



*Certified Public Accountants*

INFORMATION NETWORK OF KANSAS, INC.  
(A COMPONENT UNIT OF THE STATE OF KANSAS)

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FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

INFORMATION NETWORK OF KANSAS, INC.  
(A COMPONENT UNIT OF THE STATE OF KANSAS)  
FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Information Network of Kansas, Inc.:

### ***Opinion***

We have audited the financial statements of the Information Network of Kansas, Inc. (INK), a component unit of the State of Kansas, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise INK'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 financial position of INK as of December 31, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of INK, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***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 INK's ability to continue as a going concern for one year after the date that the financial statements are issued or available to be issued.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 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 override of internal controls. 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, we

- exercise professional judgement 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 INK'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 INK'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 management's discussion and analysis on pages 3 - 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

*BT&Co, P.A.*

August 3, 2023  
Topeka, Kansas

## Management's Discussion and Analysis

As management of the Information Network of Kansas, Inc. (INK), we offer readers of INK's financial statements this narrative overview and analysis of the financial activities of INK for the years ended December 31, 2022 and 2021.

INK was created by the Legislature of the State of Kansas in 1990. Its purposes and duties include providing the citizens of Kansas electronic access to public information of agencies via a gateway service; developing and maintaining an electronic network for access to public information; exploring and implementing ways and means of expanding the amount and kind of public information available and the base of users for it, along with new technological means for improving citizen and business access to public information and for-profit information and databases; oversight of the network manager in performing these duties; and advising the Secretary of Administration, Office of Information Technology Services and other state agencies regarding the provision of state data to the citizens and businesses of Kansas.

The statute (K.S.A. 74-9303) provides for a managing board of nine members, consisting of:

- The Secretary of State
- Two members who are chief executive officers of agencies of the executive branch, appointed by the Governor
- One member of the Kansas Bar Association, appointed by the Governor from a list of three members submitted by the association
- One member from the Kansas Public Libraries Association, appointed by the Governor from a list of three members submitted by the Association
- The executive branch Chief Information Technology Officer
- Three members representing user associations of a statewide character, appointed by the Governor from a list of three members for each user association submitted by the INK Board of Directors

The INK Board of Directors met for the first time in November 1990 and used a competitive bid process to select a network manager, commencing operations on January 16, 1992. The Board determines which services are to be offered to the public, the amount of the user fees, and administers the contract with the network manager. The board usually meets once a month, with committees meeting more often as required. All members serve without compensation. Travel expenses of board members are reimbursed. Portal revenue is generated from user fees and interest-bearing accounts. No State General Funds are appropriated to fund INK.

### Financial Support

The major source of user fees is paid by vendors that supply insurance companies with Kansas driver information. A second main source of revenue is interactive fees from groups of business users of the network. Main groups of business users include information resellers, commercial banks, lawyers, accountants, and the general public. INK also provides web application development services for professional licensing, registration, and other government services to business and the public, along with payment processing for state, county, and local government organizations.

## **INK Management**

The Kansas Information Consortium LLC (KIC), a for-profit organization, was formed for the sole purpose of operating the network for the Board. KIC worked under the original contract, with extensions through December 31, 2002. A Request for Proposal for a network manager was issued by the board in 2002, consideration of vendors followed, and the board subsequently entered into a contract with KIC. Subsequent contracts were executed with KIC in 2008 and again in 2011 and 2014 and most recently extended in 2022.

The current contract provides that all gross fees are collected by INK and, after payment of direct costs to agencies in supplying data and shared portal expenses, 85% of such gross profit is to be paid to KIC for operating expense. The network manager submits an annual business plan to the INK board for approval, enumerating expected costs of operations and anticipated revenues.

The INK board hired a full-time executive director in 2002. In 2015, INK hired a project manager to assist in coordinating the effort to build an online destination for Kansas business owners to file required documentation across state agencies. At the end of Q1 2016, the executive director position became vacant, with the principal duties assumed by the project manager in addition to his regular duties. After a public recruitment effort, the Board hired a new Executive Director in June 2019. The INK office is currently located in the Landon State Office Building in Topeka. The Department of Administration Service Center in conjunction with the State Office of Personnel Services performs the Executive Director's payroll administration. INK provides funds to the Service Center for all salary and benefits on a quarterly basis.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to INK's basic financial statements. INK engages in business-type activities and is reported as a component unit of the State of Kansas in the state's Annual Comprehensive Financial Report. As such, INK prepares these basic financial statements, notes to the financial statements and required supplementary information which includes this management's discussion and analysis.

