$ 17,366,791	$ 16,825,810	$ 17,416,679	$ 18,019,901	$19,080,744	$18,554,529	$18,756,731	$ 9,503,355
Contributions as a percentage of covered payroll	8.67%	8.89%	8.74%	8.76%	8.64%	8.42%	8.54%	9.33%	9.18%	8.76%

Note: In January 2014, the Turnpike changed from a fiscal year ending December 31, to June 30. For year 2013, information covers a period from January 1 to December 31. For 2014, six months of information is presented from January 1 to June 30. For all subsequent years, a full fiscal year from July 1 to June 30 is presented.

Changes in benefit terms for KPERS. Effective January 1, 2014, KPERS Tier 1 member's employee contribution rate increased to 5.0% and then on January 1, 2015, increased to 6.0% with an increase in benefit multiplier to 1.85% for future years of service. For Tier II members retiring after July 1, 2012, the cost of living adjustments (COLA) is eliminated, but members will receive a 1.85% multiplier for all years of service.

January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan are ones first employed in a KPERS covered position on or after January 1, 2015, or KPERS 1 or KPERS 2 members who left employment before vesting and returned to employment on or after January 1, 2015. The retirement benefit is an annuity based on the account balance at retirement.

For the state fiscal year 2017, the Legislature changed the working after retirement rules for members who retire on or after January 1, 2019. The key changes to the working after retirement rules were to lengthen the waiting period for KPERS members to return to work from 60 days to 180 days for members who retire before attaining age 62, remove the earnings limitation for all retirees and establish a single-employer contribution schedule for all retirees.

Changes in assumptions for KPERS. As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2016 and include:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.

Changes from the November 2016 experience study that impacted individual groups are listed below:

KPERS:

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2019 and include:

- The investment return assumption was lowered from 7.75% to 7.50%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3.00% to 2.75%.

Changes from the January 2020 experience study that impacted individual groups are listed below:

KPERS:

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

December 31, 2020 assumption changes included a decrease of the investment return assumption from 7.75% to 7.25% and increase in general wage growth assumption from 3.25% to 3.50%.

December 31, 2021 assumption changes included a decrease of the investment return assumption from 7.25% to 7.00%.

Information needed to support the use of the Modified Approach for Infrastructure Reporting:

Roadway Pavement - The Turnpike toll road consists of 236 centerline miles of interstate highway. The Turnpike's highway pavement is also referred to as roadway. Changes in 2018 at the federal level in measurement, condition reporting, and management prescribed in 23 CFR 490 and 23 CFR 515 have significantly impacted the way that the Turnpike reports pavement condition. While the Turnpike is not required to use the federal measures for reporting pavement condition, to remain consistent with the Kansas Department of Transportation (KDOT), the Turnpike elected to use the federal pavement measures to avoid having multiple measures called the same name but following different processes and producing very different results.

The condition of the Turnpike's Interstate Highways is assessed annually using a Pavement Management System that measures the condition of the pavement surface. The pavement condition is a combined score based on three factors: roughness (measured as International Roughness Index or IRI, percent cracking (number of transverse cracked slabs per total slabs in concrete or percent of the wheel path area with longitudinal or fatigue type cracking in asphalt surfaces), and faulting in concrete or rutting in asphalt. Each factor is converted to a Good, Fair, Poor (GFP) designation. For instance, the International Roughness Index values for each 0.1 mile are used to assign that mile's roughness GFP based on <95 in/mile, 95-170 in/mile or > 170 in/mile. Federal criteria are also used to generate GFP for cracking, rutting, and faulting on each 0.1 mile of highway pavement. Using federal rules, each 0.1 mile segment's ratings for the factors are combined by requiring that all three must be "Good" for an overall rating of "Good" or if any two are "Poor" the overall rating is "Poor". Every other combination becomes "Fair".

The Turnpike has a target to maintain the roadway at a level higher than the minimum acceptable condition. The cost to repair or replace deteriorated pavement far exceeds the cost to maintain pavement that is already in good condition; so maintaining Turnpike pavement at levels above our minimum acceptable condition requires a pavement management strategy that accounts for life-cycle planning. The Turnpike has defined the minimum acceptable condition level as having at least 60 percent of the Interstate miles in "Good". The following table compares the minimum acceptable condition level with the actual condition for the current and prior years. The timing for collecting and processing data has also changed. Data collected in Spring 2023 is still being processed to produce the federal method's condition measures. It is consistent with federal reporting regulations since data collected in calendar year 2023 is reported in April of the following year for Interstates.

Interstate Highways		
Fiscal Year	Minimum Acceptable Condition Level*	Actual Condition Level*
June 30, 2023	60%	77.9%
June 30, 2022	60%	82.4%
June 30, 2021	60%	80.3%
*Percent of miles in Good Condition		

The Turnpike’s target is to continually maintain and improve the condition of the roadway. To achieve this target, it is necessary to perform maintenance activities and replace those assets that can no longer be economically maintained. To maintain the Turnpike roadway at or above the stated minimum condition level, it was estimated that annual preservation and replacement expenditures should be approximately $22.3 million for the fiscal period ended June 30, 2023. The estimated expenditure amounts are based on the projected 2016 Long Term Needs Study (LTNS) funding levels for preservation that are anticipated to be needed to maintain the system. The actual expenses are based on project expenditures for preservation and some capacity and modernization costs that improve the roadway surface.

The following table compares the estimated expenditures needed to maintain the system at a minimum acceptable condition level with actual amounts spent for the current and prior years.

Interstate Highways		
Fiscal Year	Estimated Expenditures Needed to Maintain the System at the Minimum Acceptable Condition Level	Actual Expenses
June 30, 2019	$ 22,639,770	$ 20,385,259
June 30, 2020	27,088,500	28,584,687
June 30, 2021	35,216,500	36,537,523
June 30, 2022	18,155,000	20,192,815
June 30, 2023	22,325,000	16,154,235

Bridges - Federal law (Title 23 CFR 650) requires that each bridge be inspected at least every 24 months. Annually, the Turnpike Bridge condition data for key elements (deck, superstructure, substructure, culvert, etc.) was collected during inspections and stored within the Brm Bridge Management System maintained by the Kansas Department of Transportation. In February 2017, FHWA published the National Performance Management Measures Final Rule, 23 CFR Part 490, which requires each state to submit performance measures data based on the calculated deck area of each bridge. Each bridge is represented by its deck area. Bridges with a minimum condition rating of 7 or higher are considered to be in “Good” condition and bridges with element condition ratings of 4 or less are considered “Poor”.

The bridge Performance Measure is the percent of the Turnpike bridges (represented by deck area) in Good condition, with the condition state of a bridge being defined as follows (Elements considered are Deck, Superstructure, Substructure and Culvert):

Good Condition	Minimum Element Rating = 7
Fair Condition	Element Rating 5 or 6
Poor Condition	Any Element Rating = 4 or Less

The goal of the Turnpike is to maintain bridges at a high level. Beginning in fiscal year 2017, the Turnpike has defined the minimum acceptable condition level as having at least 70% of the bridges in Good condition. The following table compares the minimum acceptable condition level with the actual condition level for the current year.

