

March 3, 2011

The Honorable Lana Gordon, Chairperson
House Committee on Education Budget
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Gordon:

SUBJECT: Fiscal Note for HB 2360 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2360 is respectfully submitted to your committee.

HB 2360 would create the Uniform Financial Accounting and Reporting Act. The bill would require the Kansas State Board of Education to develop and maintain a uniform reporting system for the receipts and expenditures of school districts. The accounting records maintained by each school district would be coordinated with the new system. Each district would record the receipts and expenditures in accordance with a uniform classification of accounts or chart of accounts, as prescribed by the Board. The system would include budgetary, proprietary and activity fund accounts.

The reporting system must provide records showing at all times by funds, accounts, and other pertinent classifications, the amounts appropriated, estimated revenues, actual revenues or receipts, amounts available for expenditures, total expenditures, unliquidated obligations, actual balances on hand, and unencumbered balances of allotments or appropriations for each school district. The system must allow a person to search the data and allow for the comparison of data by school district. The bill would require school districts to report this financial information to the Board, beginning July 1, 2012.

In order to provide all revenues, expenditures, unliquidated obligations, actual balances on hand, unencumbered balances of allotments for every school district fund, and to add to the current reporting system a summary of activity funds, the Kansas Department of Education indicates it would require additional expenditures of \$111,011 in FY 2012, all from the State General Fund, for the first year of the new reporting system. This estimate includes funding for 1.00 FTE Accountant III position and 0.50 FTE Application Development Programmer II position totaling \$81,196; other operating expenditures including rent, supplies and communication expenses totaling \$9,815; and \$20,000 for the purchase of a backup information system and hardware upgrades to handle the system. The new staff would assist the districts in standardizing their charts of accounts and meeting the new reporting standards.

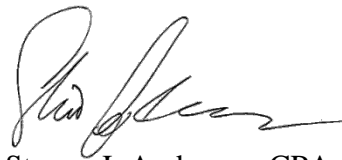
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These cost estimates from the Department assume data are reported once a year and made available for searching by the public in the system. However, the Department notes that if the system is to be interactive and allow for searches with data updated on a continuous basis, then the Department reports that the state would have to essentially assume the accounting responsibilities for school districts with an online system, similar to the state's Financial Management System. In order to begin implementation of such a live accounting system, the Department would first have to conduct a needs assessment to develop system specifications and costs. A new accounting system would require time to implement at an unknown cost to the State General Fund. Any fiscal effect associated with HB 2360 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", written in a cursive style.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Dale Dennis, Education