

PERFORMANCE AUDIT REPORT

State-Held Lands: Reviewing the Management and Use of Those Lands in Kansas

A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
December 2000



Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$8 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U.S. General Accounting Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. The standards also have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

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November 22, 2000

To: Members, Legislative Post Audit Committee

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This report contains the findings, conclusions, and recommendations from our completed performance audit, *State-Held Lands: Reviewing the Management and Use of Those Lands in Kansas*.

The report also contains appendices showing an inventory of State-held lands by county, agency, and use.

The report includes several recommendations for improving the State's land inventory and management practices. We would be happy to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

Barbara J. Hinton
Legislative Post Auditor

**Question 1: Does the State Have a Good System for
Inventorying and Managing State Lands?**

The State doesn't have a good system for inventorying and managing State lands. page 3
Such a system is a critical tool for effectively managing the portfolio of lands that State agencies own or lease. We would expect a good land inventory and management system to be centrally maintained, perpetual, and complete. In addition, it should include the basic information needed to make decisions and should be reviewed periodically to determine whether land that is potentially surplus could be disposed of.

Although State law makes the Director of Accounts and Reports responsible for keeping an inventory of State-owned land, that inventory isn't complete or up-to-date. The last complete inventory of State-held lands was assembled in 1994 and statutorily required information about the use and purpose of each land parcel isn't in the inventory. Division officials told us they haven't had enough staff to keep State land inventory records up-to-date, and lack authority to compel State agencies to report land inventories and real estate transactions. However, officials told us they plan to do the inventory annually from now on.

The Department of Transportation also lacks a good system for recording and managing its land holdings. The Department owns right-of-way on which highways have already been built, right-of-way acquired for future road projects, and land used for the agency's district offices and maintenance buildings. State law exempts the Department from having to submit land inventory information to the Division of Accounts and Reports. However, because the Department is a large land owner, we'd expect it to maintain its own inventory. The Department doesn't have a good inventory system, and can't easily identify those pieces of right-of-way that are potentially surplus. Officials from 3 other states we talked with told us they routinely track and sell surplus right-of-way.

Question 2: How much Land Is Owned or Leased by State Agencies, Where Is it Located, and How Is it Currently Being Used?

State agencies report that they currently own more than 335,600 acres and lease more than 256,000 acres from others.page 8
This brings total State-held land to more than 591,000 acres. Although land holdings are located throughout the Kansas, some of the largest concentrations of State-owned land are in central Kansas in Ellis, Barton, McPherson, Pratt, and Kingman Counties. Most leased land is located in eastern Kansas in Jefferson, Douglas, Osage, Greenwood, and Montgomery Counties. Of the 105 agencies or divisions of State government, 42 own or lease land. Three agencies—the Department of Transportation, Wildlife and Parks, and Kansas State University—own 94% of all State-owned land. Two agencies—the Department of Wildlife and Parks and Kansas State University—lease essentially all the land the State leases from other entities. Wildlife and recreation uses account for about 34% of all owned land and 92% of all leased land. About 55% of all State-owned land is used for highway right-of-way purposes.

Question 3: Is Any State-Owned Land Potentially Surplus, And If So Could It Be Disposed Of?

State agencies own about 4,800 acres of potentially surplus land estimated to be worth about \$6.8 million.page 13
Agency officials reported 1,297 acres as surplus. Using federal property management guidelines, we identified another 3,521 potentially surplus acres. Those guidelines state that land should be needed for current agency programs, and shouldn't be retained because of existing boundaries, or because it's undesirable. Agencies gave us a variety of reasons why they thought the 3,521 acres we identified as potentially surplus shouldn't be considered surplus. For example, some agencies told us the land might be needed for future agency expansion, but in most cases we found no concrete long-range plans to expand. Other agencies told us the land generates income that's used to fund agency programs. However, the State isn't in the business of owning land simply to generate income.

Nothing would prevent the State from trying to sell all 4,818 acres identified as potentially surplus, but location or conditions may make some land parcels difficult to sell.page 17
Some land parcels did have restrictions on how the sale proceeds could be used, or the land was in such a condition that it would be difficult to sell. For example, some surplus land at Lansing Correctional Facility has at least 2 toxic waste sites.

Despite the proposed new guidelines for identifying and selling surplus land, State agencies will continue to have little incentive to identify surplus lands.page 18
The 2000 Legislature passed a law requiring the Secretary of Administration to develop criteria and guidelines for the identification and sale of surplus land. However, the law may not prove very effective because it doesn't set up an independent authority to decide whether surplus land should be sold, and it provides no financial incentives for State agencies to sell surplus lands.

Question 4: Is Idle State-Owned Land Being Leased To Others at Market Rates?

Of the State-owned lands that are leased out, most are leased to private citizens or companies for agricultural purposes.page 20
About 1,624 acres are leased to other units of government for public purposes, usually at little or no cost. We exclude those acres from our review. Another 13,204 acres are leased out by the Department of Wildlife and Parks to farmers for agricultural purposes and to create wildlife habitat. The remaining 10,355 acres leased out are crop and pasture land leased to private people or entities for cash payments. These are the lands we focused our efforts on for this part of the audit.

The majority of leased land is competitively bid, which should help ensure that the State receives a fair market rate.page 21
In all, 8,453 of the 10,355 acres of leased land we reviewed (82%) had been competitively bid; we concluded those lease rates were at market value. Four agencies that didn't use competitive bids to lease their land, or that didn't re-bid their leases frequently enough, tended to lease their lands at rates below the average rental rates for the areas where the land was located. We estimated these 4 agencies combined could be losing about \$15,300 a year in rental income.

Nearly All the Land Identified in This Audit as Potentially Surplus Is Leased to Others.page 23
Of the 4,818 acres we identified as potentially surplus, all but 389 acres are leased out. Of that land, we determined that 61 acres could be leased out as farmland, generating at least \$1,300 per year in additional rental income.

As Required by Statute, Most Agencies Paid Property Taxes On Land That Isn't Used Exclusively For State Purposes.page 23
To determine if property taxes were paid when they should have been, we sampled 7 agencies that own 97% of the

land leased to private citizens. Lansing Correctional Facility was the only agency that didn't pay property taxes when it should have. Department of Corrections officials couldn't provide proof of 1999 property tax payments for 1,308 acres leased to private citizens. Estimated annual property taxes for this land are \$2,200, and it's likely that property taxes haven't been paid on this land since 1989. The Department of Wildlife and Parks most likely overpays property taxes on the land it owns. Department officials told us most of the agency's land is on the tax rolls because taking the property off the rolls is time consuming, and officials have promised the Legislature that the Department would pay property tax in counties where it owns land to avoid eroding the county tax base.

Conclusion. . . . page 24

Recommendations. . . . page 25

APPENDIX A: Scope Statement . . . page 27

APPENDIX B: Inventory of State-Held Land by County and Agency . . . page 29

APPENDIX C: Inventory of State-Held Land by Agency and Use . . . page 43

APPENDIX D: Agency Responses . . . page 48

This audit was conducted by Laurel Murdie, Steve Ballantyne, Scott Frank, and Katrin Osterhaus. Leo Hafner was the audit manager. If you need any additional information about the audit's findings, please contact Ms. Murdie at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at LPA@lpa.state.ks.us.

State-Held Lands: Reviewing the Management and Use of Those Lands in Kansas

In 1976, Legislative Post Audit conducted an audit of the management of surplus State-held land. At that time, the State owned about 112,000 acres and leased another 219,000 acres, for a total of 331,000 acres. The audit found that a complete and accurate inventory of State land holdings didn't exist, and it also identified 11,179 acres of land that was potentially surplus.

Recently, the Legislative Post Audit Committee again became interested in how much land State agencies currently own or lease, whether any of that land is potentially surplus, and whether land is being leased at market rates. The Committee also is interested in how the State is managing its land holdings, and whether improvements in records and management practices have occurred since the previous audit was done 24 years ago. To address these issues, the Committee directed the Legislative Division of Post Audit to conduct a performance audit to answer the following questions:

- 1. How much land is owned or leased by State agencies, where is it located, and how is it currently being used?**
- 2. Is any State-owned land potentially "surplus," and if so, could it be disposed of?**
- 3. Is idle State-owned land being leased to others at market rates?**

To answer these questions, we reviewed the existing land inventory system at the Division of Accounts and Reports, as well as the Computer Assisted Mass Appraisal System at the Department of Revenue. We interviewed officials from both agencies to determine which set of records might be most useful for the purposes of this audit. We surveyed all State agencies to determine what land they own and lease, where it is located, and how it is used. We also interviewed officials from a sample of agencies that own or lease

land to gather additional information about the lands they hold and how they manage those properties.

We compared the rates agencies charge when they lease out State lands to average lease rates developed by the Kansas Agricultural Statistics Service to get a general sense of whether lands were being leased out at market rates. Finally, we contacted agency officials to determine why some properties appeared to be leased at lower-than-market rates.

A copy of the scope statement for this audit approved by the Legislative Post Audit Committee is included in Appendix A. For reporting purposes, we've added a question about the State's process for managing its land holdings.

In conducting this audit, we followed all applicable government auditing standards. However, the reader should be aware that the land inventory data used throughout the audit are self-reported by agency officials. To verify the accuracy and completeness of the information would have required us to review deed records in all 105 counties, which wasn't possible within the time frame for this audit. Although we can't attest to the completeness and accuracy of the data, we found no indication that the data are grossly or systematically wrong. Thus, it's unlikely that any errors or omissions in the data are large enough to significantly affect our findings and conclusions.

Question 1: Does the State Have a Good System for Inventorying and Managing State Lands?

Kansas doesn't have a good system for inventorying and managing State-owned and leased land. Although State law makes the Director of Accounts and Reports responsible for keeping an inventory of State-owned land, that inventory isn't complete and up-to-date. In addition, the Department of Transportation doesn't have a good inventory system for managing the land it owns. These and other findings will be discussed in the sections that follow.

The State Doesn't Have a Good System for Inventorying and Managing State Lands

A good, centralized inventory system is a critical tool for effectively managing the portfolio of lands that State agencies own or lease. Such a system can provide information for making day-to-day management decisions about such things as whether additional land should be acquired, what land should be used for, and whether land should be sold.

We would expect a good land-management system to have the following characteristics:

- It should be centrally maintained.** There needs to be a central repository for all State agencies.
- It should be perpetual and complete.** The system should be updated regularly and include complete information about all real property owned and leased by the State, and should reflect each real estate transaction that occurs.
- It should include basic information needed to make decisions about the land.** At a minimum, the system should include acreage, location by city and county, a brief legal description, and the use and purpose of each parcel.
- It should be reviewed periodically to determine whether land that is potentially surplus could be disposed of.** Someone should be specifically charged with reviewing the data to ensure this review occurs.

In addition, State agencies should receive clear and uniform guidance on acquiring, managing, and disposing of State-held

properties, and on getting market rates for lands they lease to others.

An audit we issued in 1976 noted that the State didn't have a central inventory system for State-held land, and specifically cited the lack of centralized control and information of potentially surplus land as a problem. In that audit, we recommended that the Division of Accounts and Reports improve its inventory records of State-owned land and establish general policies and procedures for identifying potentially surplus State land. In addition, because State law required the Secretary of State to keep a correct record of State-owned property, we recommended that all State agencies be required to file original records of all real estate transactions with the Secretary of State (with the exception of land acquired through condemnation by the Department of Transportation) and that each State agency provide an up-to-date record of all land owned.

Although State law makes the Director of the Division of Accounts and Reports responsible for keeping an inventory of State-owned land, that inventory isn't complete and up-to-date. The Director's statutory responsibilities are outlined in the table below, together with the problems we found with the Division's current inventory:

Responsibilities of the Director of Accounts and Reports and Problems We Identified

Director of Accounts and Reports Responsibilities:	Problems we found with the inventory:
<p>Maintaining an inventory of State-owned real property and real estate transactions. K.S.A. 75-3516(c) specifically states that the Director "shall maintain inventory records of the real property owned by the State," including "all real property held and every real estate transaction engaged in by each State agency except the Secretary of Transportation." K.S.A. 75-3729 also specifies that the Director may require State agencies to take physical inventory of fixed and movable property of the State, including real estate.</p>	<p>The last complete inventory of State-held lands was assembled in 1994. Although the Director attempted to update the inventory in 1999, not all agencies responded. Missing agencies included the Departments of Health and Environment and Social and Rehabilitation Services, Emporia State University, Rainbow Mental Health Center, and Kansas School for the Deaf. Also, the Director doesn't get information about every real estate transaction engaged in by each State agency.</p>
<p>Keeping information on the use and purpose of each parcel of land in that inventory. In addition, the inventory is supposed to include the acreage, location by city or county, and a brief legal description.</p>	<p>The use and purpose of each land parcel isn't in the inventory. Agency officials told us that although the inventory doesn't include this required information, the database has enough information to determine whether the land is used for office or agricultural purposes.</p>

Division of Accounts and Reports officials told us they haven't had enough staff resources to keep State land inventory records up-to-date. However, they indicated they plan to do the inventory on an annual basis from now on. In addition, Division officials pointed out they have no enforcement authority to compel agencies to report their land inventory and real estate transactions.

Without a good inventory system the State is hampered by not having information to make effective decisions. Problems can vary. For example, one State agency may need additional land while another State agency owns land that it doesn't need. It's likely that without a good, central land inventory system these agencies won't be able to coordinate and actively manage the State's land. We identified several other problems that can occur without a good inventory and management system of State-held lands:

- **Multiple agencies may claim to own the same land.** We found 2 agencies claiming ownership in the same 1.8 acre parcel at the former Topeka State Hospital Grounds.
- **Some land isn't claimed to be owned by anyone.** 1 acre in Miami County isn't claimed by any State agency while the deed states "State of Kansas."
- **Agencies may not have clear title to land they claimed to own.** 160 acres in Stafford County is claimed by the Department of Social and Rehabilitation Services—but that agency's name isn't on the deed.

The Department of Transportation also doesn't have a good inventory system for managing the land it owns. The Department's land holdings can be categorized into 3 types:

- ! right-of-way land on which a highway has already been built
- ! land acquired for future road projects (no highway currently exists on these lands)
- ! land used for daily operations (district offices, maintenance buildings, and the like)

State law specifically exempts the Department from having to submit land inventory information to the Director of Accounts and Reports. However, as a large land owner, the Department still

needs to maintain its own inventory of its land holdings for the same reasons cited earlier in this report.

In our 1976 audit, we'd found the Department could not provide an accurate and complete inventory of its land holdings. However, no recommendations were made specifically to the Department. During this audit, we found the Department still doesn't have good centralized records about the lands it owns (i.e., where it is located, how many acres, the type of land, the approximate value, and the like). In addition, we also found that after our 1976 audit the Department completed a State-wide inventory of potentially surplus right-of-way and identified more than 12,000 acres that could be sold. However, Department officials told us that after the person who maintained the inventory left the Department in 1997, Department officials reformatted the computer on which the inventory was kept and lost the information.

