

Substitute for SENATE BILL No. 83

AN ACT concerning school districts; relating to certain funds; enacting the school budgeting best practices reform act; amending K.S.A. 12-1663, 12-2615, 44-505c, 72-4141, 72-5390, 72-6409, 72-6425, 72-6428, 72-8209, 72-8223, 72-8302, 72-8316, 72-8317, 72-8415a, 72-8415b, 75-6110, 79-2926 and 79-2927 and repealing the existing sections; also repealing K.S.A. 72-3703.

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

New Section 1. (a) There is hereby established in every school district a special liability expense fund. Moneys in such fund shall be used to:

(1) Pay the cost of providing for its defense and the defense of employees pursuant to the Kansas tort claims act and for the payment of claims and other direct and indirect costs resulting from the implementation of such act; and

(2) pay judgments rendered against the district.

(b) The district shall credit to the special liability expense fund any moneys received by the district from any source which may be lawfully utilized for the purposes specified by this section including the proceeds of tax levies hereinafter authorized and provided. Any balance remaining in the special liability expense fund at the end of the budget year shall be carried forward into that fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In making the budget of the district, the amounts credited to and the amount on hand in such special fund, and the amount expended therefrom, shall be included in the annual budget for the information of the residents of the district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

(c) Whenever the governing body of any school district determines that moneys from other sources will be insufficient to pay such costs, the governing body is hereby authorized to levy an annual tax upon all taxable tangible property within the district in an amount determined by the governing body to be necessary for such purpose and to pay a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located in such school district.

New Sec. 2. (a) There is hereby established in every school district a special reserve fund. Moneys in such fund shall be used to:

(1) Pay claims, judgments, expenses and other purposes relating to health care services, disability income benefits and group life insurance benefits as authorized by K.S.A. 72-8415a, and amendments thereto;

(2) pay costs relating to uninsured losses; and

(3) pay the cost of workers compensation insurance and workers compensation claims, awards, expenses and other purposes authorized by the workers compensation act.

(b) Any balance remaining in the special reserve fund at the end of the budget year shall be carried forward into that reserve fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the special reserve fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

New Sec. 3. (a) There is hereby established in every school district a textbook and student materials revolving fund. Moneys in such fund shall be used to:

(1) Purchase any items designated in K.S.A. 72-5389, and amendments thereto;

(2) pay the cost of materials or other items used in curricular, extra-curricular or other school-related activities; and

(3) purchase textbooks as authorized by K.S.A. 72-4141, and amendments thereto.

(b) Any balance remaining in the textbook and student materials revolving fund at the end of the budget year shall be carried forward into that fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the textbook and student materials revolving fund, and the amount expended therefrom shall be included in

the annual budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

Sec. 4. K.S.A. 12-2615 is hereby amended to read as follows: 12-2615. (a) The governing body of any city, county or school district may ~~establish by resolution a risk management reserve fund for the purpose of providing moneys to reimburse such city, county or school district, in whole or in part, from insurable losses not otherwise insured~~ *pay the costs relating to any uninsured loss. The governing body of a city or county may pay such costs from the risk management reserve fund of the city or county. The board of education of any school district may pay such costs from the special reserve fund of the district.* The resolution establishing such risk management reserve fund shall prescribe the purposes for which moneys in the fund may be used, and any expenditure therefrom shall require the approval of the governing body. Moneys may be paid into such risk management reserve fund *or special reserve fund* from any source which may be lawfully utilized for such purposes, including transfers from the general fund, from any special liability expense fund established in accordance with the provisions of K.S.A. 75-6110, *and amendments thereto*, or from any other fund or grant program account of the governmental unit in reasonable proportion to the estimated cost of self insuring the risk losses covered by such ~~reserve fund. Such fund funds.~~ *Such funds* shall not be subject to the provisions of K.S.A. 79-2925 to 79-2937, inclusive, ~~and acts amendatory thereof or supplemental thereto, except that through 79-2937, and amendments thereto.~~ In making the budget of such city, county or school district, the amounts credited to and the amount on hand in such reserve fund, and the amount expended therefrom, shall be included in the annual budget for the information of the residents. Interest earned on the investment of moneys in such reserve fund shall be credited to such fund.

