

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Bill Bunten at \_\_\_\_\_  
Chairperson

8:10 a.m./~~8:00~~ on Wednesday, April 20, 1983 in room 514-S of the Capitol.

All members were present except:

Committee staff present: Lyn Entrikin Goering -- Legislative Research  
Bill Gilmore -- Legislative Research  
Jim Wilson -- Office of the Revisor  
LewJene Schneider -- Administrative Assistant  
Charlene Wilson -- Committee Secretary

Conferees appearing before the committee: Representative Denise Apt on HB 2325 and HB 2326  
Representative Aylward on HB 2575  
Casey Jones, Kansas State Firefighters Association  
Dick Brock, Insurance Commissioner's Office  
James Todd, Treasurer, Kansas State Firefighters Association  
Rick Von Ende, University of Kansas  
Louis Chabira, Legislative Research  
Jim Maag, Kansas Bankers Association

Others Present: (Attachment I).

The meeting was called to order at 8:10 a.m. by Chairman Bunten.

The Chairman announced that the committee's first items for consideration on today's agenda were several hearings.

House Bill No. 2325 -- "An Act concerning community colleges; imposing certain restrictions relative to outdistrict tuition levies and payments; amending K.S.A. 1982 Supp. 71-301 and repealing the existing section."

...and...

House Bill No. 2326 -- "An Act relating to counties; imposing certain restrictions on the exercise of home rule powers thereof; amending K.S.A. 1982 Supp. 19-101a and repealing the existing section."

Representative Apt was recognized by the Chairman to address the committee on these two bills.

Regarding HB 2325, the amendment makes it clear that counties may not, by the exercise of their home rule authority, exempt themselves from the levying of taxes and the payment of outdistrict tuition to community colleges.

Regarding HB 2326, this is a companion bill to HB 2325 and would amend the county home rule law to prohibit counties from exempting themselves from the requirements of law relative to the payment by counties of outdistrict tuition to community colleges or Washburn University.

Representative Shriver moved that HB 2325 and HB 2326 be reported favorable for passage. Seconded by Representative Hamm. The motion carried.

House Bill No. 2575 -- "An Act relating to water; concerning public water supply systems; amending K.S.A. 65-163 and repealing the existing section."

Representative Aylward was called upon by the Chairman to review this bill for the committee. She explained that a problem has arisen with the City of Harrington Lake in the fact that they are being asked to drain the lake to remove all trees and vegetation from the bottom of the lake. Previously they had been told that there would be no problem with leaving the trees and vegetation there. This bill would stipulate that the Secretary could only request the removal of such trees and vegetation in the event that it would pose a problem with the public water supply.

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room 514-S Statehouse, at 8:10 a.m. ~~pm~~ on Wednesday, April 20, 1983.

Representative Chronister moved that HB 2575 be reported favorable for passage. Seconded by Representative Louis. The motion carried.

Senate Bill No. 431 -- "An Act relating to the state biologist; concerning the appointment thereof; amending K.S.A. 76-339 and repealing the existing section."

Rich Von Ende appeared before the committee on this bill. He explained that this bill would remove the requirement that the state biologist be a faculty member and unclassify the position.

Representative Rolfs moved that SB 431 be reported favorable for passage. Seconded by Representative Arbuthnot. The motion carried.

Senate Bill No. 421 -- "An Act relating to the community corrections act; concerning charges for certain juveniles and felons; amending K.S.A. 1982 Supp. 75-52,104 and repealing the existing section."

Louis Chabira of the Legislative Research Department explained this bill for the committee. He indicated that this bill amends the Kansas Community Corrections Act to require that after January 1, 1983, if the commitment of a juvenile to a state institution is modified within 60 days to remove the juvenile from the institution, the charge back to the county would be assessed on the basis of \$500.00 for the first calendar year of participation by the county and \$1,000.00 for the second year of participation. The current chargeback rate is \$3,000.00 and \$6,000.00 respectively.

Jim Wilson explained a technical amendment to the bill. (Attachment II).

Representative Louis moved the adoption of the technical amendment. Seconded by Representative Mainey. The motion carried.

Representative Mainey moved that SB 421 be reported favorable for passage as amended. Seconded by Representative Chronister. The motion carried.

House Bill No. 2570 -- "An Act concerning the department of corrections; abolishing the correctional industries equipment replacement fund; transferring the assets and liabilities thereof to the correctional industries fund; amending K.S.A. 1982 Supp. 75-5282 and repealing the existing section."

Louis Chabira was once again called upon by the Chairman to review this bill. The bill would abolish the correctional industries equipment replacement fund and place the balance of that fund into the regular correctional industries fund which is the major operating fund. This bill was introduced at the recommendation of the subcommittee Chaired by Representative Farrar at the request of the Department.

Representative Dyck moved that HB 2570 be reported favorable for passage. Seconded by Representative Farrar. The motion carried.

Senate Bill No. 440 -- "An Act relating to the firemen's relief fund; concerning allocation of expenses of administration thereof; amending K.S.A. 40-1706 and 40-1707 and repealing the existing sections."

Dick Brock of the Insurance Commissioner's office was recognized by the Chairman to address the committee on this bill. (Attachment III). He indicated that this bill was originally introduced in the House as HB 2436. Contained in the handout that was given to the committee is the amount of money involved now in the program. Figures on SB 442 were also included in the handout as it deals with the same type of situation as SB 440.

He explained that SB 440 was originated by the Insurance Commissioner's Office in an effort to conserve on general fund money. He also explained that the tax on fire insurance premiums that are collected from the insurance companies are then redistributed to the Firemen's Relief Association. He explained to the committee that similarly they administer a Worker's Compensation Fund and Health Care Stabilization Fund and that the Department had

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felt that it was important to make the suggestion for all three of the funds to be funded out of the special funds rather than the general fund and as a result, three separate bills have been introduced to address each. The Ways and Means committee had reduced the appropriation to the Department by the amount of money represented by these three bills, or \$34,000.00. The fact that HB 2436 was killed, they had hopes that the money would then be restored but it was not. It was at that time that the Senate introduced SB 440.

Casey Jones appeared in opposition to SB 440. A policy statement was made available for the members of the committee. (Attachment IV). He stated that their reasons for opposing the bill were that they feel that the bill needs some clarification and additionally there are 435 fire relief associations that receive this fund and the vast majority of those are volunteer firefighters. Without this money, they feel that they will have a hard time finding and keeping good volunteer firefighters. These funds are necessary to these people in order for them to perform their duties and still be able to maintain their financial standing if they should become injured. He urged the committee not to give this bill favorable consideration.

The Chairman distributed for the committee's review a run-down on the assets in the Firemen's Relief Association. (Attachment V). As of January 31, 1981 the balances were \$10.4 million. The annual income off of those assets is \$3.6 million. Mr. Jones indicated that these funds are mostly in the larger cities of the state despite the fact that the bulk of their organizations are in the smaller cities. He added that the funds are collected and distributed in relationship to the amount of property that is in a given area.