Although the Department ultimately was able to provide us with some information about each type of land it owned, it doesn't have a good inventory system. We've summarized some of the problems with the Department's inventory methods in the table on the next page.

The Departments of Transportation in 3 other states have a system in place to identify and track surplus lands. None of the transportation officials that we contacted from Nebraska, Missouri and California reported much different methods of tracking right-of-way, buildings, or land than the methods used by Kansas. However, all 3 state officials told us that their Departments keep systematic inventories of surplus land identified after a road has been built or when surplus acres come to their attention in other ways. While all 3 Departments try to dispose of surplus land, State laws in California require its transportation authority to dispose of such lands.

Kansas Department of Transportation officials told us they continue to make efforts to sell surplus right-of-way, and have sold such land in the past. However, officials also told us they don't have a good way of inventorying right-of-way that would allow them to readily identify potentially surplus land.

A Summary of Findings Related to the Department of Transportation's Land Inventory Methods

Land type and acreage	How the data are stored:	Findings related to the inventory:
<p>Land that has an existing highway (right-of-way)</p> <p>179,500 acres (estimated)</p>	<p>Centrally, in a data system called the Control Section Analysis System (CANSYS) planning database. The Department used this system to estimate right-of-way acres with an existing highway.</p>	<p>Although an estimate of this land was available, the Department can't easily identify those "pieces" of right-of-way that are potentially surplus.</p> <p>Although the method it used to arrive at the estimate appeared to be reasonable, when we asked Department officials if they could identify those parcels of right-of-way that could be considered potentially surplus, they told us they don't have a good way of inventorying right-of-way that would allow them to identify potentially surplus land. Even if the Department had such a system, officials told us they would still need additional staff to help identify and sell the surplus parcels.</p> <p>We talked with officials from 3 other states and they have a systematic way of tracking and selling surplus right-of-way. Currently, Kansas doesn't systematically identify, track and sell surplus right-of-way.</p>
<p>Land acquired in anticipation of building a future highway (Also right-of-way)</p> <p>4,600 acres (estimated)</p>	<p>We couldn't tell how the Department stored this information. Department officials told us it was a compilation of data from several information systems.</p>	<p>The Department doesn't keep a systematic inventory of this information. Although we were provided some information about the land the Department has acquired in anticipation of building a highway, the Department doesn't systematically track this information.</p>
<p>Land used for the Department's daily operations</p> <p>1,474 acres</p>	<p>Centrally, in a data system called the Capital Inventory System.</p>	<p>This information was available because it is used in preparing the Department's annual report to the Governor and Legislature.</p> <p>With a few modifications, the Department may be able to use this system to identify and manage its surplus properties.</p>

Question 2: How Much Land Is Owned or Leased by State Agencies, Where Is it Located, and How Is it Currently Being Used?

State agencies own at least 335,600 acres, and lease another 256,000 acres from other land owners—bringing the total of State-held land to about 591,800 acres. Although State land holdings are located throughout the State, some of the largest concentrations of State-owned land are in central Kansas in Ellis, Barton, McPherson, Pratt, and Kingman Counties. Most leased land is located in eastern Kansas in Jefferson, Douglas, Osage, Greenwood, and Montgomery Counties. About 55% of State-owned lands are being used for highway right-of-way, while lands used for wildlife, recreation and State Parks make up 34% of State-owned land. These and other findings will be discussed in the sections that follow.

State Agencies Report That They Currently Own More Than 335,600 Acres And Lease More Than 256,000 Acres from Others

Of the 105 agencies or divisions of State government, 42 own or lease land. We sent surveys to those 42 agencies and asked them to tell us, among other things, how much land they own or lease, where that land is located, and how that land is used. The following table compares current land holdings to land holdings from our 1976 audit. Although our audit in 1976 didn't include information on the Department of Transportation's land holdings, we were able to obtain estimates of those holdings for this audit.

**Comparison Between Lands Held At the
Time of the 1976 Audit and Lands Held Today**

	Acres owned	Acres leased	Total
Total 1976 audit	111,776	219,745	331,521
2000 audit without KDOT (to compare with 1976)	149,939	255,773	405,712
Total 2000 audit (incl. KDOT)	335,610	256,184	591,794

Land holdings by individual agencies are shown in the table on page 9. In addition, the maps on page 11 show where the State owns and leases the most land. Appendix B shows the State's land holdings by county and agency.

**State-Owned and Leased Land
as of July 1, 2000**

STATE AGENCY	Acres Owned	% of all Acres Owned	Acres Leased from others	% of all Acres Leased	Total Acres Held	% of Total Acres Held
Wildlife and Parks, Department of	114,360.0	34.08%	236,258.3	92.22%	350,618.3	59.25%
Transportation, Department of	185,671.9	55.32%	410.8	0.16%	186,082.7	31.44%
Kansas State University	15,305.5	4.56%	15,772.3	6.16%	31,077.8	5.25%
Fort Hays State University	4,125.6	1.23%			4,125.6	0.70%
Adjutant General Department	292.9	0.09%	3,729.2	1.46%	4,022.1	0.68%
University of Kansas	3,297.4	0.98%	4.0		3,301.4	0.56%
Lansing Correctional Facility	2,628.8	0.78%			2,628.8	0.44%
Larned State Hospital	1,519.2	0.45%			1,519.2	0.26%
Osawatomie State Hospital	966.8	0.29%			966.8	0.16%
Veterans Affairs, Kansas Commission on	961.8	0.29%			961.8	0.16%
Development Finance Authority, Kansas	840.7	0.25%			840.7	0.14%
Historical Society, State	817.5	0.24%	1.0		818.5	0.14%
Norton Correctional Facility	663.9	0.20%			663.9	0.11%
Emporia State University	565.6	0.17%			565.6	0.10%
Pittsburg State University	477.0	0.14%	1.0		478.0	0.08%
Hutchinson Correctional Facility	467.1	0.14%			467.1	0.08%
Administration, Department of	340.0	0.10%			340.0	0.06%
Topeka Juvenile Correctional Facility	329.0	0.10%			329.0	0.06%
Fair, Kansas State Governor	286.2	0.09%			286.2	0.05%
Kansas Neurological Institute	244.0	0.07%			244.0	0.04%
Kansas Winfield Correctional Facility/WWRF	221.9	0.07%			221.9	0.04%
Social and Rehabilitation Services, Dept of	217.8	0.06%			217.8	0.04%
Wichita State University	212.6	0.06%			212.6	0.04%
Parsons State Hospital and Training Center	171.9	0.05%			171.9	0.03%
Atchison Juvenile Correctional Facility	163.9	0.05%			163.9	0.03%
Beloit Juvenile Correctional Facility	160.0	0.05%			160.0	0.03%
Topeka Correctional Facility	99.6	0.03%			99.6	0.02%
University of Kansas Medical Center	89.5	0.03%			89.5	0.02%
Other Agencies (a)	46.7	0.01%	2.2		46.7	0.01%
Ellsworth Correctional Facility	38.3	0.01%	5.4		40.5	0.01%
School for the Deaf, Kansas State	11.3	0.00%			16.7	0.00%
School for the Deaf, Kansas State	16.0	0.00%			16.0	0.00%
TOTAL	335,610.4	100%	256,184.2	100%	591,794.6	100%

(a) Other agencies include the Departments of Agriculture, Commerce and Housing and Human Resources, the Highway Patrol, and Kansas Bureau of Investigation, and the Rainbow Mental Health Facility, and Kansas State School for the B
Source: LPA database built from agency responses to our land survey

As shown in the table on the previous page:

- Three agencies—the Department of Transportation, Wildlife and Parks and Kansas State University, own 94% of all State-owned land.
- Two agencies—the Department of Wildlife and Parks and Kansas State University—lease essentially all the land the State leases from other entities.

As shown in the maps on page 11, State land holdings are located across the State. Some of the largest concentrations of State-owned and -leased lands are in central and eastern Kansas.

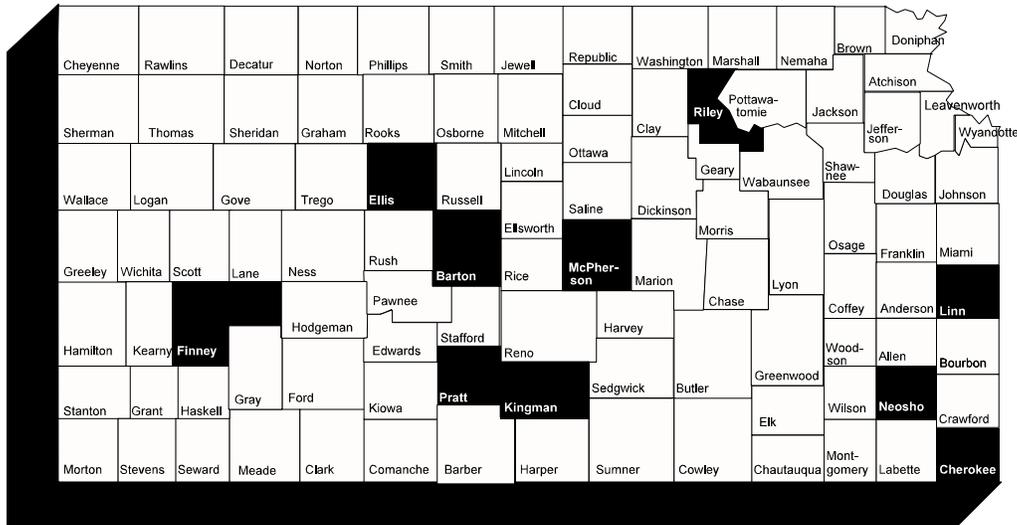
Most State-Held Land Is Used for Transportation, Wildlife Habitat, and Recreation

The pie charts on page 12 summarize the current uses for State owned and leased lands by agency. Here are some highlights from the pie charts:

- Wildlife and recreation purposes account for about 34% all owned land and 92% of all leased land. Examples of wildlife habitat include bird refuges, game management, and fish hatcheries, while examples of recreation purposes include walking trails, and local and State parks.
- The Department of Transportation’s land holdings account for 55% of all State-owned land. Right-of-way, for the purposes of this audit, includes land on which there is an existing highway as well as land purchased for future highways.

Appendix C contains detailed information about the uses for State-held land by agency.

Top 10 Counties In Which the State Owns the Most Land



Here's what makes up most of the acres within each of these counties:

Barton: Cheyenne Bottoms wildlife area (19,857 acres)
 Cherokee: Mind Land wildlife area (12,353 acres)

Linn: Marais Des Cygnes wildlife area (7,332 acres)
 McPherson: Maxwell game mgnt. area/McPherson wetlands (5,529 acres)

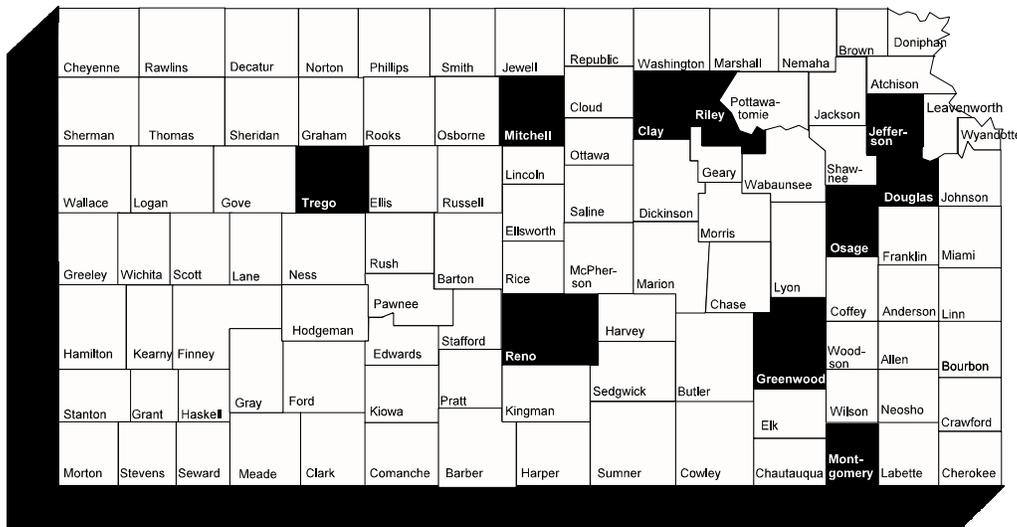
Ellis: Fort Hays and Kansas State University (9,792 acres)
 Finney: Finney State Fishing Lake/Game Refuge (4,573 acres)

Neosho: Neosho wildlife mgnt. area (3,975 acres)
 Pratt: Sand Hills Park and Texas Lake wildlife area (6,117 acres)

Kingman: Kingman game mgnt. area and lake (4,529 acres)

Riley: Kansas State University (6,175 acres)

Top 10 Counties In Which the State Leases the Most Land



Here's what makes up most of the leased acres within each of these counties:

Clay: Milford wildlife area (12,250 acres)

Montgomery: Elk City State Park and wildlife area (13,097 acres)

Douglas: Clinton State Park and wildlife area (10,643 acres)

Osage: Melvern wildlife area and Eisenhower State Park (11,025 acres)

Greenwood: Fall River and Toronto wildlife area (12,927 acres)

Reno: Cheney wildlife area and State Park (11,232 acres)

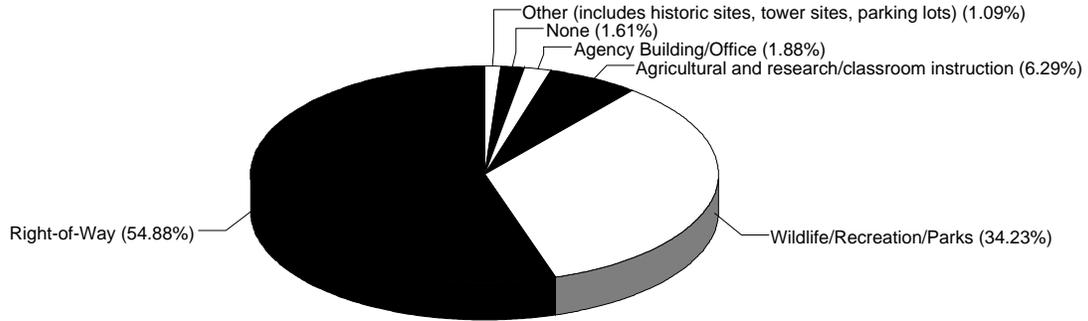
Jefferson: Perry State Park and wildlife area (12,394 acres)

Riley: Tuttle Creek wildlife area and Kansas State University (15,960 acres)

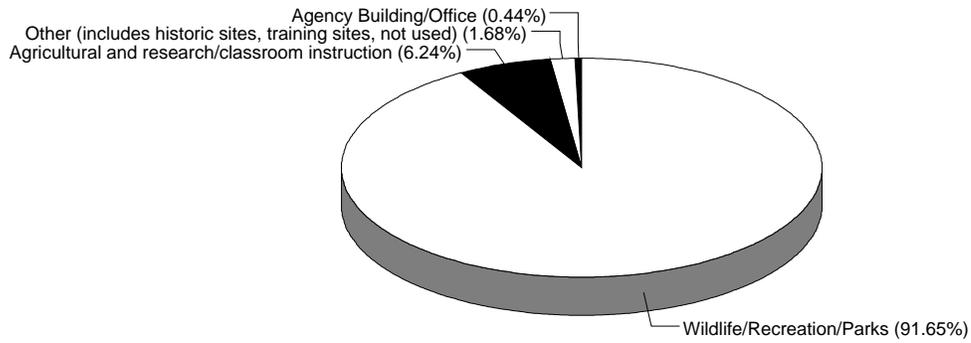
Mitchell: Glen Elder State Park and wildlife area (23,540 acres)

Trego: Cedar Bluff wildlife area and State Park (13,974 acres)

Uses for Owned Land



Uses for Leased Land



Question 3: Is Any State-Owned Land Potentially Surplus, And If So Could It Be Disposed Of?