Fiscal Year	Minimum Acceptable Condition Level*	Actual Condition Level*
June 30, 2023	70%	81.4%
June 30, 2022	70%	81.5%
June 30, 2021	70%	81.8%
*Percent of bridges with a Bridge Health Index in Good Condition		

The KTA’s goal is to continually improve the condition of the Turnpike’s bridge system. To achieve this goal, it is necessary to perform maintenance activities and to replace those bridges that can no longer be economically maintained. To maintain the KTA’s bridges at or above the stated minimum acceptable condition level, it was estimated that annual preservation and replacement expenditures should be approximately $17.0 million for fiscal period ended June 30, 2023. The following table compares the estimated annual expenditures needed to maintain the bridges system with the actual expenditures for the current and prior years.

Fiscal Year	Estimated Expenditures Needed to Maintain the System at the Minimum Acceptable Health Index	Actual Expenses
June 30, 2019	$ 6,874,500	$ 13,182,254
June 30, 2020	23,331,585	16,566,913
June 30, 2021	12,073,510	7,760,117
June 30, 2022	14,079,000	13,617,554
June 30, 2023	16,988,000	16,523,986

SUPPLEMENTARY INFORMATION

KANSAS TURNPIKE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF KANSAS)

COMBINING STATEMENT OF NET POSITION

June 30, 2023

Assets	Total	Interfund Eliminations Reclassifications	Construction Fund
Current assets			
Cash and cash equivalents	$ 56,361,489	$ -	$ -
Short-term investments	78,131,580	--	--
Interfund receivable	--	(573,998)	--
Intergovernmental receivables	6,746,034	--	--
Accounts receivable, net of allowance	12,147,563	--	--
Lease receivables	4,617,020	--	--
Accrued interest receivable	1,813,045	--	--
Material and supply inventory	3,290,130	--	--
Prepaid expense and other assets	30,329	--	--
Restricted - cash and cash equivalents	4,119,915	--	--
Restricted - investments	15,187,814	--	--
Total current assets	182,444,919	(573,998)	--
Non-current assets			
Long-term investments	45,390,764	--	--
Long-term lease receivables	67,648,533	--	--
Capital assets:			
Capital assets, not being depreciated	741,843,487	--	460,406,273
Capital assets, net of accumulated depreciation	39,714,816	--	--
Total capital assets	781,558,303	--	460,406,273
Total non-current assets	894,597,600	--	460,406,273
Total assets	**1,077,042,519**	**(573,998)**	**460,406,273**
Deferred outflows of resources			
Deferred refunding	1,461,108	--	--
Deferred outflows - pensions	6,670,326	--	--
Deferred outflows - OPEB	940,766	--	--
Total deferred outflows	**9,072,200**	**--**	**--**
Liabilities			
Current liabilities			
Current maturities of long-term debt	7,980,000	--	7,980,000
Lease liability	72,156	--	--
Subscription liability	285,652	--	--
Prepaid tolls	2,269,866	--	--
Accounts payable	7,185,970	--	--
Interfund payable	--	(573,998)	--
Accrued expenses	4,786,900	--	--
Accrued compensated absences	1,794,000	--	--
Accrued interest	1,359,967	--	--
Total current liabilities	25,734,511	(573,998)	7,980,000
Non-current liabilities			
Turnpike revenue bonds	86,460,000	--	86,460,000
Bond premium	13,482,978	--	13,482,978
Lease liability	38,094	--	--
Subscription liability	--	--	--
Net pension liabilitiy	17,163,700	--	--
Total OPEB liability	5,554,335	--	--
Accrued compensated absences	2,269,000	--	--
Total non-current liabilities	124,968,107	--	99,942,978
Total liabilities	**150,702,618**	**(573,998)**	**107,922,978**
Deferred inflows of resources			
Deferred refunding	1,706,535	--	--
Deferred inflows - pensions	950,821	--	--
Deferred inflows - OPEB	1,758,147	--	--
Deferred inflows - leases	70,918,165	--	--
Total deferred inflows	**75,333,668**	**--**	**--**
Net position			
Net investment in capital assets	670,186,155	--	352,483,295
Restricted - expendable for debt service	17,773,209	--	--
Unrestricted	172,119,069	--	--
Total net position	**$ 860,078,433**	**$ -**	**$ 352,483,295**

Continued

Revenue Fund And Operations Fund	Debt Service Fund	Debt Service Reserve Fund	Replacement Reserve Fund	General Fund
$ 20,033,712	$ -	$ -	$ 12,951,041	$ 23,376,736
3,562,137	--	--	7,192,322	67,377,121
573,998	--	--	--	--
165,755	--	--	6,580,279	--
12,147,563	--	--	--	--
4,617,020	--	--	--	--
1,778,215	--	5,006	4,167	25,657
3,290,130	--	--	--	--
30,329	--	--	--	--
--	4,076,002	43,913	--	--
--	4,068,591	11,119,223	--	--
46,198,859	8,144,593	11,168,142	26,727,809	90,779,514
2,898,093	--	--	4,602,664	37,890,007
67,648,533	--	--	--	--
--	--	--	281,437,214	--
2,682,549	--	--	37,032,267	--
2,682,549	--	--	318,469,481	--
73,229,175	--	--	323,072,145	37,890,007
119,428,034	**8,144,593**	**11,168,142**	**349,799,954**	**128,669,521**
--	1,461,108	--	--	--
6,670,326	--	--	--	--
940,766	--	--	--	--
7,611,092	**1,461,108**	**--**	**--**	**--**
--	--	--	--	--
72,156	--	--	--	--
285,652	--	--	--	--
2,269,866	--	--	--	--
2,131,792	--	--	5,054,178	--
--	104,963	74,596	866	393,573
2,915,462	--	--	1,871,438	--
1,794,000	--	--	--	--
--	1,359,967	--	--	--
9,468,928	1,464,930	74,596	6,926,482	393,573
--	--	--	--	--
--	--	--	--	--
38,094	--	--	--	--
--	--	--	--	--
17,163,700	--	--	--	--
5,554,335	--	--	--	--
2,269,000	--	--	--	--
25,025,129	--	--	--	--
34,494,057	**1,464,930**	**74,596**	**6,926,482**	**393,573**
--	1,706,535	--	--	--
950,821	--	--	--	--
1,758,147	--	--	--	--
70,918,165	--	--	--	--
73,627,133	**1,706,535**	**--**	**--**	**--**
2,286,647	(245,427)	--	315,661,640	--
--	6,679,663	11,093,546	--	--
16,631,289	--	--	27,211,832	128,275,948
$ 18,917,936	**$ 6,434,236**	**$ 11,093,546**	**$ 342,873,472**	**$ 128,275,948**

