

Approved February 4, 1988
Date

MINUTES OF THE Senate COMMITTEE ON Local Government

The meeting was called to order by Senator Don Montgomery at
Chairperson

9:08 a.m./~~pm~~ on February 2, 1988 in room 531-N of the Capitol.

All members were present except:

Committee staff present: Mike Heim, Emalene Correll, Theresa Kiernan and Lila
McClaflin

Conferees appearing before the committee:

Ernie Mosher, The League of Kansas Municipalities
Terry Harmon, State Historical Society

The chairman opened the hearing on S.B. 510. S.B. 510 concerns cities, relating to the destruction of certain records. The bill was introduced at the request of the League of Municipalities. The chairman called on Mr. Mosher to explain the bill.

Ernie Mosher stated the present system of extended retention time causes a burdensome storage problem for some cities. This bill would allow for retention of microfilm copies in lieu of the original. The present statutes do not cover some records of significance. He presented copies of his written testimony (Attachment I).

Terry Harmon, assistant state archivist, spoke in support of S.B. 510. He offered an amendment on section 11. The amendment would require that one bond of each issue be retained permanently and provides city officers three alternatives for preserving such records. These bonds often are issued to finance construction of important public improvements and thus are of significant events in the history of a city (Attachment II). In answer to a question, Mr. Harmon stated the statutes regarding the retention and disposition of records is very cumbersome to deal with through the legislative process.


Mr. Mosher recommended the bill be amended in the claims section, line 29, be amended to 5 years.

Senator Gaines moved to amend line 29 from 10 years to 5 years. Senator Salisbury seconded the motion. The motion carried.

Staff was instructed to review the amendment offered by the historical society and clarify the language.

Senator Gaines moved to adopt the minutes of the January 28, 1988 meeting. Senator Ehrlich seconded the motion, the minutes were adopted.

The next meeting will be at 9:00 a.m., February 3, 1988, the chairman announced action will be taken on S.B. 486 at that meeting. The meeting adjourned.


Chairman, Senator Don Montgomery



League of Kansas Municipalities

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL / 112 WEST SEVENTH ST., TOPEKA, KANSAS 66603 / AREA 913-354-9565

RE: SB 510--Destruction of Certain City Financial Records
TO: Senate Committee on Local Government
FROM: E.A. Mosher, Executive Director
DATE: February 2, 1988

SB 510 was requested by the League to reduce the time period cities are required to retain certain financial records and to clearly authorize the retention of microfilm copies in lieu of the original.

Background: The current statute, K.S.A. 12-120, was enacted in 1949. While phrased as an "authorization" to destroy certain records, it is in effect a limitation, since other, non-specified financial records may be destroyed at any time--see K.S.A. 12-121, below.

Explanation: SB 510 does three things: (1) reduces the minimum required retention period for certain financial records, (2) cleans up some of the language, and (3) specifies that a microfilm copy may be made, with the original destroyed at any time.

Advantages: For some cities the present extended retention time period for certain records causes a burdensome storage problem. The bill is intended to facilitate city records management and eliminate unnecessary storage.

Comments: The revised time periods are the consensus recommendations of a number of city clerks and finance officers. The specific bill was approved by the League's Finance and Taxation Committee. The records listed in the bill appear to have no historical value.

Other Records; State Manual

One of the interesting things about K.S.A. 12-120 is that it specifies a retention period for a number of city financial records, but does not cover many others, some of which are of greater significance. A part of the 1949 law which created K.S.A. 12-120 is K.S.A. 12-121, which reads as follows:

12-121. Same; application of act. Nothing in K.S.A. 12-120 shall be deemed to apply to records, documents or papers not specifically mentioned nor to authorize the destruction of records, documents or papers which in their nature should be preserved permanently, nor to prohibit destruction of records, documents or papers obviously of only temporary value after a reasonable time.

Presumably, the record custodian is granted discretion by this 1949 statute to decide records which should be preserved permanently and which are "obviously of only temporary value after a reasonable time."

The Kansas State Historical Society, Department of Archives, issued in 1985 a "Kansas Local Government Records Manual." Included in the section

(Attachment I) Local Go 2/2/1988

President: Carl Dean Holmes, Mayor, Plains • Vice Presidents: Douglas S. Wright, Mayor, Topeka • Past Presidents: John L. Carder, Mayor, Iola • Directors: Nancy R. Denning, Commissioner, Manhattan • Ed Eilert, Mayor, Overland Park • Irene B. French, Mayor, Merriam • Frances J. Garcia, Commissioner, Hutchinson • Robert G. Knight, Mayor, Wichita • Paula McCreight, Mayor, Ness City • Jay P. Newton, Jr., City Manager, Newton • Richard U. Nienstedt, City Manager, Stockton • David E. Retter, City Attorney, Concordia • Judy M. Sargent, City Manager, Russell • Joseph E. Steineger, Mayor, Kansas City • Arthur E. Treece, Mayor, Coffeyville • Executive Director: E.A. Mosher

on "Financial Records" are approximately 400 different entries, compared to the 11 items listed in K.S.A. 12-120.