State agencies own just over 4,800 acres of land that could be considered potentially surplus to the State, with an estimated value of about \$6.8 million. About two-thirds of that land is located at Larned and Osawatomie State Hospitals and the Lansing Correctional Facility. For most of this property, there aren't any restrictions that would prevent its sale, but some parcels do have restrictions on how the proceeds from sale of the land may be used. Other parcels may be difficult to sell because of the terrain, location, or polluted conditions of the land. State agencies have little financial incentive to sell surplus land; under current law, if the land were sold the proceeds would likely go to the State General Fund. As it is, agencies can lease out land that isn't used for any current operations and generate additional sources of revenue for their programs. These and related findings are discussed in more detail in the sections that follow.

***State Agencies Own About
4,800 Acres of
Potentially Surplus Land
Estimated To Be Worth
About \$6.8 Million***

To identify surplus State-owned land, we first asked agency officials to report any lands they owned that weren't needed for their programs and potentially could be sold. They reported 1,297 acres as surplus.

In reviewing what the agencies reported to us, however, we noted another 3,521 acres of land that agencies currently weren't using and that had no designated future use. The acreage either we or the agencies identified as potentially surplus is shown on pages 14-15.

In making our determination about the additional 3,521 acres, we reviewed property management guidelines the federal government uses to identify unneeded federal property. Those guidelines included the following:

- Land should be needed for current programs related to the agency's purpose.** The property must be essential for program requirements.
- Land shouldn't be retained because of existing boundaries.** Boundaries marked by existence of fences, hedges, roads, and

Potentially Surplus State-Owned Land

Agency	Acres	County	Land Type	Est. Value	
Land Agency Officials Identified as Surplus					
Osawatomie State Hosp.	795	Miami	Pasture/rangeland and commercial	\$1,305,900	
Dept. of Administration (includes Topeka State Hospital grounds)	248	Shawnee	Commercial	\$2,264,600	
Dept. of Social and Rehabilitation Services	159 (a)	Stafford	Cropland and other	\$ 182,000	
Dept. of Transportation	62	Various	Shop sites, radio tower sites and	\$ 292,000	
Beloit Juvenile Correctional Facility	32	Mitchell	Cropland and unimproved land	\$ 11,900	
Dept. of Human Resources	.5	Cowley and Leavenworth	Commercial	\$ 150,000	
Subtotal	1,297			\$4,206,400	
Additional Land Legislative Post Audit Identified as Potentially Surplus					Agency rationale for not calling this land surplus
Beloit Juvenile Correctional Facility	43	Mitchell	Cropland	\$49,300	The land is needed for surveillance and isolation purposes. Projections show that the population will increase to 150 inmates by 2008, requiring facility expansion. One of the parcels has no direct access.
Atchison Juvenile Correctional Facility	108	Atchison	Cropland and unimproved land	\$56,100	A 50-bed expansion may be needed by 2006 and another 50 beds later in the decade. One parcel is steep, heavily wooded, and slopes toward the river, providing a buffer zone and discouraging offenders from escaping. In addition, a small cemetery is located on part of the land.
Kansas Neurological Institute	72	Shawnee	Unimproved land	N/A	The State could redefine the mission of KNI and could need all or a portion of this property for development. Also, the property is likely unsellable, and any proceeds from a sale must revert to the federal government, which deeded the land to KNI.
Emporia State University	10	Lyon	Commercial	\$52,500	University officials are considering several options including building a new building, expanding athletic fields, or trading for another parcel of land.

Additional Land Legislative Post Audit Identified as Potentially Surplus (continued)

Agency	Acres	County	Land Type	Est. Value	Agency rationale for not calling this land surplus
Lansing Correctional Facility	1,390	Leavenworth	Cropland and pasture/rangeland	\$1,419,300 (b)	Parcel #1 (95 acres) 15 acres of this land is leased to the city for a park. The institution is considering expanding the cow herd for Correctional industries on the remainder of this land. Parcel #2 (1,295 acres) 1,038 acres of the land are leased out for \$113,533 annually, and the lease proceeds are used to support the Correctional Industries Agri-Business program which provides 18 inmate and 2 staff jobs.
Larned State Hospital	1,104	Pawnee	Cropland, Pastureland, Commercial and unimproved land	\$717,900	The land is needed to maintain groundwater quality.
Norton Correctional Facility	418	Norton	Cropland and Pasture/rangeland	\$121,300	Lease proceeds from this land directly support operations. The land also is used as a buffer zone to provide better security.
University of Kansas	160	Miami	Cropland	\$64,000	This land was bequeathed to the University and the proceeds from any rental or sale must be used for a medical scholarship and to benefit the medical school.
Commission on Veterans' Affairs	216	Cowley and Ford	Pasture/rangeland and cropland	\$108,700	Parcel #1 (28 acres) This parcel was part of a route for a proposed highway project that wasn't funded, but which might be considered again in the future. Parcel #2 (163 acres) The land acts as an environmental buffer, and Commission ownership prevents industrial or agricultural ownership that might cause further groundwater pollution. The land provides quietness and pleasant visual scenery. Parcel #3 (25 acres) The Commission has several ideas for using this land that residents could enjoy. One idea is to keep horses there.
Subtotal	3,521			\$2,589,100	
Total	4,818 (c)			\$6,795,500	

(a) Includes .5 acre located in Colorado

(b) Valued without taking into consideration the toxic waste sites, which would lower the estimated sales price

(c) This doesn't include an additional 350 acres of potential surplus land at the Commission on Veterans' Affairs. Even though the agency has provided uses for those acres, we determined those uses to be inconsistent with agency mission.

utility systems shouldn't be excuses for holding on to property that isn't needed for government operations.

- ❑ **Land shouldn't be retained just because it's undesirable.** Unattractive topographical features or encumbrances for rights-of-way aren't valid reasons for retaining property.
- ❑ **Land shouldn't be kept simply because it is landlocked.** This also isn't an excuse for holding on to property that isn't need for government operations.
- ❑ **Buffer zones should be kept to a minimum.** Although buffer zones may be needed in some instances, Federal guidelines state that they should be minimal.

As the table shows, agency officials gave a variety of reasons for why they thought the 3,521 acres we identified as potentially surplus shouldn't be considered surplus. Some of the more common reasons were:

- ! *The land might be needed for future agency expansion.* This reason was cited by officials at the Kansas Neurological Institute (KNI), and the juvenile correctional facilities at Atchison and Beloit. Although these officials cited the possibility of future expansion, we found no concrete long-range plans to expand these facilities. Also, we noted that the facilities owned other land that could accommodate some level of facility expansion. Each of the parcels were found to be surplus in our 1976 audit of State-held lands.
- ! *The land generates income that's used to fund agency programs.* This reason was cited by Lansing and Norton Correctional Facilities and the University of Kansas. In our opinion, however, the State shouldn't be in the business of owning land simply to generate income.
- ! *The land provides a buffer zone.* This reason was cited by the Department of Corrections for the Norton Correctional facility, and the Beloit and Atchison Juvenile Correctional Facilities, as well as by the Commission on Veterans' Affairs. If buffer zones are needed for these institutions, we'd expect these agencies to have defined what an appropriate buffer zone is. There are no such guidelines. Without them, agencies can claim any amount of land is needed for a buffer.
- ! *Owning the land helps to protect groundwater from pollution.* This reason was cited by Larned State Hospital and the Commission on Veterans' Affairs. However, owning land to protect groundwater isn't a programmatic function of either of these agencies. Generally the Department of Health and Environment is charged with protecting groundwater from pollution.

Based on agency officials' estimates of the land values, the most valuable piece of surplus land currently held by the State is the former Topeka State Hospital grounds, which agency officials

valued at \$2.2 million. This value may be low, given that several parcels already have sold for at least that amount. See the profile box below for more background information on the Topeka State Hospital closure and an update as to the State's progress in disposing of those grounds.

Status of the Topeka State Hospital Grounds

The 1997 Legislature closed the Topeka State Hospital. In July 1, 1999, State law gave the Department of Administration control and custody over the Topeka State Hospital grounds as well as the authority to operate and maintain the property. In addition, State law gives the Department authority to lease all or any portion of the grounds, and enter into agreements to sell all or any portion of the property.

Because selling the campus in its entirety proved impossible, due to various zoning issues and other obstacles, the Department created a "Master Land Plan" which provided for marketing the property in pieces to attract smaller buyers.

While most of the grounds are offered for sale to private companies, some areas of the campus will remain with the State of Kansas. In November 1999, the Department signed a contract with Kansas Commercial Real Estate Services, Inc., to market the Topeka State Hospital grounds under the new name "Kanza Business and Technology Park."

Since the Topeka State Hospital was closed, more than 81 acres of the 234 acre campus have been sold:

- In June 1997, the Department of Social and Rehabilitation Services sold 18 acres to USD 501 for just over \$1 million.
- The Department of Administration sold the 6th and MacVicar corner parcel (about 12 acres) to a company named Midland Residential Ventures, Inc., for just over \$1 million. However, this sale isn't complete because the Kansas Industries for the Blind must be located to another part of the grounds. When the move is complete, this sale will be finalized. According to Department officials, the company will develop this area into a grocery store and other amenities.
- The Department of Administration sold the 6th and Oakley corner parcel (about 43 acres) to USD 501 for \$1 million. The school will take possession of this property in July of 2001 and turn this parcel into a sports complex.
- The Department also sold an 8.5 acre parcel near the Printing Plant to Eby Reality Group for \$250,000.

In all cases, deeds have not been filed yet, therefore the Department of Administration still owns the entire 234 acres at the Topeka State Hospital grounds.

***Nothing Would Prevent
The State From Trying To
Sell All 4,800 Acres
Identified as Potentially
Surplus, But Location or
Conditions May Make
Some Land Parcels
Difficult to Sell***

We asked agency officials to give us information about any restrictions that might prevent the sale of State-owned parcels of land. For example, a restrictive codicil in the will of a person who had bequeathed land to the State could prevent the State from selling the land. None of the parcels we identified as potentially surplus had these types of restrictions.

Some land parcels did have restrictions on how the sale proceeds can be used, however. Also, agency officials pointed out information about conditions on some land which would make it difficult to sell. At least 830 acres fit in these categories, as follows:

- **600 acres at Lansing Correctional Facility may be difficult to sell because there are at least 2 toxic waste sites on the land.** Department of Corrections officials told us that, years ago, the parcels were used by the facility to dispose of toxic waste, including medical waste and paint. At one time, both parcels were included on the federal Environmental Protection Agency's Superfund list. According to Department officials, neither site is currently being monitored by the EPA.
- **160 acres of land the University of Kansas owns in Miami County could be sold, but the money generated from the sale would need to be used as specified in the donor's will.** The University acquired this land in 1915 through a bequest which stipulated it be leased or sold to provide money to further the education of medical students. The land currently is managed by the University's endowment association and leased to a private farmer. The University hasn't conducted an analysis to determine whether selling the land and investing the sale proceeds would be more beneficial to the University over the long run.
- **72 acres at Kansas Neurological Institute were deeded to the State by the federal government, and any proceeds from the sale would go back to the federal government.** This land originally was donated with the restriction that it could only be used for mental health purposes. The Institute leases the land to the City of Topeka for a nominal sum. The City in turn, has built the Shunga Trail on the property, and also uses the land to provide starter trees for the City and the Institute. If the land were sold, the proceeds would go to the federal government.

Despite the Proposed New Guidelines For Identifying and Selling Surplus Land, State Agencies Will Continue To Have Little Incentive To Identify Surplus Lands

The 2000 Legislature passed a law requiring the Secretary of Administration to:

- ! develop criteria for identifying surplus land
- ! assist State agencies in identifying such land
- ! develop guidelines for the sale of surplus land

That law became effective June 1. Although this law is a good start toward managing potentially surplus land, after reviewing it, we found some weaknesses. For example:

- **The law doesn't set up an independent authority to make the decision about whether potentially surplus land should be sold.** Unless some agency or person is vested with the authority to require agencies to sell potentially surplus land—or at least recommend to some higher authority that it be sold—it's unlikely that much surplus land actually will ever be disposed of.
- **State agencies still may be reluctant to identify surplus lands because they can lease those lands out and generate income for their programs.** For example, the Department of Corrections leases out 1,722 acres at the Lansing and Norton Correctional Facilities which generates more than \$151,000

annually. The Department uses this money to support operations at those facilities. If this property were sold, the agency would lose the income from this lease because the proceeds of the sale would go into the State General Fund. In the absence of a financial incentive for State agencies to sell potentially surplus property, they are unlikely to do so.

Overall, the State owns less potentially surplus land now than it did 24 years ago, but some agencies hold the same surplus acres. The table below shows a comparison of surplus land holdings in 1976 and 2000, and explains why the State owns fewer acres of potentially surplus land.

Comparison of Surplus Lands, 1976 and 2000

Year	Surplus acres owned	% of total acres owned
1976	11,178	10%
2000	4,818	3%

Kansas owns 6,361 fewer potentially surplus acres today than 24 years ago. Here are the main reasons why:

Some land previously identified as surplus is now being used. For example: 3,000 acres at the Department of Wildlife and Parks that was considered to be potentially surplus in 1976 now is being used as a State Park and for wildlife habitat. In addition, 480 acres at Fort Hays University, and about 1,000 acres at Correctional Facilities, are in use compared to before.