	Total	Construction Fund	Revenue Fund And Operations Fund	Debt Service Fund	Debt Service Reserve Fund	Replacement Reserve Fund	General Fund
Operating Revenues							
Tolls	$ 141,352,352	$ -	$ 141,352,352	$ -	$ -	$ -	$ -
Concessionaire leases	6,023,417	--	6,023,417	--	--	--	--
Communication leases	675,099	--	675,099	--	--	--	--
Miscellaneous	3,215,865	--	3,215,865	--	--	--	--
	151,266,733	--	151,266,733	--	--	--	--
Operating Expenses							
Administration	25,801,014	--	25,801,014	--	--	--	--
Insurance	5,887,426	--	5,887,426	--	--	--	--
Toll collection	4,768,983	--	4,768,983	--	--	--	--
Patrol	7,700,989	--	7,700,989	--	--	--	--
Maintenance	12,049,410	--	12,049,410	--	--	--	--
Depreciation and amortization	4,581,453	--	562,552	--	--	4,018,901	--
Cost of repairs and maintenance	1,936,705					1,936,705	
Preservation costs on modified infrastructure assets	32,678,221	--	--	--	--	32,678,221	--
	95,404,201	--	56,770,374	--	--	38,633,827	--
Operating Income (Loss)	55,862,532	--	94,496,359	--	--	(38,633,827)	--
Nonoperating Revenues (Expenses)							
Transfers between funds	--	8,715,000	(93,661,056)	(586,631)	4,123,885	94,731,744	(13,322,942)
Investment revenue	4,074,816	--	3,762,459	230	1,550	12,691	297,886
Interest revenue - leases	701,334	--	701,334	--	--	--	--
Interest on long-term debt	(2,459,243)	1,361,395	(10,921)	313,758	(4,123,475)	--	--
Gain on disposal of assets	781,510	--	925,311	--	--	(143,801)	--
	3,098,417	10,076,395	(88,282,873)	(272,643)	1,960	94,600,634	(13,025,056)
Change in net position	58,960,949	10,076,395	6,213,486	(272,643)	1,960	55,966,807	(13,025,056)
Net position, beginning of year (restated)	801,117,484	342,406,900	12,704,450	6,706,879	11,091,586	286,906,665	141,301,004
Net position, end of year	$ 860,078,433	$ 352,483,295	$ 18,917,936	$ 6,434,236	$ 11,093,546	$ 342,873,472	$ 128,275,948

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*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kansas Turnpike Authority
Wichita, 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 Kansas Turnpike Authority (Turnpike) which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the years ended June 30, 2023 and 2022, and the related notes to financial statements, which collectively comprise the Turnpike's basic financial statements, and have issued our report thereon dated September 18, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Turnpike'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Turnpike's internal control. Accordingly, we do not express an opinion on the effectiveness of the Turnpike'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 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Turnpike'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 determination of 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 Turnpike'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 Turnpike's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

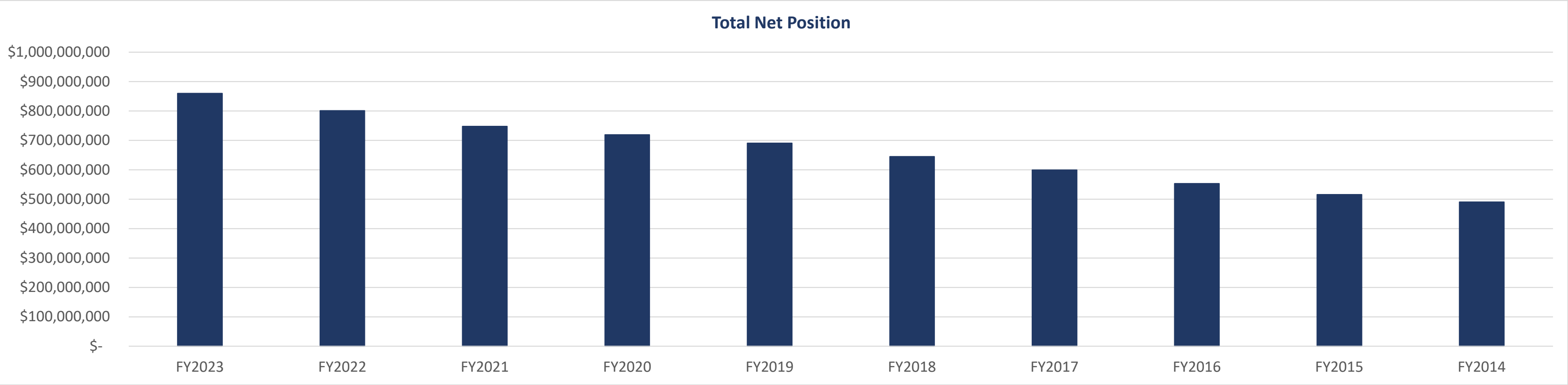
Wichita, Kansas
September 18, 2023

STATISTICAL SECTION

Financial Trends

Net Position

	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
Net Investment in Capital Assets	$ 670,186,155	$ 619,779,637	$ 584,886,213	$ 564,083,712	$ 532,985,020	$ 491,297,492	$ 437,371,388	$ 394,989,239	$ 368,180,702	$ 348,142,245
Restricted	17,773,209	18,357,650	18,894,165	21,871,928	22,003,256	33,216,034	34,041,477	33,529,100	33,080,245	32,474,825
Unrestricted	172,119,069	162,980,197	144,295,397	133,554,548	135,751,188	120,693,801	127,857,704	124,584,530	114,679,491	109,766,853
Total Net Position	$ 860,078,433	$ 801,117,484	$ 748,075,775	$ 719,510,188	$ 690,739,464	$ 645,207,327	$ 599,270,569	$ 553,102,869	$ 515,940,438	$ 490,383,923



Note: In 2014, the Turnpike changed fiscal year-ends from December 31st to June 30th, creating a 6 month reporting period in 2014.

Statements of Revenues, Expenses, and Changes in Net Position

	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
Operating Revenues										
Tolls	$ 141,352,352	$ 137,385,312	$ 121,464,360	$ 119,333,185	$ 124,342,364	$ 118,188,895	$ 112,525,112	$ 108,455,441	$ 100,324,558	$ 46,828,229
Concessionaire rentals	6,023,417	5,855,887	5,419,674	5,185,258	5,472,031	5,429,610	5,350,824	5,504,521	5,064,598	2,421,937
Communication leases	675,099	510,093	510,093	-	-	-	-	-	-	-
Miscellaneous	3,215,865	1,108,946	3,227,220	1,546,323	2,917,897	1,267,459	723,511	794,709	1,362,368	241,194
Total Operating Revenues	151,266,733	144,860,238	130,621,347	126,064,766	132,732,292	124,885,964	118,599,447	114,754,671	106,751,524	49,491,360
Operating Expenses										
Administration	25,801,014	22,127,922	21,700,857	20,275,413	20,019,062	18,105,556	13,150,572	11,612,922	8,570,895	4,079,404
Insurance	5,887,426	5,416,884	5,790,611	6,314,452	5,736,192	6,235,320	5,264,407	8,505,554	7,088,348	3,490,221
Toll Collection	4,768,983	4,454,113	4,568,610	5,209,606	6,158,769	7,813,430	8,361,817	9,207,166	9,993,839	5,008,153
Patrol	7,700,989	6,696,087	7,029,224	6,459,034	6,123,826	6,187,183	6,193,018	5,542,888	5,493,479	2,790,368
Maintenance	12,049,410	9,180,055	9,247,906	8,442,212	9,410,371	8,909,305	6,782,748	8,526,600	9,246,858	5,414,770
Depreciation	4,581,453	4,416,340	4,352,163	4,517,192	4,102,150	3,616,997	3,529,126	2,989,297	2,890,482	1,335,530
Cost of repairs and maintenance	1,936,705	2,900,135	-	-	-	-	-	-	-	-
Preservation costs on modified infrastructure assets	32,678,221	33,810,369	46,911,437	46,771,578	35,594,552	16,054,584	22,169,890	24,493,380	14,908,216	8,809,594
Total Operating Expenses	95,404,201	89,001,905	99,600,808	97,989,487	87,144,922	66,922,375	65,451,578	70,877,807	58,192,117	30,928,040
Operating Income	55,862,532	55,858,333	31,020,539	28,075,279	45,587,370	57,963,589	53,147,869	43,876,864	48,559,407	18,563,320
Nonoperating Revenues (Expenses)										
Investment revenue	4,074,816	(2,482,691)	52,333	4,376,451	5,113,284	1,436,321	901,511	1,380,500	1,682,512	1,120,954
Interest revenue - leases	701,334	734,713	787,356	-	-	-	-	-	-	-
Interest on long-term debt	(2,459,243)	(2,661,407)	(3,394,436)	(4,561,764)	(6,963,720)	(8,463,489)	(9,436,500)	(10,038,728)	(10,540,464)	(5,354,859)
Interest expense subsidy - federal	-	-	-	-	1,381,915	1,696,131	1,682,780	1,681,315	1,675,294	838,099
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	-	-
Other long-term debt	-	-	-	-	-	-	-	-	-	-
Gain on disposal of assets	781,510	926,405	766,151	880,758	413,288	585,927	(127,960)	262,480	521,358	(27,113)
Total Nonoperating Revenues	3,098,417	(3,482,980)	(1,788,596)	695,445	(55,233)	(4,745,110)	(6,980,169)	(6,714,433)	(6,661,300)	(3,422,919)
Change in net position	58,960,949	52,375,353	29,231,943	28,770,724	45,532,137	53,218,479	46,167,700	37,162,431	41,898,107	15,140,401
Net Position, Beginning July 1	801,117,484	748,742,131	719,510,188	690,739,464	645,207,327	599,270,569	553,102,869	515,940,438	490,383,923	475,243,522
Prior period adjustment	-	-	-	-	-	(7,281,721)	-	-	(16,341,592)	-
Net Position ending, June 30	$ 860,078,433	$ 801,117,484	$ 748,742,131	$ 719,510,188	$ 690,739,464	$ 645,207,327	$ 599,270,569	$ 553,102,869	$ 515,940,438	$ 490,383,923