The Balance Sheets provide information on the nature and amount of INK's economic resources. The Statements of Revenues, Expenses, and Changes in Net Position present information showing how INK's net position changed during the most recent fiscal year. The Statements of Cash Flows reconcile the change in cash with the activities of INK for the twelve months ended December 31, 2022.

## **Financial Highlights**

- The assets of INK exceeded its liabilities at the close of the most recent fiscal year by \$9,112,338, an amount which may be used to meet INK's ongoing obligations to participating state and local entities, program development, security, and disaster recovery contingencies.

- INK’s total net position increased by \$1,139,230 and \$1,214,221 for the years ended December 31, 2022 and 2021, respectively. The 2021 increase in net position was primarily attributable to an ongoing excess of operating revenue over expenses, with reduced grant expenditures from the previous year, set against lower interest income and increased fees for legal services. The 2022 increase in net position was attributable to an excess of operating revenue over expenses, with an increase in program development and professional and consulting contracts from the previous year.

## Financial Analysis

Net position may serve over time as a useful indicator of an organization’s financial position. In the case of INK, assets exceeded liabilities by \$9,112,338 at the close of the most recent fiscal year.

### Information Network of Kansas, Inc.’s Net Position

	2022	2021	2020
Current assets	\$ 16,124,193	\$ 12,590,311	\$ 12,913,688
Capital assets, less accumulated depreciation	200	797	1,396
Total assets	<u>\$ 16,124,393</u>	<u>\$ 12,591,108</u>	<u>\$ 12,915,084</u>
Current liabilities	<u>\$ 7,012,055</u>	<u>\$ 4,618,000</u>	<u>\$ 6,156,197</u>
Total liabilities	<u>7,012,055</u>	<u>4,618,000</u>	<u>6,156,197</u>
Net position:			
Net investment in capital assets	200	797	1,396
Unrestricted	<u>9,112,138</u>	<u>7,972,311</u>	<u>6,757,491</u>
Total net position	<u>9,112,338</u>	<u>7,973,108</u>	<u>6,758,887</u>
Total liabilities and net position	<u>\$ 16,124,393</u>	<u>\$ 12,591,108</u>	<u>\$ 12,915,084</u>

The balance of unrestricted net position (\$9,112,138 and \$7,972,311 as of December 31, 2022 and 2021, respectively), may be used to meet INK’s ongoing grant obligations, disaster recovery contingencies, and to support existing and new program initiatives. At December 31, 2022 and 2021, INK is able to report positive balances in both categories of net position.

## Information Network of Kansas, Inc.'s Changes in Net Position

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Operating revenues	\$ 1,624,225	\$ 1,498,616	\$ 1,249,850
Operating expenses	544,335	294,959	450,659
Operating income	1,079,890	1,203,657	799,191
Nonoperating revenues:			
Interest income	59,340	10,564	67,872
Change in net position	1,139,230	1,214,221	867,063
Net position, beginning of year	7,973,108	6,758,887	5,891,824
Net position, end of year	\$ 9,112,338	\$ 7,973,108	\$ 6,758,887

### Conclusion

The Information Network of Kansas, Inc. Board of Directors, in cooperation with state and local government and the private sector, is focused on creating a system of business and government as paperless as possible, making it ever easier for Kansans to use state of the art technology to pay their taxes, obtain permits and licenses, and readily access government data to improve their lives. In alignment with its statutory purpose, INK also seeks to expand public access to government information of all types, including the historical record.

Over time, Kansas has consistently ranked very high among states in the nation in the successful transition to e-government. In 2019, the state home page was recognized by the Center for Digital Government with a fifth-place finish in "Overall State Government Experience", a category recognizing the top 10 state websites in the nation. During 2021 and 2022, INK invested grant funding in pandemic-related communication initiatives by the state, including COVID-19 themed websites for sharing information with the public and streaming video conferences. During 2022, INK deployed "Telegov" an online appointment setting solution for the Department of Revenue and processed 16,973 marriage applications online in partnership with the Judicial Branch.

Financial and other information is readily available on our website at <http://ink.kansas.gov/> or in our office. INK board meetings are open to the public and visitors are welcome. Public notice of the meetings is provided in accordance with state law.