Some land has been sold. For example: Kansas State University sold a total of 191 acres located in Clay and Labette Counties and in Pueblo County, Colorado. Those acres had been identified as potentially surplus in 1976.

The table below shows acreage that has been identified in both audits as potentially surplus:

Comparison of Agencies' Surplus Acreage From 1976 To the Present

Agency or Department	Surplus acres reported in 2000	Surplus acres reported in 1976
Lansing Correctional Facility	1,390	2,210
Larned State Hospital	1,104	1,031
Osawatomie State Hospital	795	795
Commission on Veterans' Affairs	216	566
University of Kansas	160	160
Department of Social and Rehabilitation	159	160
Atchison Juvenile Correctional Facility	108	108
Beloit Juvenile Correctional Facility	75	96
Kansas Neurological Institute	72	98
Emporia State University	10	13

Question 4: Is Idle State-Owned Land Being Leased To Others at Market Rates?

At the time of this audit, State agencies leased out about 25,000 acres of State-owned land. More than 23,000 of these acres were leased to private citizens or companies at rates ranging from \$4 to \$110 per acre. All of that land is leased out for agricultural purposes. The Department of Wildlife and Parks leases about 13,000 acres to farmers for agricultural purposes and to establish wildlife habitat for the Department. The other 10,000 acres of State-owned land is leased out for agricultural purposes on a cash-rent basis. About 82% of this land was leased using a competitive bid process, which should ensure it is leased at market rates. For about 1,900 acres that hadn't been competitively bid within the last 5 years, we estimated an annual rental loss of just over \$15,300. Finally, we noted that State agencies lease out all but 389 of the 4,818 acres identified as potentially surplus in Question 3. These and other findings are presented in the sections that follow.

***Of the State-Owned Lands
That Are Leased Out,
Most Are Leased to
Private Citizens or
Companies for
Agricultural Purposes***

Of the more than 335,600 acres of State-owned land, about 25,000 acres are leased out to private interests or to other units of government as described below:

- ❑ **About 1,624 acres are leased out to other units of government.** Typically the State agencies who own this land don't have a current use for it, so they lease it out to other State agencies or local units of government. For example, the Kansas Neurological Institute leases 72 acres to the City of Topeka for a public walking/biking trail for \$1 a year. Because these lands are leased for public purposes, usually at little or no cost, we didn't include them in our review of lease rates for this audit.

- ❑ **Another 13,204 acres are leased out by the Department of Wildlife and Parks to farmers for agricultural purposes and to create wildlife habitat.** For this land, farmers have agreed to harvest only a portion of the crops they plant, and to leave the remainder standing in the field for forage or wildlife habitat. The portion of the crop left standing serves as the Department's compensation for the use of the land. Under these lease arrangements, the Department either doesn't receive cash, or may receive a mixture of cash and in-kind services such as fixing fences and the like. We reviewed these lease arrangements in a 100-hour audit in February 1998, and found

the lease fees generally were for reasonable amounts and the Department had established good procedures for dealing with these lease arrangements. As a result, we didn't include them in our review of lease rates for this audit.

- ❑ **The remaining 10,355 acres are crop and pasture land leased to private interests for cash payments.** These lands are owned by 11 different State agencies, and were leased at rates ranging from \$4 to \$110 per acre. These are the lands we focused our efforts on for this part of the audit.

The Majority of Leased Land Is Competitively Bid, Which Should Help Ensure That the State Receives a Fair Market Rate

For the 10,355 acres of leased land we reviewed, we compared actual lease rates to the average rental rate for cropland estimated by the Kansas Agricultural Statistics Service (KASS)—the Kansas field office of the U.S. Department of Agriculture's National Agricultural Statistics Services. Average rental rates vary, depending on the type and location of the cropland.

We identified 31 leases that were below the average rental rates. For these leases, we followed-up with agency officials to find out why. Usually there was a reasonable explanation. Below are a couple of examples:

- ! **The Department of Wildlife and Parks leases out a 5,077-acre area of pasture and rangeland in the Pratt Sandhills Wildlife Area.** The average rental rate for pasture in that area is nearly \$11 per acre. Yet this land, which was competitively bid, is leased for a little more than \$4 an acre. Some reasons why the winning bid may have been so low: the parcel was quite large—which may have reduced the number of people interested in bidding on it—and the Department limits the number of cattle grazing on the land and the number of days they can graze.
- ! **Norton Correctional Facility leases out 305 acres of non-irrigated cropland for just over \$20 per acre, compared with the average rental rate for cropland in this area of \$30 per acre.** The lease was competitively bid, but successful bidders were limited to planting low-growing crops, and they couldn't leave any motorized equipment on the land overnight. Both restrictions were imposed for security reasons.

In all, almost 8,500 of the 10,355 acres of leased land we reviewed (82%) had been competitively bid. **As the table on the next page shows,** most of these bids went through the Division of Purchases. Besides the bid being posted on the Division of Purchase's website, the State agency also typically advertises it in the local newspaper.

Most Agencies Use Competitive Bidding Regularly, But Others Don't

Agency	Acreage leased to others:	Is the lease competitively bid?	Is the lease let through Division of Purchases?	Is the lease rebid at least every 5 years?	Lease income per acre	Is the lease rate at market?
Agencies that use a competitive bid process to let their leases, and review their lease rates:						
Department of Corrections	1,846 (a)	Yes	Yes	Yes	\$85	Yes
Commission on Veterans' Affairs	530	Yes	Yes	Yes	\$ 8	Yes
Department of Wildlife and Parks	5,077	Yes	Yes	Yes	\$ 4	Yes
Topeka Juvenile Correctional Facility	161	Yes	Yes	Yes	\$67	Yes
Osawatomie State Hospital	728	Yes	Yes	Yes	\$31	Yes
Atchison Juvenile Correctional Facility	40	Yes	Yes	Yes	\$25	Yes
Beloit Juvenile Correctional Facility	71	Yes	Yes	Yes	\$57	Yes
TOTAL	8,453 acres					
Agencies that may or may not use competitive bidding to let leases, or that don't rebid their lease frequently enough:						
Department of Social and Rehabilitation Services	159	Yes	Yes	No	\$27	Lower than market (\$55/acre)
Larned State Hospital	907	Yes	No	No	\$27	At market (\$27/acre)
University of Kansas	160	No	No	No	\$22	Lower than market (\$39/acre)
Kansas State University	676 (b)	No	No	No	\$25	Lower than market (\$37/acre)
TOTAL	1,902 acres					

- (a) The total acreage includes 124 acres of farmland leased out at Winfield Correctional Facility. However, this lease was negotiated by the Department of Social and Rehabilitation Services when the land was in the Department's control.
- (b) Kansas State University Foundation officials told us the lease isn't competitively bid because they couldn't be assured that they'd have a cooperative relationship with the successful bidder. Such a relationship is necessary for the University to continue to use part of the land to conduct research. The land has been leased to the same tenant farmer since the University was given the land in the early 1980's.
- (c) These leases are a combination of crop share or cash rent arrangements between the land owner and tenant. In both cases, we compared the actual income on a per-acre basis to the average cash rental rate where the land is located.

Although State law doesn't require leases to be competitively bid, we'd expect agencies to follow this best practice. When leases are competitively bid, they are awarded to whomever is willing to pay the State the highest cash rent. Although some of the winning rates we saw may have been higher or lower than the average rental rates for the area because they were competitively bid, we considered them to be essentially the market rates.

The 4 agencies that didn't use competitive bids to lease their land, or that didn't rebid their land leases frequently enough, tended to lease their lands at rates below average rental rates. As the table shows, these agencies lease out 1,900 acres, about 1,000 acres of which is leased at below-market rates. None of these leases have been rebid within at least the last 5 years, so their lease rates are less likely to reflect current market rates. We estimated these 4 agencies could be losing about \$15,300 a year.

Nearly All the Land Identified in This Audit as Potentially Surplus Is Leased to Others

As noted in Question 3, we identified 4,818 acres as potentially surplus to State agencies. For this land, State agencies didn't have a current or future planned use for the land.

All but 389 of those acres are leased out. We determined that 61 of the 389 acres could be leased out as farmland generating at least \$1,300 per year in additional rental income.

As Required by Statute, Most Agencies Paid Property Taxes on Land that Isn't Used Exclusively for Agency Purposes

State law requires that property taxes be paid on any State-owned that is leased to a second party for non-exempt purposes. We identified 23,700 acres of State-owned land that's leased out to private citizens or companies for agricultural purposes. To determine if taxes were paid when they should have been, we sampled 7 agencies which own 97% of the land leased to private citizens.

We found that property taxes were paid by all 7 agencies except Lansing Correctional Facility. Department of Correction officials couldn't provide proof of the 1999 property tax payments for the 1,308 acres of land leased out to private citizens. According to an estimate provided by Department of Corrections officials, the amount of unpaid property taxes is about \$2,200 a year. In addition, it's likely that property taxes haven't been paid since 1989, because Lansing Correctional Facility land has been exempted from property taxes since that time.

The Department of Wildlife and Parks most likely overpays property taxes on the land it leases out to private citizens. During fiscal year 1999, the Department paid nearly \$91,000 in property taxes. Department officials told us that most of the land it owns is on the tax rolls even though from one year to the next there may not be a lease agreement with a farmer. Officials cited two reasons for the potential overpayment of property taxes:

- Taking the property on and off the tax rolls would be too time consuming. The process of filing exemptions from property tax in any given year is cumbersome.
- Department officials told us they promised the Legislature that the Department would pay property tax in those counties where it owns land. Officials told us they pay taxes in those counties to avoid eroding the county tax base.

CONCLUSION Kansas doesn't have a good centralized system for inventorying and managing State-owned and leased land. Without such a system, State officials can't make effective, long-term management decisions about this land, such as what land the State needs for current operations, and what land could be disposed of because it isn't needed for current or future State operations. In the absence of a centralized system, individual State agencies have been making decisions on their own, which has resulted in little coordination between agencies that may own potentially surplus land and those that need additional land for agency purposes. We identified 4,800 acres of potentially surplus land that State agencies own. This land should be reviewed to determine whether other agencies need it, or whether it should be sold. The Department of Transportation also may own surplus acreage, but because of the way the Department maintains its records we couldn't readily identify specific surplus parcels.

Although recently passed legislation encourages State agencies to identify and sell surplus land, that law has at least 2 weaknesses. First, it doesn't set up an independent authority to decide whether potentially surplus land should be sold. Second, because the law requires the proceeds from the sale of surplus properties to be deposited into the State General Fund, State agencies have essentially no incentive to identify and dispose of potentially surplus properties. As a result, it seems unlikely that much surplus land will be disposed of. This is evidenced by the fact that some of the same parcels identified as potentially surplus in

this audit were the same parcels identified as such in our 1976 performance audit of State-held lands.

RECOMMENDATIONS

1. To ensure that the State has the information it needs to effectively manage the lands it owns and leases, the Director of Accounts and Reports should do the following:
 - a. gather all the information about State land holdings—including the purpose and use of each land parcel—and about each real estate transaction engaged in by the State, as required by K.S.A. 75-3516(c).
 - b. use that information to update State inventory records at least annually.
 - c. promptly develop criteria for identifying surplus real estate and for the sale of such real estate, as required by House Bill 2017.
 - d. develop a system that would enable State agencies who need land to know about and have the first option to acquire surplus land other agencies own.
2. To ensure that there's a mechanism and incentive for State agencies to dispose of surplus land, the Legislative Post Audit Committee should consider introducing legislation that:
 - a. designates an independent entity to be responsible for considering any legal restrictions associated with the land as well as agencies' justifications for keeping the land, and for making the final decision about whether land identified as surplus should be sold.
 - b. creates a financial incentive for State agencies to identify and dispose of surplus land, such as allowing agencies to keep a portion of the proceeds from land sales.
3. To ensure that the Department of Transportation maintains better records of its land holdings, the Legislative Post Audit Committee should introduce legislation requiring the Department to meet the same real estate reporting requirements as other State agencies.
4. To ensure that the Department of Transportation is effectively managing its land holdings, the Department should:
 - a. assign one individual or Bureau the responsibility for maintaining an up-to-date information system of all lands the agency purchases or condemns in the future.

- b. establish a reasonable schedule for reconstructing accurate records of land purchased or condemned in the past, and add those properties to the information system.
 - c. provide a report to the Legislative Post Audit Committee by June 1, 2001, that describes what schedule the Department has established for bringing its records of land holdings up to date, and what progress it has made in gathering the needed information on parcels purchased or condemned in the past.
 - d. develop a system to identify and dispose of any properties not needed for current or future highway needs.
5. To ensure that these agencies are in compliance with State property tax laws which exempt land used exclusively for State purposes, the Department of Corrections *should* pay taxes on land not used exclusively for State purposes, and the Department of Wildlife and Parks *shouldn't* pay taxes on land used exclusively for State purposes.
6. To ensure that the Department of Wildlife and Parks pays taxes only on land *not* used exclusively for State purposes, the Department should develop an inventory system that would allow it to readily identify when a parcel should be added to or taken off the tax rolls.
7. To ensure that these agencies are leasing out State-owned land at market lease rates, the Department of Social and Rehabilitation Services, the University of Kansas, and Kansas State University should:
 - a. use a valid competitive bid process to let the leases for this land
 - b. re-bid the leases at least every 5 years

APPENDIX A

Scope Statement

This appendix contains the scope statement approved by the Legislative Post Audit Committee for this audit on June 12, 2000. The audit was requested by the Legislative Post Audit Committee.

Approved
SCOPE STATEMENT

Reviewing the Management of State-Held Lands in Kansas

In 1976, Legislative Post Audit conducted an audit of the management of surplus State-held land. At that time, the State owned about 112,000 acres and leased another 219,000 acres, for a total of 331,000 acres. The audit found that a complete and accurate inventory of State land holdings didn't exist, and it also identified 11,179 acres of land that was potentially surplus. Based on recent conversations with officials in the Department of Administration, it appears that there's no centralized record of land holdings or centralized information about lease rates or income generated from land leased to private landowners.

