

OFFICE OF THE STATE TREASURER

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	25,301,658	24,124,155	24,124,155	24,316,758	24,316,758
TOTAL	\$ 25,301,658	\$ 24,124,155	\$ 24,124,155	\$ 24,316,758	\$ 24,316,758
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 25,301,658	\$ 24,124,155	\$ 24,124,155	\$ 24,316,758	\$ 24,316,758

Percentage Change:

Operating Expenditures					
State General Fund	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
All Funds	(8.1)	(4.7)	(4.7)	0.8	0.8
FTE Positions	45.5	45.5	45.5	45.5	45.5
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	45.5	45.5	45.5	45.5	45.5

AGENCY OVERVIEW

The Office of the State Treasurer is the designated fiscal agent for the State of Kansas and is responsible for the timely receipt and deposit of all receipts and revenues into the state treasury. The State Treasurer administers several deposit loan programs and manages the Kansas Postsecondary Education Program (Learning Quest). The State Treasurer is the paying agent for state and municipal bonds and is also tasked with the disposition of unclaimed property. The State Treasurer is an *ex-officio* member of the Kansas Public Employees Retirement System (KPERs) Board of Trustees.

The State Treasurer is one of six state officials elected every four years and also serves as a member of the Pooled Money Investment Board (PMIB), which invests state funds to provide optimum levels of safety, liquidity, and yield. The PMIB manages the state idle pool, which consists of cash available from hundreds of state funds, commingled for purposes of cash management and investment. The PMIB also manages the Municipal Investment Pool as an investment option for more than 4,000 municipal taxing units of the State. The PMIB provides investment management services for individual state agencies authorized to have investment authority, such as the Kansas Department of Transportation and the Health Care Stabilization Fund. Although reported under the agency designation of State Treasurer, the PMIB operates as a standalone agency.

MAJOR ISSUES FROM PRIOR YEARS

The **2004 Legislature** passed 2004 HB 2795 which increased the contribution limit to the Kansas Postsecondary Education Program (Learning Quest) from \$2,000 to \$3,000 per person. Local aid payments from the Local *Ad Valorem* Tax Reduction Fund (LAVTRF) and the City and County Revenue Sharing Fund (CCRSF) were not funded for FY 2005.

The **2005 Legislature** approved funding for the State Treasurer from fees charged to other state agencies, which forms a portion of the agency's non-reportable budget. LAVTRF and CCRSF payments were not funded for FY 2006.

The **2006 Legislature** approved \$50,000 from the State General Fund in FY 2007 for marketing and advertising the Kansas Investments Development Scholars (KIDS) matching grant program, aimed at low-income individuals who can receive a one-to-one match (up to \$600 per year) for their contributions to Learning Quest.

Additionally, the 2006 Legislature approved \$1.6 million in special revenue funding to continue the funding mechanism of cash management and voucher processing fees to fund the State Treasurer for FY 2007.

The **2007 Legislature** approved \$50,000 from the State General Fund in FY 2008 to continue marketing and advertising the KIDS program in FY 2008.

Additionally, the 2007 Legislature discontinued off-budget funding of the Administration and Cash Management programs and added language to provide \$1,337,376 of incoming unclaimed property receipts to fund these programs in FY 2008. These receipts would normally have been deposited into the State General Fund.

The **2008 Legislature** approved 2008 House Sub. for SB 387, which authorized the creation of the State Housing Loan Deposit Program to provide incentives for housing construction development loans. The program provides up to \$60.0 million in allowable loans, authorizes the PMIB to make loans to eligible lending institutions at specified rates, and requires half of the allowable loans be made available to developer borrowers building houses in certain counties.

The **2009 Legislature** enacted 2009 SB 225, which extended the KIDS matching grant program indefinitely, limited the number of program participants to 1,200, and set the maximum matching amount for each participant at \$600 per calendar year.

The 2009 Legislature also enacted 2009 HB 2331, which established a minimum interest rate on investments of 0.5 percent while maintaining a rate two percentage points below the market.

Additionally, the 2009 Legislature passed 2009 House Sub. for SB 23, which approved the State General Fund transfers to the tax sliders: the Business Machinery and Equipment Tax Reduction Fund and the Telecommunications and Railroad Machinery and Equipment Tax Reduction Fund. The transfers were reduced by 6.5 percent and divided into two payments occurring on March 2, 2009, and June 1, 2009. The combined tax slider payments were estimated at \$25.0 million on each date. The Legislature adopted Governor's Budget Amendment No. 2, which suspended the June 1, 2009, payment, keeping \$25.0 million in the State General Fund. No tax slider payments were authorized for Fiscal Years 2010, 2011, or 2012.

The **2010 Legislature** passed 2010 SB 382, which amended the Kansas Housing Loan Deposit Program requirements to: expand the definition of “house” to include multi-family dwellings; expand the definition of “eligible developer borrower” to include not only new construction but also rehabilitation of existing homes; change the limit on the value of the eligible housing from a sale at or below 350.0 percent of the Kansas median household for the previous year to a sale or appraisal at or below the average purchase price safe harbor as established by the State Treasurer; delete the limit of the one outstanding housing loan per borrower and instead specify that no more than \$2.0 million in total loans can be outstanding at any one time to a developer borrower; and move the ending date for the loan requirement to designated cities forward from July 1, 2011, to December 31, 2010. Loans made under the program will be made available statewide starting January 1, 2011.