## **Requests for Information**

This financial report is designed to provide a general overview of INK's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the INK Board Chairman.

Tom Sloan  
772 Highway 40  
Lawrence, Kansas 66049-4174

Phone: (785) 841-1526  
Email: [tomsloan45@gmail.com](mailto:tomsloan45@gmail.com)

INFORMATION NETWORK OF KANSAS, INC.  
(A COMPONENT UNIT OF THE STATE OF KANSAS)  
BALANCE SHEETS  
December 31, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 10,815,794	\$ 8,826,377
Accounts receivable	5,273,092	3,763,332
Prepaid expenses	35,307	602
Total current assets	16,124,193	12,590,311
Capital assets:		
Equipment	5,181	5,181
Less accumulated depreciation	(4,981)	(4,384)
	200	797
Total assets	\$ 16,124,393	\$ 12,591,108
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 7,012,055	\$ 4,618,000
Net position:		
Net investment in capital assets	200	797
Unrestricted	9,112,138	7,972,311
	9,112,338	7,973,108
Total liabilities and net position	\$ 16,124,393	\$ 12,591,108

See accompanying notes to the basic financial statements.

INFORMATION NETWORK OF KANSAS, INC.  
(A COMPONENT UNIT OF THE STATE OF KANSAS)  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Years Ended December 31, 2022 and 2021

	2022	2021
Operating revenues:		
Agency fee receipts	\$ 600,613,807	\$ 509,016,862
Less payments to data providing entities	(589,755,255)	(498,994,072)
Less network manager share of network revenue	(9,234,327)	(8,524,174)
Total operating revenues	1,624,225	1,498,616
Operating expenses:		
Program development	213,337	57,260
Reimbursed salaries and benefits	152,985	143,165
Contract office services and space	10,164	10,322
Professional and consulting contracts	163,697	83,436
Other expenses	3,555	177
Depreciation	597	599
Total operating expenses	544,335	294,959
Operating income	1,079,890	1,203,657
Nonoperating revenue:		
Interest income	59,340	10,564
Change in net position	1,139,230	1,214,221
Net position, beginning of year	7,973,108	6,758,887
Net position, end of year	\$ 9,112,338	\$ 7,973,108

See accompanying notes to the basic financial statements.

INFORMATION NETWORK OF KANSAS, INC.  
(A COMPONENT UNIT OF THE STATE OF KANSAS)  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Receipts of agency fees from customers	\$ 599,104,047	\$ 509,241,536
Payments to data providing entities for share of agency fees	(589,611,192)	(498,868,527)
Payments to network manager for share of network revenue	(7,004,140)	(10,204,247)
Payments for supplies, grants and other services	(405,653)	(96,407)
Payments to contracted employees for reimbursed salaries and benefits	(152,985)	(143,165)
Net cash flows from operating activities	1,930,077	(70,810)
Cash flows from investing activities:		
Interest received	59,340	10,564
Net change in cash and cash equivalents	1,989,417	(60,246)
Cash and cash equivalents, beginning of year	8,826,377	8,886,623
Cash and cash equivalents, end of year	\$ 10,815,794	\$ 8,826,377
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 1,079,890	\$ 1,203,657
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	597	599
Changes in operating assets and liabilities:		
Accounts receivable	(1,509,760)	224,675
Prepaid expenses	(34,705)	38,456
Accounts payable and accrued expenses	2,394,055	(1,538,197)
Net cash flows from operating activities	\$ 1,930,077	\$ (70,810)

See accompanying notes to the basic financial statements.

INFORMATION NETWORK OF KANSAS, INC.  
(A COMPONENT UNIT OF THE STATE OF KANSAS)  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2022 and 2021

1 - Organization and Summary of Significant Accounting Policies

Reporting Entity

The Information Network of Kansas, Inc. (INK) was created in 1990 by the State of Kansas legislature to provide electronic access for members of the public to public information of agencies by means of a centralized electronic information system, to develop and expand the system and to provide oversight of the network manager. INK is governed by a nine-member Board of Directors with membership on the board established by statute. INK is a component unit of the State of Kansas.

Basis of Presentation

INK is accounted for as an enterprise fund. Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods and services to the general public on a continuing basis are to be financed through user charges or where the periodic determination of net income is considered appropriate.