A performance audit of this area would answer the following questions:

- 1. How much land is owned or leased by various agencies of the State of Kansas, and where is that land located?** To answer this question, we'd query the Computer Assisted Mass Appraisal (CAMA) system at the Department of Revenue's Division of Property Valuation to identify all land in Kansas that is owned by the State or one of its agencies. We'd break that information down by agency, by county and by number of acres. To identify any land owned outside the State of Kansas, we'd survey agencies such as the universities, that might be likely to have out-of-State land holdings. For leased land, we'd survey State agencies to determine the location of the leases, the reasons for leasing the land from private land owners, and the current lease rates.
- 2. What are the current and planned uses of land owned by State agencies, and is there a potential for disposing of idle land that isn't needed for State operations?** Once we've obtained information about each agency's land holdings, we'd ask agency officials to identify the current use of each parcel of land and any planned changes in that use over the short and long term. We'd also ask them to identify such things as which parcels are leased out and what the lease rates are, as well as any parcels that are surplus and could be disposed of. We'd follow up with agency officials on any parcels that don't appear to have a specific use, and that weren't identified as being potentially surplus. We'd conduct additional work as needed.
- 3. Is idle State-owned land being leased at market rates?** In answering this question, we'd review income records for a sample of State-owned land that's leased to private individuals or entities. We'd look at the lease rates in effect and determine how frequently they are reviewed and adjusted to reflect market condition. For a sample of leased parcels, we'd contact local real estate officials to determine whether the rates are reasonably close to market rates. For a sample of parcels that aren't generating any income for the State, we'd investigate why those parcels aren't generating income, and what's been done to try to lease them. We'd conduct additional work as needed.

Estimated time to complete: 12-15 weeks

APPENDIX B

Inventory of State-Held Land by County and Agency

This appendix contains an inventory of State-owned and State-leased land in all 105 Kansas counties and out of state. For each county and out of state, the number of acres that individual agencies own and/or lease are identified. This appendix over-reports the total acreage by 1,613 acres compared to the chart on page9 of the report because this appendix includes acres that some agencies lease from other State agencies who reported the same acreage as “owned.” This data was compiled from agency responses to our land survey.

**Summary of State-Held Lands by County and Agency
As of July 1, 2000**

County	Agency Name	Acres Owned	Acres Leased	Total Acres
<u>Allen</u>				
	Adjutant General Department	4.0		4.0
	Transportation, Department of	1516.6		1516.6
	Wildlife and Parks, Department of	85.0		85.0
	Total	1605.6		1605.6
<u>Anderson</u>				
	Adjutant General Department	2.0		2.0
	Transportation, Department of	1196.3		1196.3
	Wildlife and Parks, Department of	327.0		327.0
	Total	1525.3		1525.3
<u>Atchison</u>				
	Adjutant General Department	5.0		5.0
	Atchison Juvenile Correctional Facility	160.0		160.0
	Human Resources, Department of	0.2		0.2
	Transportation, Department of	1395.4		1395.4
	Wildlife and Parks, Department of	248.0	2113.0	2361.0
	Total	1808.6	2113.0	3921.6
<u>Barber</u>				
	Adjutant General Department	2.7		2.7
	Transportation, Department of	1487.1		1487.1
	Wildlife and Parks, Department of	230.0		230.0
	Total	1719.8		1719.8
<u>Barton</u>				
	Adjutant General Department	1.9	1.9	3.8
	Historical Society, State	5.0		5.0
	Investigation, Kansas Bureau of (KBI)	0.0	1.3	1.3
	Transportation, Department of	1855.1		1855.1
	Wildlife and Parks, Department of	19857.0		19857.0
	Total	21719.0	3.2	21722.2
<u>Bourbon</u>				
	Adjutant General Department	1.8		1.8
	Transportation, Department of	2431.7		2431.7
	Wildlife and Parks, Department of	2812.0		2812.0
	Total	5245.5		5245.5
<u>Brown</u>				
	Adjutant General Department	3.6	0.5	4.1
	Kansas State University (KSU)	0.0	160.0	160.0
	Transportation, Department of	2074.2		2074.2
	Wildlife and Parks, Department of	189.0		189.0
	Total	2266.8	160.5	2427.4
<u>Butler</u>				

County	Agency Name	Acres Owned	Acres Leased	Total Acres
	Adjutant General Department	2.1		2.1
	Development Finance Authority, Kansas	615.0		615.0
	El Dorado Correctional Facility	0.0	648.6	648.6
	Transportation, Department of	3559.8		3559.8
	University of Kansas (KU)	160.0		160.0
	Wildlife and Parks, Department of	351.0	8257.0	8608.0
	Total	4687.9	8905.6	13593.5
<u>Chase</u>				
	Kansas State University (KSU)	676.2		676.2
	Transportation, Department of	937.5		937.5
	Wildlife and Parks, Department of	492.0		492.0
	Total	2105.7		2105.7
<u>Chautauqua</u>				
	Transportation, Department of	997.8		997.8
	Total	997.8		997.8
<u>Cherokee</u>				
	Kansas State University (KSU)	83.9	49.0	132.9
	Pittsburg State University (PSU)	28.0		28.0
	Transportation, Department of	2044.0		2044.0
	Wildlife and Parks, Department of	12855.0		12855.0
	Total	15010.9	49.0	15059.9
<u>Cheyenne</u>				
	Transportation, Department of	1409.6		1409.6
	Wildlife and Parks, Department of	1480.0		1480.0
	Total	2889.6		2889.6
<u>Clark</u>				
	Transportation, Department of	1703.8		1703.8
	Wildlife and Parks, Department of	3099.0		3099.0
	Total	4802.8		4802.8
<u>Clay</u>				
	Adjutant General Department	1.7		1.7
	Transportation, Department of	1199.6	2.2	1201.9
	Wildlife and Parks, Department of	54.0	12250.0	12304.0
	Total	1255.4	12252.2	13507.6
<u>Cloud</u>				
	Adjutant General Department	7.1		7.1
	Transportation, Department of	2826.7	0.2	2827.0
	Wildlife and Parks, Department of	1480.0		1480.0
	Total	4313.8	0.2	4314.1
<u>Coffey</u>				
	Adjutant General Department	1.7		1.7
	Transportation, Department of	1470.0		1470.0
	Wildlife and Parks, Department of	0.0	1637.0	1637.0
	Total	1471.8	1637.0	3108.8
<u>Comanche</u>				
	Transportation, Department of	622.8		622.8
	Wildlife and Parks, Department of	120.0		120.0
	Total	742.8		742.8

County	Agency Name	Acres Owned	Acres Leased	Total Acres
<u>Cowley</u>				
	Adjutant General Department	2.0		2.0
	Human Resources, Department of	0.3		0.3
	Transportation, Department of	2986.1		2986.1
	Veterans Affairs, Kansas Commission	192.5		192.5
	Wildlife and Parks, Department of	198.0	4341.0	4539.0
	Winfield Correctional Facility/WWRF	217.8		217.8
	Total	3596.7	4341.0	7937.7
<u>Crawford</u>				
	Adjutant General Department	2.2		2.2
	Human Resources, Department of	0.4		0.4
	Investigation, Kansas Bureau of (KBI)	0.0	0.6	0.6
	Pittsburg State University (PSU)	449.0	1.0	450.0
	Transportation, Department of	1554.6		1554.6
	Wildlife and Parks, Department of	2588.0	510.0	3098.0
	Total	4594.2	511.6	5105.8
<u>Decatur</u>				
	Transportation, Department of	1584.0		1584.0
	Wildlife and Parks, Department of	40.0		40.0
	Total	1624.0		1624.0
<u>Dickinson</u>				
	Wildlife and Parks, Department of	5.0	1460.0	1465.0
	Adjutant General Department	1.6		1.6
	Transportation, Department of	2355.4	1.4	2356.8
	Total	2362.0	1461.4	3823.4
<u>Doniphan</u>				
	Adjutant General Department	1.9		1.9
	Historical Society, State	10.0		10.0
	Transportation, Department of	1793.9		1793.9
	Wildlife and Parks, Department of	204.0		204.0
	Total	2009.8		2009.8
<u>Douglas</u>				
	Adjutant General Department	3.6		3.6
	Historical Society, State	0.3		0.3
	Human Resources, Department of	0.2		0.2
	Transportation, Department of	1906.6		1906.6
	University of Kansas (KU)	607.7		607.7
	Wildlife and Parks, Department of	738.0	10643.0	11381.0
	Total	3256.5	10643.0	13899.5
<u>Edwards</u>				
	Transportation, Department of	954.1	0.3	954.3
	University of Kansas (KU)	320.0		320.0
	Wildlife and Parks, Department of	40.0		40.0
	Total	1314.1	0.3	1314.3
<u>Elk</u>				

County	Agency Name	Acres Owned	Acres Leased	Total Acres
	Transportation, Department of	549.7		549.7
	Total	549.7		549.7
Ellis				
	Adjutant General Department	3.2	0.7	3.9
	Fort Hays State University (FHSU)	4125.6		4125.6
	Historical Society, State	194.4		194.4
	Human Resources, Department of	0.5		0.5
	Kansas State University (KSU)	5666.1	480.0	6146.1
	Transportation, Department of	1830.1		1830.1
	Wildlife and Parks, Department of	0.0	2.0	2.0
	Total	11820.0	482.7	12302.6
Ellsworth				
	Development Finance Authority, Kansas	57.4		57.4
	Ellsworth Correctional Facility	11.3	62.8	74.0
	Transportation, Department of	2274.2		2274.2
	Wildlife and Parks, Department of	5.0	6678.0	6683.0
	Total	2347.8	6740.8	9088.6
Finney				
	Adjutant General Department	3.3	5.2	8.5
	Human Resources, Department of	0.2		0.2
	Kansas State University (KSU)	235.2	675.3	910.5
	Transportation, Department of	1914.8	0.2	1915.0
	Wildlife and Parks, Department of	5373.0		5373.0
	Total	7526.5	680.7	8207.2
Ford				
	Adjutant General Department	2.4		2.4
	Human Resources, Department of	0.3		0.3
	Transportation, Department of	2820.2		2820.2
	University of Kansas (KU)	640.0		640.0
	Veterans Affairs, Kansas Commission on	769.3		769.3
	Wildlife and Parks, Department of	1294.0	53.7	1347.7
	Total	5526.2	53.7	5579.9
Franklin				
	Adjutant General Department	2.5		2.5
	Kansas State University (KSU)	0.0	170.0	170.0
	Transportation, Department of	1924.8		1924.8
	Wildlife and Parks, Department of	194.0		194.0
	Total	2121.3	170.0	2291.3
Geary				
	Adjutant General Department	4.1		4.1
	Historical Society, State	0.0	1.0	1.0
	Kansas State University (KSU)	0.0	1070.6	1070.6
	Transportation, Department of	2462.5		2462.5
	Wildlife and Parks, Department of	457.0	6412.0	6869.0
	Total	2923.6	7483.6	10407.2

County	Agency Name	Acres Owned	Acres Leased	Total Acres
<u>Gove</u>				
	Transportation, Department of	1651.8		1651.8
	Wildlife and Parks, Department of	160.0		160.0
	Total	1811.8		1811.8
<u>Graham</u>				
	Transportation, Department of	1311.6	1.5	1313.1
	Total	1311.6	1.5	1313.1
<u>Grant</u>				
	Transportation, Department of	819.3		819.3
	Total	819.3		819.3
<u>Gray</u>				
	Transportation, Department of	1497.9		1497.9
	Total	1497.9		1497.9
<u>Greeley</u>				
	Kansas State University (KSU)	229.4	103.0	332.4
	Transportation, Department of	926.3		926.3
	Wildlife and Parks, Department of	0.0	900.0	900.0
	Total	1155.7	1003.0	2158.7
<u>Greenwood</u>				
	Emporia State University (ESU)	50.6		50.6
	Transportation, Department of	2586.8		2586.8
	Wildlife and Parks, Department of	64.0	12927.0	12991.0
	Total	2701.4	12927.0	15628.4
<u>Hamilton</u>				
	Transportation, Department of	916.3		916.3
	Wildlife and Parks, Department of	451.0	226.0	677.0
	Total	1367.3	226.0	1593.3
<u>Harper</u>				
	Transportation, Department of	1316.9		1316.9
	Total	1316.9		1316.9
<u>Harvey</u>				
	Adjutant General Department	1.9		1.9
	Kansas State University (KSU)	0.0	222.0	222.0
	Transportation, Department of	1560.1		1560.1
	Total	1562.0	222.0	1784.0
<u>Haskell</u>				
	Transportation, Department of	1198.3	2.1	1200.5
	Total	1198.3	2.1	1200.5
<u>Hodgeman</u>				
	Transportation, Department of	933.7		933.7
	Wildlife and Parks, Department of	254.0		254.0
	Total	1187.7		1187.7
<u>Jackson</u>				
	Adjutant General Department	3.3		3.3
	Transportation, Department of	1747.1		1747.1
	Wildlife and Parks, Department of	0.0	42.0	42.0
	Total	1750.4	42.0	1792.4

County	Agency Name	Acres Owned	Acres Leased	Total Acres
<u>Jefferson</u>				
	Transportation, Department of	2392.2		2392.2
	University of Kansas (KU)	211.9		211.9
	Wildlife and Parks, Department of	0.0	12394.0	12394.0
	Total	2604.1	12394.0	14998.1
<u>Jewell</u>				
	Adjutant General Department	2.8		2.8
	Transportation, Department of	1750.5		1750.5
	Wildlife and Parks, Department of	685.0	6341.0	7026.0
	Total	2438.3	6341.0	8779.3
<u>Johnson</u>				
	Adjutant General Department	27.8		27.8
	Commerce & Housing, Department of	3.0		3.0
	Historical Society, State	12.0		12.0
	Investigation, Kansas Bureau of (KBI)		0.3	0.3
	School for the Deaf, Kansas State	16.0		16.0
	Transportation, Department of	4399.3		4399.3
	University of Kansas (KU)	253.0		253.0
	Wildlife and Parks, Department of	300.0		300.0
	Total	5011.0	0.3	5011.3
<u>Kearny</u>				
	Transportation, Department of	970.4		970.4
	Wildlife and Parks, Department of	440.0		440.0
	Total	1410.4		1410.4
<u>Kingman</u>				
	Adjutant General Department	3.1		3.1
	Kansas State University (KSU)	50.9		50.9
	Transportation, Department of	1982.7		1982.7
	Wildlife and Parks, Department of	4529.0	600.0	5129.0
	Total	6565.7	600.0	7165.7
<u>Kiowa</u>				
	Transportation, Department of	1048.0		1048.0
	Wildlife and Parks, Department of	43.0		43.0
	Total	1091.0		1091.0
<u>Labette</u>				
	Kansas State University (KSU)	872.8	198.0	1070.8
	Parsons State Hospital and Training Center	163.9	11.0	174.9
	Transportation, Department of	2112.8		2112.8
	Wildlife and Parks, Department of	1502.0		1502.0
	Total	4651.4	209.0	4860.4
<u>Lane</u>				
	Transportation, Department of	1266.0		1266.0
	Wildlife and Parks, Department of	362.0		362.0
	Total	1628.0		1628.0
<u>Leavenworth</u>				

