

1 EDUCATION AND LABOR CABINET

2 Kentucky Board of Education

3 Department of Education

4 (Amendment)

5 702 KAR 3:110. Financial document~~[Document]~~ submission requirements~~[filing dates]~~.

6 RELATES TO: KRS 156.160~~[(1)(i), (j)]~~, 157.060, 157.420, 160.461, 2026 Ky Acts ch. 196, sec.

7 26

8 STATUTORY AUTHORITY: KRS 156.070, 156.160~~[(1)(i), (j)]~~

9 NECESSITY, FUNCTION, AND CONFORMITY: KRS 156.070 authorizes the Kentucky Board

10 of Education to have the management and control of the common schools and all programs

11 operated in those schools. KRS 156.160~~[(1)(j)]~~ requires the Kentucky Board of Education to

12 promulgate administrative regulations to establish a uniform series of financial forms for local

13 school districts and for the preparation of budgets for school districts. KRS 157.060 requires a

14 local district to submit an annual financial report. KRS 160.461 requires a local board of

15 education to submit to the Kentucky Board of Education the adopted working budget for final

16 approval. This administrative regulation establishes the requirements for submitting financial

17 documents~~[forms and dates of filing for Kentucky Board of Education financial archives]~~ and the

18 criteria for disapproval of working budgets.

19 Section 1. Submission Requirements. Each school district~~[The documents which become a part~~

20 ~~of Kentucky Board of Education archives]~~ shall [be] electronically submit~~[submitted]~~ copies of

21 the following financial documents to the Kentucky Department of Education~~[Division of School~~

~~Finance]~~ containing data elements and information in the formats prescribed by the department
in the financial accounting system~~[Municipal Information System (MUNIS) and received by the~~
~~division]~~ by the following dates annually:

(1) The Tentative Budget adopted by the local board of education pursuant to KRS 160.461, no
later than five business days after~~[(MUNIS Tentative Working Budget, dated August, 1997),]~~
May 31~~[30]~~;

(2) The unaudited Annual Financial Report that complies with KRS 157.060 and the Balance
Sheet, by ~~[(MUNIS Annual Financial Report, dated August, 1997),]~~ July 25; and

(3) ~~[Balance Sheet (MUNIS Group Code Balance Sheet, dated August, 1997), July 25; and~~

~~(4)]~~ The Working Budget adopted by the local board of education pursuant to KRS 160.461, no
later than five business days after~~[(MUNIS Working Budget, dated August, 1997),]~~ September
30.

Section 2. Working Budget Disapproval Criteria and Process.

(1) ~~[A district board of education shall prepare a tentative and working budget showing the~~
~~amount of money needed for current expenses, debt service, capital outlay, and other necessary~~
~~expenses of the schools during the succeeding fiscal year, and the estimated amount that will be~~
~~received from the common school fund, from taxation, and other sources.]~~ The working budget
adopted by the local board of education pursuant to KRS 160.461 shall be disapproved by the
Kentucky Board of Education if it is financially unsound or fails to ~~[provide for:~~

~~(a) Payment of maturing principal and interest on any outstanding voted school improvement~~
~~bonds of the school district, authorized and issued pursuant to KRS 162.080 and 162.090 with~~
~~the written approval of the Kentucky Board of Education;~~

~~(b) Payment of rentals in connection with any outstanding school building revenue bonds issued for the benefit of a school district as authorized and provided under the provisions of KRS 162.120 to 162.300, 162.385 and 58.010 to 58.140, with the written approval of the Kentucky Board of Education; or~~

~~(c) Fails to~~ comply with any applicable law.

(2) The Kentucky Board of Education shall state the reason for disapproval, and the local~~[district]~~ board of education shall amend its working budget to obviate the reason for disapproval and resubmit the working budget to the Kentucky Board of Education for final approval.

