

**HOUSE BILL No. 2393**

By Committee on Federal and State Affairs

2-25

1 AN ACT concerning schools; relating to GASB accounting standards;  
2 relating to accounting systems; relating to the Kansas uniform financial  
3 accounting and reporting act; concerning financial publication  
4 requirements; authorizing annual compliance audits; providing  
5 penalties for noncompliance; amending K.S.A. 75-1120a and K.S.A.  
6 2014 Supp. 72-8254 and repealing the existing sections.

7  
8 *Be it enacted by the Legislature of the State of Kansas:*

9 New Section 1. (a) In order to create uniformity among school district  
10 accounting systems, prior to July 1, 2016, the state board of education  
11 shall issue a request for proposals and shall select one to five accounting  
12 systems and one to five payroll systems. Any payroll system selected by  
13 the state board of education shall be required to provide Kansas public  
14 employee retirement system information and other employee benefit plan  
15 information on an individual employee basis including, but not limited to,  
16 contributions and expenditures for any defined benefit pension plan,  
17 defined contribution plan, and any other postemployment or employee  
18 benefit plans.

19 (b) The state board of education shall categorize all school districts,  
20 based on enrollment size, into small, medium and large districts with each  
21 such category containing a relatively equal number of school districts. For  
22 school years 2016-2017, 2017-2018 and 2018-2019, the state board of  
23 education shall identify  $\frac{1}{3}$  of such small districts,  $\frac{1}{3}$  of such medium  
24 districts and  $\frac{1}{3}$  of such large districts as school districts that shall  
25 implement and use one of the selected accounting systems and one of the  
26 selected payroll systems, such that every school district in this state shall  
27 have implemented and be using one of the selected accounting systems  
28 and one of the selected payroll systems on or before July 1, 2018.

29 (c) The state board of education shall adopt rules and regulations  
30 necessary to carry out the provisions of this section.

31 Sec. 2. K.S.A. 2014 Supp. 72-8254 is hereby amended to read as  
32 follows: 72-8254. (a) This section shall be known and may be cited as the  
33 Kansas uniform financial accounting and reporting act.

34 (b) As used in this section:

35 (1) "Budget summary" means a one-page summary of the official  
36 budget adopted by the board of education of the school district, and shall

1 include, but is not limited to, graphs depicting the total expenditures in the  
2 budget by category, supplemental and general fund expenditures,  
3 instruction expenditures, enrollment figures, mill rates by fund and  
4 average salaries. For purposes of this section, a one-page budget at a  
5 glance format developed by the state board, and any successor format shall  
6 be deemed a budget summary, provided it complies with the requirements  
7 of this section.

8 (2) "Reporting system" means the uniform reporting system,  
9 including a uniform chart of accounts, developed by the state board as  
10 required by this section.

11 (3) "School district" means a unified school district organized and  
12 operated under the laws of this state.

13 (4) "State board" means the state board of education.

14 (c) The state board shall develop and maintain a uniform reporting  
15 system for the receipts and expenditures of school districts. The  
16 accounting records maintained by each school district shall be coordinated  
17 with the uniform reporting system. Each school district shall record the  
18 receipts and expenditures of the district in accordance with a uniform  
19 classification of accounts or chart of accounts and reports as shall be  
20 prescribed by the state board. Each school district shall submit such  
21 reports and statements as may be required by the state board. The state  
22 board shall design, revise and direct the use of accounting records and  
23 fiscal procedures and prescribe uniform classifications for receipts and  
24 expenditures for all school districts. The reporting system shall include all  
25 funds held by a school district regardless of the source of the moneys held  
26 in such funds, including, but not limited to, all funds funded by fees or  
27 other sources of revenue not derived from tax levies. The state board shall  
28 prescribe the necessary forms to be used by school districts in connection  
29 with such uniform reporting system.

30 (d) The reporting system developed by the state board shall be  
31 developed in such a manner that allows school districts to record and  
32 report any information required by state or federal law.

33 (e) The reporting system shall provide records showing by funds,  
34 accounts and other pertinent classifications, the amounts appropriated, the  
35 estimated revenues, actual revenues or receipts, the amounts available for  
36 expenditure, the total and itemized expenditures, the unencumbered cash  
37 balances, excluding state aid receivable, actual balances on hand and the  
38 unencumbered balances of allotments or appropriations for each school  
39 district.

40 (f) The reporting system shall allow a person to search the data and  
41 allow for the comparison of data by school district.

