

Approved

*Thomas F. Walker*  
Date 1-22-87

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Representative Thomas F. Walker at  
Chairperson

9:00 a.m./p.m. on January 22, 1987 in room 522-S of the Capitol.

All members were present except:

Representative Peterson

Committee staff present:

Avis Swartzman - Revisor  
Carolyn Rampey - Legislative Research Dept.  
Mary Galligan - Legislative Research Dept.  
Jackie Breymeyer - Secretary

Conferees appearing before the committee:

Kelly Badenock - Project Manager for Financial Information and Reporting System for  
Transportation (FIRST)  
Joe Harkins, Director - Kansas Water Office

The meeting was called to order by Vice-Chairperson Elaine Hassler. She introduced Kelly Badenock, Project Manager for Financial Information and Reporting System for Transportation (FIRST), who was present to update the committee on the status of the accounting system. This came from the 1983 recommendation of the Governmental Organization Committee. KDOT was to report annually to the committee for four years. Ms. Badenock reviewed last year's report that included the history of concerns, project schedule for the implementation of the system and the activities resulting in the development of the Kansas Department of Transportation accounts. In 1986 the system was installed by SCT in two phases and the General Ledger is now operational. Old systems are now being retired and monthly reports are being reconciled to the state's central accounting system. (See Attachment 1)

Ms. Badenock ended her presentation after answering several questions and was thanked by the Vice-Chairperson.

Chairman Walker continued with the meeting, introducing Joe Harkins, Director, Kansas Water Office. Mr. Harkins said the Kansas Water Office had been established five years ago. Together with the Water Authority, both are up for sunset review. He distributed a Fact Sheet entitled "Water Related Agencies" which identified and described each of the duties of the agencies. (See Attachment 2)

Mr. Harkins defined the Appropriation Doctrine as all water in the state belongs to the people of the state. The state determines who can use the water, how much they can use, and to what purpose. The Riparian Doctrine is defined in terms of if the water passes over or is under one's property, it is that person's as long as it is there. If the land is not owned, the person does not have access and cannot get water without the property owner's permission. The Appropriation Doctrine concept is used in Western Kansas and Northeast Oklahoma. It was adopted in Kansas in 1945. Prior to this date the Riparian Doctrine was used.

Mr. Harkins made it through the Board of Agriculture Division of Water Resources, State Conservation Commission, Board of Regents and Kansas Geological Survey. He commented that Kansas is at a very critical stage of water management. The future will probably see brokers used for water rights. Water is regulated in the areas of agriculture, municipal use, industrial use, the areas of recreation and hydro power. Domestic use of water is unregulated. He explained that the term 'groundwater' and the term 'surface water' is technically incorrect as the water is never at rest but in a constant flux. The water comes from the sky and goes through many processes and is taken into the sky again. There was an era where people thought of water as being unlimited for use and energy was cheap. Now that combination of water plus almost free energy is no longer true and today's agricultural market is now trying to be as efficient as possible.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

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room 522-S, Statehouse, at 9:00 a.m./p.m. on January 22, 19 87

Mr. Harkin mentioned the Ogallala Aquifer, which is the largest bed of fresh water in the world. It covers all of Nebraska, Western Kansas, Eastern Colorado, parts of Oklahoma and Texas, and the tip of New Mexico.

Mr. Harkin also stated that the water it takes to irrigate a quarter section, which is 160 acres, turned on two or three times a growing season, uses enough water to supply a town of 1500 people for a year.

Mr. Harkins made numerous other comments and was asked by Chairman Walker if he could return Tuesday with the continuation of his presentation. Mr. Harkins replied that he would be happy to return at that time.

Representative Bowden moved the minutes of the previous meeting be approved.  
Representative Weimer gave a second to the motion. The motion carried.

The meeting was adjourned.



# FINANCIAL INFORMATION AND REPORTING SYSTEM FOR TRANSPORTATION

## REPORT TO THE LEGISLATURE - 1987

### I. Financial Information and Reporting System for Transportation (FIRST)

A. In 1983, the House Committee on Governmental Organization recommended that an annual report on the status of developing a new accounting system for the Department of Transportation be submitted on the first day of each Session for the next four years.