County	Agency Name	Acres Owned	Acres Leased	Total Acres
	Adjutant General Department	0.0	42.9	42.9
	Human Resources, Department of	0.2		0.2
	Lansing Correctional Facility	2628.8		2628.8
	Transportation, Department of	1566.2		1566.2
	Wildlife and Parks, Department of	507.0		507.0
	Total	4702.2	42.9	4745.1
<u>Lincoln</u>				
	Transportation, Department of	1534.1		1534.1
	Total	1534.1		1534.1
<u>Linn</u>				
	Historical Society, State	340.0		340.0
	Transportation, Department of	1427.6		1427.6
	Wildlife and Parks, Department of	7332.0	3195.0	10527.0
	Total	9099.6	3195.0	12294.6
<u>Logan</u>				
	Transportation, Department of	1541.1	161.0	1702.1
	Wildlife and Parks, Department of	336.0		336.0
	Total	1877.1	161.0	2038.1
<u>Lyon</u>				
	Adjutant General Department	2.6		2.6
	Emporia State University (ESU)	515.0		515.0
	Human Resources, Department of	0.4		0.4
	Transportation, Department of	1641.4		1641.4
	Wildlife and Parks, Department of	583.0	702.2	1285.2
	Total	2742.4	702.2	3444.7
<u>Marion</u>				
	Transportation, Department of	2065.0		2065.0
	Wildlife and Parks, Department of	0.0	4628.0	4628.0
	Total	2065.0	4628.0	6693.0
<u>Marshall</u>				
	Adjutant General Department	2.1		2.1
	Transportation, Department of	2062.5		2062.5
	Wildlife and Parks, Department of	163.0	5031.0	5194.0
	Total	2227.6	5031.0	7258.6
<u>McPherson</u>				
	Adjutant General Department	2.4		2.4
	Transportation, Department of	2475.8		2475.8
	Wildlife and Parks, Department of	5689.0		5689.0
	Total	8167.2		8167.2
<u>Meade</u>				
	Transportation, Department of	1360.7		1360.7
	Wildlife and Parks, Department of	1322.0		1322.0
	Total	2682.7		2682.7
<u>Miami</u>				
	Historical Society, State		1.0	1.0
	Lansing Correctional Facility		8.3	8.3

County	Agency Name	Acres Owned	Acres Leased	Total Acres
	Osawatomie State Hospital	966.7		966.7
	Transportation, Department of	3231.5		3231.5
	University of Kansas (KU)	160.0		160.0
	Wildlife and Parks, Department of	408.0	9508.0	9916.0
	Total	4766.3	9517.3	14283.6
<u>Mitchell</u>				
	Beloit Juvenile Correctional Facility	99.6		99.6
	Transportation, Department of	1207.5		1207.5
	Wildlife and Parks, Department of	0.0	23540.0	23540.0
	Total	1307.1	23540.0	24847.1
<u>Montgomery</u>				
	Adjutant General Department	4.5		4.5
	Transportation, Department of	2782.9		2782.9
	Wildlife and Parks, Department of	2220.0	15457.0	17677.0
	Total	5007.4	15457.0	20464.4
<u>Morris</u>				
	Adjutant General Department	1.7		1.7
	Historical Society, State	3.0		3.0
	Transportation, Department of	1386.3		1386.3
	Wildlife and Parks, Department of	0.0	2638.0	2638.0
	Total	1391.0	2638.0	4029.0
<u>Morton</u>				
	Transportation, Department of	1012.4		1012.4
	Total	1012.4		1012.4
<u>Nemaha</u>				
	Adjutant General Department	2.4		2.4
	Transportation, Department of	1355.7		1355.7
	Wildlife and Parks, Department of	710.0		710.0
	Total	2068.1		2068.1
<u>Neosho</u>				
	Adjutant General Department	3.5		3.5
	Human Resources, Department of	0.2		0.2
	Social and Rehabilitation Services, Dept of	49.7		49.7
	Transportation, Department of	1910.6		1910.6
	Wildlife and Parks, Department of	4191.0		4191.0
	Total	6155.0		6155.0
<u>Ness</u>				
	Transportation, Department of	1766.2		1766.2
	Wildlife and Parks, Department of	0.0	265.0	265.0
	Total	1766.2	265.0	2031.2
<u>Norton</u>				
	Adjutant General Department	5.6		5.6
	Norton Correctional Facility	643.9		643.9
	Transportation, Department of	1851.5		1851.5
	Wildlife and Parks, Department of	0.0	8217.0	8217.0

County	Agency Name	Acres Owned	Acres Leased	Total Acres
	Total	2501.0	8217.0	10718.0
<u>Osage</u>				
	Transportation, Department of	2480.6		2480.6
	Wildlife and Parks, Department of	664.0	11515.0	12179.0
	Total	3144.6	11515.0	14659.6
<u>Osborne</u>				
	Transportation, Department of	1388.8		1388.8
	Wildlife and Parks, Department of	0.0	2910.0	2910.0
	Total	1388.8	2910.0	4298.8
<u>Ottawa</u>				
	Transportation, Department of	1479.2		1479.2
	Wildlife and Parks, Department of	711.0		711.0
	Total	2190.2		2190.2
<u>Pawnee</u>				
	Adjutant General Department	2.8		2.8
	Development Finance Authority, Kansas	0.0	104.2	104.2
	Larned Correctional Mental Health Facility	0.0	104.2	104.2
	Larned State Hospital	1519.2		1519.2
	Transportation, Department of	1512.2		1512.2
	University of Kansas (KU)	320.0		320.0
	Total	3354.2	208.4	3562.6
<u>Phillips</u>				
	Adjutant General Department	4.6		4.6
	Transportation, Department of	1673.7		1673.7
	Wildlife and Parks, Department of	800.0		800.0
	Total	2478.3		2478.3
<u>Pottawatomie</u>				
	Kansas State University (KSU)	9.6	22.5	32.1
	Transportation, Department of	2253.7	73.1	2326.8
	Wildlife and Parks, Department of	484.0	10513.0	10997.0
	Total	2747.3	10608.6	13355.9
<u>Pratt</u>				
	Adjutant General Department	1.7		1.7
	Transportation, Department of	1256.3		1256.3
	Wildlife and Parks, Department of	6735.0		6735.0
	Total	7993.0		7993.0
<u>Rawlins</u>				
	Transportation, Department of	1226.8		1226.8
	Total	1226.8		1226.8
<u>Reno</u>				
	Adjutant General Department	6.9		6.9
	Fair, Kansas State	286.2		286.2
	Human Resources, Department of	0.5		0.5
	Hutchinson Correctional Facility	467.1		467.1
	Kansas State University (KSU)	155.3	7.0	162.3

County	Agency Name	Acres Owned	Acres Leased	Total Acres
	Transportation, Department of	3251.0		3251.0
	University of Kansas (KU)	18.9		18.9
	Wildlife and Parks, Department of	1223.0	11232.0	12455.0
	Total	5408.9	11239.0	16647.9
<u>Republic</u>				
	Adjutant General Department	2.5		2.5
	Historical Society, State	11.2		11.2
	Kansas State University (KSU)	0.0	186.4	186.4
	Transportation, Department of	1440.6		1440.6
	Wildlife and Parks, Department of	2408.0		2408.0
	Total	3862.3	186.4	4048.7
<u>Rice</u>				
	Historical Society, State	80.0		80.0
	Transportation, Department of	1188.1		1188.1
	University of Kansas (KU)	80.0		80.0
	Total	1348.1		1348.1
<u>Riley</u>				
	Adjutant General Department	4.8		4.8
	Historical Society, State	1.2		1.2
	Human Resources, Department of	0.2		0.2
	Kansas State University (KSU)	6175.3	12459.5	18634.8
	Transportation, Department of	2237.8	0.1	2237.9
	Wildlife and Parks, Department of	137.0	4201.0	4338.0
	Total	8556.3	16660.6	25216.9
<u>Rooks</u>				
	Norton Correctional Facility	20.0		20.0
	Transportation, Department of	1637.0	2.5	1639.5
	Wildlife and Parks, Department of	2281.0	10379.0	12660.0
	Total	3938.0	10381.5	14319.5
<u>Rush</u>				
	Transportation, Department of	1406.2	6.6	1412.8
	Total	1406.2	6.6	1412.8
<u>Russell</u>				
	Adjutant General Department	2.1		2.1
	Transportation, Department of	2231.6		2231.6
	Wildlife and Parks, Department of	1049.0	7935.0	8984.0
	Total	3282.7	7935.0	11217.7
<u>Saline</u>				
	Adjutant General Department	6.5	3648.0	3654.5
	Development Finance Authority, Kansas	166.0		166.0
	Highway Patrol	0.0	166.0	166.0
	Historical Society, State	0.2		0.2
	Human Resources, Department of	0.4		0.4
	Kansas State University (KSU)	115.2		115.2
	Transportation, Department of	2442.9	4.1	2447.0

County	Agency Name	Acres Owned	Acres Leased	Total Acres
	Wildlife and Parks, Department of	78.0		78.0
	Total	2809.3	3818.1	6627.4
Scott				
	Transportation, Department of	1185.0		1185.0
	Wildlife and Parks, Department of	1578.0		1578.0
	Total	2763.0		2763.0
Sedgwick				
	Adjutant General Department	10.1		10.1
	Development Finance Authority, Kansas	0.7		0.7
	Highway Patrol	4.0		4.0
	Human Resources, Department of	0.8		0.8
	Kansas State University (KSU)	115.5		115.5
	Transportation, Department of	5259.2		5259.2
	University of Kansas (KU)	0.0		0.0
	Wichita State University (WSU)	171.9		171.9
	Wildlife and Parks, Department of	151.0	200.0	351.0
	Winfield Correctional Facility/WWRF	0.0	0.7	0.7
	Transportation, Department of	0.2		0.2
	Total	5713.4	200.7	5914.1
Seward				
	Adjutant General Department	4.0		4.0
	Transportation, Department of	1294.6		1294.6
	Wildlife and Parks, Department of	80.0		80.0
	Total	1378.6		1378.6
Shawnee				
	Adjutant General Department	91.3	30	121.3
	Administration, Department of	340.0		340.0
	Agriculture, Department of	1.8		1.8
	Development Finance Authority, Kansas	1.7		1.7
	Governor	244.0		244.0
	Historical Society, State	81.4		81.4
	Human Resources, Department of	3.6		3.6
	Insurance Department	0.0	0.5	0.5
	Investigation, Kansas Bureau of (KBI)	0.0	1.2	1.2
	Judicial Branch	0.0	15.0	15.0
	Kansas Neurological Institute	221.9		221.9
	Kansas State University (KSU)	160.0		160.0
	Social and Rehabilitation Services, Dept of	3.7		3.7
	Topeka Correctional Facility	89.5	0.9	90.4
	Topeka Youth Center	329.0		329.0
	Transportation, Department of	2611.5	84.1	2695.6
	Wildlife and Parks, Department of	691.0	0.6	691.6
	Total	4870.3	132.3	5002.6
Sheridan				

County	Agency Name	Acres Owned	Acres Leased	Total Acres
	Historical Society, State	23.0		23.0
	Transportation, Department of	1507.9		1507.9
	Wildlife and Parks, Department of	793.0		793.0
	Total	2323.9		2323.9
<u>Sherman</u>				
	Adjutant General Department	5.0		5.0
	Transportation, Department of	1712.0		1712.0
	Wildlife and Parks, Department of	1547.0		1547.0
	Total	3264.0		3264.0
<u>Smith</u>				
	Adjutant General Department	2.1		2.1
	Transportation, Department of	2065.2		2065.2
	Wildlife and Parks, Department of	320.0		320.0
	Total	2387.3		2387.3
<u>Stafford</u>				
	Kansas State University (KSU)	0.0	320.0	320.0
	Social and Rehabilitation Services, Dept of	158.8		158.8
	Transportation, Department of University of Kansas (KU)	1003.5		526.0
	Total	1688.3	320.0	2008.3
<u>Stanton</u>				
	Transportation, Department of	718.9		718.9
	Total	718.9		718.9
<u>Stevens</u>				
	Transportation, Department of	1029.3		1029.3
	Wildlife and Parks, Department of	332.0		332.0
	Total	1361.3		1361.3
<u>Sumner</u>				
	Kansas State University (KSU)	0.0	50.0	50.0
	Transportation, Department of	2234.8		2234.8
	Wildlife and Parks, Department of	907.0		907.0
	Total	3141.8	50.0	3191.8
<u>Thomas</u>				
	Adjutant General Department	2.4		2.4
	Kansas State University (KSU)	760.0	49.0	809.0
	Transportation, Department of	2698.8		2698.8
	Total	3461.2	49.0	3510.2
<u>Trego</u>				
	Transportation, Department of	1819.5		1819.5
	Wildlife and Parks, Department of	0.0	13974.0	13974.0
	Total	1819.5	13974.0	15793.5
<u>Wabaunsee</u>				
	Transportation, Department of	1736.2		1736.2
	Wildlife and Parks, Department of	640.0		640.0
	Total	2376.2		2376.2
<u>Wallace</u>				

County	Agency Name	Acres Owned	Acres Leased	Total Acres
	Transportation, Department of	977.0	71.2	1048.2
	Total	977.0	71.2	1048.2
Washington				
	Historical Society, State	47.5		47.5
	Kansas State University (KSU)	0.0	30.0	30.0
	Transportation, Department of	1924.6		1924.6
	Wildlife and Parks, Department of	461.0		461.0
	Total	2433.1	30.0	2463.1
Wichita				
	Transportation, Department of	742.2		742.2
	Total	742.2		742.2
Wilson				
	Transportation, Department of	2040.6		2040.6
	Wildlife and Parks, Department of	291.0		291.0
	Total	2331.6		2331.6
Woodson				
	Adjutant General Department	1.9		1.9
	El Dorado Correctional Facility	0.0	10.0	10.0
	Transportation, Department of	952.4		952.4
	Wildlife and Parks, Department of	2885.0	2435.0	5320.0
	Total	3839.3	2445.0	6284.3
Wyandotte				
	Adjutant General Department	20.1		20.1
	Historical Society, State	8.2		8.2
	Human Resources, Department of	0.2		0.2
	Rainbow Mental Health Facility	11.3		11.3
	School for the Blind, Kansas State	9.6		9.6
	Transportation, Department of	2847.2		2847.2
	University of Kansas Medical Center (KUMC)	46.7		46.7
	Wildlife and Parks, Department of	48.0		48.0
	Total	2991.3		2991.3
Out of State				
	Social and Rehabilitation Services, Dept of	0.5		0.5
	University of Kansas (KU)	0.0	4.0	4.0
	Total	0.5	4.0	4.5
STATE TOTAL		335,610.4	257,797.4	593,407.8 (a)

(a) The total acreage is overstated because certain lands are counted within the "leased from" column and the "owned" column.