Mr. James Todd also addressed the committee on SB 440 and was in opposition to the bill.

Representative Mainey suggested that it was his opinion that this bill should be killed, as was done originally. He added that the firefighters are out everyday risking their lives for the people in the state of Kansas and this would be penalizing them by requiring them, out of their relief association money, to help pay for a fund that is a responsibility of the state.

Representative Duncan indicated that he had visited with several of the firefighters and it was his feeling that their biggest concern was with the language in the bill with regard to "reasonable and necessary expenses incurred by the insurance department in the administration of the fund". In light of this, Representative Duncan made a conceptual motion that in line 40 and 119 of the bill that appropriate language be drafted that would limit this specifically to those expenditures for salaries, wages and OOE that are directly related to the administration of the fund. The motion was seconded by Representative Hoy. Following some further committee discussion, the motion carried.

Representative Mainey moved that SB 440 be reported adversely as amended. Seconded by Representative Wisdom. Representative Duncan opposed this motion in as much as this committee had voted in favor of this in the subcommittee report on the Department of Insurance previously. The motion carried.

Vice-Chairman Arbuthnot presided in the chair for the remainder of the meeting at the request of the Chairman.

Chairman Arbuthnot indicated that the committee would not be holding the hearing on SB 442 today.

Representative Miller was called upon by the Chairman to address the committee with regard to the report on the recommendations of the subcommittee that had been appointed at yesterday's meeting to look into the concerns that arose among the committee in the area of Legislative Post Audit. (Attachment VIII)

Representative Miller indicated that the recommendation was substantially the same as was contained in the report that had been distributed to the committee previously. Some changes, however, were being recommended. He informed the committee that the recommendation of the subcommittee would be

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as follows:

- 1) the staff would be transferred into the fiscal division of the research department;
- 2) the transition would take effect at the beginning of the October pay period;
- 3) at that time the existing office of Post Audit would be abolished and the functions would be absorbed by the fiscal section of the research department; and
- 4) 14 new positions would be proposed in the fiscal department.

Representative Miller further indicated that an additional recommendation of the new subcommittee dealt with the Federal Audit Committee which is one that makes the decisions on the contracts for fiscal audits. The Federal Audit Committee is currently composed of the Chairman of the Legislative Post Audit Committee, Legislative Post Auditor and the Secretary of Administration. The subcommittee recommendation would be that this be changed to the Chairman and Vice-Chairman of the Legislative Post Audit Committee and the Secretary of Administration. They did not feel that it was appropriate for the staff of the Research Department to be on a policy making committee.

Representative Luzzati questioned what this action would do to the currently acting Post Auditor in as much as his contract was just recently renewed for four years. Representative Miller indicated that all state contracts have a provision in them that they are subject to legislative action and the chances are that the position would be one of the 24 positions that would no longer be a state employee as of this transfer period.

Representative Miller further explained to the committee that a bill would be introduced that will add to the duties of the Legislative Research Department and then the corresponding changes in the Legislative Post Audit Act. Audit functions will be clearly written out and the Legislative Post Audit Committee will have all the powers that they have under current law, with the exception of hiring the Post Auditor. The auditors in the Research staff would be hired by the Director of Legislative Research.

Concerns were expressed by several of the committee members with regard to the space problems that may be encountered by moving 14 new positions into the existing research department. Representative Miller indicated that there is no desire on anyone's part to have this function housed in two separate locations, and they will be housed within the capitol.

Representative Duncan expressed that some consideration might want to be given to putting a designated sum of money into the subcommittee report to take care of the physical move of the 14 positions.

Representative Teagarden expressed concern that, with the number of requests for audits that are coming now, this merger might not be in good judgement at this time.

Representative Wisdom re-expressed his concerns to the committee that had been stated at yesterday's meeting. He feels that the two departments ought to be kept as separate departments.

Representative Farrar expressed some concern as to what effect this merger might have on the current staff in the Research Department and indicated that a possibility might exist that we are saving money in one area but loosing something more valuable that we already have. He admitted that some changes were in order but he didn't feel confident about either of the two alternatives facing the committee at this time.

Representative Chronister expressed her strong support for the subcommittee recommendations due to the fact that the Research Staff is moving so close to the workings of the Post Auditor's staff. She admitted that this is a drastic change but one that needs to be done now.

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Representative Heinemann expressed that although he had been on the opposing side to this recommendation earlier, having given it much thought and consideration, he was now in support of the subcommittee recommendation.

Representative Lowther agreed that now is the time to make the change and from what has been indicated with regard to having better legislative oversight, this would be the best way to accomplish that.

Representative Shriver expressed confidence in the Resaerch Staff to be able to handle this merger and work out the problems that they may encounter and he strongly supported the subcommittee report.

Representative Mainey opposed the subcommittee report and expressed that it was his opinion that the committee should adopt the original subcommittee report presented yesterday with the exception of item 1 of that report which he felt should be deleted.

Representative Miller moved the adoption of the subcommittee report. Seconded by Representative Shriver. The motion carried.

Consideration of several items in the Omnibus Bill that had been postponed were brought before the committee for consideration at this time.

Senate Bill No. 440 (pending) (p.3)

This committee reported this bill adversely in committee today. Committee action on this area follows:

Senate Bill No. 442 (pending) (p.3)

No committee action on this bill was entertained by the committee.

Chairman Arbuthnot indicated that a total of \$142,636.00 would need to be put into the Omnibus Bill to fund these two above mentioned areas. Jim Wilson indicated that the breakdown is \$114,290 for salaries and wages and \$28,346 for other operating expenses.

Representative Bunten moved that the amount be put in the Omnibus Bill. Seconded by Representative Mainey. The motion carried.

The Chairman turned to consideration of final action on the bill as a whole.

Representative Bunten moved that the Omnibus Bill be introduced and be referred to the Committee of the Whole. Seconded by Representative Shriver. The motion carried.

Jim Maag was recognized by the Chairman to request the introduction of a bill. (Attachment VI). The attachment explains the need for the bill. He added that the underlined language in Attachment VII would bring the money market under the provision of the local idle funds investment statute.

Representative Heinemann moved that the bill be introduced and be referred to the Committee of the Whole. The motion was seconded by Representative Shriver. The motion carried.

Representative Bunten brought to the attention of the committee a bill which would allow making the School Service Annuity payment from the state general fund on August 1 rather than on July 1. A request for it's introduction has been made by the House leadership.

Representative Bunten moved that the bill be introduced and be referred to the Committee of the Whole. Seconded by Representative Shriver. The motion carried.

The Chairman announced that the committee would not be meeting further today.

The meeting adjourned at 9:55 a.m.