In addition, the **2010 Legislature** passed 2010 SB 415, which allowed taxing subdivisions that have the power to issue general obligation bonds to include pools of mortgage funds guaranteed by the Government National Mortgage Association (GNMA), commonly referred to as Ginnie Maes. The bill also allowed municipalities that issue revenue bonds to extend the time limitation specified for the maximum stated rate of interest on fixed or variable-rate bonds issued by a municipality or taxing subdivision from June 30, 2010, to June 30, 2012. Under existing law, the specified maximum stated interest rate is to be determined on the day the bonds are sold and shall not exceed the daily yield for the ten-year treasury bonds published by the Bond Buyer in New York, NY, plus a certain interest percentage. Specifically, the bill increases the interest percentages from 5.0 to 6.0 percent if the interest on the bonds is excluded from gross income for federal tax purposes or from 6.0 to 7.0 percent if interest is included.

The **2010 Legislature** also passed the following.

- 2010 SB 415. This legislation allowed the investment in general obligation bonds by any Kansas municipality. This investment is subject to the provision in law that first requires a municipality to offer its idle funds to eligible financial institutions. Eligible institutions are those given the ability to offer to match the PMIB-published investment rate.
- 2010 SB 451. This legislation allowed municipalities the option of accepting the good faith deposit for a municipal bond in the form of cash, including cash deposited *via* electronic fund transfer. Previously, the good faith deposit could be made only in the form of a certified or cashier’s check or surety bond.
- 2010 SB 463. This legislation added Norton County to those counties authorized to have a bonded indebtedness limit of 30.0 percent of the assessed value of all tangible taxable property. Previous law limited all counties to a 3.0 percent bonded indebtedness level, except Franklin and Wyandotte counties, for which the limit was 30.0 percent.
- 2010 House Sub. for SB 312. This legislation authorized counties paying large property tax refunds relative to a single property whose value exceeds five percent of the total countywide tax base to request a loan from the PMIB to assist in the payment of such refunds. The loans would bear interest, could not exceed an aggregate of \$50 million statewide, and must be repaid within four years. Participating counties were required to make equal annual tax levies sufficient to pay the loans within the four-year period.

- 2010 House Sub. for SB 312 also amended the statute providing a cap relative to the total amount of Pooled Money Investment Boards (PMIB) investments available for legislative mandate. The limitation was changed from the lesser of 10.0 percent or \$140.0 million of state monies invested to the greater of 10.0 percent or \$140.0 million of state monies invested.

The **2013 Legislature** deleted \$305,000 in transfers from the State General Fund to the Kansas Postsecondary Education Savings Trust Fund for FY 2014 and FY 2015. The Legislature also reduced estimated payments from the Unclaimed Property Fund in FY 2013 and FY 2014 by \$780,000 and \$1.5 million respectively.

The **2014 Legislature** added \$370,000 in expenditure authority for the Kansas Postsecondary Education Savings Trust Fund for FY 2015. The trust fund is funded by a demand transfer from the State General Fund.

The **2015 Legislature** created the Achieving a Better Life Experience (ABLE) savings program with HB 2215. This program is based on a new federal statute which allows individuals with a disability, before the age of 26, to save in accounts that they own with tax deferred growth and tax free withdraw of earnings used for qualified expenses related to their disability. Accounts are limited to \$14,000 in contributions per year and must be owned by the individual with a disability or their parent, guardian or custodian. The State Treasurer's Offices estimates that the eligible population for the program will be less than 100,000 individuals based on U.S. Census data for individuals with a disability and their age.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** estimates \$24.1 million, an increase of \$27,709, or 0.1 percent, all from special revenue funds for FY 2016. The increase is attributable to enhancement request of \$105,115 for information technology fee increases and implementation of the ABLE Saving Program authorized by the 2015 Legislature. The increase is partially offset by a reduction of \$81,000 in Other Assistance due to reduced estimates for expenditures to fund the Postsecondary Education Savings Program. In addition to the total increase the agency also shifted expenditures within the agency by increasing salaries and wage expenditures and reducing expenditures for commodities and capital outlay.

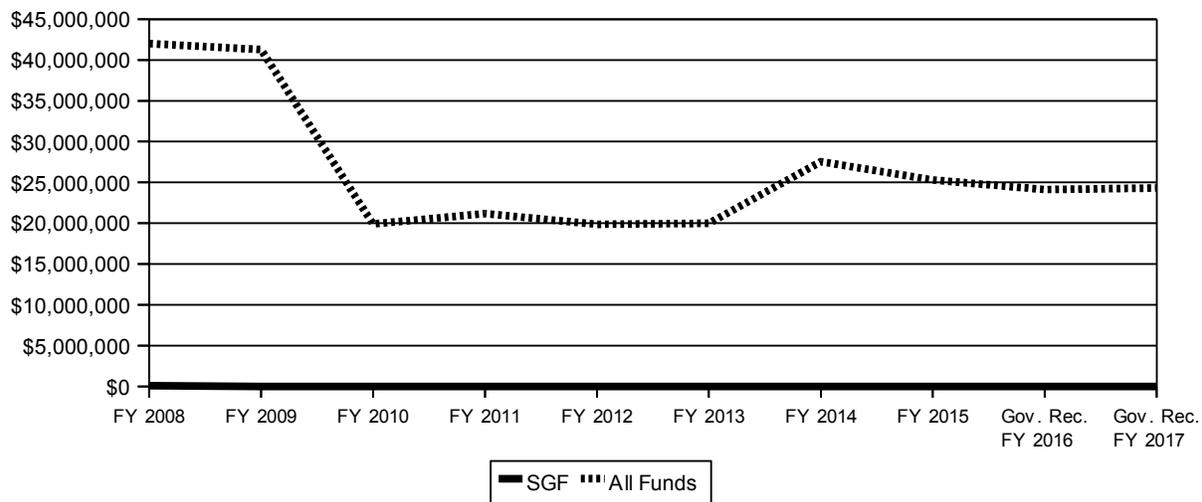
The **Governor** concurs with the FY 2016 revised agency estimate.

