

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1032-01  
Bill No.: HB 468  
Subject: Education, Elementary and Secondary; Athletics  
Type: Original  
Date: January 20, 2017

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$27,366)	(\$31,165)	(\$31,442)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$27,366)</b>	<b>(\$31,165)</b>	<b>(\$31,442)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
General Revenue	.5 FTE	.5 FTE	.5 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0.5 FTE</b>	<b>0.5 FTE</b>	<b>0.5 FTE</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of the State Auditor** assume for the past several years, the state auditor's office audits approximately five school districts per year. We have estimated that these requirements would increase each school audit by 200 hours. To account for the additional work, the state auditor's office will need to hire the equivalent of a half of an additional Staff Auditor I (\$31,000). All other costs can be absorbed through current appropriations.

Officials at the **Department of Elementary and Secondary Education** assume there is no fiscal impact from this proposal to the Department.

Officials at the **Bakersfield R-IV School District** assume \$3,000 annually for the extra audit expenses.

Officials at the **Brentwood School District** assume a cost of \$10,500.

Officials at the **Chilhowee** and **Pettis County R-XII** school districts each assume an unknown increase in auditing costs. The addition of these requirements will increase the annual costs of the audits.

Officials at the **Forsyth R-III School District** assume an unknown negative impact.

Officials at the **Kearney R-I School District** assume a cost of \$5,000.

Officials at the **Kirksville R-III School District** assume a negative unknown impact. They assume they would need to pay a person to compile this information.

Officials at the **Parkway School District** assume \$3,000 - \$5,000 annually for upgrades to technology/software to capture the required data.

Officials at the **Seymour R-II School District** assume \$800 for auditor increased costs, newspaper publishing and extra man hours.

Officials at the **Wright City R-II School District** assume minimal cost.

Officials at the Bronaugh School District responded to **Oversight's** request for fiscal impact but did not indicate an impact.

ASSUMPTION (continued)

Officials at the **Kansas City** and the **West Plains** school districts each assume there is no fiscal impact from this proposal to their respective district.

**Oversight** notes this proposal requires that any time an Office of the State Auditor audit is performed on a school district that audit must include extracurricular activity financial information. Oversight notes that school districts are audited when a petition is filed with the Office of the State Auditor. The petition is filed by registered voters in the school district. The Office of the State Auditor stated they only perform about 5 a year.

Officials at the following school districts: Arcadia Valley R-2, Avilla R-13, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, Everton R-III, Fair Play, Fayette R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Lee Summit, Leeton R-10, Lewis County C-1, Lincoln R-II, Lindbergh, Lonedell R-14, Macon County R-1, Malta Bend, Mehville, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osborn R-0, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Republic R-III, Richards R-V, Richland R-1, Richmond R-XVI, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Shell Knob #78, Sikeston, Silex, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Waynesville, Webster Groves, Wentzville and the Westview C-6 school districts did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE</b>			
<u>Cost - State Auditor</u>			
Personal Service	(\$15,819)	(\$19,173)	(\$19,365)
Fringe Benefits	(\$9,006)	(\$10,864)	(\$10,921)
Equipment & Expense	<u>(\$2,541)</u>	<u>(\$1,128)</u>	<u>(\$1,156)</u>
<u>Total Cost - State Auditor</u>	<u>(\$27,366)</u>	<u>(\$31,165)</u>	<u>(\$31,442)</u>
FTE Change - State Auditor	.5 FTE	.5 FTE	.5 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>			
	<b><u>(\$27,366)</u></b>	<b><u>(\$31,165)</u></b>	<b><u>(\$31,442)</u></b>
Estimated Net FTE Change on General Revenue	.5 FTE	.5 FTE	.5 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

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 separately disclose 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, score keepers, or timekeepers.

The audit must include how much was spent for all extracurricular activities, the revenue generated from each of the activities, and how much was spent on each 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 legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

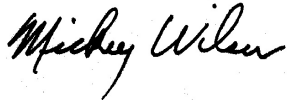
### SOURCES OF INFORMATION

Bakersfield R-IV School District  
Brentwood School District  
Bronaugh School District  
Chilhowee School District  
Department of Elementary and Secondary Education  
Forsyth R-III School District  
Kansas City Public Schools  
Kearney R-I School District  
Kirksville R-III School District  
Office of the State Auditor  
Parkway School District

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SOURCES OF INFORMATION (continued)

Pettis County R-XII School District  
Seymour R-II School District  
West Plains School District  
Wright City R-II School District



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Director  
January 20, 2017

Ross Strobe  
Assistant Director  
January 20, 2017