GUESTS

DATE 4-20-83

NAME	ADDRESS	REPRESENTING
1. Dick Brock	Topeka	Ins Dept
2. Ron Todd	"	" "
3. Bill Hanzlick	PRATT	Fish & Game
4. James A. Ladd	Wichita	Ks State Fire Fighters Assn
5. Ed Culbertson	Topeka	Budget Div
6. T.C. Anderson	Topeka	KSCFA
7. Ron Ende	Lawrence	The University of Kansas
8. DWAYNE SACKMAN	TOPEKA	BUDGET DIV
9. Robert D Duff	TOPEKA	Ks State Firefighters
10. CASEY JONES	"	" "
11. Roy C Reel	K.C. Mo	Ks STATE FIREFIGHTERS
12. John Euhart	Osage City	Ks. State Firefighters
13. Dean Kenny	K.C. Ks.	K. State Firefighters
14. The Odle	K.C. KS	K.C.K. Local 64 I.A.F.F.
15. Richard Singer	Topeka	Ks State Firefighters
16. JERRY MARLATT	TOPEKA	KS. St. Council of Fire Fighters
17.		
18.		
19.		
20.		
21.		
22.		
23.		
24.		
25.		

Atch. I

Proposed Technical Amendment  
to SB 421

4/20/3

I move to amend SENATE BILL NO. 421, on page 2, in line 58, by inserting before "is" the following: "of a juvenile"; in line 62, by inserting before "grants" the following: "the"; in lines 63 and 64, by striking "a grant" and by inserting in lieu thereof the following: "the grants for each such juvenile"

Atch. II

**KANSAS INSURANCE DEPARTMENT**  
**Senate Bill 442 and Senate Bill 440**  
**Fiscal Year 1984**

	<u>S.B. 442</u> <u>Workers'</u> <u>Compensation</u>	<u>S.B. 440</u> <u>Firemen's</u> <u>Relief</u>
Salaries and Wages	\$ 90,662.00	\$ 27,978.00
Other Operating Expenditures	22,551.00	5,795.00
TOTAL	<u>\$ 113,213.00</u>	<u>\$ 33,773.00</u>
Equivalent Full Time Positions	4	1

Atch. III



**WORKERS' COMPENSATION FUND**  
**Salaries and Wages**  
**Fiscal Year 1984**

Position and Salary

P.E. Investigator	\$ 20,227.00	
Law Clerk	10,195.00	
Account Clerk II	11,082.00	
Clerk Steno II	9,558.00	
Attorney	27,069.00	
TOTAL	\$ 78,131.00	

Fringes

KPERS	\$ 3,750.00	
OASDI	5,235.00	
WCI	313.00	
UI	547.00	
GHI	4,536.00	
	\$ 14,381.00	
	92,512.00	
Less Turnover		(1,850.00)
TOTAL		\$ 90,662.00

**FIREMEN'S RELIEF FUND**  
**Salaries and Wages**  
**Fiscal Year 1984**

Position and Salary

Policy Examiner III	\$ 19,638.00	
Clerk III	4,710	
TOTAL	\$ 24,348.00	

Fringes

KPERS	\$ 1,169.00	
OASDI	1,631.00	
WCI	97.00	
UI	170.00	
GHI	1,134.00	
	\$ 4,201.00	
	28,549.00	
Less Turnover		(571.00)
TOTAL		\$ 27,978

**OTHER OPERATING EXPENDITURES**  
**Fiscal Year 1984**

	<u>Workers'</u> <u>Compensation</u>	<u>Firemen's</u> <u>Relief</u>
<u>Communications</u>		
Postage		
Central Mail	\$ 2,147.00	\$ 533.00
<u>Telephone</u>		
Base Charge	1,800.00	447.00
Kansan	1,231	306.00
	<u>\$ 5,178.00</u>	<u>\$ 1,286.00</u>
<u>Rents</u>		
Computer	\$ 4,357.00	\$ -0-
Copy Machines	689.00	171.00
Building	6,117.00	1,520.00
	<u>\$ 11,163.00</u>	<u>\$ 1,691.00</u>
<u>Repair and Service</u>		
Maintenance - Computer	\$ 308.00	\$ -0-
<u>Travel and Subsistance</u>		
Private Care Mileage	\$ 2,692.00	\$ 240.00
Motor Pool	450.00	-0-
Subsistance	1,326.00	220.00
Non-subsistance	32.00	-0-
	<u>\$ 4,500.00</u>	<u>\$ 460.00</u>
<u>Fees - Other Services</u>		
Computer Services	\$ -0-	\$ 2,040.00
<u>Utilities</u>		
Electricity	\$ 530.00	\$ 131.00
Natural Gas	270.00	67.00
	<u>\$ 800.00</u>	<u>\$ 198.00</u>
<u>Stationery &amp; Office Supplies</u>		
Office Supplies	\$ 484.00	\$ 120.00
Computer Supplies	118.00	-0-
	<u>\$ 602.00</u>	<u>\$ 120.00</u>
<b>TOTAL</b>	<u><u>\$ 22,551.00</u></u>	<u><u>\$ 5,795.00</u></u>

# Kansas State Fire Fighter's Association, Inc.



ORGANIZED AUGUST 13, 1887

Chairperson William W. Bunten  
Members of The House Ways and Means Committee  
State Capitol Building  
Topeka, Kansas 66603

Dear Chairperson Bunten and Members of the House Ways and Means Committee:

Subject: Senate Bill Number 440

On February 24, 1983, the House Insurance Committee held a hearing on House Bill 2436. At that time I appeared on behalf of the Kansas State Firefighter's Association as an opponent to this proposed legislation. The House Insurance Committee voted to not pass House Bill 2436. Senate Bill 440, if passed, will enact the same legislative change as would have House Bill 2436. This letter is intended to reaffirm our opposition to this type of legislative change.

The Kansas State Firefighter's Association is aware of the reasoning of Senate Bill 440, and further, that the funding received by our organization was reviewed by the Insurance Commissioner in the same manner as the other fee funds under his jurisdiction; Worker's Compensation and Medical Mal-Practice.

It is our belief that the relief that may be provided to the State's General Fund by the enactment of Senate Bill 440 will be greatly outweighed by the loss realized by the firefighters and citizens of this state.

Funds received through the Relief Act are used to educate firefighters across this state in the most modern and safest methods used to protect lives and property. In the vast majority of the cases this training is for the volunteer firefighter of Kansas and is the only means by which they can receive this much needed training. Further, the funds are used to provide financial assistance in the event of injury or death as a result of performing the duties of a firefighter. Again the only assistance available to the majority of our membership.

The loss of any funds by our organization will result in a cutback of these activities. A loss that will be felt not only by our organization but by the citizens of Kansas as well.

