

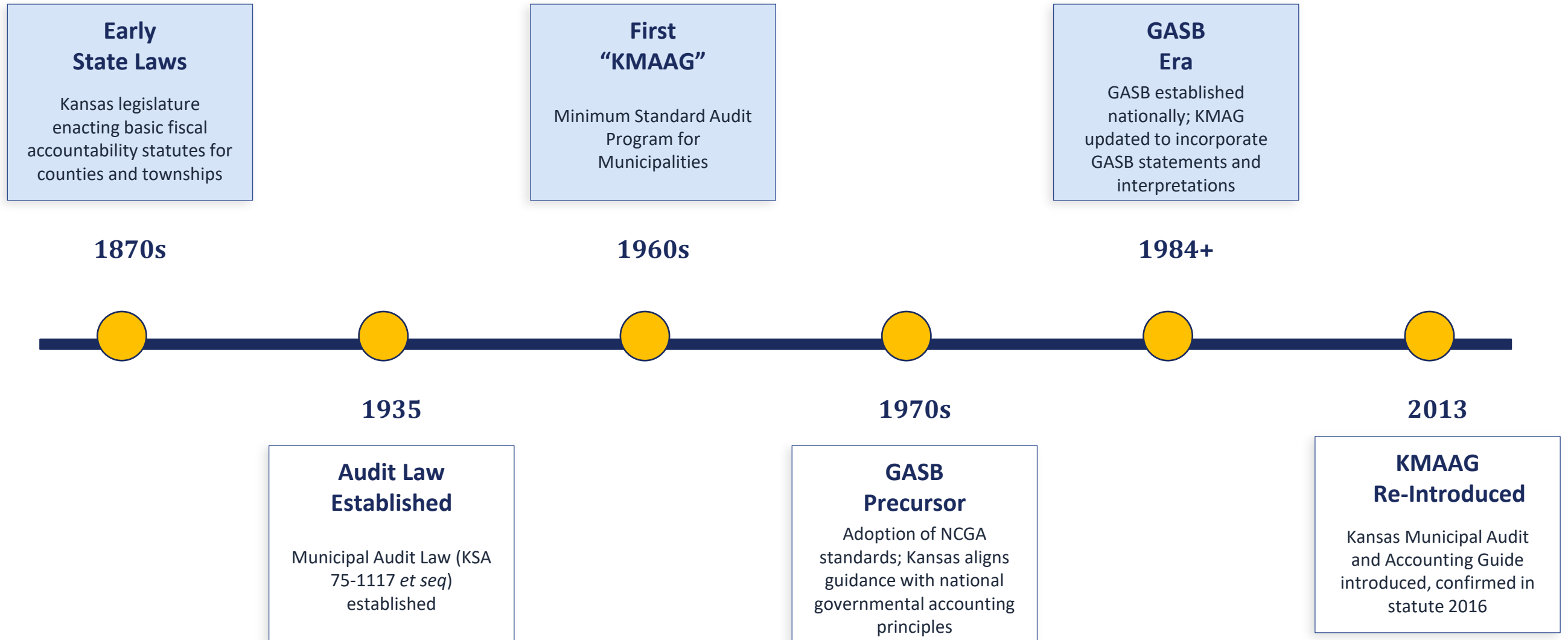


## **Kansas Municipal Audit and Accounting Guide**

Office of Accounts and Reports

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Statewide Agency Audits & Municipal Services

# Timeline of Kansas Municipal Accounting



# 1930s – Kansas Municipal Finance Reform

## Why?

- Wake of the Great Depression – “lessons learned”
- Calls for increased transparency, both from bond investors and taxpayers, demanding public accountability
- To ensure the “intelligent and economical administration” of public funds
- Providing taxpayers protection, transparency, and oversight
- Creating uniformity and standardized processes through public entities in the state of Kansas

## Foundational Statutes for Municipal Finance

### **K.S.A. 75-1117**

Kansas Municipal Audit Law: Includes essential municipal audit and accounting provisions

### **K.S.A. 79-2925**

Kansas Municipal Budget Law: coordinates with the KMAAG fund structure requirements

