

SENATE BILL No. 140

By Committee on Education

1-31

1 AN ACT concerning school districts; relating to school district budgeting
2 and accounting; requiring school district budgets to include
3 expenditures and the actual amount budgeted for the current, preceding
4 and second preceding years; requiring such information to be reported
5 at the object-level; requiring the board of education of a school district
6 to prepare and include a report when an item's expenditure deviates by
7 10% or more from the actual amount budgeted for such item or when
8 the amount budgeted for an item in the ensuing year deviates by 10% or
9 more from the amount expended upon such item in the current year;
10 requiring any such report to be published by the school district and the
11 state department of education; requiring school districts to account for
12 expenditures at the object level and further account for expenditures at
13 the sub-object level when possible; amending K.S.A. 79-2926, 79-2927
14 and 79-2927a and K.S.A. 2024 Supp. 72-1167 and repealing the
15 existing sections.
16

17 *Be it enacted by the Legislature of the State of Kansas:*

18 Section 1. K.S.A. 2024 Supp. 72-1167 is hereby amended to read as
19 follows: 72-1167. (a) This section shall be known and may be cited as the
20 Kansas uniform financial accounting and reporting act.

21 (b) As used in this section:

22 (1) "Budget summary" means a one-page summary of the official
23 budget adopted by the board of education of the school district, and shall
24 include, but is not limited to, graphs depicting the total expenditures in the
25 budget by category, supplemental and general fund expenditures,
26 instruction expenditures, enrollment figures, mill rates by fund and
27 average salaries. For purposes of this section, a one-page budget at a
28 glance format developed by the state board, and any successor format shall
29 be deemed a budget summary, provided it complies with the requirements
30 of this section.

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

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

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

1 (c) The state board shall develop and maintain a uniform reporting
2 system for the receipts and expenditures of school districts. The
3 accounting records maintained by each school district shall be coordinated
4 with the uniform reporting system. Each school district shall record the
5 receipts and expenditures of the district in accordance with a uniform
6 classification of accounts or chart of accounts and reports as shall be
7 prescribed by the state board. *Each school district shall record all*
8 *expenditures at the object level and further record such expenditures at the*
9 *sub-object level when possible.* Each school district shall submit such
10 reports and statements as may be required by the state board. The state
11 board shall design, revise and direct the use of accounting records and
12 fiscal procedures and prescribe uniform classifications for receipts and
13 expenditures for all school districts. The reporting system shall include all
14 funds held by a school district regardless of the source of the moneys held
15 in such funds, including, but not limited to, all funds funded by fees or
16 other sources of revenue not derived from tax levies. The state board shall
17 prescribe the necessary forms to be used by school districts in connection
18 with such uniform reporting system.

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

22 (e) The reporting system shall provide records showing by funds,
23 accounts and other pertinent classifications, the amounts appropriated, the
24 estimated revenues, actual revenues or receipts, the amounts available for
25 expenditure, the total and itemized expenditures, the unencumbered cash
26 balances, excluding state aid receivable, actual balances on hand and the
27 unencumbered balances of allotments or appropriations for each school
28 district.

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

31 (g) Each school district shall annually submit a report to the state
32 board on all construction activity undertaken by the school district ~~which~~
33 *that* was financed by the issuance of bonds and which such bonds have not
34 matured. Such report shall include all revenue receipts, all expenditures of
35 bond proceeds authorized by law, the dates for commencement and
36 completion of such construction activity, the estimated cost and the actual
37 cost of such construction activity. The information provided in the report
38 shall be in a form so as to readily identify such information with a specific
39 construction project. Such report shall be submitted in a form and manner
40 prescribed by the state board in accordance with the provisions of this
41 section.

42 (h) ~~From and after July 1, 2012,~~ The board of education of each
43 school district shall record and report the receipts and expenditures of the

1 district in the manner prescribed by the state board in accordance with this
2 section.

3 (i) (1) Each school district shall annually publish on such district's
4 internet website:

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

9 (B) the budget summary for the current school year and actual
10 expenditures for the immediately preceding two school years showing total
11 dollars net of transfers and dollars per ~~pupil~~ *student* for each of the
12 following:

13 (i) Function 1000, instruction;

14 (ii) function 2100, student support;

15 (iii) function 2200, instructional staff support;

16 (iv) functions 2300 through 2500, administration;

17 (v) function 2600, operation and maintenance;

18 (vi) function 2700, transportation;

19 (vii) function 3100, food service;

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

21 (ix) function 4000, capital outlay;

22 (x) function 5100, debt service;

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

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

28 (xiii) the spending allocated to function 1000, instruction, excluding
29 capital outlay and debt service expenditures, as a percentage of current
30 spending, which is the sum of expenditures for functions 1000 through
31 3300 less capital outlay and debt service expenditures included in any of
32 those functions; and