B. 1987 is the fourth year, and this report is in response to that recommendation.

### II. Review of Last Year's Report

In last year's report to this committee, the following topics were reviewed:

A. History of concerns with financial information from 1976 to 1984 when the FIRST Task Force was established.

B. Project schedule for implementing a proprietary general ledger/ budget tracking system by January of 1987.

C. Activities of 1985 that resulted in:

1. Development of a KDOT Chart of Accounts that

a. Reflects the trend in government to shift from cash basis accounting to modified accrual.

b. Classifies Accounts to include Assets, Liabilities, Fund Equity, Budget, Revenue, Expenditures, and Transfers.

c. Consolidates Funds and Account Groups as recommended by the Government Accounting Standards Board (GASB).

2. Compilation of financial reports to support information requirements for KDOT managers, the Department of Administration, Post Audit and Legislative Research, the federal government, vendors, and contractors.

3. Acquisition of a voucher data entry system from Wichita State University for producing vouchers from invoices keyed in the districts.

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4. Purchase of a General Ledger System from Systems and Computer Technology Corporation (SCT) through the bid process, with contract signing on December 12, 1985.
- D. Detailed Schedule for Implementing the General Ledger System in 1986, which included:
1. Installation of the product by April 30, 1986.
  2. Consulting and Training from SCT.
  3. Integrating existing KDOT Information into the system.
  4. Testing and Implementation of the new system.

III. 1986 Progress.

A. Installation of the Product.

1. The system was installed by SCT in two phases. The first was completed by April 30, 1986, and included 90% of the functions.
2. The second phase was completed in June and included features SCT had developed just for the KDOT. These features are, however, now part of their most recent release of software.

B. Consulting and Training.

1. By SCT.

- a. SCT assigned a project manager, a Certified Public Accountant, who consulted with the project team and assisted the FIRST Project Team in:
  - 1) Finalizing the KDOT Chart of Accounts;
  - 2) Building system tables that defined to the system KDOT's organization and budgetary hierarchies;
  - 3) Providing detailed training on the system features.

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- b. SCT technical specialists explained the program structures, security features, and trained the FIRST project team to run the system.
  - c. In all, SCT provided 650 hours of consulting, training, and on-site development as part of the contract with KDOT.
2. By KDOT.
- a. During this time, Operations Division of KDOT established an Operations "FIRST Assist Team" to minimize the impact of FIRST on the field offices. This group reviewed the object codes (accounts) used by KDOT and consolidated them to a more logical set. They also drafted procedures for the districts to follow in preparing financial transactions.
  - b. Staff from Fiscal Services joined the FIRST project as part of the Implementation Team. They were trained in entering data into the system and interpreting the new reports, and were consulted on fiscal policy issues.
- C. Integration of KDOT information into the new system.
1. KDOT, in conjunction with SCT, developed program specifications to interface a major data collection system to the new general ledger. SCT completed the design and built the computer program as part of the contract.
  2. KDOT computer services staff completed additional interfaces which joined the Voucher System and Operations Budget System to the new system.
  3. Computer programs were developed in-house to provide for additional batch entry of data.
- D. Testing and Implementing the new system.
1. In May, the Project Team began testing all features of the system. A systems acceptance plan was established and all tests were carefully documented.
  2. As with most "new systems," problems were discovered which were reported to the vendor, SCT. While SCT is correcting these problems, they have added to the lag time for declaring the system complete.

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3. On July 1, 1986, the change over to new accounts and coding was implemented.
4. In the middle of July, FIRST began loading live production information into the system.
5. For six months, FIRST ran the new system concurrently with existing systems while SCT continued to fix problems.
6. Monthly reports are being reconciled to the state's central accounting system (CASK).

### IV. Summary

#### A. The General Ledger is operational.

1. Expenditure and revenue data is being entered daily into the new system.
2. Reports are being generated daily, monthly, and when needed from the new system.
3. Users are trained or are being trained to use the on-line screens for inquiry.
4. The Fiscal Services staff is gearing up to produce the Annual Financial Report from the new system.
5. SCT has resolved all but a few small problems with the software.