FY 2017 – Budget Year. The **agency** estimates \$24.3 million, an increase of \$29,755, or 0.1 percent, all from special revenue funds for FY 2017. The increase is attributable to an enhancement request of \$105,115 for information technology fee increases and implementation of the ABLE Saving Program authorized by the 2015 Legislature. The increase is partially offset by a reduction of \$116,000 in Other Assistance due to reduced estimates for expenditures to fund the Postsecondary Education Savings Program. In addition to the total increase the agency also shifted expenditures within the agency by increasing salaries and wage expenditures and reducing expenditures for commodities and capital outlay.

The **Governor** concurs with the FY 2017 revised agency estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 89,699	888.9 %	\$ 42,012,349	921.5 %	55.5
2009	0	(100.0)	41,284,203	(1.7)	55.5
2010	0	--	19,905,213	(51.8)	53.5
2011	0	--	21,171,537	6.4	52.5
2012	0	--	19,865,615	(6.2)	46.5
2013	0	--	19,984,132	0.6	43.0
2014	0	--	27,542,787	37.8	44.5
2015	0	--	25,301,658	(8.1)	45.5
2016 Gov. Rec.	0	--	24,124,155	(4.7)	45.5
2017 Gov. Rec.	0	--	24,316,758	0.8	45.5

Ten-Year Change

Dollars/Percent \$ (89,699) (100.0)% \$ (17,695,591) (42.1)% (10.0)

* For FY 2008, the 2007 Legislature discontinued off-budget funding of the Administration and Cash Management programs, and added language to provide \$1,337,476 of incoming unclaimed property receipts to fund these programs for FY 2008. This funding would normally have been deposited into the State General Fund.

* The 2009 Legislature transferred a total of \$299,191 from the State Treasurer's Office and Pooled Money Investment Board to the State General Fund in FY 2009 and \$176,094 for FY 2010.

Summary of Operating Budget FY 2015 - FY 2017

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:									
Treasurer	\$ 24,712,199	\$ 23,477,136	\$ 23,641,972	\$ 164,836	0.7 %	\$ 23,477,136	\$ 23,641,972	\$ 164,836	0.7 %
PMIB	589,459	647,019	674,786	27,767	4.3	647,019	674,786	27,767	4.3
TOTAL	\$ 25,301,658	\$ 24,124,155	\$ 24,316,758	\$ 192,603	0.8 %	\$ 24,124,155	\$ 24,316,758	\$ 192,603	0.8 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 2,673,468	\$ 2,818,756	\$ 2,914,143	\$ 95,387	3.4 %	\$ 2,818,756	\$ 2,914,143	\$ 95,387	3.4 %
Contractual Services	1,408,448	1,728,909	1,781,925	53,016	3.1	1,728,909	1,781,925	53,016	3.1
Commodities	36,320	38,680	42,380	3,700	9.6	38,680	42,380	3,700	9.6
Capital Outlay	49,361	52,810	45,310	(7,500)	(14.2)	52,810	45,310	(7,500)	(14.2)
Debt Service	0	0	0	0	0.0	0	0	0	0.0
Subtotal - Operations	\$ 4,167,597	\$ 4,639,155	\$ 4,783,758	\$ 144,603	3.1 %	\$ 4,639,155	\$ 4,783,758	\$ 144,603	3.1 %
Aid to Local Units	866,537	1,000,000	1,000,000	0	0.0	1,000,000	1,000,000	0	0.0
Other Assistance	20,267,254	18,485,000	18,533,000	48,000	0.3	18,485,000	18,533,000	48,000	0.3
TOTAL	\$ 25,301,388	\$ 24,124,155	\$ 24,316,758	\$ 192,603	0.8 %	\$ 24,124,155	\$ 24,316,758	\$ 192,603	0.8 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	0.0 %	\$ 0	\$ 0	\$ 0	0.0 %
Bond Services Fee Fund	648,619	724,966	743,163	18,197	2.5	724,966	743,163	18,197	2.5
Postsecondary Education Savings Expense Fund	373,449	379,308	406,320	27,012	7.1	379,308	406,320	27,012	7.1
ABLE Savings Expense Fund	0	50,000	50,000	0	0.0	50,000	50,000	0	0.0
PMIP Fee Fund	589,459	647,019	674,786	27,767	4.3	647,019	674,786	27,767	4.3
Unclaimed Property Expense Fund	1,060,028	1,223,021	1,271,708	48,687	4.0	1,223,021	1,271,708	48,687	4.0
State Treasurer Operating Fund	1,496,312	1,614,841	1,637,781	22,940	1.4	1,614,841	1,637,781	22,940	1.4
Trust Funds	21,133,791	19,485,000	19,533,000	48,000	0.2	19,485,000	19,533,000	48,000	0.2
TOTAL	\$ 25,301,658	\$ 24,124,155	\$ 24,316,758	\$ 192,603	0.8 %	\$ 24,124,155	\$ 24,316,758	\$ 192,603	0.8 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	24,096,446	24,124,155	27,709	24,124,155	27,709
TOTAL	\$ 24,096,446	\$ 24,124,155	\$ 27,709	\$ 24,124,155	\$ 27,709
FTE Positions	45.5	45.5	0.0	45.5	0.0