Following are some financial records which are not covered by K.S.A. 12-120. The list also includes the manual's recommended retention period.

- Treasurer's Records (K.S.A. 10-118)--retain permanently if clerk's copy not preserved.
- Appropriation Journals--retain 20 years.
- Audit Reports--retain permanently.
- Budgets and Financial Statements--retain permanently.
- Check Registers--retain permanently.
- Ledgers, General--retain permanently.
- Receipts and Expenditures, Registers of--retain 10 years.
- Warrant or Warrant Check Registers--retain permanently.

The point of the above is that there is, apparently, no statutory retention schedule for city general accounting and other major financial records as there is for some of the specific financial records enumerated in K.S.A. 12-120.

Volume of Certain Records

Utility Stubs. City utility billing practices vary. A city with a water utility, electric utility, and gas utility, and charges also for sewerage services and refuse collection, has a lot of duplicate utility bills or stubs. A city of 4,000, with a water utility only and monthly billings, would accumulate about 21,000 duplicates a year, or 105,000 in ⁵15 years.

Cancelled Checks. The City of Topeka issued about 59,200 checks in 1987. At this rate, the 5-year total would be 296,000.

Claims. Excluding payroll checks, Topeka issued about 18,200 checks in 1987 to pay claims. Each check is supported by a claim, voucher, purchase order or other supporting document. Frequently, each check covers from 3 to 5 claims to a single vendor. Figuring an average of 2 claims per check means about 36,400 claims per year, or 546,000 in 15 years.

Comparison With School Districts

Reprinted below is K.S.A. 72-5369, relating to the destruction of certain school district financial records. The following compares the retention minimums.

<u>Record</u>	<u>Schools (K.S.A. 72-5369)</u>	<u>Cities Under SB 510</u>
Warrants or warrant checks	6 months after audit (d)	5 years (2)
Receipt duplicates	6 months after audit (d)	3 years (3)
Cancelled checks	6 months after audit (d)	5 years (9)
Requisitions	6 months after audit (d)	3 years (10)
Duplicates or stubs of receipts	6 months after audit (d)	3 years
Claims	5 years (a)	10 years
Purchase orders	5 years (a)	3 years (10)
Claims with purchase orders attached	5 years (a)	10 years (1)
Vouchers	5 years (a)	? (if with claims, 10 years)
Official bonds	5 years (e)	10 years (7)
Insurance policies	5 years (f)	5 years (8)
Bonds and coupons	6 months after audit (g)	5 years (1)

72-5369. Destruction of records by school districts and community junior colleges. The board of education of any school district or the board of trustees of any community junior college may, by resolution, provide for and authorize any officer, official or employee charged with or having custody of the following records, documents or other papers to destroy the same at the time indicated herein, and if more than one time can be made to apply, the longer time shall apply:

(a) Bookkeeping and accounting records which are original books of entry, claims, vouchers and purchase orders, five (5) years.

(b) Formal audit reports, five (5) years.

(c) Financial papers of any type relating to programs supported by federal funds, three (3) years or such longer time as may be required by applicable federal law.

(d) All financial papers not otherwise specified in this section may be destroyed at any time after formal audit reports have been completed and filed in the appropriate offices for a period of six (6) months, and this provision shall apply to the following: Warrants, warrant checks, receipts, canceled checks, and requisitions.

(e) Official bonds of surety or indemnity, five (5) years after the termination of the term of employment.

(f) Insurance policies, five (5) years after the expiration of the term thereof.

(g) Bonds and coupons stamped paid or canceled and returned by the state fiscal agent, six (6) months after the next following annual formal audit of the school district.

History: L. 1955, ch. 335, § 1; L. 1970, ch. 282, § 1; L. 1975, ch. 372, § 1; July 1.

Presented to the Senate Local Government Committee
by Terry Harmon, Assistant State Archivist

I appreciate very much this opportunity to appear before the committee as a representative of the State Historical Society's department of archives. As custodian of the official state archives, this department is very much interested in any proposal such as Senate Bill No. 510 which is related to disposition of state or local government records.

For a variety of reasons the state archivist has adopted a policy of promoting preservation of local government records with archival value by county historical societies, public libraries, college libraries, and other suitable repositories in the localities or regions where they were created. Such records are brought to Topeka only as a last resort to prevent their destruction when a decision has been made to discard them and no suitable local or regional repository exists. We do take very seriously, however, the provisions in K.S.A. 45-406 which direct the state archivist and his staff to provide various types of archival and records management assistance to local government agencies.

With those responsibilities in mind, the archives staff wishes to inform the committee that we see no problems in the revisions of K.S.A. 12-120 proposed in this bill, and we support its adoption. With one exception, none of the records listed in that statute possess archival value, and the retention periods currently specified in the law seem longer than necessary.