Basis of Accounting

The financial statements of INK have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

“Basis of accounting” refers to when revenues, expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. “Measurement focus” refers to what is being measured. The financial statements are prepared on the accrual basis of accounting and on an economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when the liability is incurred. With the economic resources measurement focus, all assets and all liabilities are included on the balance sheet. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how INK meets the cash flow needs of its activities.

INK distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services in connection with INK’s principal ongoing operations. Operating revenues include revenue from providing network services, net of transaction fees due to data-providing entities when services are provided. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash Equivalents

For purposes of the statement of cash flows, INK considers all highly liquid investments with an original maturity of less than three months to be cash equivalents.

INFORMATION NETWORK OF KANSAS, INC.  
(A COMPONENT UNIT OF THE STATE OF KANSAS)  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

Accounts Receivable

Accounts receivable represent amounts to be collected from network users under the terms of a contract with INK's network manager. INK considers the amounts to be fully collectible and, accordingly, no allowance for doubtful accounts is necessary.

Capital Assets

Capital assets, which include equipment, are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation is computed on the straight-line basis using estimated useful lives of three to seven years.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 estimates.

2 - Cash

Kansas statutes provide for all moneys received by INK to be deposited in the State Treasury or maintained in interest bearing accounts in Kansas banks or Kansas savings and loan associations until expended or otherwise disposed of pursuant to statute.

Custodial credit risk is the risk that, in the event of a bank failure, INK's deposits may not be returned. Kansas statutes require that deposits be collateralized and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of INK. At year-end, the carrying amounts of INK's deposits were \$ 10,815,794, and the bank balances totaled \$ 8,681,767. Of the bank balances, \$ 750,000 were secured by federal deposit insurance, and \$ 7,931,767 were collateralized by pledged securities.

3 - Network Manager Agreement

INK has contracted with Kansas Information Consortium, LLC (KIC) to serve as INK's network manager to develop, operate, maintain and expand the network for electronic access to public information. The terms of the contract, which continues through December 31, 2024 and has one optional two-year extension, provide that KIC, on behalf of INK, will negotiate and obtain contracts with state agencies for electronic access and subscribers for services. The terms of the contract provide for KIC to receive 85 percent of the gross network revenue net of the data-providing entities' share of network revenues.

INFORMATION NETWORK OF KANSAS, INC.  
(A COMPONENT UNIT OF THE STATE OF KANSAS)  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

In addition, the terms of the contract provide that, upon termination of the contract, all network and manager records, work papers and operations documentation shall become the property of INK and that application software, documentation and source codes and related updates and revisions are considered during the life of the contract, and perpetually thereafter, to be licensed for use to the State of Kansas through INK or any successor to be used in operation and expansion of the network or any successor network.

4 - Related Parties

The Kansas Department of Administration's Office of Information Technology Services processes INK's payroll. INK provides reimbursements to the Office of Information Technology Services for salaries and benefits, including contributions to the Kansas Public Employees Retirement System, on a quarterly basis. Salaries and benefits reimbursed were \$ 152,985 and \$ 143,165 for the years ended December 31, 2022 and 2021, respectively.

Also, certain members of INK's Board of Directors, as provided for by statute, are employed as management with agencies for which INK has service contracts. These contracts are administered by KIC.

5 - Risk Management

INK is exposed to various risks of loss related to torts; that is, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. Commercial insurance coverage, which, except for employee health benefits, is purchased by KIC under which INK is listed as an additional insured. INK has not had any reductions in insurance coverage or amounts of settlements exceeding insurance coverage in any of the three preceding years.

6 - Subsequent Events

Subsequent events have been evaluated for INK through the date of the independent auditors' report, which is the date the financial statements were available to be issued.



*Certified Public Accountants*

## INFORMATION NETWORK OF KANSAS, INC.

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AGREED-UPON PROCEDURES  
YEAR ENDED DECEMBER 31, 2022





**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Board of Directors and Management  
Information Network of Kansas, Inc.

We have performed the procedures enumerated below related to Information Network of Kansas, Inc. (INK) and Kansas Information Consortium, LLC (KIC)'s compliance with the contract between INK and KIC, as of the dates specified in the attachment to this report. INK and KIC are responsible for their compliance with those requirements.

INK's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the entities complied with the specific requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures that we performed are as follows:

1. Test whether INK made payments to data-providing entities in compliance with their contracts with INK by selecting a sample of two contracts and reviewing compliance with the provisions for payments to data-providing entities under the contracts with INK.
2. Test whether KIC is charging users of the network based upon the fee schedules approved by INK by selecting a sample of two batch and ten interactive invoices and comparing the rates charged to the users on the invoices selected to the fee schedule approved by INK.