The **agency** estimates \$24.1 million, an increase of \$27,709 or 0.1 percent, all from special revenue funds for FY 2016. The increase is attributable to enhancement request of \$105,115 for information technology fee increases and implementation of the ABLE Saving Program authorized by the 2015 Legislature. The increase is partially offset by a reduction of \$81,000 in Other Assistance due to reduced estimates for expenditures to fund the Postsecondary Education Savings Program. In addition to the total increase the agency also shifted expenditures within the agency by increasing salaries and wage expenditures and reducing expenditures for commodities and capital outlay.

- Salaries and Wages** - The agency estimates salary and wages expenditures of \$2.8 million, an increase of \$123,696 or 4.6 percent, above the FY 2016 approved budget. The increase is attributable to adding a new Administrator position and converting one staff person from classified to unclassified.
- Contractual Services** - The agency estimates contractual services expenditures of \$1.7 million, an increase of \$1,313, or 0.1 percent, above the FY 2016 approved budget. The State Building Operating Charge increased by \$80,000 and OITS fees increased by \$55,000. These increases were offset by a reduction of \$22,000 in the estimate for auditor’s expenses, a reduction of \$64,898 in bank fees due to automation of the ACH system, and a reduction of \$30,800 in software licensing fees by the PMIB.
- Commodities** - The agency estimates commodities expenditures of \$36,680, a reduction of \$11,500 or 22.9 percent, below the FY 2016 approved budget. The reduction is attributable to reduced estimates for paper in the unclaimed property program due to automation of processing.
- Capital Outlay** - The agency estimates capital outlay expenditures of \$52,810, a reduction of \$4,800, or 8.3 percent, below the FY 2016 approved budget. The reduction is attributable to reduced estimates for computer replacements.

- **Aid to Local Units** - The agency estimates \$1.0 million for Tax Increment Financing (TIF) revenue replacement fund payments for FY 2016, unchanged from the approved budget. TIF revenue replacement funds are to replace revenue losses in certain districts due to changes in the State School Finance formula. \$1.0 million is an increase of approximately \$135,000 from the FY 2015 actual payments.
- **Other Assistance** - The agency estimates \$18.5 million in other assistance payments for FY 2016, a reduction of \$81,000, or 0.4 percent, from the approved budget.
 - The majority of the expenditures in this category are for unclaimed property payments which are estimated at \$18.0 million in FY 2016 at reduction of \$1.8 million from the FY 2015 actual amount. The estimate is unchanged from the approved budget.
 - The remaining \$485,000 in expenditures are in the Kansas Postsecondary Education Savings program, a reduction of \$81,000, or 14.3 percent. The reduction is due to a revised estimate in applications. The estimate is an increase of approximately \$50,000 from the FY 2015 actual applications.

The **Governor** concurs with the FY 2016 revised agency estimate.

Supplemental Detail

FY 2016 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
OITS Fee Increases	\$ 0	\$ 55,115	0.0	\$ 0	\$ 55,115	0.0
ABLE Savings Program	0	50,000	0.0	0	50,000	0.0
TOTAL	\$ 0	\$ 105,115	0.0	\$ 0	\$ 105,115	0.0

The **agency** requests \$105,115, all from special revenue funds, for two supplemental requests for FY 2016; including:

- **Office of Information Technology Services Fee Increases** - The agency requests \$55,115, all from special revenue funds, to fund increases from the Department of Administration for increases in fees for Central Accounting and Communication Services in FY 2016.
- **ABLE Savings Program** - The agency requests the authority to transfer \$50,000 from the Postsecondary Expense Fund to the ABLE Savings Program Fund to cover the cost of establishing and marketing the program and that it be designated as a no limit fund. This program was created by the 2015 Legislature in HB 2215 to allow individuals with a disability, before the age of 26, to save in accounts that they own with tax deferred growth and tax free withdraw of earnings used for qualified expenses related to their disability under section 529A of the Internal Revenue Code.

The **Governor** concurs with the agency supplemental requests.

B. FY 2017 – Budget Year

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	24,287,003	24,316,758	29,755	24,316,758	29,755
TOTAL	\$ 24,287,003	\$ 24,316,758	\$ 29,755	\$ 24,316,758	\$ 29,755
FTE Positions	45.5	45.5	0.0	45.5	0.0

The **agency** estimates \$24.3 million, an increase of \$29,755, or 0.1 percent, all from special revenue funds for FY 2017. The increase is attributable to enhancement request of \$105,115 for information technology fee increases and implementation of the ABLE Saving Program authorized by the 2015 Legislature. The increase is partially offset by a reduction of \$116,000 in Other Assistance due to reduced estimates for expenditures to fund the Postsecondary Education Savings Program. In addition to the total increase the agency also shifted expenditures within the agency by increasing salaries and wage expenditures and reducing expenditures for commodities and capital outlay.

