AN ACT concerning school districts; relating to the contingency reserve fund; amending K.S.A. 2011 Supp. 72-6426 and repealing the existing section.

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

Section 1. K.S.A. 2011 Supp. 72-6426 is hereby amended to read as follows: 72-6426. (a) There is hereby established in every district a fund which shall be called the contingency reserve fund. Such fund shall consist of all moneys deposited therein or transferred thereto according to law. The fund shall be maintained for payment of expenses of a district attributable to financial contingencies as determined by the board. (b) (1) Except as otherwise provided in subsection (c), at no time in school year 2008-2009 through school year 2011-2012 shall the amount maintained in the contingency reserve fund exceed an amount equal to 10% of the general fund budget of the district for the school year. (2) Except as otherwise provided in subsection (c), at no time in school year 2012-2013 or any school year thereafter shall the amount maintained in the contingency reserve fund exceed an amount equal to 6% of the general fund budget of the district for the school year. (c) (1) If the amount in the contingency reserve fund of a district is in excess of the amount authorized under subsection (b), and if such excess amount is the result of a reduction in the general fund budget of the district for the school year because of a decrease in enrollment, the district may maintain the excess amount in the fund until depletion of such excess amount by expenditure from the fund for the purposes thereof. (2) The limitation on the amount which may be maintained in the contingency reserve fund imposed under subsection (b) shall not apply to any district whose state financial aid is computed under the provisions of K.S.A. 72-6445a, and amendments thereto. Any such district may maintain the excess amount in the fund until depletion of such excess amount by expenditure from the fund for the purposes thereof. (d) Notwithstanding the provisions of subsection (c), any unencumbered balance of moneys remaining in the contingency reserve fund of a school district on June 30, 2011, may be expended in school year 2011-2012 by the school district for general operating expenses of the school district as approved by the board of education.
Sec. 2.  K.S.A. 2011 Supp. 72-6426 is hereby repealed.

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