### **K.S.A. 10-1101**

Kansas Cash Basis Law: provides guardrails for municipal indebtedness

# Municipal Audit Requirements

## Audit Triggers

- Municipalities meeting one of the three criteria require all-funds audit:
  - Annual Gross Receipts exceed \$500,000
  - GO Bonds outstanding exceed \$500,000
  - Revenue Bonds outstanding exceed \$500,000
- School districts, regardless of threshold, require all-funds audit
- Municipalities with aggregate gross receipts or bonds outstanding exceeding \$275,000 to \$500,000 follow Agreed Upon Procedures requirement (enhanced AUP every three consecutive years)

## Auditor Qualifications

- Must be a licensed CPA
- Must hold a valid Kansas license to practice
- Must comply with GAAS standards

## Audit Filing

- Audit reports and Agreed Upon Procedures are filed with Office of Accounts and Reports
- Must be filed within one year of the end of the audit period

# GAAP Waiver Process

**What Is a GAAP Waiver?** K.S.A. 75-1120a requires OAR to grant waivers permitting municipal entities to depart from GAAP requirements when specific conditions are met. Waivers must be formally approved and documented annually by the governing body.

## Eligibility & Process for Waiver

- Entity determines that GAAP compliance is impractical given available resources
- OAR considers waivers automatically granted to any eligible municipality that successfully passes an **annual** resolution
- Waivers are not a blanket exemption from GAAP compliance or audit requirement
- Waivers are not applicable if other legal or contractual provisions require financial statements in accordance with GAAP

**Auditor Note:** Confirm waiver status in pre-engagement planning. An active GAAP waiver requires an emphasis-of-matter paragraph in the auditor's report and disclosure of the financial statement effects. Failure to obtain or renew a waiver may result in a GAAP departure finding.

# What Is the KMAAG?

**KMAAG** — The **K**ansas **M**unicipal **A**udit and **A**ccounting **G**uide — is the authoritative guidance document issued by the Kansas Office of Accounts and Reports (OAR) through collaboration with the KMAAG Board that guides financial reporting, accounting practices, and audit requirements for Kansas municipalities and local governmental units.



## Who It Applies To

Cities, counties, townships, school districts, and other local governmental entities operating under Kansas law



## What It Governs

Fund accounting, financial statement preparation, chart of accounts, internal controls, and audit procedures



## Why It's Binding

Authorized under K.S.A. Chapter 75 — compliance is a legal requirement, not optional best practice

# Issuing Authority & Administrative Structure

## Kansas Legislature

*Enacts authorizing statutes  
(K.S.A. Chapter 75)*

## Kansas Department of Administration

*Executive department oversight*

## Office of Accounts and Reports (OAR)

*Issues and maintains  
the KMAAG*

### OAR Key Responsibilities:

- Prescribe a uniform system of accounts for municipalities
- Review and update the KMAAG annually through collaboration with the KMAAG Editorial Board
- Provide training and guidance to municipalities
- Collect and maintain audit reports and agreed upon procedures for public transparency

# Core Statutory Framework

## K.S.A. 75-1117 et seq. Core Authorization

### K.S.A. 75-1121 to 75-1122

Uniform system of accounts and reporting requirements

### K.S.A. 79-2925 et seq.

Municipal Budget Law — fund structure alignment

### K.S.A. 19-101 et seq.

County government fiscal duties

### K.S.A. 12-101 et seq

City powers and fiscal governance requirements

### K.S.A. 72-5101 et seq.

School district accounting standards

### Other Statutes

Various state statutes related to municipal controls



CPA Note: Violations of the statutory framework are not merely audit findings — they can constitute criminal misdemeanors under Kansas law (K.S.A. 75-1130). Violations of penal statutes require the audit to be filed with the county attorney.

# Entities Allowed to Adopt KMAAG Requirements

## Cities

First, Second & Third Class

All incorporated cities regardless of population; applies to mayor-council and commission forms of government

## Counties

105 Kansas Counties

All 105 counties; board of county commissioners govern financial operations under KMAAG

## Townships

Special Purpose Local Gov.

Road, bridge, and cemetery maintenance townships operating under Kansas township statutes

## School Districts

USD, USD Special

Unified school districts with some supplemental guidance via KSDE; KMAAG applies to general fund structure

Community Colleges **cannot** waive GAAP requirements

## Special Districts

Fire, Drainage, Water

Fire districts, drainage districts, water districts, and other special-purpose governmental units

## Other Units

Library, Cemetery, etc.