42 (g) Each school district shall annually submit a report to the state  
43 board on all construction activity undertaken by the school district which

1 was financed by the issuance of bonds and which such bonds have not  
2 matured. Such report shall include all revenue receipts, all expenditures of  
3 bond proceeds authorized by law, the dates for commencement and  
4 completion of such construction activity, the estimated cost and the actual  
5 cost of such construction activity. The information provided in the report  
6 shall be in a form so as to readily identify such information with a specific  
7 construction project. Such report shall be submitted in a form and manner  
8 prescribed by the state board in accordance with the provisions of this  
9 section.

10 (h) From and after July 1, 2012, the board of education of each school  
11 district shall record and report the receipts and expenditures of the district  
12 in the manner prescribed by the state board in accordance with this section.

13 (i) (1) *On or before October 1 of each year*, each school district shall  
14 ~~annually~~ publish on such district's internet website:

15 (A) A copy of form 150, estimated legal maximum general fund  
16 budget, or any successor document containing the same or similar  
17 information, that was submitted by such district to the state board of  
18 education for the immediately preceding school year; ~~and~~

19 (B) the budget summary for the current school year and actual  
20 expenditures for the immediately preceding two school years showing total  
21 dollars net of transfers and dollars per pupil for each of the following:

22 (i) Function 1000, instruction;

23 (ii) function 2100, student support;

24 (iii) function 2200, instructional staff support;

25 (iv) functions 2300 through 2500, administration;

26 (v) function 2600, operation and maintenance;

27 (vi) function 2700, transportation;

28 (vii) function 3100, food service;

29 (viii) functions 2900, 3200 and 3300, other current spending;

30 (ix) function 4000, capital outlay;

31 (x) function 5100, debt service;

32 (xi) the total expenditures which is the sum of the amounts in clauses  
33 (i) through (x);

34 (xii) the spending allocated to function 1000, instruction, excluding  
35 capital outlay and debt service expenditures, as a percentage of total  
36 expenditures;

37 (xiii) the spending allocated to function 1000, instruction, excluding  
38 capital outlay and debt service expenditures, as a percentage of current  
39 spending, which is the sum of expenditures for functions 1000 through  
40 3300 less capital outlay and debt service expenditures included in any of  
41 those functions; and

42 (xiv) the revenue in total dollars net of transfers both in total and  
43 disaggregated to show the amount of revenue received from local, state

1 and federal revenue sources;

2 (C) the salary, pay rate, supplemental contracts and the contributions  
3 and expenditures for any defined benefit pension plan, defined  
4 contribution plan, and any other postemployment or employee benefit plan  
5 for each individual employee of the school district;

6 (D) expenditures and revenue generated for each extracurricular  
7 sport offered by the school district including, but not limited to, all  
8 salaries and supplemental contracts of coaches, assistants and staff,  
9 facilities maintenance costs and any other costs associated with the  
10 extracurricular sport;

11 (E) expenditures and revenue generated for each extracurricular  
12 activity or club offered by the school district including, but not limited to,  
13 all salaries and supplemental contracts of employees associated with the  
14 extracurricular activity or club and any other costs associated with the  
15 activity or club; and

16 (F) the number of buildings and facilities that the school district  
17 occupies; whether such buildings and facilities are owned or leased; and  
18 the expenditures incurred by the school district to operate each individual  
19 building and facility including, but not limited to, the individual staffing  
20 costs associated with each building and facility, cost of utilities,  
21 maintenance and all payments that are being made on each building and  
22 facility.

23 (2) For purposes of subsection (i)(1)(B), all per pupil amounts shall  
24 be calculated using the full-time equivalent enrollment of the school  
25 district. All function categories and other accounting categories shall refer  
26 to those same categories as established and required for financial  
27 accounting purposes by the state board as published in the Kansas state  
28 department of education's Kansas accounting handbook for unified school  
29 districts, as published in August 2012, or later versions as established in  
30 rules and regulations adopted by the state board.

31 (3) Publications required by this subsection shall be published with  
32 an easily identifiable link located on such district's website homepage.

33 (4) Publications required by this subsection shall be made available to  
34 the public at every meeting held by the board of education of each school  
35 district when the board is discussing the district's budget or any other  
36 school finance matter.

37 (j) (1) The department of education shall annually publish on its  
38 internet website:

39 (A) All of the publications required under subsection (i); and

40 (B) the following expenditures for each school district on a per pupil  
41 basis:

42 (i) Total expenditures;

43 (ii) capital outlay expenditures;

1 (iii) bond and interest expenditures; and

2 (iv) all other expenditures not included in *subparagraphs* (ii) or (iii).

3 (2) Publications required by this subsection shall be published with  
4 an easily identifiable link located on the department's website homepage.