Note: In 2014, the Turnpike changed fiscal year-ends from December 31st to June 30th, creating a 6 month reporting period in 2014.
In 2022, the Turnpike implemented GASB 87 which caused a restatement to fiscal year 2021 lease revenue.
In 2023, the Turnpike implemented GASB 96 which caused a restatement to fiscal year 2022 expenses.
In 2023, the Turnpike started showing preservation costs related to the modified approach to infrastucture separately from other maintenance and repair costs.

Debt

	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	CY2014
Revenue Bond Series 2020A	$ 32,105,000	$ 40,820,000	$ 50,250,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Revenue Bond Series 2019A	62,335,000	62,335,000	62,335,000	62,335,000	62,335,000	-	-	-	-	-
Revenue Bond Series 2013A	-	-	-	-	-	9,500,000	17,755,000	25,700,000	33,330,000	40,815,000
Revenue Bond Series 2012A	-	-	-	16,840,000	19,085,000	21,425,000	23,665,000	25,830,000	27,915,000	32,635,000
Revenue Bond Series 2010A	-	-	-	50,140,000	58,640,000	59,445,000	59,445,000	59,445,000	59,445,000	59,445,000
Revenue Bond Series 2009A	-	-	-	-	-	77,425,000	77,425,000	77,425,000	77,425,000	77,425,000
Revenue Bond Series 2002	-	-	-	-	-	-	3,125,000	6,090,000	8,915,000	8,915,000
Bond premium	13,482,978	14,844,373	16,205,768	17,147,207	18,667,218	5,850,314	7,269,785	8,689,256	10,108,727	11,528,198
	$ 107,922,978	$ 117,999,373	$ 128,790,768	$ 146,462,207	$ 158,727,218	$ 173,645,314	$ 188,684,785	$ 203,179,256	$ 217,138,727	$ 230,763,198

Debt Per	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	CY2014
Center Lane Mile	$ 107,923	$ 117,999	$ 128,791	$ 146,462	$ 158,727	$ 173,645	$ 188,685	$ 203,179	$ 217,139	$ 230,763
Lane Mile	457,301	499,997	545,724	620,603	672,573	735,785	799,512	860,929	920,079	977,810
$ Operating Revenue[1]	0.69	0.82	0.97	1.12	1.14	1.35	1.56	1.68	1.97	4.49

Financial Metrics	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	CY2014
Debt Coverage Ratio[2]	7.72x	6.85x	5.17x	5.11x	4.30x	3.51x	3.53x	3.23x	2.99x	2.66x
Debt to Net Revenues[3]	1.07x	1.23x	1.54x	1.73x	1.72x	2.13x	2.32x	2.62x	3.12x	7.53x
Unres. Days' Cash on Hand[4]	950 days	1125 days	926 days	864 days	853 days	746 days	853 days	781 days	751 days	1341 days
Unres. Reserves to Debt (%)[5]	167%	161%	127%	102%	101%	83%	78%	70%	60%	51%

Note: In 2014, the Turnpike changed fiscal year-ends from December 31st to June 30th, creating a 6 month reporting period in 2014.

1. Operatinge Revenue used in the debt ratio calculation = (Total Outstanding Debt/Operating Revenues (Operating Revenue + Investment Revenue+ Lease Revenue + Gain/Loss on Asset)
2. Funds Available for Debt Service (FADS) = Operating Revenue + Investment Revenue + Lease Revenue + Gain/Loss on Asset - Operating Expenses (Operating Expenses - Depreciation - Costs of Repairs and Improvements)

Debt Service Coverage = FADS/Long-Term Debt Service

3. Operating Revenue to Total Outstanding Debt = Total Outstanding debt/(Operating Revenue (Operating Revenue +Investment Revenue+ Lease Revenue+ Gain/Loss on Asset) - Operating Expenses (Operating Expenses - Depreciation - Costs of Repairs and Improvements))
4. Days Cash on Hand = (Ending Cash Balance/Operating Expenditures (Operating Expenses - Depreciation - Costs of Repairs and Improvements) + Revenue Bonds)/365
5. Reserves to Debt = (Ending Cash Balance - Restricted Cash & Investments)/Total Outstanding Debt