- **Salaries and Wages** - The agency estimates salary and wages expenditures of \$2.9 million, an increase of \$119,554 or 4.3 percent, above the FY 2017 approved budget. The increase is attributable to adding a new Administrator position and converting one staff person from classified to unclassified.
- **Contractual Services** - The agency estimates contractual services expenditures of \$1.8 million, an increase of \$43,601, or 2.5 percent, above the FY 2017 approved budget. The State Building Operating Charge increased by \$80,000 and OITS fees increased by \$55,000. These increases were offset by a reduction of \$5,000 in the estimate for auditor's expenses, a reduction of \$64,666 in bank fees due to automation of the ACH system, and a reduction of \$27,200 in software licensing fees by the PMIB.
- **Commodities** - The agency estimates commodities expenditures of \$42,380, a reduction of \$4,800 or 10.2 percent, below the FY 2017 approved budget. The reductions is attributable to reduced estimates for paper in the unclaimed property program due to automation of processing.
- **Capital Outlay** - The agency estimates capital outlay expenditures of \$45,310, a reduction of \$12,600, or 21.8 percent, below the FY 2017 approved budget. The reduction is attributable reduced estimates for computer replacements and software upgrades.
- **Aid to Local Units** - The agency estimates \$1.0 million for Tax Increment Financing (TIF) revenue replacement fund payments for FY 2017, unchanged from the approved budget. TIF revenue replacement funds are to replace revenue losses in certain districts due to changes in the State School Finance

formula. \$1.0 million is an increase of approximately \$135,000 from the FY 2015 actual payments.

- **Other Assistance** - The agency estimates \$18.5 million in other assistance payments for FY 2017, a reduction of \$116,000, or 0.6 percent, from the approved budget.
 - The majority of the expenditures in this category are for unclaimed property payments which are estimated at \$18.0 million in FY 2016 at reduction of \$1.8 million from the FY 2015 actual amount. The estimate is unchanged from the approved budget.
 - The remaining \$533,000 in expenditures are in the Kansas Postsecondary Education Savings (KIDS) program, a reduction of \$116,000, or 17.9 percent. The reduction is due to a revised estimate in applications. The estimate is an increase of approximately \$100,000 from the FY 2015 actual applications.

The **Governor** concurs with the FY 2017 agency revised estimate.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
OITS Fee Increases	\$ 0	\$ 55,115	0.0	\$ 0	\$ 55,115	0.0
ABLE Savings Program	0	50,000	0.0	0	50,000	0.0
TOTAL	\$ 0	\$ 105,115	0.0	\$ 0	\$ 105,115	0.0

The **agency** requests \$105,115, all from special revenue funds, for two supplemental requests for FY 2017; including:

- **Office of Information Technology Services Fee Increases** - The agency requests \$55,115, all from special revenue funds, to fund increases from the Department of Administration for increases in fees for Central Accounting and Communication Services in FY 2017; and
- **ABLE Savings Program** - The agency requests the authority to transfer \$50,000 from the Post secondary Expense Fund to the ABLE Savings Program Fund to cover the cost of establishing and marketing the program and that it be designated as a no limit fund. This program was created by the 2015 Legislature in HB 2215 to allow individuals with a disability, before the age of 26, to save in accounts that they own with tax deferred growth and tax free withdraw of earnings used for qualified expenses related to their disability under section 529A of the Internal Revenue Code.

The **Governor** concurs with the agency supplemental requests.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
Bond Services Fee Fund	3.1 %	3.1 %
Postsecondary Education Savings Expense Fund	1.7	1.7
ABLE Savings Expense Fund	0.2	0.2
Pooled Money Investment Portfolio Fee Fund	2.8	2.8
Unclaimed Property Expense Fund	5.2	5.2
State Treasurer Operating Fund	6.7	6.7
Trust Funds	80.3	80.3
TOTAL	100.0 %	100.0 %

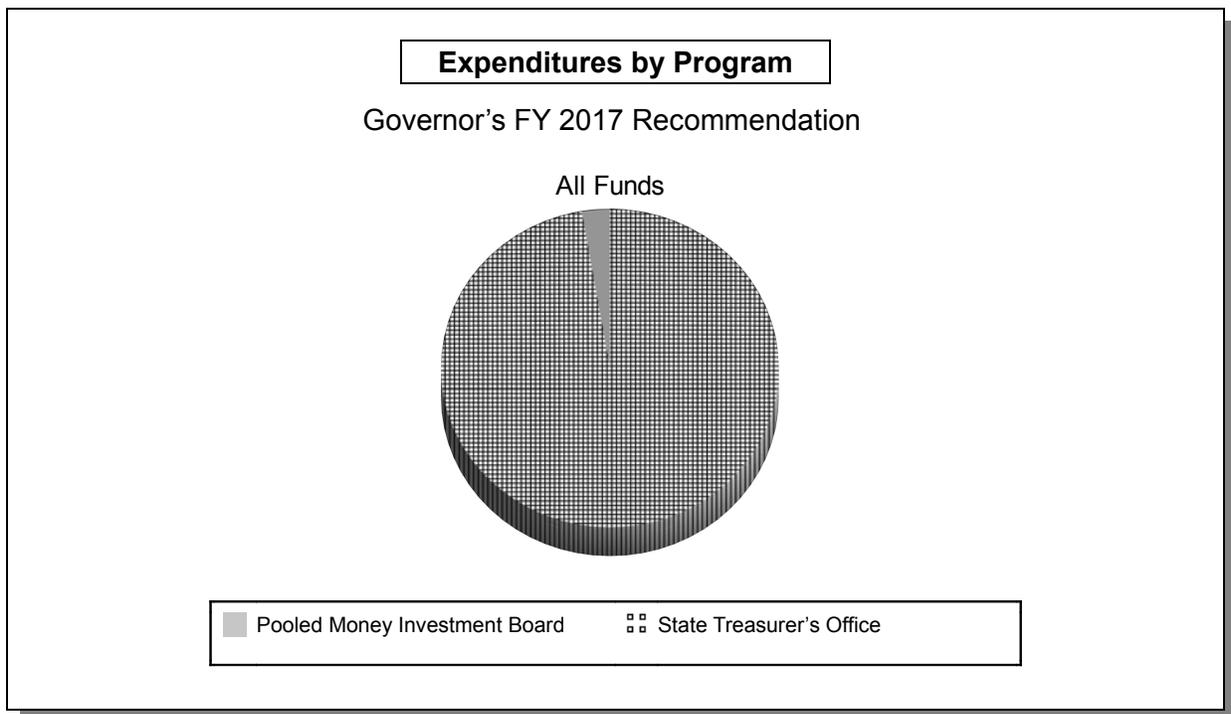
Note: Details may not add to totals due to rounding.