(b) If the governing body of any city, county or school district ~~shall determine~~ *determines* on an actuarial basis that money which has been credited to such fund, or any part thereof, is no longer needed for the purposes for which it was established, ~~said~~ *the* governing body may transfer such amount not needed to the funds or accounts from which the money was received. Any money so transferred shall be budgeted in accordance with the provisions of K.S.A. 79-2925 to 79-2937, inclusive, ~~and acts amendatory thereof or supplemental through 79-2937, and amendments thereto.~~

Sec. 5. K.S.A. 44-505c is hereby amended to read as follows: 44-505c. Any city, county, school district or other political subdivision or municipality is hereby authorized to pay the cost of workmen's compensation coverage for its employees as provided by this act and may pay such costs from the various funds from which compensation is paid to its employees. *School districts may pay such costs from the special reserve fund of the school district.* Any such city, county, political subdivision or municipality, except a school district, may levy annually at the time of its levy of taxes an additional tax for such purpose and, in the case of cities, counties and school districts, for the purpose of paying a portion of the principal and interest on bonds issued by a city under the authority of K.S.A. 12-1774, and amendments thereto, which, together with any other fund available shall be sufficient to provide the cost thereof. Any taxing subdivision authorized to levy a tax under this section, in lieu of levying such tax, may pay such costs from any employee benefits contribution fund established pursuant to K.S.A. 12-16,102, *and amendments thereto.* Counties shall provide for coverage of district court officers and employees whose total salary is payable by counties. Such tax shall not be subject to any tax levy limit prescribed by article 19 of chapter 79 of the Kansas Statutes Annotated, ~~or acts amendatory thereof or supplemental thereto.~~ *Taxes levied by counties and cities under the authority of this act shall be exempt from the limitations imposed under the provisions of K.S.A. 79-5001 to 79-5016, inclusive, and amendments thereto.*

Sec. 6. K.S.A. 72-4141 is hereby amended to read as follows: 72-4141. The board of education of any school district may establish a school textbook rental plan for such grades as are maintained by the district whereby such board shall purchase school textbooks to be used by the pupils upon the payment by such pupils of a rental fee. *Moneys received*

*by the board of education under this section shall be deposited in the textbook and student materials revolving fund of the school district.*

Sec. 7. K.S.A. 72-5390 is hereby amended to read as follows: 72-5390. (a) The board of education of any school district may prescribe, assess and collect fees and supplemental charges for:

(1) The use, rental or purchase by pupils of any of the items designated in K.S.A. 72-5389, and amendments thereto, to offset, in part or in total, the expense of purchasing such items; and

(2) participation in activities, or the use of facilities, materials and equipment, which participation or use is not mandatory, but optional to pupils, whether incidental to curricular, extracurricular or other school-related activities.

(b) ~~Except as otherwise provided in this section,~~ Moneys received by a board of education under this section shall be deposited in the ~~general textbook and student materials revolving~~ fund of the school district ~~and shall be considered reimbursements to the district for the purpose of the school district finance and quality performance act and may be expended whether the same have been budgeted or not and amounts so expended shall not be considered operating expenses.~~

~~—(c) Moneys received by a board of education under this section for the use, rental or purchase by pupils of any of the items designated in paragraph (a) of K.S.A. 72-5389, and amendments thereto, may be deposited in the revolving fund established by the board for the purpose of purchasing textbooks under the provisions of article 41 of chapter 72 of Kansas Statutes Annotated, and the board may expend moneys from such revolving fund for the purpose of purchasing the items.~~

~~—(d) The board of education may establish a revolving fund for the purpose of purchasing any of the items designated in paragraphs (b) through (c) of K.S.A. 72-5389, and amendments thereto, and moneys received by the board of education under this section for use, rental or purchase by pupils of any of the items may be deposited in such revolving fund.~~

Sec. 8. K.S.A. 72-6409 is hereby amended to read as follows: 72-6409. (a) “General fund” means the fund of a district from which operating expenses are paid and in which is deposited the proceeds from the tax levied under K.S.A. 72-6431, and amendments thereto, all amounts of general state aid under this act, payments under K.S.A. 72-7105a, and amendments thereto, payments of federal funds made available under the provisions of title I of public law 874, except amounts received for assistance in cases of major disaster and amounts received under the low-rent housing program, and such other moneys as are provided by law.