33 (xiv) the revenue in total dollars net of transfers both in total and
34 disaggregated to show the amount of revenue received from local, state
35 and federal revenue sources; *and*

36 (C) *any report prepared and included in the school district's budget*
37 *documentation pursuant to K.S.A. 79-2927a, and amendments thereto.*

38 (2) For purposes of subsection (i)(1)(B), all per ~~pupil~~ *student* amounts
39 shall be calculated using the full-time equivalent enrollment of the school
40 district. All function categories and other accounting categories shall refer
41 to those same categories as established and required for financial
42 accounting purposes by the state board as published in the Kansas state
43 department of education's ~~Kansas~~ accounting handbook for unified school

1 districts, *interlocals and service centers*, ~~as published in August 2012, or~~
 2 ~~later versions as established in rules and regulations adopted by the state~~
 3 ~~board.~~

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

8 (j) The department of education shall annually publish on its internet
 9 website:

10 (1) All of the publications required under subsection (i); and

11 (2) the following expenditures for each school district on a per-pupil
 12 *student* basis:

13 (A) Total expenditures;

14 (B) capital outlay expenditures;

15 (C) bond and interest expenditures; and

16 (D) all other expenditures not included in subparagraph (B) or (C).

17 (k) All reports prepared pursuant to this section shall be published in
 18 accordance with K.S.A. 2024 Supp. 72-1181, and amendments thereto.

19 Sec. 2. K.S.A. 79-2926 is hereby amended to read as follows: 79-
 20 2926. (a) Subject to the provisions of subsection (b), the director of
 21 accounts and reports shall prepare and prescribe forms for the annual
 22 budgets of all taxing subdivisions or municipalities of the state. Such
 23 forms shall show the information required by this act *that is* necessary and
 24 proper to disclose complete information as to the financial condition of
 25 such taxing subdivision or municipality, and the receipts and expenditures
 26 thereof, both past and anticipated.

27 (b) (1) ~~From and after July 1, 2004 and~~ Based upon recommendations
 28 by the state department of education *and in accordance with all applicable*
 29 *laws pertaining thereto*, the director shall prepare and prescribe forms for
 30 the annual budget and a summary of the proposed budget of school
 31 districts. The state department of education shall make such
 32 recommendations after considering the best practices and standards
 33 established by the government finance officers association and the
 34 association of school business officials.

35 (2) (A) The school district budget form shall include a separate table
 36 outlining the aggregate amount of expenditures for salaries and wages for
 37 the following categories:

38 (i) Certified and noncertified administrators;

39 (ii) persons employed full-time as teachers;

40 (iii) other certified employees who are not employed full-time as
 41 teachers;

42 (iv) classified employees;

43 (v) other positions designated by the state department of education;

1 and

2 (vi) substitutes and other temporary employees.

3 (B) The school district budget form shall show the number of full-
4 time employee positions specified in paragraph (A) ~~of this subsection~~ and
5 the average salaries or wages for such positions.

6 (C) The school district budget form shall show any other information
7 recommended by the state department of education.

8 (3) The summary of the proposed budget form shall include:

9 (A) An overview of the proposed budget of the school district and the
10 budgetary process;

11 (B) a summary of the changes in the proposed budget from the
12 previous budget year;

13 (C) a summary of the estimated expenditures to be made and
14 revenues to be received in the ensuing budget year and the sources of such
15 revenue;

16 (D) the internet website address for school building report cards
17 compiled by the state department of education; and

18 (E) any other information specified by the state department of
19 education.

20 (4) Nothing in this subsection ~~(b)~~ shall be construed as limiting the
21 authority of school districts to develop and provide material or information
22 in addition to that required by the state department of education.

23 (5) The state department of education shall provide technical advice
24 and assistance to school districts to ~~insure~~ *ensure* compliance with the
25 provisions of this section.

26 (c) All such budget and tax levy forms shall be printed by the division
27 of printing in such quantity as required by the director. The director shall
28 deliver the forms for school districts to the clerk of the board of education
29 of each school district. The forms for all other taxing subdivisions or
30 municipalities of the state shall be delivered by the director to the county
31 clerk of each county, who shall deliver the same to the presiding officer of
32 the governing body of the respective taxing subdivisions or municipalities
33 within the county.

34 (d) ~~Beginning in 2009~~, All such forms required by this section, shall
35 be in an electronic format to facilitate filing such forms electronically.