Revenue Capacity

Frequent Trips by Plaza and by Class

Class 2

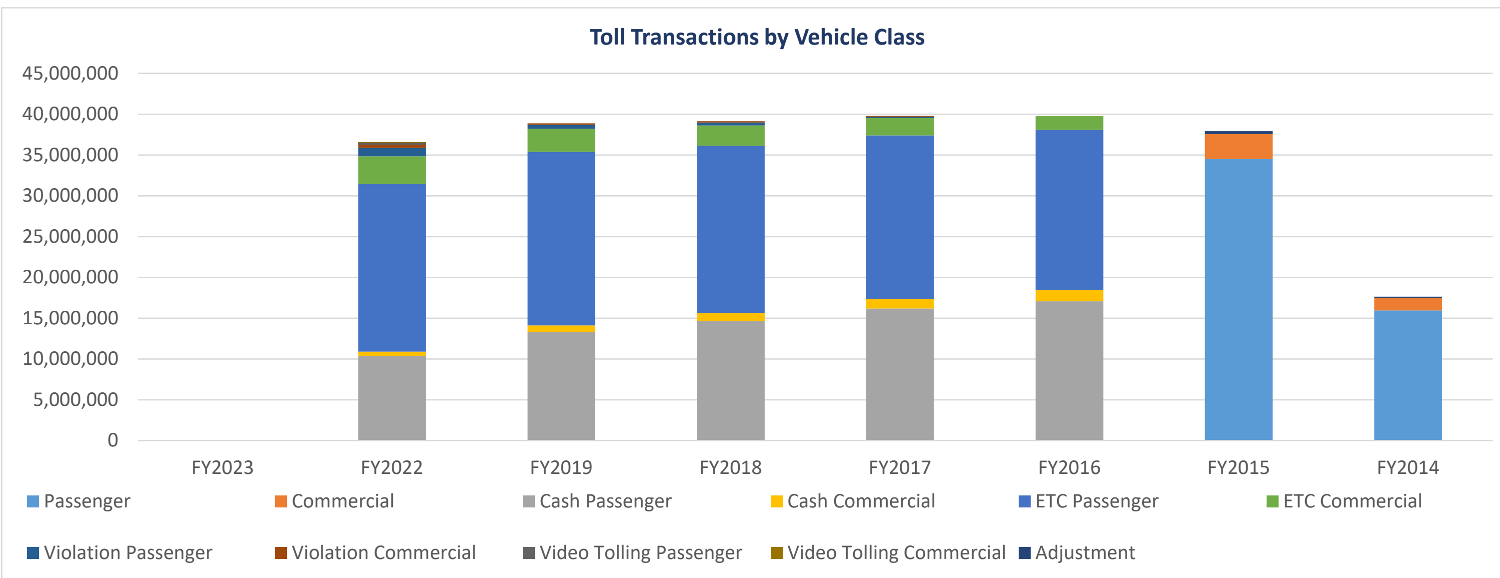
		FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
	4 - 42	$ 2.75	$ 2.75	$2.50	$2.50	$2.50	$2.50	$2.25	$2.25	$2.00	$2.00
	4 - 127	$ 9.50	$ 9.50	$8.50	$8.50	$8.50	$8.50	$7.50	$7.50	$6.75	$6.75
	4 - 236	$ 17.00	$ 17.00	$15.00	$15.00	$15.00	$15.00	$13.25	$13.25	$12.00	$12.00
CASH	45 - 57	$ 0.75	$ 0.75	$0.75	$0.75	$0.75	$0.75	$0.75	$0.75	$0.70	$0.70
	53 - 57	$ 0.50	$ 0.50	$0.50	$0.50	$0.50	$0.50	$0.35	$0.35	$0.30	$0.30
	53 - 71	$ 1.50	$ 1.50	$1.25	$1.25	$1.25	$1.25	$1.10	$1.10	$1.00	$1.00
	183 - 202	$ 1.50	$ 1.50	$1.25	$1.25	$1.25	$1.25	$1.20	$1.20	$1.10	$1.10
	183 - 236	$ 4.00	$ 4.00	$3.50	$3.50	$3.50	$3.50	$3.00	$3.00	$2.75	$2.75
	4 - 42	$ 1.95	$ 1.95	$1.90	$1.90	$1.90	$1.90	$1.80	$1.80	$1.70	$1.70
	4 - 127	$ 6.45	$ 6.45	$6.30	$6.30	$6.30	$6.30	$6.00	$6.00	$5.50	$5.50
	4 - 236	$ 11.35	$ 11.35	$11.15	$11.15	$11.15	$11.15	$10.60	$10.60	$9.75	$9.75
ETC	45 - 57	$ 0.75	$ 0.75	$0.65	$0.65	$0.65	$0.65	$0.60	$0.60	$0.60	$0.60
	53 - 57	$ 0.50	$ 0.50	$0.30	$0.30	$0.30	$0.30	$0.28	$0.28	$0.25	$0.25
	53 - 71	$ 0.95	$ 0.95	$0.95	$0.95	$0.95	$0.95	$0.88	$0.88	$0.85	$0.85
	183 - 202	$ 1.00	$ 1.00	$1.00	$1.00	$1.00	$1.00	$0.96	$0.96	$0.90	$0.90
	183 - 236	$ 2.60	$ 2.60	$2.55	$2.55	$2.55	$2.55	$2.40	$2.40	$2.25	$2.25
	4 - 42	$ 20.50	$ 20.50	$20.50	$20.50	$19.88	$19.88	$19.88	$19.88	$0.00	$0.00
	4 - 127	$ 16.50	$ 16.50	$16.50	$16.50	$19.88	$19.88	$19.88	$19.88	$0.00	$0.00
	4 - 236	$ 23.00	$ 23.00	$23.00	$23.00	$19.88	$19.88	$19.88	$19.88	$0.00	$0.00
VE	45 - 57	$ 19.00	$ 19.00	$19.00	$19.00	$19.88	$19.88	$19.88	$19.88	$0.00	$0.00
	53 - 57	$ 19.00	$ 19.00	$19.00	$19.00	$19.88	$19.88	$19.88	$19.88	$0.00	$0.00
	53 - 71	$ 18.25	$ 18.25	$18.25	$18.25	$19.88	$19.88	$19.88	$19.88	$0.00	$0.00
	183 - 202	$20.75	$20.75	$20.75	$20.75	$19.88	$19.88	$19.88	$19.88	$0.00	$0.00
	183 - 236	$ 23.00	$ 23.00	$23.00	$23.00	$19.88	$19.88	$19.88	$19.88	$0.00	$0.00