(b) “Operating expenses” means the total expenditures and lawful transfers from the general fund of a district during a school year for all purposes, except expenditures for the purposes specified in K.S.A. 72-6430, and amendments thereto.

(c) “General fund budget” means the amount budgeted for operating expenses in the general fund of a district.

(d) “Budget per pupil” means the general fund budget of a district divided by the enrollment of the district.

(e) “Program weighted fund” means and includes the following funds of a district: ~~Transportation fund,~~ Vocational education fund, and bilingual education fund.

(f) “Categorical fund” means and includes the following funds of a district: Special education fund, food service fund, driver training fund, adult education fund, adult supplementary education fund, area vocational school fund, inservice education fund, parent education program fund, summer program fund, extraordinary school program fund, and educational excellence grant program fund.

Sec. 9. K.S.A. 72-6425 is hereby amended to read as follows: 72-6425. (a) ~~There is hereby established in every district a fund which shall be called the transportation fund which fund shall consist of all moneys deposited therein or transferred thereto according to law. All moneys received by the district for pupil transportation shall be credited to the transportation general fund. The expenses of a district attributable to pupil transportation shall be paid from the transportation general fund. Any district may transfer moneys from its capital outlay fund to its transportation fund for the purpose of purchasing buses and bus equipment.~~

~~If a board determines that any moneys which have been transferred to its transportation fund from its capital outlay fund are not needed for the purchase of buses or bus equipment, the board may transfer the moneys back to the capital outlay fund.~~

~~—(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.~~

~~(b) The transportation fund of each district is hereby abolished. Any moneys in such fund shall be transferred and credited to the general fund of the school district.~~

Sec. 10. K.S.A. 72-6428 is hereby amended to read as follows: 72-6428. (a) Any lawful transfer of moneys from the general fund of a district to any other fund shall be an operating expense in the year the transfer is made. The board of any district may transfer moneys from the general fund to any categorical fund of the district in any school year. The board of any district may transfer moneys from the general fund to any program weighted fund of the district ~~in any school year~~, subject to the following conditions:

(1) No board shall transfer moneys in any amount from the general fund to a program weighted fund prior to maturation of the obligation of the fund necessitating the transfer.

(2) The board may transfer moneys in an amount not to exceed the amount of the obligation of the program weighted fund necessitating the transfer.

~~(b) The board of any district may transfer moneys from the general fund to the technology education fund of the district in any school year, subject to the conditions imposed upon transferability of moneys from the general fund to program weighted funds of the district.~~

~~—(c) The board of any district may transfer moneys from the general fund to the contingency reserve fund of the district in any school year, subject to the limitations imposed upon the amount authorized to be maintained in the contingency reserve fund under K.S.A. 72-6426, and amendments thereto.~~

~~(d) (c) The board of any district may transfer moneys from the general fund to the capital outlay fund of the district in any school year, subject to the following conditions:~~

~~—(1) No board shall transfer moneys in any amount from the general fund to the capital outlay fund prior to June 1 in any school year.~~

~~—(2) The board of any of the districts with 10,000 or more enrollment may transfer moneys in an amount not to exceed an amount equal to 1% of the general fund budget.~~

~~—(3) The board of any district, other than the districts with 10,000 or more enrollment, may transfer moneys in an amount not to exceed an amount equal to 2% of the general fund budget.~~

~~—(4) No board shall transfer moneys in any amount from the general fund to the capital outlay fund in any school year commencing after June 30, 1993, unless such board, in its adopted budget for such year, shall have budgeted a capital outlay levy at (A) not less than a 3.5 mill rate or (B) not less than the mill rate necessary to produce the same amount of money that would have been produced by a 3.5 mill rate in the 1988-89 school year, whichever of (A) or (B) is the greater mill rate.~~

~~—(c) Any district may make capital outlay expenditures from the general fund for acquisition of equipment and repair of school buildings.~~

~~(f) The provisions of this section shall take effect and be in force from and after July 1, 1992.~~

~~(d) The board of any district may transfer moneys from the general fund to the special reserve fund.~~

~~(e) The board of any district may transfer moneys from the general fund to the special liability expense fund.~~

~~(f) The board of any district may transfer moneys from the general fund to the textbook and student materials revolving fund.~~