5 (k) (1) *Beginning July 1, 2015, every school district shall conduct an*  
6 *annual compliance audit to determine whether the school district complies*  
7 *with the requirements of this section. School district compliance audits*  
8 *shall be conducted as part of and supplemental to the audits conducted*  
9 *pursuant to K.S.A. 75-1122, and amendments thereto.*

10 (2) *Upon completion of each compliance audit, the school district*  
11 *shall publish a summary of its audit report with recommendations, if any,*  
12 *on an easily identifiable link on the district's internet website. Such*  
13 *summary shall contain a notice that the complete audit report may be*  
14 *obtained or viewed free of charge at the school district office. A copy of*  
15 *each such audit shall be submitted to the state board.*

16 (l) (1) *The department of education shall receive and investigate any*  
17 *written complaints received by the department alleging a school district is*  
18 *not in compliance with the provisions of this section. Upon completion of*  
19 *the investigation, the department shall report any findings and conclusions*  
20 *to the state board and the original complainant. If the department finds*  
21 *that a school district is not in compliance with the provisions of this*  
22 *section, or if a compliance audit conducted pursuant to subsection (k)*  
23 *finds that a school district is in noncompliance, the state board shall notify*  
24 *such school district in writing of the noncompliance.*

25 (2) *A school district that receives written notice of noncompliance*  
26 *from the state board shall have 30 days from the date of the receipt of such*  
27 *notice to cure the noncompliance and submit evidence of the subsequent*  
28 *compliance to the state board.*

29 (3) *If such school district does not submit evidence of subsequent*  
30 *compliance within 30 days, the state board shall impose a civil penalty of*  
31 *\$1,000 for each day the school district remains in noncompliance with this*  
32 *section and each day the school district fails to provide evidence of*  
33 *compliance shall be counted as a day of noncompliance for purposes of*  
34 *calculating the civil penalty amount. Any civil penalties received by the*  
35 *state board shall be remitted to the state treasurer in accordance with the*  
36 *provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of*  
37 *each such remittance, the state treasurer shall deposit the entire amount in*  
38 *the state treasury to the credit of the state general fund. The state board*  
39 *shall adopt rules and regulations to implement and enforce the provisions*  
40 *of this subsection on or before July 1, 2016.*

41 Sec. 3. K.S.A. 75-1120a is hereby amended to read as follows: 75-  
42 1120a. (a) Except as otherwise provided in this section, the governing  
43 body of each municipality, as defined in K.S.A. 75-1117, and amendments

1 thereto, shall utilize accounting procedures and fiscal procedures in the  
2 preparation of financial statements and financial reports that conform to  
3 generally accepted accounting principles as promulgated by the  
4 governmental accounting standards board (*GASB*) and the American  
5 institute of certified public accountants and adopted by rules and  
6 regulations of the director of accounts and reports.

7 (b) The governing body of any municipality, which has aggregate  
8 annual gross receipts of less than \$275,000 and which does not operate a  
9 utility, shall not be required to maintain fixed asset records.

10 (c) (1) The director of accounts and reports shall waive the  
11 requirements of subsection (a) upon request therefor by the governing  
12 body of any municipality. The waiver shall be granted to the extent  
13 requested by the governing body. Prior to requesting ~~the~~ *such* waiver  
14 ~~provided for in this subsection~~, the governing body, by resolution, annually  
15 shall make a finding that financial statements and financial reports  
16 prepared in conformity with the requirements of subsection (a) are not  
17 relevant to the requirements of the cash-basis and budget laws of this state  
18 and are of no significant value to the governing body or members of the  
19 general public of the municipality. No governing body of a municipality  
20 shall request the waiver or adopt the resolution authorized under this  
21 subsection if the provisions of revenue bond ordinances or resolutions or  
22 other ordinances or resolutions of the municipality require financial  
23 statements and financial reports to be prepared in conformity with the  
24 requirements of subsection (a). The governing body of any municipality  
25 which is granted a waiver under this subsection shall cause financial  
26 statements and financial reports of the municipality to be prepared on the  
27 basis of cash receipts and disbursements as adjusted to show compliance  
28 with the cash-basis and budget laws of this state.

29 (2) The provisions of this subsection do not apply to community  
30 colleges *or school districts*.

31 (d) The director of accounts and reports shall waive the requirements  
32 of law relating to the preparation and maintenance of fixed asset records  
33 upon request therefor by the board of trustees of any community college.  
34 The waiver shall be granted to the extent and for the period of time  
35 requested by the board of trustees. Nothing contained in this subsection  
36 shall be construed so as to exempt any community college from  
37 compliance with the provisions of K.S.A. 71-211, and amendments  
38 thereto, which requires the use by all community colleges of a  
39 standardized and uniform chart of accounts.

40 Sec. 4. K.S.A. 75-1120a and K.S.A. 2014 Supp. 72-8254 are hereby  
41 repealed.

42 Sec. 5. This act shall take effect and be in force from and after its  
43 publication in the statute book.