The archives department does want to propose an amendment which is set forth in a balloon version of the bill attached to this statement. We believe that a small sample of the bonds listed in subsection 1(a)(11) on lines 0052-0054 merits permanent preservation. Such bonds often are issued to finance construction of important public improvements, and they thus document significant events in the history of a city. Many are visually attractive and suitable for use in historical exhibits.

The proposed amendment would provide to city officers three alternative ways of preserving such records. They could retain at least one bond of each issue in their custody in city offices or storage areas, if they chose to do so. If a collection of city records and other historical items has been established pursuant to K.S.A. 12-1658 (usually in the custody of a local historical society), the documents could be deposited there. If neither of these alternatives were selected, the bonds would be offered to the State Historical Society. We thus would have an opportunity to examine them, or at least would receive a description of them by telephone or letter, and could then decide whether they merited preservation in the archives.

We would anticipate receiving only a small quantity of such bonds because only a small sample would be scheduled for preservation, and many city officials or local archival repositories no doubt would be pleased to preserve such a limited quantity. The estimated cost of adding several cubic feet of such records to the holdings of the state archives is \$166 per year. This would be a very small part of the overall operations of the archives department, and the cost easily could be absorbed in our current budget.

Although it is not directly relevant to the merits of this bill, I feel compelled to mention that incorporating retention and disposition schedules in the statutes as has been done in K.S.A. 12-120 is very cumbersome and not a sound records management practice. As authorized by K.S.A. 45-406(d), the archives staff hopes to work in the near future with the League of Kansas Municipalities, and with numerous city officials, in preparing a records manual containing much more comprehensive retention and disposition schedules for city government records. It would be similar to the manual already prepared for county records which currently is being utilized by county officers and employees as provided in K.S.A. 45-404(c). Preparing such a city records manual would be a major step toward remedying the archival anarchy which prevails in Kansas.

SENATE BILL No. 510

By Committee on Local Government

1-22

0016 AN ACT concerning cities; relating to the destruction of certain
0017 records; amending K.S.A. 1987 Supp. 12-120 and repealing
0018 the existing section.

0019 *Be it enacted by the Legislature of the State of Kansas:*

0020 Section 1. K.S.A. 1987 Supp. 12-120 is hereby amended to
0021 read as follows: 12-120. (a) The ~~officials~~, officers and employees
0022 of any city charged with the custody or having in their custody
0023 the following records, documents or other papers may destroy
0024 the same after they have been on file for the period stated:

0025 ~~(a) (1) Claims, and the purchase orders attached thereto,~~
0026 ~~presented and allowed by the governing body of the city or the~~
0027 ~~board, commission, department, bureau or officer authorized to~~
0028 ~~allow such claims, 15 and any purchase orders attached thereto,~~
0029 10 years.

0030 ~~(b) (2) Warrants or warrant checks, whether originals or du-~~
0031 ~~plicates, that have been stamped or marked paid as provided by~~
0032 ~~law, five years.~~

0033 ~~(c) (3) Duplicates of receipts or stubs of receipts issued, five~~
0034 ~~three years.~~

0035 ~~(d) (4) Duplicates of utility bills sent to customers, five three~~
0036 ~~years.~~

0037 ~~(e) (5) Bookkeeping or accounting records of utility cus-~~
0038 ~~tomers' accounts, five three years, except that the period for the~~
0039 ~~records of deposits to guarantee the payment of bills or the return~~
0040 ~~of meters shall begin when the account is closed or the customer~~
0041 ~~ceases to receive service.~~

0042 ~~(f) (6) Duplicates or stubs of licenses issued for license fees~~
0043 ~~or occupation taxes, five three years.~~

0044 ~~(g) (7) Bonds of officials, officers or employees, 15 10 years,~~

0045 the period to begin at the date of the termination of the term of
0046 employment of the bond.

0047 (h) (8) Insurance policies, five years, the period beginning at
0048 expiration of the policy unless a rate ~~ease~~ claim is pending.

0049 (i) (9) Canceled checks, five years.

0050 (j) (10) Requisition and duplicate purchase orders, ~~five~~ three
0051 years.

0052 (k) (11) Bonds and coupons, ~~if any~~, stamped paid or canceled
0053 and returned by the state fiscal agent, five years, the period
0054 beginning at the date of maturity of the bond or coupon.

0055 (b) *The original of records, documents or other papers listed*
0056 *in subsection (a) may be destroyed at any time if reproduced on*
0057 *film, as provided in K.S.A. 12-122, and amendments thereto, and*
0058 *such film shall be retained for a period not less than required for*
0059 *the original records.*

0060 Sec. 2. K.S.A. 1987 Supp. 12-120 is hereby repealed.

0061 Sec. 3. This act shall take effect and be in force from and
0062 after its publication in the statute book.

except that one bond of each issue shall be retained permanently, or shall be deposited in a historical collection established pursuant to K.S.A. 12-1658, or shall be offered to the state historical society.