Sec. 11. K.S.A. 72-8209 is hereby amended to read as follows: 72-8209. Whenever any judgment rendered against any school district ~~shall become~~ becomes final, the governing body thereof shall make a tax levy board of education may levy a tax at the first tax levying period after such judgment becomes final, sufficient to pay such amount and for the purpose of paying a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto,

for the financing of redevelopment projects upon property located within the school district and such tax levy may be levied outside of tax levy limitations prescribed by law. ~~Such tax shall be collected as other school district taxes, but no execution shall issue on such judgment against the school district. In case the governing body neglects to levy the tax as hereinbefore provided, then the judgment creditor may have and recover a judgment against the officer or officers so in default, for the amount due him or her on such judgment, with costs. Revenue from such levy shall be deposited in the special liability expense fund of the school district.~~

Sec. 12. K.S.A. 72-8302 is hereby amended to read as follows: 72-8302. (a) The board of education of a school district may provide or furnish transportation for pupils who are enrolled in the school district to or from any school of the school district or to or from any school of another school district attended by such pupils in accordance with the provisions of an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto.

(b) (1) When any or all of the conditions specified in this provision exist, the board of education of a school district shall provide or furnish transportation for pupils who reside in the school district and who attend any school of the school district or who attend any school of another school district in accordance with the provisions of an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto. The conditions which apply to the requirements of this provision are as follows:

(A) The residence of the pupil is inside or outside the corporate limits of a city, the school building attended is outside the corporate limits of a city and the school building attended is more than 2½ miles by the usually traveled road from the residence of the pupil; or

(B) the residence of the pupil is outside the corporate limits of a city, the school building attended is inside the corporate limits of a city and the school building attended is more than 2½ miles by the usually traveled road from the residence of the pupil; or

(C) the residence of the pupil is inside the corporate limits of one city, the school building attended is inside the corporate limits of a different city and the school building attended is more than 2½ miles by the usually traveled road from the residence of the pupil.

(2) The provisions of this subsection are subject to the provisions of subsections (c) and (d).

(c) The board of education of every school district is authorized to adopt rules and regulations to govern the conduct, control and discipline of all pupils while being transported in school buses. The board may suspend or revoke the transportation privilege or entitlement of any pupil who violates any rules and regulations adopted by the board under authority of this subsection.

(d) The board of education of every school district may suspend or revoke the transportation privilege or entitlement of any pupil who is detained at school at the conclusion of the school day for violation of any rules and regulations governing pupil conduct or for disobedience of an order of a teacher or other school authority. Suspension or revocation of the transportation privilege or entitlement of any pupil specified in this subsection shall be limited to the school day or days on which the pupil is detained at school. The provisions of this subsection do not apply to any pupil who has been determined to be an exceptional child, except gifted children, under the provisions of the special education for exceptional children act.

(e) (1) Subject to the limitations specified in this subsection, the board of education of any school district may prescribe and collect fees to offset, totally or in part, the costs incurred for the provision or furnishing of transportation for pupils. The limitations which apply to the authorization granted by this subsection are as follows:

(A) Fees for the provision or furnishing of transportation for pupils shall be prescribed and collected only to recover the costs incurred as a result of and directly attributable to the provision or furnishing of transportation for pupils and only to the extent that such costs are not reimbursed from any other source provided by law;

(B) fees for the provision or furnishing of transportation may not be assessed against or collected from any pupil who is counted in determin-

ing the transportation weighting of the school district under the provisions of the school district finance and quality performance act or any pupil who is determined to be a child with disabilities under the provisions of the special education for exceptional children act or any pupil who is eligible for free or reduced price meals under the national school lunch act or any pupil who is entitled to transportation under the provisions of subsection (a) of K.S.A. 72-8306, and amendments thereto, and who resides 2½ miles or more by the regular route of a school bus from the school attended;

(C) fees for the provision or furnishing of transportation for pupils in accordance with the provisions of an agreement entered into under authority of K.S.A. 72-8233 or 72-8307, and amendments thereto, shall be controlled by the provisions of the agreement.

(2) All moneys received by a school district from fees collected under this subsection shall be deposited in the ~~transportation~~ *general* fund of the district.