Class 5

		FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
	4 - 42	$ 6.75	$ 6.75	$ 6.00	$ 6.00	$ 6.00	$ 6.00	$ 5.50	$ 5.50	$ 5.00	$ 5.00
	4 - 127	$ 25.00	$ 25.00	$ 23.00	$ 23.00	$ 23.00	$ 23.00	$ 21.00	$ 21.00	$ 19.00	$ 19.00
	4 - 236	$ 43.00	$ 43.00	$ 38.25	$ 38.25	$ 38.25	$ 38.25	$ 34.75	$ 34.75	$ 31.50	$ 31.50
CASH	45 - 57	$ 3.00	$ 3.00	$ 2.75	$ 2.75	$ 2.75	$ 2.75	$ 2.50	$ 2.50	$ 2.25	$ 2.25
	53 - 57	$ 1.50	$ 1.50	$ 1.25	$ 1.25	$ 1.25	$ 1.25	$ 1.15	$ 1.15	$ 1.05	$ 1.05
	53 - 71	$ 4.25	$ 4.25	$ 3.75	$ 3.75	$ 3.75	$ 3.75	$ 3.50	$ 3.50	$ 3.25	$ 3.25
	183 - 202	$ 4.75	$ 4.75	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 3.75	$ 3.75	$ 3.50	$ 3.50
	183 - 236	$ 9.00	$ 9.00	$ 8.25	$ 8.25	$ 8.25	$ 8.25	$ 7.50	$ 7.50	$ 6.75	$ 6.75
	4 - 42	$ 5.05	$ 5.05	$ 4.95	$ 4.95	$ 4.95	$ 4.95	$ 4.95	$ 4.95	$ 4.75	$ 4.75
	4 - 127	$ 19.30	$ 19.30	$ 18.90	$ 18.90	$ 18.90	$ 18.90	$ 18.90	$ 18.90	$ 18.00	$ 18.00
	4 - 236	$ 31.95	$ 31.95	$ 31.30	$ 31.30	$ 31.30	$ 31.30	$ 31.28	$ 31.28	$ 30.25	$ 30.25
ETC	45 - 57	$ 2.30	$ 2.30	$ 2.25	$ 2.25	$ 2.25	$ 2.25	$ 2.25	$ 2.25	$ 2.10	$ 2.10
	53 - 57	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.05	$ 1.04	$ 1.04	$ 1.00	$ 1.00
	53 - 71	$ 3.20	$ 3.20	$ 3.15	$ 3.15	$ 3.15	$ 3.15	$ 3.15	$ 3.15	$ 3.25	$ 3.25
	183 - 202	$ 3.45	$ 3.45	$ 3.40	$ 3.40	$ 3.40	$ 3.40	$ 3.38	$ 3.38	$ 3.25	$ 3.25
	183 - 236	$ 6.90	$ 6.90	$ 6.75	$ 6.75	$ 6.75	$ 6.75	$ 6.75	$ 6.75	$ 6.25	$ 6.25
	4 - 42	$ 40.75	$ 40.75	$ 40.75	$ 40.75	$ 52.13	$ 52.13	$ 52.13	$ 52.13	$ -	$ -
	4 - 127	$ 31.00	$ 31.00	$ 31.00	$ 31.00	$ 52.13	$ 52.13	$ 52.13	$ 52.13	$ -	$ -
	4 - 236	$ 46.25	$ 46.25	$ 46.25	$ 46.25	$ 52.13	$ 52.13	$ 52.13	$ 52.13	$ -	$ -
VE	45 - 57	$ 39.00	$ 39.00	$ 39.00	$ 39.00	$ 52.13	$ 52.13	$ 52.13	$ 52.13	$ -	$ -
	53 - 57	$ 39.00	$ 39.00	$ 39.00	$ 39.00	$ 52.13	$ 52.13	$ 52.13	$ 52.13	$ -	$ -
	53 - 71	$ 18.25	$ 18.25	$ 18.25	$ 18.25	$ 52.13	$ 52.13	$ 52.13	$ 52.13	$ -	$ -
	183 - 202	$ 43.50	$ 43.50	$ 43.50	$ 43.50	$ 52.13	$ 52.13	$ 52.13	$ 52.13	$ -	$ -
	183 - 236	$ 46.25	$ 46.25	$ 46.25	$ 46.25	$ 52.13	$ 52.13	$ 52.13	$ 52.13	$ -	$ -

Toll Transactions by Vehicle Classification

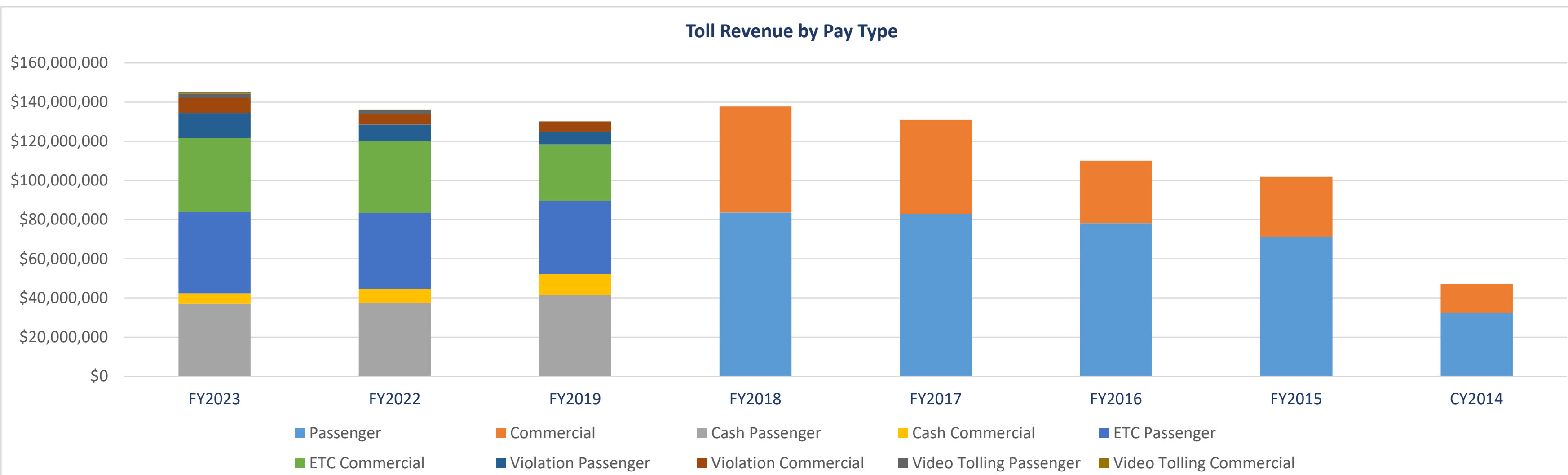
Pay Type	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
Passenger								36,684,196	33,473,769	15,460,825
Commercial								3,078,949	4,078,909	1,992,982
Cash										
Passenger	9,613,666	10,390,133	10,515,611	10,957,584	13,272,865	14,649,671	13,417,773	-	-	-
Commercial	389,190	514,871	598,196	643,507	847,338	987,785	1,088,732	-	-	-
ETC										
Passenger	21,437,613	20,535,575	18,034,588	19,317,895	21,267,165	20,489,748	22,844,096	-	-	-
Commercial	3,484,966	3,399,717	3,210,269	2,988,938	2,817,948	2,503,931	2,255,772	-	-	-
Violation										
Passenger	1,183,157	1,031,218	787,991	572,292	481,245	347,605	148,697	-	-	-
Commercial	460,472	413,051	319,170	228,773	185,931	152,565	117,479	-	-	-
Video Tolling										
Passenger	267,035	252,482	59,003	-	-	-	-	-	-	-
Commercial	26,072	21,209	6,659							
Adjustments	-	-	300,133	314,714	(337,340)	376,582	402,022	397,011	373,106	181,652
Total Transactions	36,862,171	36,558,256	33,831,620	35,023,703	38,535,152	39,507,887	40,274,571	40,160,156	37,925,784	17,635,459
ETC Percentage	68%	65%	63%	64%	63%	58%	62%	0%	0%	0%



Note: In 2014, the Turnpike changed fiscal year-ends from December 31st to June 30th, creating a 6 month reporting period in 2014.
In 2017, toll transactions were further defined by using "pay type"