Library boards, cemetery districts, and other local government entities receiving public funds

# Key KMAAG Components

## 1 Financial Statement (Statement 1)

**Summary** Statement of cash receipts, expenditures and unencumbered cash

## 2 Schedule 1

Summary of Expenditures – Budgeted funds compliance with the Kansas Municipal Budget Law

## 3 Schedule 2

Individual budgeted fund schedules (General fund, library fund, etc.) with budget comparisons

## 4 Schedules 3 & 4

3) Fund summary, for agency funds only, showing cash balances and changes

4) Special schedules unique to school districts (e.g. USD activity fund)

## 5 Notes and Disclosures

Disclosures and a summary of significant accounting policies that discuss the special purpose framework – describes how the regulatory basis differs from GAAP.

## 6 Internal Controls

Control framework, cash handling, disbursements, documented processes and procedures, safeguarding of assets....

## 7 Compliance

Kansas Regulatory Compliance Checklists (Appendix A)

- Budget Law
- Cash Basis Law
- Public Deposit Coverage

## 8 Miscellaneous

Agreed Upon Procedures, Related Municipal Entities, Utility Fund treatment, etc.

# Statement 1

CITY OF ██████████, KANSAS  
**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances And Accounts Payable	Ending Cash Balance
<b>General Fund:</b>							
General Fund	\$ 782,408	\$ -	\$ 890,203	\$ 1,132,817	\$ 529,794	\$ 67,128	\$ 596,922
<b>Special Purpose Funds:</b>							
Library Fund	-	-	178,717	178,717	-	-	-
Recreation Fund	8,570	-	43,703	43,208	9,065	-	9,065
Special Highway Fund	86,935	-	53,591	54,856	85,670	-	85,670
Special Fire and Equipment Fund	140,139	-	22,988	-	163,127	-	163,127
Special Park and Recreation Fund	28,193	-	7,272	-	35,465	-	35,465
Employee Benefit Fund	14,610	-	682,507	681,639	15,478	-	15,478
Health Insurance Fund	111,707	-	386,140	396,143	101,704	-	101,704
Convention and Tourism Fund	68,805	-	51,319	45,900	74,224	-	74,224
Land Bank Fund	6,608	-	-	-	6,608	-	6,608
Community Center Fund	50,872	-	-	-	50,872	-	50,872
Rocky Pond Fund	5,598	-	-	-	5,598	-	5,598
Equipment Reserve Fund	776,805	-	254,275	304,452	726,628	170,185	896,813
Swimming Pool Principal and Interest Fund	545,238	-	249,866	178,433	616,671	-	616,671
Water Principal and Interest Fund	86,240	-	216,632	206,980	95,892	-	95,892
Gifts and Grants Fund	65,129	-	47,478	48,758	63,849	-	63,849
Airport Capital Improvements Fund	21,247	-	-	10,866	10,381	-	10,381
<b>Business Funds:</b>							
Electric Utility Operating Fund	1,485,465	-	3,236,698	3,476,118	1,246,045	-	1,246,045
Electric Utility Repair and Extension Fund	120,082	-	605,000	599,824	125,258	90,547	215,805
Gas Utility Operating Fund	24,613	-	989,978	975,773	38,818	-	38,818
Gas Utility Repair and Extension Fund	716,259	-	-	58,493	657,766	-	657,766
Water Utility Operating Fund	544,595	-	769,342	845,991	467,946	-	467,946
Water Utility Repair and Extension Fund	185,897	-	130,000	78,420	237,477	-	237,477
Sewer Utility Operating Fund	125,873	-	338,230	302,969	161,134	-	161,134
Sewer Utility Principal and Interest Reserve Fund	20,663	-	-	-	20,663	-	20,663
Sewer Utility Repair and Extension Fund	170,697	-	72,000	113,668	129,029	15,600	144,629
Airport Utility Operating Fund	14,887	-	26,333	24,557	16,663	-	16,663
Landfill Utility Operating Fund	3,743	-	163,888	165,147	2,484	-	2,484
<b>Capital Project Funds:</b>							
City Capital Improvement Fund	83,961	-	343,994	340,369	87,586	52,260	139,846
Water Treatment Plant Construction Fund	(15,000)	-	15,000	-	-	-	-
<b>Total</b>	<b>\$ 6,280,839</b>	<b>\$ -</b>	<b>\$ 9,765,154</b>	<b>\$ 10,264,098</b>	<b>\$ 5,781,895</b>	<b>\$ 395,720</b>	<b>\$ 6,177,615</b>