Sincerely,

Casey W. Jones

*Dedicated to Education of Fire Fighters*

*Atch. 14*

# Kansas State Association of Fire Chiefs



Dave Robertson  
President

Warren Hanks  
Vice President

Raymond A. Davis  
Secretary-Treasurer

April 12, 1983

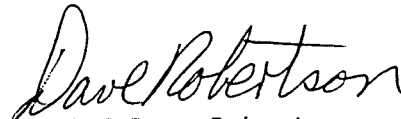
William W. Buntin  
Chairperson  
Members of House Ways & Means Committee  
State Capital  
Topeka, KS 66603

Sir:

This is to advise you that the above named organization is not in favor of Senate Bill No. 440.

It is our understanding that this is a remake of House Bill No. 2436 which was killed earlier in the 1983 legislative session. Action to rekindle this piece of legislation is not in the best interest of the State Fire Service, nor was its earlier version.

Very sincerely,

  
Chief Dave Robertson  
President

DR:jp



# Southeast Kansas Association of Fire Chiefs

President  
Dean Sailsbury  
Parsons, Kans.

Vice President  
Bill Scott  
Pittsburg, Kans.

Secretary-Treasurer  
David Beisly  
Coffeyville, Kans.

February 28, 1983

Mr. Rex Hoey, Chairman  
Insurance Committee  
State House  
Topeka, KS

Dear Mr. Hoey:

We, of the Southeast Kansas Association of Fire Chiefs Association, wish to go on record as opposing House Bill No. 2436 authorizing the administration fee of the Firemen's Relief Association as submitted by the Commissioner of Insurance.

We feel that the reasons presented by Mr. Casey Jones on February 24, 1983 opposing the Bill show the need to leave the Relief Act as it now stands.

Thank you for your time regarding this matter.

Sincerely,

A handwritten signature in cursive script that reads "David Beisly". The signature is written in black ink and is positioned above the typed name.

David Beisly, Secretary-Treasurer

DB:jb

KANSAS  
 FINANCIAL STATEMENT OF THE FIREMEN'S RELIEF ASSOCIATION OF  
 KANSAS

Showing receipts and disbursements and general conditions of its funds as of December 31, 1981

1. TOTAL ASSETS ON HAND JANUARY 1, 1981 ..... \$10,399,340.73  
 (Must agree with total assets on hand Dec. 31, 1980 as shown on previous report.)

RECEIPTS

2. Amount received from Commissioner of Insurance during year ..... \$1,935,880.90<sup>2% Ins. Comm. Collected</sup>  
 3. Interest received from municipal (or township) bonds ..... \$1,405.71  
 4. Interest received from Government bonds ..... \$148,329.94  
 5. Interest on city (or township) warrants (loans) ..... \$975.29  
 6. Interest on bank deposits ..... \$653,649.14  
 7. Refund of any overpayment in insurance premiums ..... \$702,00.50  
 8. Benefits received under insurance policies ..... \$685,133.04  
 9. Other income (itemize) <sup>on duty injuries</sup> <sub>off duty more to pay of indiv.</sub> ..... \$104,555.38  
 10. Total income extended (addition of items 2 to 9) ..... \$3,600,130.00  
 11. TOTAL (line 1 plus line 10) ..... \$13,999,470.73

DISBURSEMENTS

12. \* Relief to firemen injured or disabled by fire duty ..... \$421,211.46  
 13. \* Gratuities to widows or dependents of deceased firemen whose deaths were the result of fire duty ..... \$4,507.00  
 14. \* Funeral expenses of deceased firemen whose deaths were the result of fire duty ..... \$  
 15. Insurance premiums (itemize in supplementary report on reverse side of this report) ..... \$1,492,577.57  
 16. \* Pensions to retired firemen who are unfit for duty and who have served 20 years or more. (Full-paid departments only) ..... \$17,775.00  
 17. Treasurer's bond <sup>Required by law</sup> ..... \$7,956.90  
 18. Accrued interest on securities purchased ..... \$  
 19. \* Other expense (itemize) <sup>Admin. of Fund</sup> <sub>Maint. of plant & pencils</sub> ..... \$392,741.74  
 20. Total disbursements extended (addition of items 12 to 19) ..... \$2,336,769.67  
 21. TOTAL ASSETS ON HAND DECEMBER 31, 1981. (line 11 less line 20) ..... \$11,662,701.06

ASSETS

22. Bonds of this city (or township for township associations) ..... \$1,312,452.25  
 23. Other municipal bonds of this state (only when bonds of this city (or township) are not available) ..... \$174,185.87  
 24. Government bonds (only when bonds of this city (or township) are not available) ..... \$3,284,260.25  
 25. Warrants held from loans to city (or township) for improvements of its fire department and equipment ..... \$44,700.00  
 26. Unencumbered Cash Balance <sup>Bank & Passbook</sup> ..... \$802,830.69  
 27. TOTAL ASSETS (addition of items 22 to 26) ..... \$11,662,701.06  
 (Must agree with line No. 21)

\* Any amount shown on Lines 12, 13, 14, 16 or 19 must be supported by a detailed, itemized statement showing name, amount paid, and reason for payment.

I, \_\_\_\_\_, being of lawful age, do solemnly swear that I am a citizen and resident of the city of \_\_\_\_\_, in the state of Kansas, that I am Treasurer of the Firemen's Relief Association of the above-named city, township, county, or fire district, and have given bond as required by law, that the foregoing, together with supplementary report on reverse side, is a full, true and correct statement of the income and disbursements for the calendar year 1981 and the financial condition of the above-named association, as of December 31, 1981, and that all disbursements and investments have been made in accordance with law and the constitution and by-laws of this association.

(Signed) \_\_\_\_\_ Treasurer Firemen's Relief Assn.

SWORN to before me, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

[SEAL]

Notary Public.

My commission expires \_\_\_\_\_ 19\_\_\_\_

NOTE—Chap. 257, Laws of Kansas, 1957: "Every Firemen's relief association which may be entitled to participate in the benefits of this article shall on or before the first day of April each year, submit to the Commissioner of Insurance a verified account showing in full the receipts and disbursements and general condition of its funds for the year ending on the preceding December 31."

The statutes require that this statement be filed on or before April 1. Your association will not participate in the distribution of the firemen's relief fund.

April 1983



The KANSAS BANKERS ASSOCIATION  
A Full Service Banking Association

TO: House Committee on Ways and Means  
FROM: Kansas Bankers Association  
RE: Proposed amendment to K.S.A. 12-1675  
Mr. Chairman and members of the Committee:

Thank you for the opportunity to appear before the Committee and recommend the introduction of this bill which amends K.S.A. 12-1675--the local government idle funds investment statute. As Committee members are aware, local units of government can place the revenues which they receive in either an active (demand) account or an inactive (idle funds) account and this is done at the discretion of the investing local unit. The authority for local units to maintain demand deposit accounts is contained in K.S.A. 9-1401 and their authority to maintain idle funds accounts is contained in K.S.A. 12-1675 which specifically lists how a local unit may invest its idle funds.