State Treasurer Operating Fund

Beginning with FY 2008, the general operations of the State Treasurer's office are funded through a transfer from receipts of unclaimed property, which would normally be deposited to the State General Fund. This funding is transferred to the agency's State Treasurer Operating Fund. The State Treasurer also pays operating expenses from the Bonds Services Fee fund, Postsecondary Education Savings Trust Fund, Pooled Money Investment Portfolio Fee Fund, and the Unclaimed Property Expense Fund.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec.. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 713,636	\$ 282,861	\$ 282,861	\$ 118,707	\$ 118,707
Revenue	1,565,537	1,650,687	1,650,687	1,682,741	1,682,741
Transfers in	0	0	0	0	0
Total Funds Available	\$ 2,279,173	\$ 1,933,548	\$ 1,933,548	\$ 1,801,448	\$ 1,801,448
Less: Expenditures	1,496,312	1,614,841	1,614,841	1,637,781	1,637,781
Transfers Out	500,000	200,000	200,000	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 282,861</u>	<u>\$ 118,707</u>	<u>\$ 118,707</u>	<u>\$ 163,667</u>	<u>\$ 163,667</u>
Ending Balance as Percent of Expenditures	18.9%	7.4%	7.4%	10.0%	10.0%
Month Highest Ending Balance	July \$ 2,183,881	July \$ 1,933,548	July \$ 1,933,548	July \$ 1,801,448	July \$ 1,801,448
Month Lowest Ending Balance	June \$ 282,861	June \$ 118,707	June \$ 118,707	June \$ 163,667	June \$ 163,667

PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
State Treasurer's Office	\$ 647,019	2.7 %	\$ 0	0.0 %
Pooled Money Investment Board	23,477,136	97.3	0	0.0
TOTAL	\$ 24,124,155	100.0 %	\$ 0	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Treasurer	40.5	40.5	40.5	40.5	40.5
PMIB	5.0	5.0	5.0	5.0	5.0
TOTAL	45.5	45.5	45.5	45.5	45.5

A. State Treasurer's Office

The Administration program is comprised of the Administration and Information Technology sections, which are together responsible for the overall management of the office. The Administration section also establishes policy, assigns and directs the work of other operating programs, determines priorities, allocates available resources on the basis of those priorities, and requires internal reviews of operations and procedures.

The Information Technology section provides for computer and support services for the office and at times other state agencies. During FY 2003, a "billing" module was added to the State of Kansas Interactive Internet Interfund System (SOKI3) to accommodate collection of the cash management fees. SOKI3 is an electronic method for state agencies to transfer funds between agencies.

The other operating programs directed by Administration are: Municipal Bond Services; Cash Management; Unclaimed Property; and the Postsecondary Education Savings Program, also known as Learning Quest.

STATE TREASURER'S OFFICE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 2,274,587	\$ 2,388,475	\$ 2,388,475	\$ 2,468,615	\$ 2,468,615
Contractual Services	1,227,692	1,527,351	1,527,351	1,568,047	1,568,047
Commodities	29,562	30,000	30,000	33,700	33,700
Capital Outlay	46,567	46,310	46,310	38,610	38,610
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 3,578,408</u>	<u>\$ 3,992,136</u>	<u>\$ 3,992,136</u>	<u>\$ 4,108,972</u>	<u>\$ 4,108,972</u>
Aid to Local Units	866,537	1,000,000	1,000,000	1,000,000	1,000,000
Other Assistance	20,267,254	18,485,000	18,485,000	18,533,000	18,533,000
TOTAL	<u><u>\$ 24,712,199</u></u>	<u><u>\$ 23,477,136</u></u>	<u><u>\$ 23,477,136</u></u>	<u><u>\$ 23,641,972</u></u>	<u><u>\$ 23,641,972</u></u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>24,712,199</u>	<u>23,477,136</u>	<u>23,477,136</u>	<u>23,641,972</u>	<u>23,641,972</u>
TOTAL	<u><u>\$ 24,712,199</u></u>	<u><u>\$ 23,477,136</u></u>	<u><u>\$ 23,477,136</u></u>	<u><u>\$ 23,641,972</u></u>	<u><u>\$ 23,641,972</u></u>
FTE Positions	40.5	40.5	40.5	40.5	40.5
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u><u>40.5</u></u>	<u><u>40.5</u></u>	<u><u>40.5</u></u>	<u><u>40.5</u></u>	<u><u>40.5</u></u>

The **agency** requests \$23.5 million, all from special revenue funds, an increase of \$37,665, or 0.2 percent, from the FY 2016 approved budget for the State Treasurer's Office. The increase is attributable to enhancement request of \$105,115 for information technology fee increases and implementation of the ABLE Saving Program authorized by the 2015 Legislature. The increase is partially offset by a reduction of \$81,000 in Other Assistance due to reduced estimates for expenditures to fund the Postsecondary Education Savings Program. In addition

to the total increase the agency also shifted expenditures within the agency by increasing salaries and wage expenditures and reducing expenditures for commodities and capital outlay.

