

KANSAS OFFICE *of*
REVISOR *of* STATUTES

LEGISLATURE *of* THE STATE *of* KANSAS
Legislative Attorneys transforming ideas into legislation.

300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Chairman Highland and Members of the House Education Committee
From: Nick Myers, Assistant Revisor of Statutes
Date: March 5, 2015
Subject: House Bill 2393

House Bill 2393 concerns accounting practices and financial publication requirements for school districts.

Section 1

Section 1 of the bill requires the state board to issue a request for proposals to select one to five accounting systems and one to five payroll systems to be used in all school districts throughout the state. The bill would require a three year phase in of such systems. Beginning in school year 2016-2017, and the next two school years thereafter, the state board would annually require 1/3 of all small districts, 1/3 of all medium districts and 1/3 of all large districts to implement and use one of the selected accounting systems and one of the selected payroll systems. The bill requires that every school district in the state shall have implemented and be using the systems on or before July 1, 2018.

Section 2

Section 2 amends the Kansas uniform financial accounting and reporting act in K.S.A. 72-8254. This statute requires the state board to maintain a uniform reporting system for receipts and expenditures of school districts, requires school districts to coordinate accounting records with the uniform reporting system, and requires the department of education and school districts to annually publish certain budgetary information.

In subsection (i), the bill would require that each school district must publish all such required information on or before October 1 of each year. The bill would add that school districts must also publish:

- Salaries, pay rates, pension plan information and any other employee benefit plan information for each individual employee;
- expenditures and revenue for each extracurricular sport;
- expenditures and revenue for each extracurricular activity or club; and

- the number of buildings and facilities that the school district occupies and the expenditures incurred by the school district to operate each building and facility including, but not limited to, the individual staffing costs, costs of utilities, maintenance and all payments being made on each building and facility.

New subsection (k) would require school districts to conduct annual compliance audits to determine whether the school district complies with the requirements of K.S.A. 72-8254 (Section 2 of the bill). Such audits would be part of the annual CPA audits conducted pursuant to K.S.A. 75-1122.

New subsection (l) provides a penalty provision for school districts that are not in compliance with the requirements of K.S.A. 72-8254 (Section 2 of the bill). The department of education would be required to investigate any written complaints alleging a school is not in compliance. If the department finds that a school is not in compliance or if a compliance audit shows that a district is not in compliance then the state board must notify the school district in writing of the noncompliance. A school district would then have 30 days to cure the noncompliance. If such noncompliance is not cured within 30 days, the state board shall impose a civil penalty of \$1,000 for each day the school remains noncompliant.

Section 3

Section 3 amends K.S.A. 75-1120a. Currently, K.S.A. 75-1120a authorizes school districts to annually waive out of the requirement that accounting procedures and fiscal procedures must conform to generally accepted accounting principles as promulgated by the governmental accounting standards board (GASB). Under HB 2393, school districts could no longer waive out these requirements and would be required to conform to the generally accepted accounting principles as promulgated by GASB.