

Testimony before the
House Education Committee
On

**HB 2393 – Requiring school districts to use generally accepted accounting principles;
financial publication requirements.**

by
Lisa Peters, Executive Director of Business & Board Treasurer
Salina Public Schools – USD 305

March 3, 2015

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to provide written testimony on **HB 2393**. This bill would add new requirements relating to accounting standards, accounting systems, reporting requirements, compliance audits and non-compliance penalties.

Section 1 of the bill requires the state board to select up to five accounting and up to five payroll systems on behalf of school districts across the state. The process of requesting and selecting the systems will be a costly procedure for the state to fund. Districts across the state have decided through local control what software system best fits their needs. Forcing districts to install and integrate a new payroll and accounting system will be very costly for all districts. USD 305 currently uses alio through Weidenhammer Systems for the HR, payroll and accounting system. We have invested thousands of dollars and thousands of hours to implement this system. We continue to utilize different parts of the system as needs continue. If alio was not one of the five systems chosen by the state board, we would start over in the process, which would increase our administrative costs, diverting dollars from classrooms. In addition I believe our current system would provide the information being requested.

Section 2 (f) refers to a system that allows any person to search data by school district. How can this be accomplished with data privacy and security concerns? We have to protect our employee, financial and student data. We would have to increase our technology staff to monitor this searchable database to ensure data security and privacy. Again, it increases administrative costs, shifting dollars from the classroom.

Section 2 (D-E-F) refers to extracurricular expenditures and revenue reporting and expenditures by facility. Our buildings use a separate accounting system to track revenue and expenditures by sport or activity. The building system also tracks admission revenue and fund raising activities relating to those activities. These are included in school district audit reports that are available to patrons. The district level system handles expenses for salaries and transportation for sports and activities. Having to mesh these two systems and cost out by each activity will require additional staff. Section F refers to reporting expenditures by building. The results will vary based on age of building and longevity of the staff in a building. The building may also receive federal Title I

dollars, which would increase the expenditures for that building. With the many variables the data will not be comparable across our own district, let alone across the state.

Section 3 eliminates the waiver of generally accepted accounting principles (GAAP). We currently adopt the waiver, as do almost all of the districts in Kansas. A GAAP audit, which will include fixed asset accounting, will require most districts to purchase costly software, hire additional personnel, and pay higher audit charges, which diverts money from the classroom.

We oppose this bill because in every school district in Kansas, it will increase administrative costs, increase data security risks, infringe on privacy rights of employees and increase audit costs. We currently have the audit report and budget document that provides much of this data. With budgets being constricted every dollar diverted from the classroom will have an impact on Kansas kids.

Thank you for your consideration.