#### B. Old Systems are being retired.

1. The old general ledger is ready to be retired. Fiscal Services is using the new system to produce monthly statements of change in fund balance and to reconcile financial data.
2. The old cash receipts system is ready to be discontinued. Cash receipts are being entered directly into the general ledger.
3. The daily budget will soon be discontinued. KDOT districts are reviewing the system's budgetary reports to ensure management information is in a format they can use.

#### C. Draft of Accounting Manual is being developed.

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D. Ad Hoc features of the system are being developed, such as:

1. Downloading financial data from the mainframe computer to a Personal Computer where the information can be used for forecasting.
2. Designing new on-line inquiries.
3. Designing new reports.

V. Benefits.

The benefits to KDOT from this new system include:

- A. Implementation of generally accepted accounting principles for state governments. KDOT is among the first state agencies to implement these principles.
- B. Ability to prepare Standard Financial reports in line with the requirements set forth by the Government Accounting Standards Board (GASB) and KDOT management.
- C. A single data base of financial information in which there is:
  1. Minimum redundancy of information,
  2. Increased efficiency and timeliness, and
  3. Controlled access to the system.
- D. Integrity of financial information through:
  1. Improved computer edits of data, and
  2. Better definition and understanding of KDOT accounts and financial terms.
- E. Improved Fiscal Procedures as a result of:
  1. Single entry of financial transactions,
  2. Entry of data made as close to the source as possible, and
  3. Accelerated availability of data on which managers can make financial decisions.



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VI. Future KDOT efforts.

- A. KDOT will continue to complete documentation of the system and provide training to bureaus and districts.
- B. Evaluation and documentation of internal controls will be completed to ensure and maintain the integrity of the data and financial systems.
- C. Cost accounting (particularly detailed variance analysis) and budget formulation will be studied, as both are important concerns to this agency.