Sec. 13. K.S.A. 72-8316 is hereby amended to read as follows: 72-8316. (a) Any board of education, pursuant to a policy developed and adopted by it, may provide for the use of district-owned or leased school buses when such buses are not being used for regularly required school purposes. The policy may provide for:

(1) (A) Transporting parents and other adults to or from school-related functions or activities, (B) transporting pupils to or from functions or activities sponsored by organizations, the membership of which is principally composed of children of school age, and (C) transporting persons engaged in field trips in connection with their participation in an adult education program maintained by the transporting school district or by any other school district, within or outside the boundaries of the transporting school district; and

(2) contracting with (A) the governing body of any township, city or county for transportation of individuals, groups or organizations, (B) the governing authority of any nonpublic school for transportation of pupils attending such nonpublic school to or from interschool or intraschool functions or activities, (C) the board of trustees of any community college for transportation of students enrolled in such community college to or from attendance at class at the community college or to and from functions or activities of the community college, (D) a public recreation commission established and operated under the laws of this state, for any purposes related to the operation of the recreation commission and all programs and services thereof, (E) the board of education of any other school district for transportation, on a cooperative and shared-cost basis, of pupils, school personnel, parents and other adults to or from school-related functions or activities, or (F) a four-year college or university, area vocational school or area vocational-technical school for transportation of students to or from attendance at class at the four-year college or university, area vocational school or area vocational-technical school or for transportation of students, alumni and other members of the public to or from functions or activities of the four-year college or university, area vocational school or area vocational-technical school.

(b) The costs related to the use of school buses under authority of this section shall not be considered in determining the transportation weighting of a school district under article 64 of chapter 72 of Kansas Statutes Annotated.

(c) Transportation fees may be charged by the board to offset, totally or in part, the costs incurred for the use of school buses under authority of this section.

(d) Any revenues received by a board of education as transportation fees or under any contract entered into pursuant to this section shall be deposited in the ~~transportation~~ *general* fund of the district and *shall be considered reimbursements to the district for the purpose of the school district finance and quality performance act. Such revenues* may be expended whether the same have been budgeted or not.

(e) The provisions of subsection (c) of K.S.A. 8-1556, and amendments thereto, apply to the use of school buses under authority of this section.

Sec. 14. K.S.A. 72-8317 is hereby amended to read as follows: 72-8317. (a) The board of education of any school district, pursuant to a

policy developed and adopted by the board, may provide that whenever the school district furnishes school bus transportation for pupils of the school district to or from attendance at class in an area vocational school, area vocational-technical school, technical college, community college, or four-year college or university, adults who are students enrolled at any such educational institution may be furnished such school bus transportation to or from attendance at class, on a space available basis, along with the pupils of the school district. Whenever any school district shall furnish transportation for adult students pursuant to a policy adopted under authority of this section, such transportation shall be furnished subject to such terms and conditions as the board of education of the school district shall impose.

(b) Fees for the furnishing of transportation for adult students pursuant to a policy adopted under authority of this section may be charged such adult students to offset, totally or in part, any costs incurred by a school district in the furnishing of such transportation, or such transportation may be furnished free of charge. Any revenues received by a board of education as fees charged adult students for transportation furnished under authority of this section shall be deposited in the ~~transportation~~ *general* fund of the district and may be expended whether the same have been budgeted or not.

Sec. 15. K.S.A. 72-8415a is hereby amended to read as follows: 72-8415a. (a) *If the board of education of any school district elects to act as a self-insurer for the provision of health care services, disability income benefits or a group life insurance benefit as authorized by K.S.A. 72-8414, and amendments thereto, the board shall make payments for claims, judgments and expenses for health care services, disability income benefits or group life insurance benefits, whichever is applicable from the special reserve fund of the school district.*

*The board of education may enter into a trust agreement with any corporate entity having the powers of a trust company within the state of Kansas, and may transfer from time to time amounts held in the special reserve fund to the custody of the trustee for safeguarding and investment. Any such trust agreement may grant the trustee the power to exercise such fiscal management and administrative control as may be necessary for the lawful and efficient management of any such amounts transferred to the custody of the trustee.*

(b) ~~If the board of education of any school district or the board of trustees of any community college elects to act as a self-insurer for the provision of health care services or, disability income benefits, or a group life insurance benefit, or all three, as authorized by K.S.A. 72-8414, and amendments thereto, it shall by resolution~~ *the board shall create a separate health care services reserve fund or disability income benefits reserve fund, or a separate group life insurance benefit reserve fund, or all three, in the budget of the school district or community college, whichever is applicable, which shall be reserve funds for the payments of claims, judgments and expenses for health care services or disability income benefits or group life insurance benefits, whichever is applicable. Any balance remaining in any such reserve fund at the end of the fiscal year shall be carried forward into that reserve fund for succeeding fiscal years. No such fund shall be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto, except that. In preparing the budget of such school district or community college, the amounts credited to and the amount on hand in any such reserve fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents. Interest earned on the investment of moneys in any such fund shall be credited to that fund.*