~~[Section 3. Incorporation by Reference.~~

~~(1) The following material is incorporated by reference:~~

~~(a) Tentative Budget (MUNIS Tentative Working Budget, dated August, 1997);~~

~~(b) Annual Financial Report (MUNIS Annual Financial Report, dated August, 1997);~~

~~(c) Balance Sheet (MUNIS Group Code Balance Sheet, dated August, 1997); and~~

~~(d) Working Budget (MUNIS Working Budget, dated August, 1997).~~

~~(2) This material may be inspected, copied, or obtained at the Department of Education, Office of District Support Services, Capital Plaza Tower, 15th Floor, 500 Mero Street, Frankfort, Kentucky, Monday through Friday, 8 a.m. to 4:30 p.m.]~~

(SBE 21.120; 1 Ky.R. 71; eff. 11-13-74; 17 Ky.R. 1555; 1993; eff. 12-9-1990; 24 Ky.R. 1565; 2118; eff. 4-13-1998; 25 Ky.R. 618; eff. 11-5-1998; 27 Ky.R. 847; eff. 11-17-2000; Crt eff. 6-28-2019; Crt eff. 4-9-2026.

This is to certify that the chief state school officer has reviewed and recommended this administrative regulation prior to its adoption by the Kentucky Board of Education, as required by KRS 156.070(5).

(Date)

Dr. Robbie Fletcher
Commissioner of Education

(Date)

Lu Young, Chair
Kentucky Board of Education

PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held on {Month ##, 2025}, at {time}, at {location of the meeting}. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through {Month ##, 2025}. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Todd G. Allen, General Counsel, Kentucky Department of Education, 300 Sower Boulevard, 5th Floor, Frankfort, KY 40601, phone 502-564-4474, fax 502-564-9321, email: regcomments@education.ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

702 KAR 3:110

Contact Person: Todd G. Allen

Phone: 502-564-4474

Email: todd.allen@education.ky.gov

Subject Headings: Education; Education: Elementary; Education: Secondary

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes requirements for local school districts to electronically submit specified financial documents to the Kentucky Department of Education and establishes the criteria and process for disapproval of a local board of education's working budget.

(b) The necessity of this administrative regulation: KRS 156.160 requires the Kentucky Board of Education to promulgate administrative regulations establishing a uniform series of financial forms for local school districts and for the preparation of school district budgets. KRS 157.060 requires each local school district to submit an annual financial report. KRS 160.461 requires each local board of education to submit its adopted working budget to the Kentucky Board of Education for final approval. This administrative regulation establishes the requirements and deadlines necessary to implement these statutory requirements.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 156.070 authorizes the Kentucky Board of Education to have the management and control of the common schools and all programs operated in those schools. KRS 156.160 requires the Kentucky Board of Education to promulgate administrative regulations establishing a uniform series of financial forms for local school districts and for the preparation of school district budgets. This administrative regulation establishes requirements for the submission of school district financial documents and the criteria and process for review and disapproval of working budgets.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation provides uniform requirements and deadlines for the electronic submission of financial documents by local school districts and establishes the criteria and process used by the Kentucky Board of Education to disapprove a working budget that is financially unsound or does not comply with applicable law.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment updates and modernizes the financial document submission requirements for local school districts. The amendment removes references to outdated MUNIS forms and incorporated material, requires financial documents to contain data elements and information in formats prescribed by the Kentucky Department of Education in the financial accounting system, updates submission deadlines, and clarifies the criteria and process for disapproval of a local board of education's working budget.

(b) The necessity of the amendment to this administrative regulation: The amendment is necessary to remove outdated references to specific financial forms and the MUNIS system, align financial document submission requirements and deadlines with current statutory requirements

and Department practices, and clarify the criteria and process for working budget disapproval.

(c) How the amendment conforms to the content of the authorizing statutes: The amendment conforms to KRS 156.070 and 156.160 by establishing updated requirements for the submission of local school district financial documents and the preparation and review of school district budgets. The amendment also implements the financial reporting and working budget submission requirements established by KRS 157.060 and 160.461.

