

Testimony before the
House Committee on Education
on
HB 2393 – Accounting and Payroll

by

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March 5, 2015

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to testify on HB 2393. I appear as an opponent of this bill.

First, the primary change proposed in this bill would be to require all school districts throughout the state to adopt and utilize the Generally Accepted Accounting Principals (GAAP) for accounting and auditing purposes, effective July 1, 2016. This would constitute a significant change in business and accounting practices, for many school districts in Kansas.

I visited with the public accounting firm that conducts our annual financial audit, and to conduct an audit based on GAAP would double the cost of the audit. Our current audit contract is for \$18,500 per year. This figure does not include the additional expense that would be added with the compliance audit procedures proposed in HB 2393.

Requiring school districts to adopt GAAP will increase audit expenses and force many school districts to contract business management operations out to local public accounting firms, with Certified Public Accountants on staff. This would be an increase in expenditures to manage the business and accounting operations for school districts in Kansas.

Secondly, the detailed requirements for employee salary and benefits, extracurricular sports and activities, and facilities operational costs would create additional reporting requirements. Identifying and reporting the detailed information required in HB 2393 will involve additional time for employees in school business offices, another additional expense.

Finally, school districts are accountable for their business operations and management of state and federal funds. Districts are engaged in more than the required annual financial audit. In the last calendar year, Manhattan-Ogden has been involved in six audits. First, was the annual enrollment and expenditures audit conducted by KSDE auditors. Second, we have an annual audit of our Special Education count, also completed by KSDE. Third, we had an extensive Head Start audit process last spring. Fourth, we completed the annual audit of our financial statements for fiscal year 2014. Fifth, during the fall semester we participated in a payroll tax audit conducted by the IRS. Finally, just this week we had an audit of Medicaid claiming processes submitted by the district. Accountability exists for school district business management and financial operations.

Thank you for your time and consideration.