~~(b) In the discretion of the board of education or~~ *The board of trustees, it may enter into a trust agreement with any corporate entity having the powers of a trust company within the state of Kansas, and may transfer from time to time amounts held in the health care services reserve fund or the disability income benefits reserve fund, or the group life insurance benefit reserve fund, or all three, to the custody of the trustee for safeguarding and investment. Any such trust agreement may grant the trustee the power to exercise such fiscal management and administrative control as may be necessary for the lawful and efficient management of any such amounts transferred to the custody of the trustee.*

Sec. 16. K.S.A. 72-8415b is hereby amended to read as follows: 72-8415b. (a) Any school district ~~or community college~~ that elects to become a self-insurer under the provisions of K.S.A. 72-8414, and amendments thereto, may transfer ~~such amounts~~ *moneys* from its general fund to the ~~health care services reserve fund or the disability income benefits reserve fund, or the group life benefit reserve fund, or all three, as may be deemed necessary to meet the cost of health care services or disability income benefits, or group life insurance claims, whichever is applicable~~ *special reserve fund of the district as provided by K.S.A. 72-6428, and amendments thereto.*

(b) *Any community college that elects to become a self-insurer under the provisions of K.S.A. 72-8414, and amendments thereto, may transfer such amounts from its general fund to the health care services reserve fund or the disability income benefits reserve fund, or the group life benefit reserve fund, or all three, as may be deemed necessary to meet the cost of health care services or disability income benefits, or group life insurance claims, whichever is applicable.*

Sec. 17. K.S.A. 75-6110 is hereby amended to read as follows: 75-6110. (a) *Except as provided for school districts,* payments by municipalities for the cost of providing for its defense and the defense of employees pursuant to this act and for the payment of claims and other direct and indirect costs resulting from the implementation of this act may be paid from the general or other existing fund of such municipality or from a special liability expense fund established for such purpose pursuant to subsection (b). *School districts shall make such payments from the special liability expense fund of the school district.*

(b) Whenever the governing body of any municipality shall determine that it is advisable to establish a special fund for the payment of such costs and to establish a reserve therefor, in lieu of paying the same out of the general or other existing fund of the municipality, such governing body may create and establish a special liability expense fund for the payment of such costs and may place therein any moneys received by the municipality from any source whatsoever which may be lawfully utilized for such purpose including the proceeds of tax levies hereinafter authorized and provided. Such fund shall not be subject to the provisions of K.S.A. 79-2925 to 79-2937, inclusive, and any acts amendatory thereof or supplemental thereto, ~~except that through 79-2937, and amendments thereto.~~ In making the budget of such municipality, the amounts credited to and the amount on hand in such special fund, and the amount expended therefrom, shall be included in the annual budget for the information of the residents of such municipality.

(c) Whenever the governing body of any municipality which is authorized by law to levy taxes upon property has established a special liability expense fund under the provisions of this section and ~~shall determine~~ *determines* that moneys from other sources will be insufficient to pay such costs, the governing body ~~is hereby authorized to~~ *may* levy an annual tax upon all taxable tangible property within the municipality in an amount determined by the governing body to be necessary for such purpose and in the case of cities, ~~counties and school districts~~ *and counties,* to pay a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located in such ~~city or county or such school district.~~

Sec. 18. 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 ~~and by K.S.A. 1973 Supp. 79-4401 et seq.,~~ necessary and proper to fully 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, 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 es-*

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 compliance with the provisions of this section.

(c) All such budget and tax levy forms shall be printed by the ~~director~~ division of printing and in such quantity as required by the director. The director shall deliver the forms for all 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 immediately deliver the same to the presiding officer of the governing body of the said respective taxing subdivisions or municipalities within the county. ~~Whenever in article 20 of chapter 79 of Kansas Statutes Annotated the words state auditor or auditor of state, or words of like effect, occur, the same shall mean director of accounts and reports.~~

Sec. 19. 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. 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 esti-

mated to be received during the ensuing budget year, with the amount estimated to be received from each source separately stated. *Except as provided by section 20, 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 can be raised by any fund limit or aggregate limit placed upon such fund.