The Garn-St. Germain Depository Institutions Act of 1982 required the Depository Institutions Deregulation Committee (DIDC) to establish a new competitive depository instrument for banks and S&Ls. As a result of that Congressional directive DIDC on December 14, 1982 authorized banks and S&Ls to offer what is officially known as the "Money Market Deposit Account". This account must have an initial deposit of \$2500 and has no interest ceiling on any deposits which satisfy the initial and average balance requirements. No bank or S&L may obligate itself to pay any interest rate on that account for a period longer than one month. If the amount in the account drops below \$2500 at any time during the month, the interest rate must then drop to that rate paid for a regular NOW account. Depositors in this account are allowed to have a certain number of withdrawals or transfers from the account on a monthly basis. That number is limited to six and only three of those transfers may be by drafts or checks. However, there is no monthly limit to the number of withdrawals which can be made in person or by mail or by automatic teller machine from the account. Also there is no limit as to how many deposits may be made into the account during the month.

Because this new account has been paying rate very close to the 91-day T-bill rate and because of the convenience of the account (the ability to withdraw funds several times a month without an early withdrawal penalty) many local units of government have established Money Market Deposit Accounts with their bank or S&L. However, the question has arisen as to whether the Money Market Deposit Account qualifies as a demand deposit account for local units of government under the provisions of K.S.A. 9-1401 or whether it has the characteristics of an investment account which would require that it be included in the list of eligible investments outlined in K.S.A. 12-1675.

The Attorney General's office has indicated that they have concerns as to whether the Money Market Deposit Account meets the qualifications of being

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April 1983  
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a demand deposit account and therefore they believe K.S.A. 12-1675 should be amended to include the Money Market Deposit Account as one of the eligible investments for local unit idle funds. Many local units have already established such accounts, we believe that it would be in the best interests of these local units to amend K.S.A. 12-1675 to include this as an eligible investment.

It is unfortunate that it is necessary to consider this issue so late in the 1983 session, but we strongly believe that legislative action at this time would be much preferable to the possibility of local units being required to divest themselves of the Money Market Deposits Account which they have already established. Your positive consideration of this proposed legislation would be greatly appreciated.

James S. Maag  
Director of Research



KANSAS BANKERS ASSOCIATION

(Supercedes mailing of 12/8/82)

**LOCAL PUBLIC FUNDS DEPOSITS**

IMPORTANT:

Beginning July 1, 1982, only banks and S&Ls which have home offices located in the investing local governmental unit are eligible to receive idle funds time deposits of such units. (The \$100,000 limitation on public funds deposits no longer applies to S&Ls which have home offices within the investing unit.) If no bank has any home office in the investing unit, idle funds may be invested in banks having home offices in the county or counties in which the investing unit is located. If these eligible banks will not pay at least the 91-day T-bill rate or the maximum lawful rate whichever is lower, then the banks which have home offices located in adjacent Kansas counties are eligible to receive such deposits. If no S&L has a home office located in the investing unit, idle funds may not be invested with another S&L.

The eligibility of a bank or S&L to receive deposits of idle funds is determined by the location of its home office. The deposit itself may be received at a facility or branch of a bank or S&L which is an eligible depository.

Demand deposits of a local unit may be carried in any bank which has a home office located in the county or counties in which the unit is located and may be received at any facility of an eligible bank. S&Ls are not eligible depositories of demand funds.

- A. If the deposit is under \$100,000 FDIC, FLSIC, DIDC and Federal Reserve regulations stipulate 8% as the maximum rate which may be paid for public funds with seven exceptions:
- (1) Banks and S&Ls may legally offer a non-negotiable variable rate Money Market Certificate for \$2500 or more with 26-weeks maturity (182 days) at a rate not to exceed the highest rate an S&L may pay.
  - (2) Banks and S&Ls may legally offer a non-negotiable 2½-year Small Savers Certificate at a rate not to exceed the highest rate an S&L may pay.
  - (3) Banks may also offer a negotiable or non-negotiable time deposit of \$2500 or more with a maturity of exactly 91 days at a rate not to exceed 1/4% below the most recent rate (auction average on discount basis) established and announced for 91-day T-bills. S&Ls may offer the most recent rate (auction average on discount basis) established and announced for 91-day T-bills.
  - (4) Banks and S&Ls may offer a time deposit with a minimum maturity of 3½ years with a negotiable rate. There is a required denomination of \$500 but no specified amount for such time deposit.
  - (5) Banks and S&Ls may offer a non-negotiable time deposit of \$2500 or more, with a maturity or required notice period of not less than seven days nor more than 31 days, with no interest rate ceiling.
  - (6) Starting December, 14, 1982, banks and S&Ls may offer the Money Market Deposit Account with an initial deposit of no less than \$2500 and no interest rate ceiling on deposits which satisfy the initial and average balance requirements. No maturity exceeding one month may be established for the account and a bank may not obligate itself to pay any interest rate on this account for a period longer than one month.
  - (7) On January 5, 1983, all local units of government will be eligible to have the "Super NOW" account with a \$2500 minimum.
- B. If the local idle fund deposit is \$100,000 or more neither regulations nor statutes stipulate any maximum allowable rate.
- C. Local units must invest idle funds in banks or S&Ls having home offices located within their boundaries (or if no bank home office is located within the investing unit then in banks having home offices in the county or counties in which the unit is located) so long as one or more of such banks agree to pay at least the current 91-day T-bill rate or the maximum allowed by law, whichever is lower. If the highest rate available from such banks is less than the 91-day T-bill rate or the regulatory maximum, the investing units may:
- (1) Accept the offered rate;
  - (2) Go to banks that have home offices located within the county or in the Kansas counties adjacent to the county or counties in which the investing unit is located;
  - (3) Invest in T-bills with maturities not exceeding 6-months; or
  - (4) Go to another authorized investment such as temporary notes or repurchase agreements.