# WATER RELATED AGENCIES

Fact Sheet No. 2

May 1985

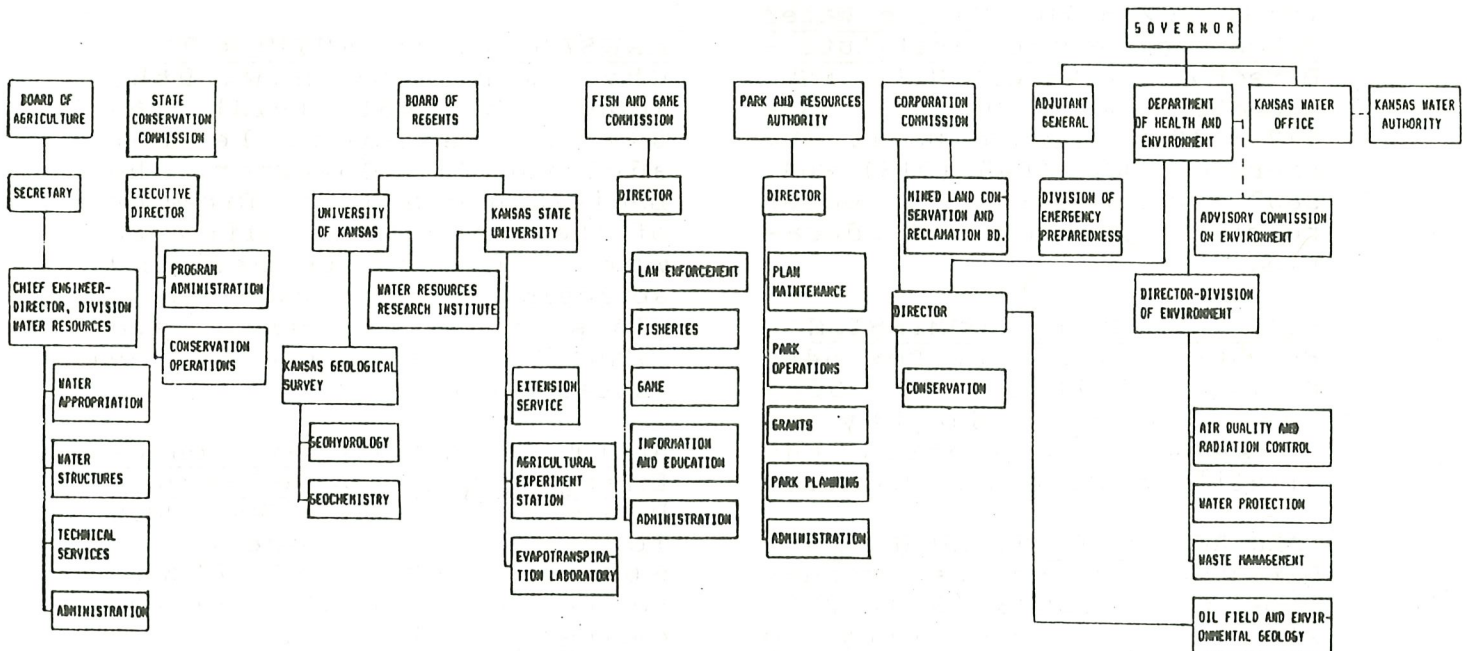
Kansas Water Office

Kansas has nine state agencies with a major interest in the water resources of the state. Those agencies are depicted in the following organizational chart. The names and addresses of each agency as well as the nature of business of each agency is listed on the back of this Fact Sheet.

In addition to the state agencies, there are over 500

special water districts in Kansas and over 2200 traditional local units of government (counties, cities, townships) all concerned in some way with water resource management. There are also a number of federal agencies involved with Kansas water resources. Further, Kansas is represented on several interstate or multistate water organizations.

ORGANIZATION OF WATER RELATED STATE AGENCIES IN KANSAS



BOARD OF AGRICULTURE Division of Water Resources - Chief Engineer-Director, 109 S.W. 9th, Topeka, KS 66612 (913) 296-3717. Administers laws related to problems with the conservation and utilization of water resources in Kansas including laws regarding appropriation of water and water structures.

STATE CONSERVATION COMMISSION - Executive Director, 109 S.W. 9th, Room 300, Topeka, KS 66612 (913) 296-3600. Responsible for three major state assistance programs: State Aid to Conservation Districts, Water Resources Cost-Share Program and State Assistance in Construction of Watershed Dams.

BOARD OF REGENTS Agricultural Experiment Station - Director, 113 Waters Hall, KSU, Manhattan, KS 66506 (913) 532-6147; Kansas Geological Survey - Director, 1930 Constant Ave., KU, Lawrence, KS 66045 (913) 864-3965; Extension Service - Director, Umberger Hall, KSU, Manhattan, KS 66506 (913) 562-5820; Kansas Water Resources Research Institute - Director, 14 Waters Hall, KSU, Manhattan, KS 66506 (913) 532-5729; 1039 Learned Hall, KU, Lawrence, KS 66045 (913) 864-3807. Responsible for water related research and education.

FISH AND GAME COMMISSION - Executive Director, Box 54A, Pratt, KS 67124 (316) 566-6474. Responsibility to conserve and protect the wildlife resources of Kansas.

PARK AND RESOURCES AUTHORITY - Director, 503 Kansas Avenue, Topeka, KS 66603 (913) 296-2281. Responsibility to conserve and plan for the

development of the natural resources of the state and provide for their use and enjoyment.

KANSAS CORPORATION COMMISSION Conservation Division - Director, 202 W. 1st St., Wichita, KS 67202 (316) 263-3238. Regulates oil and gas drilling and production in Kansas. Mined Land Conservation and Reclamation Board - Director, 107 W. 11th, Pittsburg, KS 66762 (316) 231-8540. Regulatory authority over Kansas coal mining and reclamation operations.

DEPARTMENT OF HEALTH AND ENVIRONMENT Division of Environment - Director, Building 740, Forbes Field, Topeka, KS 66620 (913) 862-9360. Regulatory body which deals with water, air and land pollution.

KANSAS WATER OFFICE - Director, 109 S.W. 9th, Suite 200, Topeka, KS 66612 (913) 296-3185. The water planning, policy and coordination agency for the state.

KANSAS WATER AUTHORITY - Chairman, 109 S.W. 9th, Topeka, KS 66612 (913) 296-3185. Responsible for advising the Governor, the Legislature and the Director of the Kansas Water Office on water policy issues and approving water storage sales, plans, federal contracts and regulations proposed by the Kansas Water Office.

ADJUTANT GENERAL Division of Emergency Preparedness - Director, P.O. Box C-300, 2800 Topeka Avenue, Topeka, KS 66601 (913) 233-7560. Responsible for disaster and emergency assistance.