36 Sec. 3. K.S.A. 79-2927 is hereby amended to read as follows: 79-
37 2927. (a) The governing body of each taxing subdivision or municipality
38 shall meet not later than the first day of August of each year, and shall
39 prepare in writing on forms furnished by the director of accounts and
40 reports a budget itemized and classified by funds and showing amounts to
41 be raised by taxation and from other sources for the ensuing budget year.
42 *Except as provided in K.S.A. 79-2927a, and amendments thereto*, the
43 budget shall show in parallel columns all amounts and items to be

1 expended for the ensuing budget year and the amounts appropriated for
2 corresponding or other items during the current budget year and amounts
3 expended for corresponding or other items during the preceding budget
4 year. The budget for each fund shall not include any item for sundry or
5 miscellaneous purposes in excess of 10% of the total. Except for school
6 districts, municipal universities and community colleges, the budget for
7 each fund may include a non-appropriated balance of not to exceed 5% of
8 the total of each fund.

9 (b) The budget shall show in parallel columns the amount of revenue
10 actually received from taxation and from other sources, with the amount
11 from each source separately stated for the preceding budget year and the
12 amount actually received and estimated to be received from taxation and
13 from sources other than direct taxation with the amount for each source
14 separately stated for the current budget year and also the amount estimated
15 to be received during the ensuing budget year, with the amount estimated
16 to be received from each source separately stated. Except as provided by
17 K.S.A. 79-2927a, and amendments thereto, the budget of expenditures for
18 each fund shall balance with the budget of revenues for such fund and that
19 portion of the budget of revenues to be derived from ad valorem property
20 taxation shall not exceed the amount of tax ~~which~~ that can be raised by
21 any fund limit or aggregate limit placed upon such fund.

22 Sec. 4. K.S.A. 79-2927a is hereby amended to read as follows: 79-
23 2927a. (a) When preparing the budget for a school district, the board of
24 education of the district shall budget to expend only the amount estimated
25 to be spent from each fund of the school district.

26 (b) (1) Except as provided by this subsection, any unexpended
27 moneys remaining in a fund of a school district at the end of the budget
28 year may be carried forward into such fund for succeeding budget years.
29 The provisions of this subsection shall not apply to the general fund or the
30 supplemental general fund of the school district.

31 (e) (2) Whenever unexpended moneys in a school district fund are
32 carried forward into such fund for the succeeding budget year, the budget
33 of the school district shall reflect the ending balance in such fund ~~which~~
34 that the school district estimates will be carried forward to the succeeding
35 budget year.

36 (d) (3) If the board of education determines it is necessary to expend
37 moneys which had been budgeted to be carried forward into the next
38 succeeding budget year, the board shall amend its previously adopted
39 budget. Any amended budget shall be subject to the same publication,
40 notice and public hearing requirements as is required by K.S.A. 79-2929,
41 and amendments thereto, for the adoption of the original budget.

42 (c) *On and after January 1, 2026, each school district budget form*
43 *shall include in parallel columns, for each fund that is subject to the*

1 *budget law, the following:*

2 *(1) All amounts and items to be expended for the ensuing budget year*
3 *with such budgeted items listed at the object level by object name;*

4 *(2) the estimated expenditures for corresponding and other items for*
5 *the current year and the amount that was originally budgeted for such*
6 *items for such year listed at the object level by object name;*

7 *(3) the actual expenditures for corresponding and other items for the*
8 *preceding year and the amount that was originally budgeted for such*
9 *items for such year listed at the object level by object name; and*

10 *(4) the actual expenditures for corresponding and other items for the*
11 *second preceding year and the amount that was originally budgeted for*
12 *such items for such year listed at the object level by object name.*

13 *(d) (1) For each budget year that is required to be included in the*
14 *school district budget pursuant to subsection (c), if the estimated or actual*
15 *expenditures for any item exceeds \$100,000 and such estimated or actual*
16 *expenditures deviate by 10% or more from the amount that was originally*
17 *budgeted for such item for such year, the board of education of the school*
18 *district shall prepare and include in the school district's budget*
19 *documentation a report that provides a description and explanation of*
20 *each such deviation. A separate report shall be prepared and included for*
21 *each applicable budget year in which one or more such deviations*
22 *occurred.*

23 *(2) On and after January 1, 2026, if the amount budgeted for any*
24 *item by the board of education of a school district for the ensuing budget*
25 *year deviates by 10% or more from the estimated expenditures for such*
26 *item for the current year, the board of education of the school district shall*
27 *prepare and include in the school district's budget documentation a report*
28 *that provides a description and explanation of the reasoning for such*
29 *budgeted increase or decrease. This paragraph shall only apply to those*
30 *items in which the estimated expenditures for such item in the current*
31 *budget year exceeds \$50,000.*

32 *Sec. 5. K.S.A. 79-2926, 79-2927 and 79-2927a and K.S.A. 2024*
33 *Supp. 72-1167 are hereby repealed.*

34 *Sec. 6. This act shall take effect and be in force from and after its*
35 *publication in the statute book.*