Source: LPA database built from agency responses to our land survey

APPENDIX C

Inventory of State-Held Land by Agency and Use

This appendix contains an inventory of State-owned and State-leased land for all 42 agencies that own or lease land from other entities. Within each agency, the number of acres that individual agencies own and/or lease are classified into several uses. This appendix over-reports the total acreage by 1,613 acres compared to the [chart on page 9](#) of the report because this appendix includes acres that some agencies lease from other State agencies who reported the same acreage as “owned.” This data was compiled from agency responses to our land survey.

Uses of State Owned Land By Agency as of July 1, 2000

Agency	Current Use	Acres Owned	Acres Leased	Total Acres	Percent of Total Acres
Adjutant General Department					
	Agency Building/Office	292.9	134.7	427.6	10.6%
	Other	0.0	3,594.5	3,594.5	89.4%
	Total	292.9	3,729.2	4,022.1	100.0%
Agriculture, Department of					
	None	1.8	0.0	1.8	100.0%
	Total	1.8	0.0	1.8	100.0%
Administration, Department of					
	Agency Building/Office	76.9	0.0	76.9	22.6%
	None	248.1	0.0	248.1	73.0%
	Parking lot	15.0	0.0	15.0	4.4%
	Total	340.0	0.0	340.0	100.0%
Atchison Juvenile Correctional Facility					
	Agency Building/Office	42.0	0.0	42.0	26.3%
	None	118.0	0.0	118.0	73.8%
	Total	160.0	0.0	160.0	100.0%
Beloit Juvenile Correctional Facility					
	Agency Building/Office	24.5	0.0	24.5	24.6%
	None	75.1	0.0	75.1	75.4%
	Total	99.6	0.0	99.6	100.0%
Commerce & Housing, Department of					
	Agency Building/Office	3.0	0.0	3.0	100.0%
	Total	3.0	0.0	3.0	100.0%
Development Finance Authority, Kansas					
	Other	840.7	104.2	944.9	100.0%
	Total	840.7	104.2	944.9	100.0%
El Dorado Correctional Facility					
	Agency Building/Office	0.0	658.6	658.6	100.0%
	Total	0.0	658.6	658.6	100.0%
Ellsworth Correctional Facility					
	Agriculture	11.3	0.0	11.3	15.3%
	Agency Building/Office	0.0	57.4	57.4	77.5%
	Other	0.0	5.4	5.4	7.3%
	Total	11.3	62.8	74.1	100.0%
Emporia State University (ESU)					
	Agency Building/Office	252.1	0.0	252.1	44.6%
	None	14.9	0.0	14.9	2.6%
	Other	6.0	0.0	6.0	1.1%
	Research/Classroom Instruction	292.6	0.0	292.6	51.7%
	Total	565.6	0.0	565.6	100.0%
Fair, Kansas State					
	Agency Building/Office	120.2	0.0	120.2	42.0%
	Parking lot	166.0	0.0	166.0	58.0%
	Total	286.2	0.0	286.2	100.0%
Fort Hays State University (FHSU)					

Agency	Current Use	Acres Owned	Acres Leased	Total Acres	Percent of Total Acres
	Agency Building/Office	374.7	0.0	374.7	9.1%
	Agriculture	3,216.0	0.0	3,216.0	78.0%
	Other	54.9	0.0	54.9	1.3%
	Research/Classroom Instruction	480.0	0.0	480.0	11.6%
Governor	Total	4,125.6	0.0	4,125.6	100.0%
	Historic Site	20.0	0.0	20.0	8.2%
	State Park	224.0	0.0	224.0	91.8%
	Total	244.0	0.0	244.0	100.0%
Highway Patrol	Agency Building/Office	2.0	166.0	168.0	98.8%
	Other	2.0	0.0	2.0	1.2%
	Total	4.0	166.0	170.0	100.0%
Historical Society, State	Agency Building/Office	81.4	0.0	81.4	9.9%
	Historic Site	655.8	2.0	657.8	80.3%
	None	80.0	0.0	80.0	9.8%
	Other	0.3	0.0	0.3	0.0%
	Total	817.5	2.0	819.5	100.0%
Human Resources, Department of	Agency Building/Office	7.7	0.0	7.7	89.5%
	Parking lot	0.9	0.0	0.9	10.5%
	Total	8.6	0.0	8.6	100.0%
Hutchinson Correctional Facility	Agency Building/Office	156.4	0.0	156.4	33.5%
	Agriculture	310.7	0.0	310.7	66.5%
	Total	467.1	0.0	467.1	100.0%
Insurance Department	Agency Building/Office	0.0	0.5	0.5	100.0%
	Total	0.0	0.5	0.5	100.0%
Investigation, Kansas Bureau of (KBI)	Agency Building/Office	0.0	3.4	3.4	100.0%
	Total	0.0	3.4	3.4	100.0%
Judicial Branch	Agency Building/Office	0.0	15.0	15.0	100.0%
	Total	0.0	15.0	15.0	100.0%
Kansas Neurological Institute	Agency Building/Office	149.9	0.0	149.9	67.6%
	None	72.0	0.0	72.0	32.4%
	Total	221.9	0.0	221.9	100.0%
Kansas State University (KSU)	Agency Building/Office	771.6	0.0	771.6	2.4%
	Agriculture	14,172.3	16,075.8	30,248.1	95.9%
	Other	33.3	22.5	55.8	0.2%
	Parking lot	20.5	0.0	20.5	0.1%
	Radio Tower Site	1.0	0.0	1.0	0.0%
	Recreation/Park	306.7	0.0	306.7	1.0%
	None	0.0	154.0	154.0	0.5%
	Total	15,305.5	16,252.3	31,557.8	100.0%
Lansing Correctional Facility					

Agency	Current Use	Acres Owned	Acres Leased	Total Acres	Percent of Total Acres
	Agency Building/Office	601.0	8.3	609.3	23.1%
	Agriculture	125.0	0.0	125.0	4.7%
	None	1,389.5	0.0	1,389.5	52.7%
	Other	513.3	0.0	513.3	19.5%
Total		2,628.8	8.3	2,637.1	100.0%
Larned Correctional Mental Health Facility					
	Agency Building/Office	0.0	70.8	70.8	67.9%
	None	0.0	33.4	33.4	32.1%
Total		0.0	104.2	104.2	100.0%
Larned State Hospital					
	Agency Building/Office	234.4	0.0	234.4	15.4%
	None	1,180.6	0.0	1,180.6	77.7%
	Other	104.2	0.0	104.2	6.9%
Total		1,519.2	0.0	1,519.2	100.0%
Norton Correctional Facility					
	Agency Building/Office	246.0	0.0	246.0	37.1%
	None	417.9	0.0	417.9	62.9%
Total		663.9	0.0	663.9	100.0%
Osawatomie State Hospital					
	Agency Building/Office	162.8	0.0	162.8	16.8%
	None	803.9	0.0	803.9	83.2%
Total		966.8	0.0	966.8	100.0%
Parsons State Hospital and Training Center					
	Agency Building/Office	163.9	0.0	163.9	93.7%
	Agriculture	0.0	11.0	11.0	6.3%
Total		163.9	11.0	174.9	100.0%
Pittsburg State University (PSU)					
	Agency Building/Office	477.0	1.0	478.0	100.0%
Total		477.0	1.0	478.0	100.0%
Rainbow Mental Health Facility					
	Agency Building/Office	11.3	0.0	11.3	100.0%
Total		11.3	0.0	11.3	100.0%
School for the Blind, Kansas State					
	Agency Building/Office	9.6	0.0	9.6	100.0%
Total		9.6	0.0	9.6	100.0%
School for the Deaf, Kansas State					
	Agency Building/Office	16.0	0.0	16.0	100.0%
Total		16.0	0.0	16.0	100.0%
Social and Rehabilitation Services, Dept of					
	Agency Building/Office	53.3	0.0	53.3	25.1%
	None	159.3	0.0	159.3	74.9%
Total		212.6	0.0	212.6	100.0%
Topeka Correctional Facility					
	Agency Building/Office	89.5	0.9	90.4	100.0%
Total		89.5	0.9	90.4	100.0%
Topeka Juvenile Correctional Facility					
	Agency Building/Office	136.2	0.0	136.2	41.4%
	None	192.8	0.0	192.8	58.6%
Total		329.0	0.0	329.0	100.0%
Transportation, Department of					

Agency	Current Use	Acres Owned	Acres Leased	Total Acres	Percent of Total Acres
	Right of Way	184,198.2	0.0	184,198.2	99.0%
	Agency Building/Office	520.2	0.0	520.2	0.3%
	None	61.7	0.0	61.7	0.0%
	Other	2.0	409.2	411.2	0.2%
	Radio Tower Site	887.0	0.0	887.0	0.5%
	Recreation/Park	2.9	1.5	4.4	0.0%
	Total	185,672.0	410.7	186,082.7	100.0%
University of Kansas (KU)					
	Agency Building/Office	622.1	0.0	622.1	18.8%
	None	160.0	0.0	160.0	4.8%
	Research/Classroom Instruction	2,515.3	4.0	2,519.3	76.3%
	Total	3,297.4	4.0	3,301.4	100.0%
University of Kansas Medical Center (KUMC)					
	Agency Building/Office	46.7	0.0	46.7	100.0%
	Total	46.7	0.0	46.7	100.0%
Veterans' Affairs, Kansas Commission on					
	Agency Building/Office	319.3	0.0	319.3	33.2%
	None	292.8	0.0	292.8	30.4%
	Other	349.7	0.0	349.7	36.4%
	Total	961.8	0.0	961.8	100.0%
Wichita State University (WSU)					
	Agency Building/Office	171.9	0.0	171.9	100.0%
	Total	171.9	0.0	171.9	100.0%
Wildlife and Parks, Department of					
	Agency Building/Office	0.0	5.6	5.6	0.0%
	Recreation/Park	606.0	0.0	606.0	0.2%
	State Park	3,362.0	28,601.0	31,963.0	9.1%
	Wildlife/Recreation	110,392.0	207,656.0	318,048.0	90.7%
	Total	114,360.0	236,262.6	350,622.6	100.0%
Winfield Correctional Facility (WWRF)					
	Agency Building/Office	78.0	0.7	78.7	36.0%
	None	139.8	0.0	139.8	64.0%
	Total	217.8	0.7	218.5	100.0%
State Total		335,610.4	257,797.4	593,407.8 (a)	

(a) This total acreage is overstated because it includes acreage owned by one State agency and leased by another.

Source: LPA land database built from agency responses to our land survey

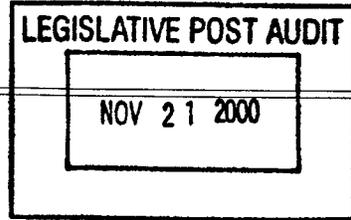
APPENDIX D

Agency Response

On November 16, 2000, we provided copies of the draft audit report to the Department of Administration. In addition, we provided a section of the draft and recommendations to the Departments of Transportation, Wildlife and Parks, Corrections, Social and Rehabilitation Services, and to the University of Kansas, and Kansas State University. Those agencies' responses are included as this Appendix.

After carefully reviewing the agencies' responses, we made some minor clarifications to the draft audit that didn't affect any of our findings or conclusions.

STATE OF KANSAS



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DAN STANLEY, *Secretary*

BILL GRAVES, *Governor*

November 21, 2000

Barbara J. Hinton
Legislative Post Auditor
800 Southwest Jackson Street, Suite 1200
Topeka, Kansas 66612

Dear Ms. Hinton:

The draft copy of your report and recommendations in the completed performance audit, *State-Held Lands: Reviewing the Management and Use of Those Lands in Kansas*, have been reviewed. The recommendations that pertain to the Department of Administration concern a more thorough and timely collection of data, as well as data sharing and the development of criteria to identify surplus real estate. Although the Department generally agrees with these recommendations, it is important to understand that the current situation is a result of past actions. The FY 1997 budget required service reductions within the Division of Accounts and Reports, of which one was to decentralize the land and building inventory. Funding was reduced, but the corresponding legislation (HB 2735, 1996 Legislative Session) to allow this delegation of responsibilities was not passed. Thus, it was necessary for the Division to prioritize its duties. The land and building inventory was given low priority because: (1) the inventory report, or certain information contained therein, had been requested only one time in the previous four years; (2) the inventory did not apply to all state agencies; (3) there was little activity in the sale or acquisition of real estate; and (4) the accuracy of the report was questionable due to responses not received from certain key state agencies and insufficient staffing to find and inspect the real estate, particularly the land.

Given this history, following are responses to the specific audit recommendations:

- 1a. The Division of Accounts and Reports will request a complete land and building inventory from state agencies for the fiscal year ended June 30, 2000, to include the purpose and use of each land parcel, as required by K.S.A. 75-3516(c). The categories are proposed to be similar to those used on the survey distributed by the Legislative Division of Post Audit: (1) commercial property, including vacant lots within city limits; (2) agricultural property, further specified as irrigated cropland, non-irrigated cropland, or pasture/rangeland; (3) unimproved land not suitable for agricultural purposes; and (4) other, with a description.

- 1b. The Division of Accounts and Reports will update the land and building inventory annually. Special requests during interim periods will be addressed by querying the central accounting system for sale and acquisition transactions and contacting specific agencies.
- 1c. The Division of Facilities Management is responsible for the implementation of the provisions in House Bill 2017 and is in the process of hiring a Real Estate Officer. This position will supervise the leasing function to allow the integration of leased property needs and real estate holdings. Surplus real estate in Beloit has already been successfully identified and sold by Facilities Management. The Division of Accounts and Reports will provide the centralized inventory data to Facilities Management.
- 1d. The Division of Accounts and Reports will work with the Division of Facilities Management, in its role as the lead coordinator of state real estate, to enable Facilities Management to develop a system to provide notice to other state agencies of surplus land. The centralization of the real estate and leasing functions should allow the Department to better anticipate information needs and address those needs with specific state agencies. Significant transactions of this type usually require Legislative action, or State Finance Council approval, and specific information can be provided to these groups. The Department's existing website would provide quick and easy access for state agencies interested in this information if public notice is deemed appropriate.

The following related comments are offered as well:

- The Division of Accounts and Reports has no enforcement authority if state agencies either do not submit the required information or submit incomplete or incorrect information. Any noncompliance issues will be reported to the Legislative Division of Post Audit.
- On-site reviews would be required to truly verify and provide assurance that the reported purpose and use of state lands is accurate. The Division of Accounts and Reports is not currently staffed to identify the land parcels and travel to the site to conduct such reviews. On-site physical sampling of *equipment* inventory items is performed when Accounts and Reports annually visits select state agencies for compliance reviews of other programs.
- In FY 2000, there were 47 land-related transactions processed by 8 state agencies, totaling nearly \$1.2 million for both sales and acquisitions combined. These numbers exclude the Department of Transportation since the agency is exempted from the provisions of K.S.A. 75-3516(c).
- A technical correction is recommended on page 17 of the audit report. The boxed area refers to the "Kansas State School for the Blind" on the former Topeka State Hospital grounds. This should read the "Kansas Industries for the Blind".