(over, please)

- D. If a bank or S&L has no home office within the investing unit or a bank or S&L is not willing to enter into a repurchase agreement at a rate which is equal or higher than two percentage points below the "average yield" before taxes on the most recent 91-day T-bill auction, then the local unit can go to the home office of any bank or S&L located within the county or counties where the local unit is located. If those bank or S&L home offices are not willing to enter into a repurchase agreement at the above rate then the local unit may go to the home office of any bank or S&L in the state of Kansas.
- E. If the bank or S&L pays the 91-day T-bill rate or less it must pledge an amount equal to the deposit less FDIC or FSLIC coverage times 70%. If the rate paid exceeds the 91-day T-bill rate the bank or S&L must pledge 100% of the deposit in excess of FDIC or FSLIC coverage.
- F. Attorney General Opinion 75-448 and 76-212 stipulate that state law allows a local unit to transfer a portion of its demand deposit account to a savings account and by pre-arranged agreement transfer funds by telephone from savings to checking as needed.
- G. As of October 15, 1982, all local units of government are eligible to have a NOW account.
- H. Under Federal law interest-bearing deposits from local units of government are insured in an amount not to exceed \$100,000 and additionally the demand deposits are also insured in an amount not to exceed \$100,000.
- I. K.S.A. 10-131 regulates investment proceeds for most bond issues. Local units may invest such proceeds in direct obligations of the United States government and its agencies or as authorized for other idle funds in the same manner as such funds are invested under the provisions of K.S.A. 12-1675. Under existing Attorney General opinions maturity and interest rates are negotiable on such bonds.
- J. Security used for pledging on local government public funds must have a MARKET VALUE at any given time which is equal to no less than 70% of the deposit less insurance coverage (100% if paying more than the 91-day T-bill rate.)
- K. Negotiable promissory notes secured by first lien mortgages on Kansas real estate which are used for security for local public funds can be taken for not more than 75% of the security required. Market value of such notes shall be determined by rules and regulations established by the Bank and S&L Commissioners.
- L. There is no longer a minimum period of time for local units to invest in time deposit open accounts and certificates of deposits. Therefore, all local units may invest in 14-day CDs or TDOAs as allowed by federal regulation.

**12-1675.** Investment of public moneys by governmental subdivisions, units and entities. (a) The governing body of any county, city, township, school district, area vocational-technical school, community college, firemen's relief association, community mental health center, community facility for the mentally retarded or any other governmental entity, unit or subdivision in the state of Kansas having authority to receive, hold and expend public moneys or funds may invest any moneys which are not immediately required for the purposes for which the moneys were collected or received, and the investment of which is not subject to or regulated by any other statute.

(b) Such moneys shall be invested only in:

(1) Temporary notes issued by such investing governmental unit;

(2) time deposit, open accounts or certificates of deposit (A) in commercial banks or trust companies which have home offices located in such investing governmental unit, or (B) if the home office of no commercial bank or trust company is located in such investing governmental unit, then in commercial banks or trust companies which have home offices located in the county or counties in which all or part of such investing governmental unit is located, or (C) if such appropriate eligible commercial banks or trust companies cannot or will not make such deposits available to the investing governmental unit at interest rates equal to or greater than (i) the average yield before taxes received on ninety-one day United States treasury bills as determined by the federal reserve banks, as fiscal agents of the United States, at its most recent public offering of such bills prior to the inception of such deposit contract or (ii) the maximum rates such banks or trust companies may pay on such deposits under applicable law or regulation, whichever is lower, then in commercial banks or trust companies which have home offices located within the county or in the counties of the state of Kansas adjacent to the county or counties in which all or part of such investing governmental unit is located;

(3) in time certificates of deposit with savings and loan associations which have home offices located in such investing governmental unit;

(4) repurchase agreements with (A) commercial banks or trust companies or savings and loan associations which have home offices located in such investing governmental unit, for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof, or (B)(i) if the home office of no commercial bank or trust company or savings and loan association is located in such investing governmental unit, or (ii) if no commercial bank or trust company or savings and loan association has a home office located in such investing government-

tal unit is willing to enter into such an agreement with the investing governmental unit at an interest rate equal to or higher than a rate equal to two percentage points below the average yield before taxes received on ninety-one day United States treasury bills as determined by the federal reserve banks, as fiscal agents of the United States, at its most recent offering of such bills prior to the inception of such contract, then such repurchase agreements may be entered into with commercial banks or trust companies or savings and loan associations which have home offices located in the county or counties in which all or part of such investing governmental unit is located, or (C) if no bank or trust company or savings and loan association which has its home office located in such county or counties is willing to enter into such an agreement with the investing governmental unit at an interest rate equal to or higher than a rate equal to two percentage points below the average yield before taxes received on ninety-one day United States treasury bills as determined by the federal reserve banks, as fiscal agents of the United States, at its most recent offering of such bills prior to the inception of such contract then such repurchase agreements may be entered into with commercial banks or trust companies or savings and loan associations which have home offices located in the state of Kansas; or

(5) United States treasury bills or notes with maturities as the governing body shall determine, but not exceeding six months.

(c) The investment authorized in clause (5) of subsection (b) shall be utilized only if the appropriate eligible commercial banks or trust companies, which have home offices located in the investing governmental unit or in the county or counties in which all or a part of such investing governmental unit is located if no such bank or trust company has a home office which is located within such governmental unit, or the appropriate eligible savings and loan associations, which have home offices located in the investing governmental unit or in the county or counties in which all or a part of such investing governmental unit is located if no such savings and loan association has a home office which is located within such governmental unit, cannot or will not make the investments authorized in clause (2) or clause (3) of subsection (b) available to the investing governmental unit at interest rates equal to or greater than (A) the average yield before taxes received on ninety-one day United States treasury bills as determined by the federal reserve banks as fiscal agents of the United States at its most recent public offering of such bills prior to the inception of such deposit contract or (B) the maximum rates such commercial banks or trust companies or savings and loan associations may pay on the investments authorized in clause (2) or clause (3) of subsection (b) under applicable law or regulation, whichever is lower.

Section 1. K.S.A. 12-1675, as amended by 1983 House Bill 2439, is hereby amended to read as follows: 12-1675. (a) The governing body of any county, city, township, . . . .

(b) Such moneys shall be invested only in:

(1) temporary notes issued by such investing governmental unit;

(2) time deposit, open accounts ~~or~~, certificates of deposit, or interest bearing deposits subject to withdrawal by the investing governmental unit by check, draft or similar device: (A) In commercial banks or trust companies. . .; or (C) if such appropriate eligible commercial banks or trust companies cannot or will not make one or more of such deposits available to the investing governmental unit. . .

(3) in time certificates of deposit or interest bearing deposits subject to withdrawal by the investing governmental unit by check, draft or similar device: (A) With savings and loan associations or federally chartered savings banks. . .; or (C) if such appropriate eligible savings and loan associations or federally chartered savings banks cannot or will not make one or more of such deposits available to the investing governmental unit. . .

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(c) The investment authorized in clause (5) of subsection (b) shall be utilized only if the appropriate eligible commercial banks or trust companies, which have home offices located in the investing governmental unit or in the county or counties in which all or a part of such investing governmental unit is located if no such bank or trust company has a home office which is located within such governmental unit, or the appropriate eligible savings and loan associations or federally chartered savings banks, which have home offices located in the investing governmental unit or in the county or counties in which all or a part of such investing governmental unit is located if no such savings and loan association or federally chartered savings bank has a home office which is located within such governmental unit, cannot or will not make one or more of the investments authorized in clause (2). . . .