New Sec. 20. (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) 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) 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 the school district estimates will be carried forward to the succeeding budget year.

(d) 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.

New Sec. 21. (a) Each year the board of education of a school district shall prepare a budget and a summary of the proposed budget. Such budget and summary shall be in the form prescribed by the director pursuant to K.S.A. 79-2926, and amendments thereto.

(b) The budget and the summary of the proposed budget shall be on file at the administrative offices of the school district. Copies of such budget and summary shall be available upon request.

(c) The notice required to be published by K.S.A. 79-2929, and amendments thereto, shall include a statement that the budget and the summary of the proposed budget is on file at the administrative offices of the district and that copies of such budget and summary are available upon request.

New Sec. 22. (a) From and after July 1, 2004, each year the board of education of a school district shall prepare a profile of the school district. The profile shall include any information specified by the state department of education to be included in such profile, including but not limited to, information relating to the governing body of the school district, an overview of the budget of the school district adopted by the board pursuant to K.S.A. 79-2925 through 79-2935, and amendments thereto, and the budgetary process.

(b) The profile of the school district shall be on file at the administrative offices of the school district. Copies of the profile of the school district shall be available upon request.

(c) The notice required to be published by K.S.A. 79-2929, and amendments thereto, shall include a statement that a profile of the school district will be on file at the administrative offices of the district after the board adopts the budget for the ensuing budget year and that copies of the profile will be available upon request.

Sec. 23. K.S.A. 12-1663 is hereby amended to read as follows: 12-1663. (a) Where any public agency receives federal aid through any federal agency for any purpose to be used alone or with funds of the public agency, such federal aid may be expended without regard to budget limitations and over, above or outside the budget, and such expenditures shall not be charged against the budget of the current or any other budget year of the public agency; ~~and~~ Where a public agency spends from budgeted funds and later is reimbursed by federal aid, such expenditure from budgeted funds shall be a reimbursed expense and if received after the budget year, shall increase the current budget to the same amount unless the budget had anticipated and included the reimbursement as income.

(b) *In addition to the requirements of subsection (a), a school district shall include all revenues and expenditures, including, but not limited to,*

*federal aid and other grants, gifts and miscellaneous income, in all budget documents prepared by the school district, including documents submitted to the department of education. In order to account for such revenues and expenditures separately, each school district shall budget for federal aid and other grants and gifts, other than scholarships, received, which funds shall not be subject to limitations on the expenditure of moneys in such funds.*

Sec. 24. K.S.A. 72-8223 is hereby amended to read as follows: 72-8223. (a) The secretary of social and rehabilitation services shall pay tuition to the board of education of any school district for children in any institution under the jurisdiction of the secretary who attend any of the schools of such school district. The amount of tuition shall be determined on the basis of the average operating cost per pupil of the school district, less the proportionate amount of state aid received by such school district as determined by the state board of education. *Whenever feasible, the board of education of such school district shall work with the department of social and rehabilitation services to maximize federal matching funds.*

(b) Payments of tuition received under this section by the board of education of any school district for attendance of children at school in regular educational programs shall be deposited in the ~~general fund of the school district and considered as reimbursements of the district for the purpose of the school district finance and quality performance act.~~ *tuition reimbursement fund.*

(c) *There is hereby established in every district a fund which shall be called the tuition reimbursement fund, which fund shall consist of all moneys deposited therein or transferred thereto according to law. The expenses of a district attributable to the costs of providing educational services to a child in an institution under the jurisdiction of the secretary who attends the school shall be paid from the tuition reimbursement fund.*

Sec. 25. K.S.A. 12-1663, 12-2615, 44-505c, 72-3703, 72-4141, 72-5390, 72-6409, 72-6425, 72-6428, 72-8209, 72-8223, 72-8302, 72-8316, 72-8317, 72-8415a, 72-8415b, 75-6110, 79-2926 and 79-2927 are hereby repealed.

Sec. 26. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the SENATE, and passed that body

\_\_\_\_\_

SENATE adopted  
Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

Passed the HOUSE  
as amended \_\_\_\_\_

HOUSE adopted  
Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*