Barbara Hinton
November 21, 2000
Page 3

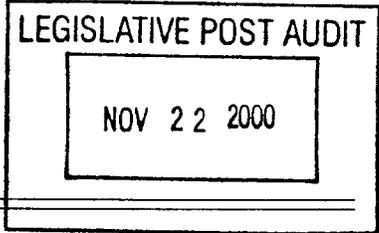
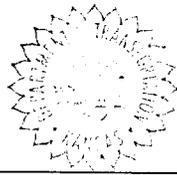
Thank you for the opportunity to review and comment on the draft audit report concerning state-held lands.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Stanley", written in a cursive style.

Dan Stanley
Secretary of Administration

DS:db



KANSAS DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY OF TRANSPORTATION

E. Dean Carlson
Secretary of Transportation

Docking State Office Building
915 SW Harrison Street, Rm.730
Topeka, Kansas 66612-1568
Ph. (785) 296-3461 FAX (785) 296-1095
TTY (785) 296-3585

Bill Graves
Governor

November 22, 2000

Ms. Barbara J. Hinton
Legislative Post Auditor
Mercantile Bank Tower
800 SW Jackson Street, Suite 1200
Topeka, KS 66612-2212

Dear Ms. Hinton:

Re: Performance Audit, State-Held Lands:
Reviewing the Management and Use of Those Lands in Kansas

Thank you for the opportunity to respond to the draft copy of your completed performance audit, State-Held Lands: Reviewing the Management and Use of Those Lands in Kansas.

We agree that a better land inventory system of the Kansas Department of Transportation's real estate interests would be desirable. However, the records we currently maintain are adequate to meet the needs of the agency and the public. Existing records contain information as to the nature of the agency's interest (fee title or easement), the party it was acquired from, how much it cost, and if any of the property has subsequently been released. We can and do manage and, if warranted, dispose of property interests by utilizing our current records.

It should be noted that in some instances we do not have land acquisition records for certain properties on the state highway system that were part of existing routes incorporated into the state system when it was created in the 1920s.

The commitment of resources required to prepare a better inventory would not pass any reasonable cost/benefit test. Our current records enable the agency to respond to requests to sell or release property. KDOT does sell, trade, release, or convey to other units of government property interests no longer needed for highway purposes when interested parties contact the agency or KDOT initiates the release process. Our records indicate that from FY 1990 through FY 2000, numerous parcels were sold with proceeds totaling \$6,138,823. Many of the parcels sold were relatively small and of low value.

Ms. Barbara Hinton
Page 2
November 22, 2000

When operational needs require the construction of new maintenance facilities, the old buildings and land are usually sold at public auction as was the case with the no longer-used facility in Ft. Scott, Kansas. The agency is in the final stages of preparation to sell no-longer-used facilities in Junction City and Kansas City, Kansas.

Our limited resources are used to dispose of property that has the probability of interested buyers and the potential for a reasonable financial return to the state. The vast majority of property that could be categorized as "potentially excess" is not very marketable with very little private sector interest in acquiring the land from the state.

We do not agree with Recommendation 3 that the Secretary of Transportation be brought under the purview of K.S.A. 75-3516 (c). The burden on this agency to review and compile land acquisition records dating back to the 1920s into a report format acceptable to the Director of Accounts and Reports would be substantial and could not be accomplished with existing resources.

With regard to Recommendation 4 a, the Bureau of Right of Way maintains records of purchased or condemned property. Recommendation 4 b, while desirable, is not necessary to meet current needs and would require the commitment of resources already fully engaged with the Comprehensive Transportation Program. Recommendation 4 c is unnecessary in light of my previous comments, but we would be happy to report our general progress regarding land management and disposal of excess property. Regarding Recommendation 4 d, KDOT currently has a process to identify and dispose of excess property as evidenced by the over six million dollars received by the agency in the period from FY 1990 through FY 2000.

Thank you again for the opportunity to comment on the draft report.

Sincerely,



E. Dean Carlson
Secretary of Transportation



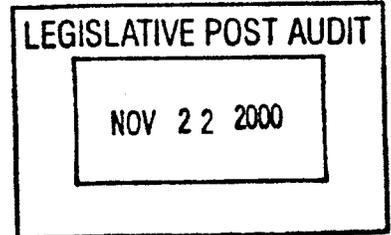
STATE OF KANSAS
DEPARTMENT OF WILDLIFE & PARKS

Office of the Secretary
900 SW Jackson, Suite 502
Topeka, KS 66612-1233
785/296-2281 FAX 785/296-6953



November 22, 2000

Ms. Barbara J. Hinton, Legislative Post Auditor
Legislative Division of Post Audit
800 Southwest Jackson Street, Suite 1200
Topeka, Kansas 66612-2212



Dear Ms. Hinton:

Thank you for the opportunity to comment on sections of the draft performance audit report regarding the management of state-owned lands in Kansas. The following responses pertain to the sections of the draft report which relate to recommendations regarding the management of state land owned by the Kansas Department of Wildlife and Parks (KDWP).

The recommendations proposed by the Legislative Post Auditor (LPA) include several that relate to the disposition of surplus state land. They refer to House Bill No. 2017 passed by the 2000 State Legislature and to certain initiatives proposed by the Legislative Post Audit Division. Although KDWP does not currently hold any surplus land, we are not opposed to the disposal of surplus land by state agencies. However, the Department would request that the recommendations include provisions which safeguard the integrity of designated funds used by the KDWP.

The proposed recommendations provide that an independent entity would make the final decision regarding the disposal of surplus property. This would be an expansion of the provisions contained in HB 2017 which allow the Secretary of Administration to develop guidelines for the disposal of surplus property. HB 2017 further provides that disposal of said lands could only occur "*upon the written consent of the head of the state agency which owns such surplus real estate.*" Given the restrictions of state and federal law regarding the use of designated funds and property acquired with such funds, the department requests that any recommendation included in the report contain a requirement that approval of the Secretary of Wildlife and Parks is obtained before any designated surplus land owned by the KDWP is sold. In addition, it should be noted that all proceeds from

such surplus land sales must be retained by the department to maintain fund control and compliance with federal laws and regulations.

The LPA report includes a recommendation that the KDWP should not pay property taxes on land used exclusively for State purposes. I appreciate the comments included earlier in the report that the KDWP has made a commitment to the Legislature to pay property tax in counties where it owns large tracts of land. However, the department has made a commitment to pay property taxes on *any* land acquired by KDWP, not just in counties with large tracts of land. It is my intention to maintain that commitment.

The KDWP has provided comments on the difficulty of determining, from year to year, which state-owned land the department should pay taxes. It would also be confusing for the county tax appraisers and could result in mistaken billings. Therefore, the KDWP requests that a recommendation be included which would exclude the Department from the requirements of state law pertaining to the exemption from property taxes on land used for state purposes.

On rare occasion, the department has traded department-owned land for similar valued land. These transactions were preceded by appraisals and legal review. I would hope that the report recommendations would not require a protracted process whereby these transactions would have to flow through a surplus land procedure. As a corollary, we would hope that other state agencies have first option or opportunity to acquire state-owned land declared as surplus. This mechanism would permit appropriate public resources to be maintained in the public domain.

Thank you for your consideration of these comments. If you have any questions, please contact me at your convenience.

Sincerely,



Steven A. Williams
Secretary



LEGISLATIVE POST AUDIT

NOV 22 2000

DEPARTMENT OF CORRECTIONS
OFFICE OF THE SECRETARY
Landon State Office Building
900 S.W. Jackson — Suite 400-N
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(785) 296-3317

Bill Graves
Governor

Charles E. Simmons
Secretary

November 21, 2000

Ms. Barbara Hinton, Legislative Post Auditor
Legislative Division of Post Audit, Mercantile Bank Tower
800 SW Jackson Street Suite 1200
Topeka, Kansas 66612-2212

Dear Ms. Hinton:

I have reviewed your November 16, 2000 correspondence and draft audit report excerpt, *Question 4: Is Idle State-Owned Land Being Leased To Others at Market Rates?* This section contains one recommendation which is specific to the Department of Corrections—that the department should pay taxes on land not used exclusively for state purposes. The recommendation is based on a finding in the report that taxes have not been paid on land at Lansing Correctional Facility which is leased to a private individual. We have taken steps to ensure that appropriate taxes are paid on this property in the future. The current lease agreement is nearing its expiration date, and Kansas Correctional Industries (KCI), which administers the department's land leases, has initiated the RFP process for accepting bids for a new lease agreement. The RFP will clearly state, as will the subsequent lease agreement, that the lessee will be responsible for payment of property taxes on the land. KCI staff have also met with the county appraiser's office regarding the placement of this property on the property tax roll. We will also review leases at other correctional facilities to ensure that provisions are in place to provide that the lessee is responsible for the payment of property taxes.

As I have stated in previous correspondence with your office regarding this audit, I would like to reiterate the importance of the lease revenue to the department. All proceeds from the leases involving KDOC land are deposited in the Correctional Industries Fund, and are used to support KCI operations. Although the leased land is not used directly for correctional purposes, the land is in productive use for the direct benefit of the department and there would be an immediate and adverse impact if this revenue source were lost.

Thank you for the opportunity to review and comment on the draft findings and recommendations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles E. Simmons".

Charles E. Simmons
Secretary



KANSAS DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

915 SW HARRISON STREET, TOPEKA, KANSAS 66612

JANET SCHALANSKY, SECRETARY

November 21, 2000

Barbara Hinton
Legislative Division of Post Audit
800 SW Jackson St, Suite 1200
Topeka, Kansas 66612

Dear Ms Hinton:

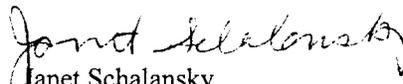
This is a response to your letter requesting comments on the performance audit, State Held Lands: Reviewing the Management of State-Held Lands in Kansas.

Concerning the 159 acres held by SRS which is leased at lower than market rates the following information is provided. This lease was competitively bid in 1994 and was for one year with four renewal years. The lease was renewed each of the option years. In 1999 SRS started the process to sell the land and had anticipated selling it in 1999. However, due to questions concerning the title, which our legal section is addressing, we were unable to sell the land in 1999. As a result the lease was renewed again for one year.

Concerning the 907 acres leased by Larned State Hospital which appears to not have been leased through the Division of Purchases the following information is provided. The original agreements were entered into in March 1987. It is believed the Division of Purchases had been contacted and that permission was given to obtain offers/bids locally. The terms of the agreement provide for biennial continuation if neither party desires to terminate the lease. Given the agricultural nature of the land and its use, grazing and/or crop management principles (rotating and idling of land areas), and long-term planning to the benefit of both the Hospital and the tenant, rebid of the lease is not considered to be desirable. In addition, the land is being leased at market value and there have been no inquiries from others expressing interest in utilizing the land.

If you need additional information please feel free to call me at (785) 296-3274.

Sincerely,


Janet Schalansky
Secretary

The University of Kansas

Administration

November 22, 2000

LEGISLATIVE POST AUDIT

NOV 22 2000

Barbara J. Hinton
Legislative Post Auditor
Legislative Division of Post Audit
Mercantile Bank Tower
800 SW Jackson Street, Suite 1200
Topeka, KS 66612-2212

Dear Ms. Hinton:

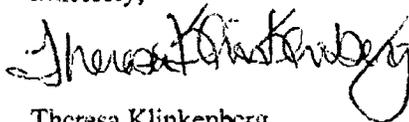
Thank you for the opportunity to review and comment on the audit of *State-Held Lands: Reviewing the Management of State-Held Lands in Kansas*.

I offer the following clarification. The property referenced, while consisting of 160 acres, only approximately 100 acres is leased. The remainder of the property is woodland and is not suitable for leasing. Given that information, the lease income per acre is approximately \$35 for milo, beans and hay crops.

Since this property came to the University thru the Last Will and Testament of J. L. Porter, and because the University is not in the business of managing farm property, the management of the farmland has been contracted to the Kansas University Endowment Association (KUEA). They do not charge the University a fee for this service. KUEA in turn, contracts with farm managers to get the best price on this property, as well as the many other parcels owned by KUEA. The farm managers are responsible for renting the property at market rates and their continuing relationship with KUEA is dependent on their performance.

Please let me know if you have any questions. And thank you again for the opportunity to comment.

Sincerely,



Theresa Klinkenberg
University Director

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Main Campus, Lawrence • Medical Center, Kansas City and Wichita

November 22, 2000



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Ms. Barbara J. Hinton
Legislative Division of Post Audit
Mercantile Bank Tower
800 SW Jackson Street, Suite 1200
Topeka, KS 66612-2212

Dear Ms. Hinton:

This is in response to the draft and recommendations contained in your completed performance audit, "State-Held Lands: Reviewing the Management of State-Held Lands in Kansas." In the performance audit, it states that Kansas State University owns and leases to others 676 acres of land without using a competitive bid process, without processing the lease through the Division of Purchases and without re-bidding it at least every five years.

On June 1, 1984, Kansas State University entered into an "Agreement for Administration of Real Estate" with the Kansas State University Foundation with regards to the bequest of the 676 acres of land from the estate of Francis W. ImMasche. At that time, all fiscal and administrative management of the land was turned over to the Foundation, with a financial accounting submitted annually to Kansas State University. This arrangement continues in force from year to year unless terminated by mutual agreement. This administrative agreement was entered into in accordance with K.S.A. 76-156a, which states the Kansas State University Foundation is authorized to act as the investing agent for any endowment or bequest to Kansas State University and authorizes the Foundation, as investing agent, to exercise such fiscal management and administrative powers as may be necessary or appropriate for the lawful and efficient management of any such endowment or bequest. An external audit is performed each year as required by our agreement with the Kansas State University Foundation.

The Foundation's management responsibilities include locating a tenant who will utilize and farm the land in an efficient and productive manner, and that the tenant be cooperative and supportive of Kansas State University's various and changing research projects conducted on this land. Throughout the years, the Foundation has reviewed and renegotiated the terms of the lease with the tenant on an annual basis to ensure the best interests of KSU are represented.

In view of our varying initiatives, we believe the Foundation is managing the ImMasche land appropriately. Additionally, the procedures utilized are in compliance with Kansas Statutes and regulatory guidance received from the State.

If you have any questions regarding this matter, please contact me at (785) 532-6210.

Sincerely,



Keith L. Ratzloff
University Controller

Cc: President Jon Wefald
Dean Marc Johnson
Vice President Thomas M. Rawson
Mr. David Weaver

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Cashiers
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General Accounting
220 Anderson Hall
785-532-6202

Purchasing
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Sponsored Projects Accounting
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Financial Reporting/Inventory
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Administration
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