<b>Composition of Cash:</b>	
Checking accounts	\$ 3,733,896
Money market	500,021
Certificates of deposit	2,000,000
<b>Total</b>	<b>6,233,917</b>
Less Agency Funds (per Schedule 3)	(56,302)
<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 6,177,615</b>

# Schedule 1

## SCHEDULE 1

**CITY OF ██████████ KANSAS**  
**SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>General Fund:</b>					
General Fund	\$ 1,201,297	\$ -	\$ 1,201,297	\$ 1,132,817	\$ (68,480)
<b>Special Purpose Funds:</b>					
Library Fund	180,948	-	180,948	178,717	(2,231)
Recreation Fund	44,950	-	44,950	43,208	(1,742)
Special Highway Fund	70,062	-	70,062	54,856	(15,206)
Special Fire and Equipment Fund	104,505	-	104,505	-	(104,505)
Special Park and Recreation Fund	12,000	-	12,000	-	(12,000)
Employee Benefit Fund	734,072	-	734,072	681,639	(52,433)
Health Insurance Fund	400,000	-	400,000	396,143	(3,857)
Convention and Tourism Fund	50,000	-	50,000	45,900	(4,100)
Community Center Fund	50,872	-	50,872	-	(50,872)
Swimming Pool Principal and Interest Fund	230,000	-	230,000	178,433	(51,567)
Water Principal and Interest Fund	206,980	-	206,980	206,980	-
<b>Business Funds:</b>					
Electric Utility Operating Fund	3,501,564	-	3,501,564	3,476,118	(25,446)
Gas Utility Operating Fund	1,292,138	-	1,292,138	975,773	(316,365)
Water Utility Operating Fund	825,924	-	825,924	845,991	20,067
Sewer Utility Operating Fund	341,721	-	341,721	302,969	(38,752)
Sewer Utility Principal and Interest Reserve Fund	20,664	-	20,664	-	(20,664)
Airport Utility Operating Fund	473,500	-	473,500	24,557	(448,943)
Landfill Utility Operating Fund	180,000	-	180,000	165,147	(14,853)

# Schedule 2

SCHEDULE 2

CITY OF ██████████ KANSAS  
**RECREATION FUND**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>Receipts</b>			
Ad valorem tax	\$ 19,204	\$ 19,492	\$ (288)
Delinquent tax	420	-	420
Motor vehicle tax	3,647	2,962	685
Recreational vehicle tax	39	38	1
16/20 M vehicle tax	75	85	(10)
Commercial vehicle tax	214	187	27
Watercraft tax	-	9	(9)
Neighborhood revitalization rebate	-	(492)	492
Ball fees/sponsor fees	19,784	18,000	1,784
Miscellaneous	320	-	320
<b>Total Receipts</b>	<b>43,703</b>	<b>\$ 40,281</b>	<b>\$ 3,422</b>
<b>Expenditures</b>			
Personal services	25,284	\$ 28,000	\$ (2,716)
Contractual services	5,081	4,250	831
Commodities	12,843	11,700	1,143
Capital outlay	-	1,000	(1,000)
Theater support	-	-	-
<b>Total Expenditures</b>	<b>43,208</b>	<b>\$ 44,950</b>	<b>\$ (1,742)</b>
<b>Receipts Over (Under) Expenditures</b>	<b>495</b>		
<b>Unencumbered Cash, Beginning</b>	<b>8,570</b>		
<b>Unencumbered Cash, Ending</b>	<b>\$ 9,065</b>		

# Schedule 3

## SCHEDULE 3

CITY OF ██████████ KANSAS  
 AGENCY FUNDS  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS – ACTUAL  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2025

