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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

March 4, 2015

To the Chairman and Members
House Education Committee

I am writing today to express my opposition to the provisions contained in H.B. 2393 relating to accounting standards, accounting systems and other financial related financial matters.

Our firm provides audit and consulting services to twenty-three entities that would be affected by the provisions of this bill. These entities include districts that fall within the three sizes as specified in in paragraph (b) of Section 1.

While there are many provisions that raise concerns regarding the related costs I would like to address the following specifically:

Section 1 paragraph (a) specifies the selection of an accounting and payroll system as required by the state board of education. Currently a number of our clients are in the process of changing accounting systems as a result of changes mandated by the vendor. In discussing these changes with a number of our clients the cost to make the conversion has been $40,000 at a minimum. In the event the current vendor is not selected, the districts are facing additional fees in order to meet this requirement.

Section 2 contains a number of paragraphs that will provide significant additional administrative burdens as well as costs on all districts. Among those are the requirements related to accumulating and reporting detailed costs in paragraph (E) as it will require accumulating information reported at the district level (in various accounts i.e. payroll, payroll costs, supplies etc.) as well as costs maintained at the building level.

In addition to the increased administrative burden and costs as mentioned above, the audit requirements contained in paragraph (k) will require extra audit work and costs.

The elimination of the GAAP waiver as contained in Section 3 will also place added administrative burdens and costs on most school districts with no tangible benefits. The vast majority of the school districts in the State of Kansas make the election annually for this reason. Most of the districts in the bottom two-thirds, as defined in paragraph (b) of Section 1, as well as many in the largest third, do not have staff members with the necessary experience and expertise to convert the financial information to comply with the GAAP reporting model. This will result in these districts outsourcing this particular function.

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House Education Committee
House Bill No. 2393

While the above comments address only a few of the paragraphs and provisions contained in House Bill No. 2393, it is my opinion, based on over twenty-five years of experience working with school districts of various sizes, the end result of this bill will be to continue to increase administrative costs and burdens.

Thank you for your consideration and the opportunity to present this written testimony.

Sincerely,

Randall G. Ford, CPA

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