Session of 2025

SENATE BILL No. 140

By Committee on Education

1-31

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

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

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

(b) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Function 1000, instruction;

(ii) function 2100, student support;

(iii) function 2200, instructional staff support;

(iv) functions 2300 through 2500, administration;

(v) function 2600, operation and maintenance;

(vi) function 2700, transportation;

(vii) function 3100, food service;

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

(ix) function 4000, capital outlay;

(x) function 5100, debt service;

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

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

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

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

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

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

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

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

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

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

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

(A) Total expenditures;

(B) capital outlay expenditures;

(C) bond and interest expenditures; and

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

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

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

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

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

(i) Certified and noncertified administrators;

(ii) persons employed full-time as teachers;

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

(iv) classified employees;

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

and

(vi) substitutes and other temporary employees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

budget law, the following:

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

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

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

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

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

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

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

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