Sec. 2. K.S.A. 12-1676, as amended by 1983 House Bill 2439, is hereby amended to read as follows: 12-1676. Except as otherwise provided. . .Interest paid by commercial banks or trust companies on time deposit, open accounts and, certificates of deposit and interest bearing deposits subject to withdrawal by the investing governmental unit by check, draft or similar device of investing governmental units and by savings and loan associations or federally chartered savings banks on time certificates of deposit and interest bearing deposits

subject to withdrawal by the investing governmental unit by check, draft or similar device of investing governmental units shall be at rates agreed upon by the governmental units and the banks, trust companies, savings and loan associations or federally chartered savings banks.

Sec. 3. K.S.A. 12-1675 and 12-1676, as amended by 1983 House Bill 2439, are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

Agency: Legislative Division of Post Audit Bill No. Omnibus Bill Se —

Analyst: Hauke Analysis Pg. No. 8 Budget Pg. No. 1-37

<u>Expenditure Summary</u>	<u>Agency Rec. FY 84</u>	<u>Governor's Rec. FY 84</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,783,640	\$ 1,783,640	\$ (408,055)
State General Fund	1,647,640	1,647,640	(408,055)
F.T.E. Positions	40.0	40.0	(25.0)

House Subcommittee Recommendations

The Subcommittee is recommending a major revision to the organization and budget of the Legislative Division of Post Audit. The Subcommittee recognizes that its recommendations will necessitate a substantial revision in the mission of this Division. The Subcommittee has consulted with the Chairman of the Post Audit Committee concerning its proposals for a reorganization both of the Post Audit staff and the agency's mission. The Subcommittee makes the following recommendations, which are both programmatic and budgetary in nature:

1. The Subcommittee recommends that the existing office of Post Auditor (as authorized by K.S.A. 46-1102) be abolished. The Subcommittee recommends creation of a new office, the Office of Legislative Post Auditor. The Subcommittee has prepared a bill draft to enact the changes it recommends. The Subcommittee's recommendations would create a position similar to that of Post Auditor; however, the Subcommittee's recommendations delete references to a four-year term for the Legislative Post Auditor.
  
2. The Subcommittee recommends that the staffing of the Division be reduced to 15 F.T.E. at the beginning of the October pay period (September 18, 1983). The Subcommittee recommends that the existing 40 F.T.E. be financed through the first quarter of FY 1984. This time frame allows approximately five months notification to existing employees, several of whom would be discontinued in this Subcommittee's recommendations. The Subcommittee is recommending the following staffing of the Division:
  - 1 Post Auditor
  - 3 Financial Auditors (1 team of 3 F.T.E. - 1 Sr. Audit Specialist; 2 Sr. Auditors)
  - 6 Performance Auditors (2 teams, each of which would have 3 F.T.E. Staffing would include 2 Sr. Audit Specialists; 2 Sr. Auditors; and 2 Auditors)
  - 1 Office Manager
  - 3 Clerical (1 Sr. Secretary and 2 Secretaries)
  - 1 Electronic Data Processing Specialist (Sr. Audit Specialist)

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3. The Subcommittee is of the opinion that a smaller organization will necessitate fewer levels of supervision. The Subcommittee specifically recommends elimination of the following positions: Deputy Post Auditor; Director of Financial and Compliance Audits; Director of Performance Audits; Director of Audit Support Services; and the Division Attorney.
4. The Subcommittee is of the opinion that the majority of the financial audits should be done on a contractual basis. Due to the reduced staffing, the Subcommittee recommends \$572,000 for contractual audit services, double the amount originally requested by the agency. The Subcommittee is of the opinion that this amount could be supplemented by the 1984 Legislature, given additional detail on the pleasure of the Post Audit Committee concerning the contracting of audits. Of the \$572,000, the State General Fund would finance \$436,000 and the Federal Audit Services Fund \$136,000.
5. The Subcommittee's recommendations would retain the position of Office Manager. It is the Subcommittee's opinion that this position could both perform editing functions as well as some clerical and supervisory functions.
6. Due to the extensive use of data processing throughout state government and for support of the Division's internal research, the Subcommittee's recommendations include one Data Processing Specialist. This position would assist both the Financial Audit Unit and the Performance Audit Unit.
7. The Subcommittee reviewed the agency's request of \$218,500 for Other Operating Expenditure (exclusive of the previously mentioned contractual audit services). The Subcommittee is recommending a budget of \$139,126 for other operating expenditures. The Subcommittee has prorated several items (travel, subsistence, communications, and office supplies) by the reduction in agency employees. The Subcommittee did not reduce the budget for office space, given the short time frame in which the agency would be required to relocate. Nevertheless, the Subcommittee recommends that the agency's FY 1985 budget reflect a reduction in office space rental.
8. Attached to this report is a summary of the Subcommittee's recommended budget. The budget is a \$408,055 decrease in the recommendations of the LCC and the Governor. The Subcommittee recommends an immediate hiring freeze in employment of the Division, to minimize the number of employees terminated due to the Subcommittee's recommendations.
9. The Subcommittee recommends that the Post Audit Committee study the salaries to be paid employees of the Division of Post Audit and that the Committee's recommendations be incorporated into the Division's FY 1985 request. The Subcommittee recommends that salaries of the Division's employees, although unclassified, be attached to a step and range of the Civil Service Pay Plan. This practice is followed by the Revisor of Statutes, the Legislative Research Department, and Legislative Administrative Services.



### House Committee Recommendation

The House Committee does not concur with the recommendations of the Subcommittee. The House Committee submits the following recommendations as amendments to the Subcommittee report:

1. The Committee recommends that the existing office of Post Auditor be abolished. The Committee recommends that functions currently statutorily granted to the Division of Post Audit be transferred to the Legislative Research Department. The Committee recommends that this transfer be effective on September 17, 1983.
2. The Committee recommends a budget of \$1,353,445, of which \$1,217,445 would be from the General Fund. The detail of the Committee's recommended budget is included as Attachment I of this report. The Committee's recommended salary and wage budget differs from the original Subcommittee recommendation in that the Post Auditor's salary is only budgeted for one quarter. The Committee recommends that budget authority for 14.0 F.T.E. positions transfer to the Legislative Research Department on October 1, 1983. The Committee utilized computations contained in the original Subcommittee report for purposes of its budgetary recommendations. However, the Committee is not recommending specific positions to transfer, positions to be deleted, or specific salary ranges of positions to be transferred. The Committee is of the opinion that a smaller organization will necessitate fewer levels of supervision than utilized in the current Division of Post Audit.
3. The Committee recommends that the majority of financial audits be done on a contractual basis. Due to the reduced staffing, the Committee recommends \$572,000 for contractual audit services, double the amount originally requested by the agency. Of the \$572,000, the State General Fund would finance \$436,000 and the Federal Audit Services Fund \$136,000.
4. The Committee's recommendations include \$159,126 for Other Operating Expenditures (exclusive of the previously mentioned contractual audit services). The Committee has prorated several items (travel, subsistence, communications, and office supplies) by the reduction in agency employees. The Committee added \$20,000 to finance relocation costs associated with moving the Division's equipment and furnishings to the Statehouse.
5. The Division presently leases 7,871 square feet of office space in the Mills Building. The existing lease with Manhattan Buildings, Inc., expires March 31, 1986 and contains no early termination clause, other than for fiscal necessity. Nevertheless, the lease contains limited authority for agencies to sublease to other tenants. If other tenants can be located, up to \$39,000 could be saved in the current fiscal year. The Committee recommends that any savings be applied to remodeling costs, which will arise from moving additional employees into the Statehouse.

