

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1688-02
Bill No.: HCS for HB 1017
Subject: Auditor, State; Education, Elementary and Secondary
Type: Original
Date: April 28, 2015

Bill Summary: This proposal requires school financial audits to contain certain information relating to extracurricular activities within the school district.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	(Greater than \$100,000)	(Greater than \$100,000)	(Greater than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version, officials from the **Kansas City Public School District** estimated a fiscal impact of less than \$5,000 as a result of this proposal.

In response to a previous version, officials from the **Riverview Gardens School District** assumed the proposal will increase the cost of the annual audit by approximately \$3,000.

In response to a previous version, officials from the **Everton R-3 School District** assumed a cost of \$2,000 to implement the requirements of the proposal.

In response to a previous version, officials from the **Special School District (SSD)** assumed the proposed legislation would cost SSD several thousand dollars for the cost of the newspaper advertisement and the additional time to aggregate the data.

In response to a previous version, officials from the **Malta Bend Public School District** assumed the proposal will have no fiscal impact on their organization.

In response to a previous version, officials from the **Office of the State Auditor** and the **Department of Elementary and Secondary Education** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight received responses from several school districts indicating a cost, but not all school districts were able to respond and provide a detailed cost estimate. Oversight assumes most school districts would have a fiscal impact from this proposal and therefore will indicate an aggregate cost greater than \$100,000 to local school districts.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL SCHOOL DISTRICTS			
<u>Cost</u> - Local School Districts - for additional information in school financial audits	(Greater than <u>\$100,000</u>)	(Greater than <u>\$100,000</u>)	(Greater than <u>\$100,000</u>)
ESTIMATED NET EFFECT TO THE LOCAL SCHOOL DISTRICTS	(Greater than <u>\$100,000</u>)	(Greater than <u>\$100,000</u>)	(Greater than <u>\$100,000</u>)

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill requires that any time an audit examination of financial, transportation, and attendance records of a school district is conducted, the audit must include the following information relating to extracurricular activities within the district:

- (1) Standard rent for facilities used;
- (2) Salaries, benefits, and stipends for athletic directors;
- (3) Salary stipends for coaches, sponsors, or faculty supervisors;
- (4) Twenty percent of school administrator salaries;
- (5) Equipment and uniform costs;
- (6) Travel expenses and mileage;
- (7) Dues or fees paid to any statewide organization that supervises extracurricular activities; and
- (8) Costs associated with game officials, scorekeepers, or timekeepers.

FISCAL DESCRIPTION (continued)

The audit must include how much was spent on extracurricular activities in whole and how much was spent per specific extracurricular activity.

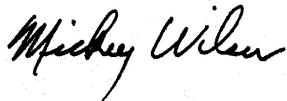
A public meeting must be held to present the results of any audit examination performed, with time allocated for public comment and notice of the meeting must be published in the local newspaper at least two weeks prior to the meeting.

This proposal clarifies that the information required in the bill will be separately disclosed; adds revenue generated into the audit; and defines extracurricular activity

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Auditor
Department of Elementary and Secondary Education



Mickey Wilson, CPA
Director
April 28, 2015

Ross Strope
Assistant Director
April 28, 2015