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
State Sales Tax Fund	\$ 15,218	\$ 143,781	\$ 143,505	\$ 15,494
Utility Deposit Fund	30,788	25,668	15,648	40,808
<b>Total Agency Funds</b>	<b>\$ 46,006</b>	<b>\$ 169,449</b>	<b>\$ 159,153</b>	<b>\$ 56,302</b>

# Common KMAAG Compliance Findings



## Fund Violations

Expending from funds without appropriation authority; co-mingling restricted and unrestricted resources



## Cash Receipting Deficiencies

Inadequate segregation of duties in receipting; missing or altered receipt records; deposits not timely



## Debt Service Fund Issues

Inadequate reserves; failure to account for accrued interest; improper refunding treatment



## Budget Law Non-Compliance

Expenditures exceeding budget authority; failure to publish required budget notices in official newspaper



## Inadequate Records

Missing or incomplete fixed asset inventory, if applicable



## Grant Compliance Failures

Inadequate cost allocation; missing documentation; improper treatment

# Key Resources & References



## Kansas KMAAG (Current Edition)

Updated annually in collaboration with KSCPA  
Published and available on KSCPA website



## Kansas Statutes Annotated

K.S.A. Chapter 75 (DAR authority), Chapter 79 (budget law),  
Chapters 12 & 19 (municipal/county)  
Accessible at [kslegislature.org](http://kslegislature.org)



## GASB Standards

Governmental Accounting Standards Board — [gasb.org](http://gasb.org)  
KMAAG incorporates applicable GASB statements and  
interpretations



## Kansas Department of Administration

Audits are kept and published to satisfy open records  
requirements



## KSDE Financial Resources

Kansas State Dept. of Education — [ksde.gov](http://ksde.gov)  
Supplemental guidance for school districts



## KGFOA & GFOA Resources

Kansas Government Finance Officers Association — [ksgfoa.com](http://ksgfoa.com)  
Best practices guides, CPE resources, and peer review support

# ADA Digital Compliance: Making KMAAG Audit Reports Accessible



**Legal Basis:** The DOJ final rule (April 2024) under Title II of the ADA requires state and local governments to meet **WCAG 2.1 Level AA** for all web content and mobile apps — including electronically posted PDF audit reports — by **April 24, 2027** (smaller jurisdictions: April 26, 2028).

## Tagged PDF Structure

- Add semantic tags: <Title>, <Heading>, <Para>, <Table>, <Figure>
- Set document language (e.g., lang="en-US") in PDF properties
- Mark all decorative elements as Artifact to hide from screen readers

Acrobat Pro → Accessibility → Autotag Document (then manual review)

## Images & Figures

- Every figure, chart, and graph requires descriptive Alt Text
- Charts must convey data meaning in alt text — not just "bar chart"
- Logos/seals: alt = "Kansas Dept. of Administration seal"

Acrobat Pro → Tags panel → right-click Figure → Edit Alt Text

## Tables

- All tables must have tagged header rows (<TH> with scope attribute)
- No merged cells spanning rows/columns without proper scope attrs
- Complex tables need summary text describing their structure

Acrobat Pro → Table Editor → verify row/column header tags

## Reading Order & Navigation

- Logical reading order must match visual layout (check Order panel)
- All pages need bookmarks for sections, appendices, and exhibits
- Document must be fully keyboard-navigable without a mouse

Acrobat Pro → Order panel; PAC 2024 (PDF Accessibility Checker)

## Hyperlinks & Color Contrast

- All hyperlinks need descriptive text — no bare URLs or "click here"
- Color contrast ratio  $\geq 4.5:1$  for body text;  $\geq 3:1$  for large text
- Information must not be conveyed by color alone

WebAIM Contrast Checker; Acrobat → Accessibility → Full Check

## Document Properties & Forms

- Set Title, Author, Subject in File → Properties → Description tab
- Security settings must NOT block screen reader access
- Interactive form fields require descriptive tooltip labels

File → Properties → Description tab; verify Security tab settings

**CPA Note:** Run **Adobe Acrobat Accessibility Full Check** AND **PAC 2024 (PDF Accessibility Checker)** before submission. Remediation is fastest in the source Word/InDesign file before PDF export — retrofitting a tagged PDF is significantly more time-intensive.