Toll Revenue by Vehicle Classification

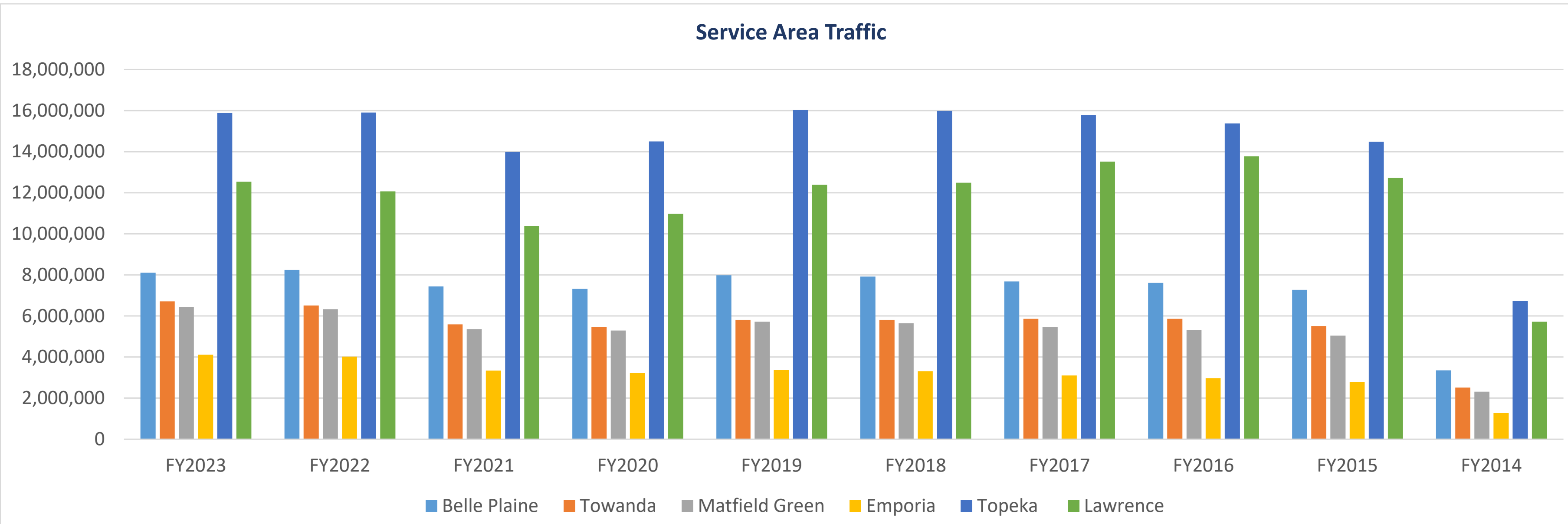
Pay Type	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	CY2014
Passenger						$ 83,642,539	$ 82,925,282	$ 78,119,186	$ 66,255,384	$ 30,008,244
Commercial						54,136,482	48,017,316	31,988,139	35,582,412	17,228,586
Cash										
Passenger	$ 36,946,595	$ 37,551,525	$ 35,755,175	$ 36,477,703	$ 41,778,452					
Commercial	5,436,217	7,009,467	7,934,835	8,305,431	10,512,862					
ETC										
Passenger	41,364,841	38,843,757	32,713,389	34,496,330	37,231,111					
Commercial	37,997,633	36,519,592	33,407,296	30,827,263	28,890,164					
Violation										
Passenger	12,633,460	8,659,385	10,447,370	4,298,296	6,583,470			-	-	-
Commercial	7,756,828	5,190,329	6,204,885	4,446,193	5,140,211			-	-	-
Video Tolling										
Passenger	2,237,113	2,076,767	519,073	-	-	-	-	-	-	-
Commercial	528,799	402,989	174,299	-	-	-	-	-	-	-
Adjustments	(3,549,134)	1,131,501	(5,691,962)	481,969	(5,793,906)	(19,590,126)	(18,417,486)	(1,651,854)	(1,513,238)	(408,601)
Total Transactions	$ 141,352,352	$ 137,385,312	$ 121,464,360	$ 119,333,185	$ 124,342,364	$ 118,188,895	$ 112,525,112	$ 108,455,471	$ 100,324,558	$ 46,828,229
ETC Percentage	56%	55%	54%	55%	53%	0%	0%	0%	0%	0%



Note: In 2014, the Turnpike changed fiscal year-ends from December 31st to June 30th, creating a 6 month reporting period in 2014.
In 2019, toll transactions were further defined by using "pay type"

Service Area Traffic

	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
Belle Plaine	8,111,135	8,243,047	7,438,604	7,318,126	7,976,089	7,919,935	7,680,476	7,611,112	7,271,527	3,352,202
Towanda	6,707,657	6,514,099	5,587,818	5,473,060	5,807,436	5,808,864	5,864,251	5,864,479	5,508,337	2,516,860
Matfield Green	6,437,058	6,335,146	5,361,772	5,289,460	5,718,563	5,644,632	5,455,007	5,324,105	5,042,588	2,317,587
Emporia	4,117,231	4,019,368	3,344,282	3,224,286	3,364,888	3,313,460	3,104,755	2,970,929	2,777,411	1,271,443
Topeka	15,882,962	15,906,116	13,996,866	14,496,843	16,027,450	15,988,525	15,777,577	15,379,648	14,486,175	6,733,681
Lawrence	12,542,713	12,067,902	10,389,749	10,984,444	12,389,246	12,486,665	13,519,673	13,778,523	12,732,986	5,726,841
Total	53,798,756	53,085,678	46,119,091	46,786,219	51,283,672	51,162,081	51,401,739	50,928,796	47,819,024	21,918,614



Note: In 2014, the Turnpike changed fiscal year-ends from December 31st to June 30th, creating a 6 month reporting period in 2014.

Service Area Fuel & Sales

Gallons of Motor Fuel Sold

	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
Belle Plaine	$ 6,973,577	$ 8,406,768	$ 7,931,717	$ 7,432,427	$ 7,957,802	$ 8,046,941	$ 8,074,919	$ 8,462,417	$ 8,231,195	$ 4,003,965
Towanda	4,502,217	5,228,696	4,663,174	4,134,464	4,363,810	4,340,246	4,443,498	4,352,567	3,853,131	1,872,674
Matfield Green	5,128,616	6,024,080	5,460,168	4,806,211	5,142,993	5,062,386	4,763,075	4,804,174	4,201,729	2,070,841
Emporia	2,984,545	3,372,742	3,123,384	3,047,759	3,021,773	3,297,712	3,044,936	3,085,666	2,878,939	1,363,117
Topeka	6,220,104	7,814,192	7,348,723	7,325,047	8,035,903	8,104,711	8,072,194	7,909,691	7,050,139	3,275,791
Lawrence	6,120,462	6,985,586	6,506,294	6,372,157	7,182,018	7,470,085	7,804,341	7,934,252	6,995,058	3,154,715
Total	$ 31,929,521	$ 37,832,064	$ 35,033,460	$ 33,118,065	$ 35,704,299	$ 36,322,081	$ 36,202,963	$ 36,548,767	$ 33,210,191	$ 15,741,103

Restaurant Sales

	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
Belle Plaine	$ 3,131,561	$ 2,965,859	$ 2,830,705	$ 2,881,433	$ 3,109,948	$ 3,091,182	$ 3,040,671	$ 3,083,874	$ 3,003,271	$ 1,456,356
Towanda	1,701,257	2,174,568	1,816,001	1,727,854	1,875,032	1,931,113	2,072,329	2,229,182	2,206,039	1,053,931
Matfield Green	1,842,004	2,432,655	2,065,861	2,054,740	2,217,092	2,289,561	2,166,644	2,424,250	2,524,348	1,202,762
Emporia	1,501,081	1,895,028	1,558,063	1,526,060	1,716,566	1,778,081	1,769,438	1,756,932	1,663,950	776,016
Topeka	3,469,651	4,540,228	3,883,994	4,126,752	4,740,422	4,768,900	4,731,534	4,762,699	4,563,953	1,974,948
Lawrence	5,033,016	4,293,842	3,684,332	3,494,228	3,815,911	3,818,427	3,934,887	3,996,983	3,676,517	1,681,479
Total	$ 16,678,570	$ 18,302,180	$ 15,838,956	$ 15,811,067	$ 17,474,971	$ 17,677,264	$ 17,715,503	$ 18,253,920	$ 17,638,078	$ 8,145,492

Note: In 2014, the Turnpike changed fiscal year-ends from December 31st to June 30th, creating a 6 month reporting period in 2014.