The **Governor** concurs with the agency revised estimate for FY 2016.

The **agency** estimates \$23.6 million, an increase of \$36,534, or 0.2 percent, all from special revenue funds for FY 2017. The increase is attributable to enhancement request of \$105,115 for information technology fee increases and implementation of the ABLE Saving Program authorized by the 2015 Legislature. The increase is partially offset by a reduction of \$116,000 in Other Assistance due to reduced estimates for expenditures to fund the Postsecondary Education Savings Program. In addition to the total increase the agency also shifted expenditures within the agency by increasing salaries and wage expenditures and reducing expenditures for commodities and capital outlay.

The **Governor** concurs with the agency revised estimate for FY 2017.

Municipal Bond Services

The Municipal Bond Services program is responsible for the registration of all municipal bonds issued in the state. In addition, this program provides registrar and paying agent services for the majority of local bond issues, as well as state issues. When the State Treasurer is named the fiscal agent for registered form bonds, a fee is charged to the issuing municipality for the services provided. Effective in FY 2002, the program is entirely financed from bond service fees. Total fees collected and credited to the bond services fee fund in FY 2015 were approximately \$771,000. The sub-program contains 9.0 FTE positions.

Cash Management Program

The Cash Management sub-program is responsible for several functions, including distributing aid to local units of government and processing the receipt and disbursement of state monies. In addition, the State Treasurer distributes the amounts due to local units of government from the Special City and County Highway Fund and the County Equalization and Adjustment Fund, which are included in the Department of Transportation budget. The aid to local units of government funds include the following items:

- **Local Ad Valorem Tax Reduction Fund (LAVTRF).** By statute, these payments are a demand transfer from the State General Fund. The distribution of local *ad valorem* aid is made on January 15 and July 15 to county governments under the statute. The amount distributed equals 3.63 percent of the total sales and compensating use taxes credited to the State General Fund in the prior calendar year, based upon a formula allocating 65.0 percent to the counties by population and 35.0 percent by property valuation. The Legislature, from time to time, has placed limitations on the distribution amounts. The Governor and the Legislature eliminated the second half distribution in FY 2003, and there was not a distribution through FY 2015. The 2015 Legislature suspended the transfers through FY 2017 in House Sub. for SB 112.
- **County and City Revenue Sharing Funds (CCRSF).** The State Treasurer's Office distributes payments to local units of government under the law providing for County and City Revenue Sharing. The payments are demand transfers from the State General Fund. Under the current statute, county and city revenue

sharing is distributed on July 15 and December 10 in an amount equal to 2.823 percent of the total credited to the State General Fund in the prior calendar year from sales and compensating use taxes. The formula allocates 65 percent among the counties by population and 35 percent by equalized assessed tangible property valuation. Each county receives 50 percent of its entitlement and the remaining 50 percent is distributed to its cities on the basis of population.

Receipts were \$34,876,349, for FY 2002 and \$16,740,646, for FY 2003. The Governor and the Legislature eliminated the second-half distribution in FY 2003. No distributions have been made since FY 2003. The 2013 Legislature, in SB 171, Sec. 275, states that no money shall be transferred from the State General Fund to the county and city revenue sharing fund during fiscal years 2013, 2014, 2015, and 2016. The 2015 Legislature, in House Sub. for SB 112, stated that no money will be transferred for FY 2016, FY 2017 and FY 2018.

- Tax Increment Financing Revenue Replacement Fund.** Created by the 1997 Legislature, this program provides that the State Treasurer is to pay certain local units of government for lost tax revenues due to legislative changes in the school finance property tax. Cities that have established a redevelopment district prior to July 1, 1996, are entitled to receive from the state the revenues which otherwise would have been collected from the redevelopment district but for legislative changes in the school district finance formula. The State Treasurer, prior to April 15 of each year, shall pay each city its certified amount. Currently six cities and 22 redevelopment districts receive payments. These payments are financed by a transfer from the State General Fund.

TAX INCREMENT REVENUE REPLACEMENT FUND	
<u>Fiscal Year</u>	<u>Receipts</u>
FY 2009	\$ 1,259,070
FY 2010	1,194,477
FY 2011	752,745
FY 2012	915,169
FY 2013	861,567
FY 2014	1,014,286
FY 2015 act.	866,537
FY 2016 est.	1,000,000
FY 2017 est.	1,000,000

Unclaimed Property

The Unclaimed Property program seeks to return various forms of unclaimed property to the rightful owners or heirs. The Disposition of Unclaimed Property Act (KSA 58-3901, *et seq.*) authorizes the State Treasurer to take possession of specified types of abandoned personal property and become the custodian in perpetuity, while reserving the right of the original owner and other persons to claim the property.

