KANSAS OFFICE of
REVISOR of STATUTES
LEGISLATURE of THE STATE of KANSAS
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# MEMORANDUM

To: House Committee on Education

From: Nick Myers, Assistant Revisor of Statutes

Date: January 22, 2015

Subject: School District Accounting Statutory Overview

## I. Municipal Accounting Overview.

K.S.A. 75-1120a

GAAP Required: The governing body of each municipality, including school districts, shall utilize accounting procedures and fiscal procedures that conform to generally accepted accounting principles.

Waiver Authorized: School districts can waive GAAP with annual adoption of a resolution to waive.

Requirements for Waiver: A school board must annually make a finding that GAAP based financial statements and financial reports are not relevant to the requirements of the cash-basis and budget laws of this state and are of no significant value to the governing body or the public.

Waiver Prohibited: If the provisions of any ordinances or resolutions of the district require financial statements and financial reports to use GAAP.

Cash-Basis Laws Apply: If such waiver resolution is adopted by a school board.

## II. Cash-Basis Overview

K.S.A 10-1102

No Indebtedness: Cash-Basis accounting laws prohibit an entity from operating in debt.

K.S.A 10-1113

Debt Unlawful: Boards are prohibited from knowingly voting to take on debt.

Exception, Cancelable Purchase Orders: School districts can issue cancelable purchase orders for school supplies and equipment, buses, books, and data processing equipment in advance of the next budget year.

K.S.A 10-1116

Exception; Vote of Electorate and Bonds: Indebtedness allowed if (1) payment has been authorized by a vote of the electors of the municipality, or (2) provision made for payment by the issuance of bonds.

Exception; Anticipatory Contracts: Districts may contract for employees and continuing operating expenses in excess of the funds on hand but indebtedness shall never exceed 100% of the amount actually expended for school purposes the last preceding fiscal year.

K.S.A 10-1116a

Exception; Late Payments from State: Expenditures which are in excess of current revenues are allowed if the deficit or shortage in revenues is due to a late payment of state aid.

## III. School Specific Accounting Statute

K.S.A 72-8254

Citation of Act: Kansas Uniform Financial Accounting and Reporting Act.

State Board Obligations

- State Board shall develop and maintain a Uniform Reporting System for receipts and expenditures of school districts.

- State Board shall design, revise, and direct use of accounting records and fiscal procedures and prescribe uniform classifications for receipts and expenditures for all school districts.

- State Board shall prescribe the necessary forms to be used by districts for such reporting system.

School District Obligations:

- District accounting records must be coordinated with the Uniform Reporting System.

- Districts shall record receipts and expenditures in accordance with a uniform classification of accounts or chart of accounts and reports as prescribed by state board.

- Districts shall submit reports and statements required by state board.

- Districts shall record and report receipts and expenditures in manner prescribed by state board.

Reporting System Requirements:

- Reporting system shall include all funds held by school districts no matter the source of money held in such funds.

- 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.

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

Financial Publishing Requirements of School Districts:

Each district shall annually publish on an easily identifiable link on the district's homepage:

- Copy of form 150, estimated legal maximum general fund budget.

- Budget summary for current school year and actual expenditures for last two school years showing total dollars of net transfers and dollars per pupil for each of the following functions:

(i) Instruction
(ii) Student support
(iii) Instructional staff support
(iv) Administration
(v) Operation and maintenance
(vi) Transportation
(vii) Food service
(viii) Other current spending
(ix) Capital Outlay
(x) Debt service
(xi) Total Expenditures being sum of above.
(xii) Instruction, excluding capital outlay and debt service expenditures, as a percentage of total.
(xiii) Instruction as a percentage of current spending which equals all expenditures from instruction to administration, all while excluding capital outlay and debt service expenditures.
(xiv) Revenue in total dollars net of transfers both in total and disaggregated to show revenue received from local, state, and federal.

Financial Publishing Requirements of the Department of Education:

Department required to annually publish on easily identifiable link on homepage:

- All the school district publications as required above.

- The following expenditures for each district on a per pupil basis:

(i) Total expenditures
(ii) Capital outlay expenditures
(iii) Bond and interest expenditures
(iv) All other expenditures

## IV. Kansas Accounting Handbook for Unified School Districts