Demographic & Economic Information

State of Kansas

Fiscal Year	Estimated Population as of July 1[1]	Personal Income (amounts in billons)[2]	Per Capita Personal Income[3]	Unemployment Rate as of July[4]
2014	2,900,475	136,879	47,013	4.5%
2015	2,909,011	138,337	47,332	4.1%
2016	2,910,844	138,534	47,326	4.1%
2017	2,908,718	142,422	48,756	3.6%
2018	2,911,359	148,523	50,811	3.2%
2019	2,913,314	155,126	52,820	3.1%
2020	2,935,880	164,334	55,677	6.4%
2021	2,934,582	172,918	59,324	3.4%
2022	2,937,150	176,676	60,152	2.5%
2023	N/A	N/A	N/A	2.8%

Note: Information for 2023 is not available.

Data sources
1. U.S. Bureau of the Census
2. U.S. Bureau of Economic Analysis (calendar year data)
3. U.S. Bureau of Economic Analysis and Federal Reserve Bank of St. Louis (calendar year data)
4. U.S. Bureau of Labor Statistics

Kansas's Ten Largest Private Employers

2022	FY2013
Amazon.com Services, Inc.	State Government (actual & excludes Regents)
Dillon Companies Inc.	KU and KUMC
Federal Government	Cessna Aircraft Corporation
Olathe School District/USD 233	Royal Caribbean Cruises Ltd.
Spirit Aerosystems	B & V - Baker Guam JV
State Government	Shawnee Mission Unified School District
Textron Aviation Inc.	Via Christi Hospitals Wichita, Inc.
University of Kansas Hospital Authority	Kansas State University
Wal-Mart Associates Inc.	Hawker Beechcraft Corp.
Wichita Public Schools/ USD 259	Performance Contracting, Inc.

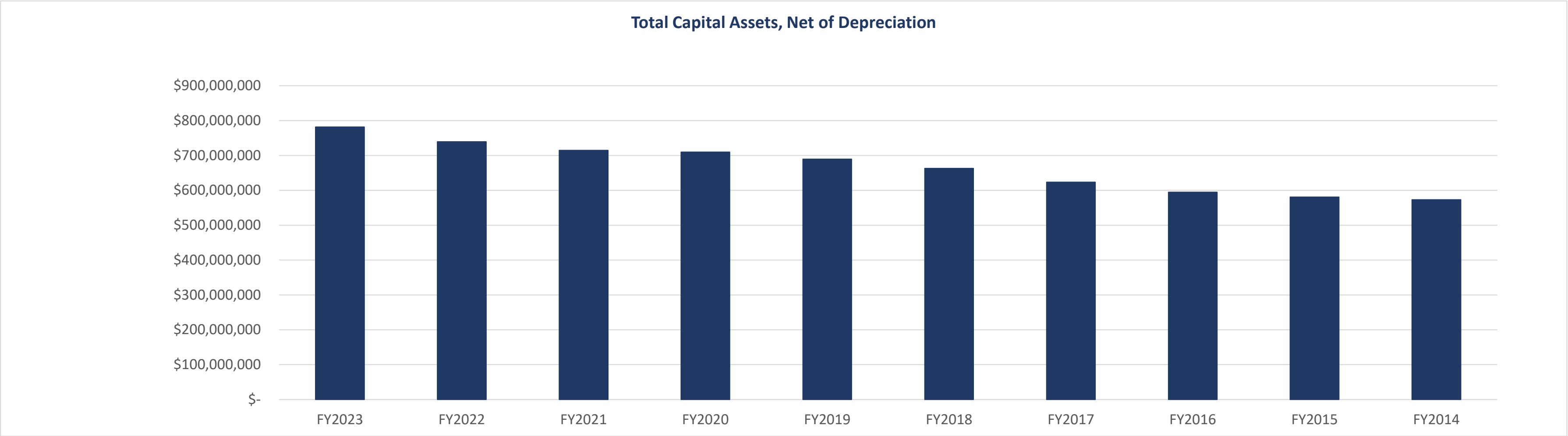
Source: 2022 from Kansas Department of Labor, Labor Market Information Services and Bureau of Labor Statistics; Quarterly Census of Employment and Wages (QCEW)
2013 from State of Kansas, Annual Comprehensive Financial Report for Fiscal Year 2013

Note: Information for 2023 is not available.

Operating Information

Capital Assets

	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
Capital Assets, Nondepreciable										
Land	$ 19,324,148	$ 20,349,517	$ 20,349,017	$ 20,325,883	$ 20,323,653	$ 20,073,847	$ 20,073,847	$ 22,171,584	$ 14,020,663	$ 12,382,357
Infrastructure, including CIP	722,519,339	681,859,494	655,694,402	649,983,938	633,014,110	606,284,125	570,978,614	542,077,301	536,910,373	531,825,438
Total Capital Assets, Nondepreciable	741,843,487	702,209,011	676,043,419	670,309,821	653,337,763	626,357,972	591,052,461	564,248,885	550,931,036	544,207,795
Capital Assets, Depreciable										
Buildings and Improvements	42,477,168	42,477,168	42,477,168	42,044,516	40,312,792	39,695,345	34,496,115	33,657,096	33,657,096	32,622,510
Machinery and Equipment	42,367,209	36,830,035	37,014,787	35,435,214	31,444,112	29,638,383	28,386,066	24,640,868	21,542,741	19,206,878
Leased Equipment	245,565	233,741	63,790	-	-	-	-	-	-	-
Subscription Assets	867,825	867,825	-	-	-	-	-	-	-	-
Total Capital Assets, Depreciable	85,957,767	80,408,769	79,555,745	77,479,730	71,756,904	69,333,728	62,882,181	58,297,964	55,199,837	51,829,388
Less Accumulated Depreciation										
Buildings and Improvements	20,587,749	19,529,001	18,438,587	17,387,474	16,141,721	15,014,050	14,151,646	13,289,243	12,463,987	11,622,560
Machinery and Equipment	25,152,907	23,648,254	22,546,863	20,834,930	19,621,474	17,538,908	16,270,633	14,752,701	13,131,633	11,408,432
Leased Equipment	136,719	66,630	6,663	-	-	-	-	-	-	-
Subscription Assets	365,576	77,196	-	-	-	-	-	-	-	-
Total Accumulated Depreciation	46,242,951	43,321,081	40,992,113	38,222,404	35,763,195	32,552,958	30,422,279	28,041,944	25,595,620	23,030,992
Total Capital Assets Depreciable, Net of Depreciation	39,714,816	37,087,688	38,563,632	39,257,326	35,993,709	36,780,770	32,459,902	30,256,020	29,604,217	28,798,396
Total Capital Assets, Net of Depreciation	$ 781,558,303	$ 739,296,699	$ 714,607,051	$ 709,567,147	$ 689,331,472	$ 663,138,742	$ 623,512,363	$ 594,504,905	$ 580,535,253	$ 573,006,191



Note: In 2014, the Turnpike changed fiscal year-ends from December 31st to June 30th, creating a 6 month reporting period in 2014.
In 2022, the Turnpike implemented GASB 87 which caused a restatement to fiscal year 2021 lease revenue.
In 2023, the Turnpike implemented GASB 96 which caused a restatement to fiscal year 2022 capital asset balances.