The results of our procedures are presented in the attachment to this agreed-upon procedures report.

We were engaged by INK's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specific requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of INK and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the board of directors and management of INK and is not intended to be and should not be used by anyone other than the specified parties.

*BT & Co., P.A.*

August 3, 2023  
Topeka, Kansas

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**ATTACHMENT TO AGREED-UPON  
PROCEDURES REPORT**

*Compliance with the provisions for payments to data-providing entities (DPE's) under the contracts with Information Network of Kansas, Inc. (INK):*

Agreed-upon procedures:

1. We selected the DPE contracts with Harvey County and Seward County for testing.
  - We obtained the Electronic Government Service Contract between INK, Kansas Information Consortium, LLC (KIC), and Harvey County. The contract states that payments to Harvey County shall be disbursed within two business days of INK receiving the funds.
  - We obtained the Electronic Government Service Contract between INK, KIC, and Seward County. The contract states that payments to Seward County shall be disbursed within two business days of INK receiving the funds.
2. We compared the dates of payments for Harvey County and Seward County as recorded in INK's records for the year ended December 31, 2022 with the time limitations for payment provided for in the DPE contract with INK.

Conclusions:

1. Based on our testing of Harvey County transactions, the dates of payments to Harvey County were within the time frame set forth by the aforementioned contract between INK, KIC, and Harvey County.
2. Based on our testing of Seward County transactions, the dates of payments to Seward County were within the time frame set forth by the aforementioned contract between INK, KIC, and Seward County.

*Compliance with the approved fee schedules:*

Agreed-upon procedures:

1. We selected two batch and ten interactive detailed invoices for services provided to users during the year ended December 31, 2022.
2. We compared the rates charged to the users on the invoices selected above to the fee schedules approved by INK.

Conclusion:

1. The rates per the invoices agreed to the fee schedules approved by INK.



*Certified Public Accountants*

## INFORMATION NETWORK OF KANSAS, INC.

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Report to the Board of Directors  
August 3, 2023



August 3, 2023

Board of Directors  
Information Network of Kansas, Inc.  
900 SW Jackson Street, Room 114  
Topeka, Kansas 66612

Attention: Members of the Board of Directors

We are pleased to present this report related to our audit of the financial statements of Information Network of Kansas, Inc. (INK) for the year ended December 31, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for INK's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to INK.

*BT & Co., P.A.*

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INFORMATION NETWORK OF KANSAS, INC.  
Report to the Board of Directors  
August 3, 2023

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# Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

<b>Area</b>	<b>Comments</b>
<b>Our Responsibilities with Regard to the Financial Statement Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated February 27, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We have issued a separate communication dated May 3, 2023 regarding the planned scope and timing of our audit and identified significant risks.
<b>Accounting Policies and Practices</b>	<p><b>Preferability of Accounting Policies and Practices</b></p> <p>Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p><b>Adoption of, or Change in, Accounting Policies</b></p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the INK. INK did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.</p> <p><b>Significant Accounting Policies</b></p> <p>We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Significant Unusual Transactions</b></p> <p>We did not identify any significant unusual transactions.</p>

<b>Area</b>	<b>Comments</b>
<b>Audit Adjustments</b>	The audit adjustment proposed by us to be recorded by INK is summarized in the attached representation letter.
<b>Uncorrected Misstatements</b>	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
<b>Observations About the Audit Process</b>	<p><b>Disagreements with Management</b></p> <p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management’s judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statement.</p> <p><b>Consultations with Other Accountants</b></p> <p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p> <p><b>Significant Issues Discussed with Management</b></p> <p>No significant issues arising from the audit were discussed with or the subject of correspondence with management.</p> <p><b>Significant Difficulties Encountered in Performing the Audit</b></p> <p>We did not encounter any significant difficulties in dealing with management during the audit.</p> <p><b>Difficult or Contentious Matters That Required Consultation</b></p> <p>We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.</p> <p><b>Significant Written Communications Between Management and Our Firm</b></p> <p>Copies of certain written communications between our firm and the management of INK, including the representation letter provided to us by management, are attached.</p>



