**GAAP Waiver Procedures**

K.S.A. 75-1120a(a) requires municipalities to use generally accepted accounting principles (GAAP) in the preparation of their financial statements and reports. Except for community colleges the governing body of any municipality may waive this statutory GAAP requirement.

**Before requesting a waiver, consider the following:**

1. Review the provisions of the municipality's revenue bond ordinances or resolutions and other ordinances or resolutions to determine if they require financial statements and financial reports to be prepared in conformity with GAAP. ***If they do, you may not waive the GAAP requirement***.
2. If the municipality waives the GAAP requirement, K.S.A. 75-1120a(c)(1) requires that the municipality present financial statements and reports prepared on the basis of cash receipts and disbursements as adjusted to show compliance with the cash basis and budget laws of Kansas.

To waive the GAAP requirement for a given fiscal year the governing body must pass a resolution. This is an annual process. A mere motion in not sufficient. The resolution must:

1. Be adopted each year. This is a matter to be decided each fiscal year.
2. Clearly identify the fiscal year to be waived.
3. Contain wording substantially similar to that specified in K.S.A. 75-1120a(c)(1).

**Here is a sample resolution:**

WHEREAS, the (Name of Municipality), Kansas, has determined that the financial statements and financial reports for the year ended \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to be prepared in conformity with the requirements of K.S.A. 75-1120a(a) 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 members of the general public of the (Name of Municipality) and

WHEREAS, there are no revenue bond ordinances or resolutions or other ordinances or resolutions of the municipality which require financial statements and financial reports to be prepared in conformity with. K.S.A. 75-1120a(a) for the year ended \_\_\_\_\_\_\_\_\_.

NOW, THEREFORE BE IT RESOLVED, by the (Governing Body) of (Name of Municipality), Kansas, in regular meeting duly assembled this \_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_ that the (Governing Body) waives the requirements of K.S.A. 75-1120a(a) as they apply to the (Name of Municipality) for the year ended \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

BE IT FURTHER RESOLVED that the (Governing Body) shall cause the financial statements and financial reports of the (Name of Municipality) to be prepared on the basis of cash receipts and disbursements as adjusted to show compliance with the cash basis and budget laws of this State.

**Waiver Letter Request to Director of Accounts and Reports Is Not Required.**

A formal letter to the Director of Accounts and Reports requesting a waiver from the statutory GAAP requirement is not required. As required by K.S.A. 75-1120a(c)(1) the Director of Accounts and Reports automatically grants a GAAP waiver for the year the annual resolution stipulates provided that the resolution contains wording substantially similar to that provided in K.S.A. 75-1120a(c)(1).