After a period of five years of dormancy, abandonment may be declared by the State Treasurer for certain types of personal property including bank deposits, funds paid toward the purchase of shared in financial organizations, certified checks, drafts or money orders, contents of safe deposit boxes removed for nonpayment of rent, unclaimed funds held by insurance

companies under life insurance policies, utility deposits, stocks and dividends, and miscellaneous intangible property held by one party for another. Those required to report unclaimed property may aggregate amounts under \$100.

When property qualifies, the State Treasurer publishes a notice in local newspapers of general circulation where the property was reported abandoned in an effort to locate the owner of the property. Owners may also locate assets held by the State Treasurer via the agency's website. If the property is not claimed, the State Treasurer is authorized to dispose of the property, with receipts of the sale of the property credited to the State General Fund, with two exceptions. The exceptions are balances in the Unclaimed Property Claims Fund, which is used for the payment of claims, and the Unclaimed Property Expense Fund, which is used to finance the operations of the Unclaimed Property program.

By statute, unclaimed property is deposited in the State General Fund. Payments from the Unclaimed Property Claims Fund are funded by transfers from the State General Fund. *As of June 30, 2014, the total amount of unclaimed property held in trust within the State General fund is \$298.0 million.*

Postsecondary Education Savings Program

The Postsecondary Education Savings program (Learning Quest Education Savings Program, Learning Quest Advisor, and Schwab 529 College Savings Plan) was created by the 1999 Legislature to provide an opportunity for individuals and organizations to save for postsecondary education expenses under a qualified tuition savings plan (529). Following a negotiated bid process through the Division of Purchases, the State Treasurer's Office contracted with American Century Investments as the program manager in December 1999 and renewed the contract in December 2006. The program became operational on July 1, 2000. Effective in FY 2002, the program is financed entirely by service fees. As of November 30, 2009, more than 132,171 accounts have been opened and funded, with Kansas residents representing almost half of the total accounts. After seven years of operation, assets total over \$3.8 billion.

The Kansas Investments Development Scholars (KIDS) matching grant program was created as a three-year pilot program in FY 2006 and is part of the Learning Quest program. The KIDS program is designed to encourage low-income families to establish postsecondary savings accounts by providing state matches (up to \$600 per participant) for contributions to such accounts.

The **Agency** requests expenditures from the Kansas Postsecondary Education Savings Trust Fund of \$485,000 in FY 2016 and \$533,000 in FY 2017.

The **Governor** concurs with this request.

B. Pooled Money Investment Board

The Pooled Money Investment Board (PMIB) was created by the 1974 Legislature to assume all powers, duties, and responsibilities of the then abolished State Board of Treasury Examiners. The PMIB manages a large pool of money consisting of cash available from hundreds of state funds, commingled for the purposes of cash management and investment. In addition, the program is responsible for providing depositories for state and special monies in demand deposit and interest-bearing accounts, giving consideration to fair and equitable distribution and the service level required.

The investment program (investable state monies) consists of the Pooled Money Investment Portfolio (PMIP), the Kansas Department of Transportation (KDOT), the Health Care Stabilization Fund portfolio, and various other funds. The PMIB actively manages and administers the Kansas Municipal Investment Pool (MIP), in which local units of government participate. Other operations include the designation of various state bank depositories, as well as the administration of the Kansas Bank CD and the Agricultural Loan programs. While the PMIB is considered a part of the State Treasurer's budget for administrative purposes, the PMIB operates as an independent instrument not under the direction of the State Treasurer.

The PMIB invests conservatively to minimize risk and potential loss and has maintained Standard and Poor's highest investment rating of AAf/S1+.

POOLED MONEY INVESTMENT BOARD SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 398,881	\$ 430,281	\$ 430,281	\$ 445,528	\$ 445,528
Contractual Services	180,756	201,558	201,558	213,878	213,878
Commodities	6,758	8,680	8,680	8,680	8,680
Capital Outlay	3,064	6,500	6,500	6,700	6,700
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 589,459</u>	<u>\$ 647,019</u>	<u>\$ 647,019</u>	<u>\$ 674,786</u>	<u>\$ 674,786</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 589,459</u>	<u>\$ 647,019</u>	<u>\$ 647,019</u>	<u>\$ 674,786</u>	<u>\$ 674,786</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	589,459	647,019	647,019	674,786	674,786
TOTAL	<u>\$ 589,459</u>	<u>\$ 647,019</u>	<u>\$ 647,019</u>	<u>\$ 674,786</u>	<u>\$ 674,786</u>
FTE Positions	5.0	5.0	5.0	5.0	5.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>

The **Pooled Money Investment Board** requests FY 2016 operating expenditures of \$647,019, all from special revenue funds, a reduction of \$9,956, or 1.5 percent, below the FY

2015 approved budget for the program. The reduction is attributable to reduced contractual services expenditures of \$27,412, or 12.0 percent, attributable to reduced software licensing costs. The reduction was partially offset by an increase in salaries and wages of \$17,956 mostly in regular compensation. The 2014 Legislature deleted 1.0 FTE from the program but did not lapse the associated funding.

The **Governor** concurs with the agency revised estimate for FY 2016.

The **Pooled Money Investment Board** requests FY 2017 operating expenditures of \$674,786, all from special revenue funds, a reduction of \$6,779, or 1.0 percent, above the FY 2017 approved budget for the program. The reduction is attributable to reduced contractual services expenditures of \$24,677, or 10.3 percent, attributable to reduced software licensing costs. The reduction was partially offset by an increase in salaries and wages of \$18,498 mostly in regular compensation.

The **Governor** concurs with the agency revised estimate for FY 2017.