Information Network of Kansas, Inc.  
c/o Kansas Department of Revenue  
Mills Building  
109 SW 9th Street – Third Floor  
Topeka, Kansas 66612  
(785) 296-2408

August 3, 2023

BT&Co., P.A.  
4301 SW Huntoon Street  
Topeka, Kansas 66604-1659

This representation letter is provided in connection with your audits of the basic financial statements of Information Network of Kansas, Inc. (INK) as of and for the years ended December 31, 2022 and 2021 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of the date of the auditors' report:

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated February 27, 2023 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We are a component unit of the State of Kansas as defined in Section 2100 of the GASB Codification.
3. We have identified all identifiable business-type activities.
4. We acknowledge our responsibility 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.
5. We acknowledge our responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
6. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.



7. The methods, assumptions and data used in making accounting estimates result in estimates that are appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimates. Significant judgments made in making the estimates have taken into account all relevant information of which we are aware. Appropriate specialized skills or expertise has been applied in making the estimates. We have also appropriately considered alternative assumptions or outcomes. All disclosures related to the estimates, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimates and related disclosures included in the financial statements.
8. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
9. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Net position classifications.
  - b. Risk financing activities.
  - c. Deposits and investment securities categories of risk.
12. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
13. Risk disclosures associated with deposit and investment securities are presented in accordance with GASB requirements.
14. Components of net position (net investment in capital assets and unrestricted) are properly classified and, if applicable, approved.
15. We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities.
16. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.

17. INK has no:
  - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a “potentially responsible party” by the Environmental Protection Agency in connection with any environmental contamination.
  - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
  - d. Guarantees, whether written or oral, under which INK is contingently liable.
  - e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
  - f. Lines of credit or similar arrangements.
  - g. Agreements to repurchase assets previously sold.
  - h. Security agreements in effect under the Uniform Commercial Code.
  - i. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
  - j. Contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
  - k. Debt obligations.
  - l. Leases and material amounts of rental obligations under long-term leases.
  - m. Significant estimates and material concentrations known to management which are required to be disclosed.
  - n. Authorized but unissued bonds and/or notes.
  - o. Special and extraordinary items.
  - p. Arbitrage rebate liabilities.
  - q. Impairments of capital assets.
18. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
19. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

20. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
21. We have reviewed and approved the proposed adjusting journal entry to the financial statements included in the attached schedule. We will record this entry in our accounting system as of December 31, 2022.
22. We have no knowledge of any uncorrected misstatements in the financial statements.

#### **Information Provided**

23. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audits.
  - c. Unrestricted access to persons within INK from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
24. All transactions have been recorded in the accounting records and are reflected in the financial statements.
25. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
26. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
27. We have no knowledge of allegations of fraud or suspected fraud, affecting INK's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the financial statements.

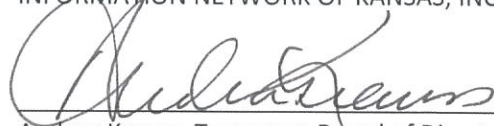
28. We have no knowledge of any allegations of fraud or suspected fraud affecting INK's financial statements received in communications from employees, former employees, analysts, regulators, or others.
29. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
30. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements. We have not consulted legal counsel concerning litigation or claims.
31. We have disclosed to you the identity of all of INK's related parties and all the related-party relationships and transactions of which we are aware.
32. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect INK's ability to record, process, summarize, and report financial data.
33. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
34. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
35. With respect to the financial statement preparation services performed in the course of the audit:
  - a. We have made all management decisions and performed all management functions;
  - b. We assigned an appropriate individual to oversee the services;
  - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
  - d. We have accepted responsibility for the results of the services; and
  - e. We have accepted responsibility for all significant judgments and decisions that were made.

**Supplementary Information**

36. With respect to management discussion and analysis presented as required by GASB to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.

Very truly yours,

INFORMATION NETWORK OF KANSAS, INC.

  
\_\_\_\_\_  
Andrea Krauss, Treasurer, Board of Directors

Date Signed 08-03-23

  
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Tom Sloan, Chairman, Board of Directors

Date Signed 8/3/23

Year End: December 31, 2022  
Adjusting Journal Entry  
December 31, 2022

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Number	Date	Name	Account No	Debit	Credit
1	12/31/2022	RETAINED EARNINGS	405.000		(18.00)
1	12/31/2022	MISCELLANEOUS EXPENSE	863.000	18.00	
		Entry to roll net assets			

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