ATTACHMENT I  
(Revised April 20, 1983)

HOUSE COMMITTEE BUDGET RECOMMENDATIONS  
DIVISION OF LEGISLATIVE POST AUDIT

Item	Original Budget	Original Subcommittee Recommendations	Committee Recommendations
1 Legislative Post Auditor	\$ 50,040	\$ 50,040	\$ 12,510
4 Sr. Audit Specialists	133,344	133,344	133,344*
4 Sr. Auditors	103,284	103,284	103,284*
2 Auditors	48,000	48,000	48,000*
1 Office Manager	21,324	21,324	21,324*
1 Sr. Secretary	19,056	19,056	19,056*
2 Secretaries	28,332	28,332	28,332*
25 Remaining Positions	694,752	163,185	163,185*
Post Audit Committee	3,504	3,504	3,504*
Subtotal - Gross Salary and Wage	<u>\$1,101,636</u>	<u>\$ 570,069</u>	<u>\$ 532,539</u>
KPERS	51,168	27,195	25,562
FICA	69,132	37,435	35,680
Health Insurance	45,120	23,528	22,680
Workers Comp.	4,392	2,266	2,130
Unemployment Insurance	7,692	3,966	3,728
Subtotal - Net Salary and Wage	<u>\$1,279,140</u>	<u>\$ 664,459</u>	<u>\$ 622,319</u>
Communications	20,000	7,500	7,500
Freight	2,700	1,013	1,013
Printing	24,000	9,000	9,000
Rents	67,000	67,000	67,000
Repair and Servicing	12,000	12,000	12,000
Travel and Subsistence	46,000	17,250	17,250
Fees - Other Services	16,800	6,300	26,300
Fees - Professional Services	288,500	574,500	574,500
Other Contractual Services	5,000	1,875	1,875
Stationery and Office Supplies	12,500	4,688	4,688
Capital Outlay	10,000	10,000	10,000
Subtotal - Other Operating Expenditures	<u>\$ 504,500</u>	<u>\$ 711,126</u>	<u>\$ 731,126</u>
<b>TOTAL BUDGET</b>	<u><u>\$1,783,640</u></u>	<u><u>\$ 1,375,585</u></u>	<u><u>\$ 1,353,445</u></u>

Funding

State General Fund	\$1,647,640	\$ 1,239,585	\$ 1,217,445
Federal Audit Services Fund	136,000	136,000	136,000

\* Included for computational purposes only. See Item 2 of House Committee amendments to Subcommittee report.

### Senate Committee Recommendations

The Senate Committee does not concur with the recommendations of the House. The Senate Committee submits the following recommendations:

1. The Committee recommends that the post auditing function continue as a separate Division and not be merged with the Legislative Research Department.
2. The Committee does not recommend passage of legislation to abolish the position of Post Auditor.
3. The Committee recommends that effective September 17, 1983, the staff of the Division be reduced to 25.0 F.T.E. positions.
4. The Committee recommends substantial increase in the number of financial audits which are conducted through contractual arrangements. Therefore, the Committee concurs with the House recommendations of \$572,000 for contractual audits. Consistent with that recommendation, the Committee also concurs with the House Subcommittee recommendation that the financial and compliance auditing section, within the Division be reduced to 3.0 F.T.E. employees.
5. The Senate Committee recommends a budget of \$1,652,260, of which \$1,516,260 would be from the General Fund. Of this budget \$941,134 would be for salaries and wages and \$711,126 would be for Other Operating Expenditures. The Committee's recommendations are based upon estimates. The Committee requested that the Post Auditor prepare a budget assuming 25.0 F.T.E. which the Committee intends to submit to the conferees on H.B. 2576.

### Conference Committee Recommendation

The Conference Committee submits the following recommendations concerning the Division of Post Audit.

1. The Committee recommends that the post auditing function continue as a separate Division and not be merged with the Legislative Research Department.
2. The Committee recommends that effective September 17, 1983, the staff of the Division be reduced to 20.0 F.T.E. positions.
3. The Committee recommends a budget of \$1,482,673, of which \$1,346,673 would be from the General Fund. This budget is: \$300,967 less than the original budget requested by the Post Audit Committee; \$169,587 less than the budget recommended by the Senate; and \$129,228 more than the budget recommended by the House. Detail of the Conference Committee recommendation is attached to this report (Attachment II).
4. The Conference Committee recommendations are based upon computations contained in the original House Subcommittee report, with the addition of 5.0 F.T.E. employees (1 - Senior Auditor at an annualized salary of \$25,750 and 4 - Auditors at an annualized salary of \$24,000 each). These five additional employees would be assigned to performance auditing.
5. The Conference Committee concurs with the recommendations that financial auditing be increasingly conducted through contractual arrangements. Consequently, the Conference Committee recommends only three positions be assigned to financial auditing.
6. The Conference Committee endorses item 9 of the original House Subcommittee report, which recommended that the Post Audit Committee study the salaries paid employees of the Division of Post Audit and that the Committee's recommendations be incorporated into the Division's FY 1985 request. The House Subcommittee report also recommended that the Division's employees, although unclassified, be attached to a step and range of the Civil Service Pay Plan.

ATTACHMENT II

CONFERENCE COMMITTEE BUDGET RECOMMENDATIONS

Division of Legislative Post Audit

<u>Item</u>	<u>Budget</u>
1 - Legislative Post Auditor	\$ 50,040
4 - Senior Audit Specialists	133,344
5 - Senior Auditors	129,034
6 - Auditors	144,000
1 - Office Manager	21,324
1 - Senior Secretary	19,056
2 - Secretaries	28,332
20 - Remaining Positions	132,748
Post Audit Committee	3,504
Subtotal - Gross Salary and Wage	<u>\$ 661,382</u>
KPERS	31,578
FICA	43,553
Health Insurance	27,783
Workers Compensation	2,646
Unemployment Insurance	4,605
Subtotal - Net Salary and Wage	<u>\$ 771,547</u>
Other Operating Expenditures	711,126
(Same Detail as House Subcommittee Report)	
TOTAL BUDGET	<u><u>\$1,482,673</u></u>
Funding	\$1,346,673
Federal Audit Services Fund	136,000