(d) How the amendment will assist in the effective administration of the statutes: The amendment will assist in the effective administration of the statutes by establishing the requirements and deadlines for the electronic submission of school district financial documents, allowing the Kentucky Department of Education to prescribe the data elements and formats necessary for financial reporting, and clarifying the criteria and process for review and disapproval of working budgets.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? Yes. See 2026 Ky. Acts ch. 129, sec. 2 and 2026 Ky. Acts ch. 196, sec. 26.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: The Kentucky Department of Education and Kentucky's public school districts.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment: Local school districts will electronically submit the Tentative Budget, unaudited Annual Financial Report and Balance Sheet, and Working Budget to the Kentucky Department of Education in accordance with the deadlines and submission requirements established in the administrative regulation. A local board of education whose working budget is disapproved by the Kentucky Board of Education will amend the working budget to address the reason for disapproval and resubmit the working budget for final approval.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4): The cost to the Kentucky Department of Education and local school districts is expected to be minimal. The amendment primarily updates existing financial reporting and budget submission requirements and does not establish a new financial reporting process.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4): The Kentucky Department of Education and local school districts will benefit from financial document submission requirements that reflect current financial reporting practices and systems. The amendment removes outdated references to specific MUNIS forms, clarifies submission deadlines and requirements, and provides clearer criteria and procedures for the review and disapproval of working budgets.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There will be minimal cost to the Kentucky Department of Education.

(b) On a continuing basis: The ongoing cost to the Kentucky Department of Education will be minimal.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment: General Funds.

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: None.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: There are no fees associated with this administrative regulation.

(10) TIERING: Is tiering applied? Tiering is not applied. The regulation applies uniformly.

FISCAL IMPACT STATEMENT

702 KAR 3:110

Contact Person: Todd G. Allen

Phone: 502-564-4474

Email: todd.allen@education.ky.gov

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation: KRS 156.070, 156.160, 157.060, 160.461, and 2026 Ky Acts ch. 196, sec. 26.

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act: KRS 156.070 and 156.160.

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions: Kentucky Board of Education and Kentucky Department of Education.

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:

For the first year: Any expenditure is expected to be minimal.

For subsequent years: Any expenditure is expected to be minimal.

2. Revenues:

For the first year: This regulation is not expected to generate revenue.

For subsequent years: This regulation is not expected to generate revenue.

3. Cost Savings:

For the first year: No cost savings are anticipated.

For subsequent years: No cost savings are anticipated.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts): Kentucky public school districts.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:

For the first year: Costs to local school districts are in the form of staff time associated with preparing and electronically submitting the required financial documents. These costs are estimated to be minimal.

For subsequent years: Costs to local school districts are in the form of staff time associated with preparing and electronically submitting the required financial documents. These costs are estimated to be minimal.

2. Revenues:

For the first year: This regulation is not expected to generate revenue.

For subsequent years: This regulation is not expected to generate revenue.

3. Cost Savings:

For the first year: No cost savings are anticipated.

For subsequent years: No cost savings are anticipated.

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a): None.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:

For the first year: Not applicable.

For subsequent years: Not applicable.

2. Revenues:

For the first year: Not applicable.

For subsequent years: Not applicable.

3. Cost Savings:

For the first year: Not applicable.

For subsequent years: Not applicable.

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation: For the Kentucky Department of Education, any expenditures associated with administration of the regulation are expected to be minimal. The administrative regulation is not expected to generate revenue, and no significant cost savings are anticipated. For local school districts, costs are primarily in the form of staff time associated with preparing and electronically submitting required financial documents. These costs are expected to be minimal because the regulation governs financial documents and submissions that school districts are already required to prepare and submit.

(b) Methodology and resources used to reach this conclusion: The estimates are based on existing Kentucky Department of Education and local school district financial reporting and budget submission practices. The amendment primarily updates and clarifies existing requirements and does not establish a substantially new reporting process.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a “major economic impact”, as defined by KRS 13A.010(14): The administrative regulation will not have a major economic impact.

(b) The methodology and resources used to reach this conclusion: The estimate is based on existing program operations and financial reporting practices. The amendment primarily updates existing financial document submission requirements, deadlines, and procedures and is not expected to result in significant additional expenditures, revenues, or cost savings for the Kentucky Department of Education or local school districts.