

To: Board of Education

From: Kathy Johnson, executive director, finance

Re: Waiver of GAAP & Fixed Asset Accounting Requirements

Date: July 2, 2018

Background:

Some years ago, the Kansas State Legislature passed a law requiring all municipalities in Kansas to meet the requirements of Generally Accepted Accounting Principles (GAAP), which included the requirements of fixed assets accounting.

Because municipalities such as school districts are not governed by the same laws as private businesses, school administrators protested these requirements as not necessary, very time-consuming and very expensive. The law was changed because of these protests, which made it possible for a school district to waive these requirements each year if a board of education would choose to do so. Both the GAAP requirement and the fixed assets accounting requirement must be waived each year. The administration suggests the waiver be made one year in advance. The requirements have already been waived for the school year ending June 30, 2018.

The Kansas State Department of Education (KSDE) recommends districts waive the GAAP and fixed asset accounting requirements. This allows for cash basis statements that relate better to the state budget documents.

The KSDE provides a resolution for the schools of Kansas to use for waiving GAAP requirements. Beginning July 1, 2005, the additional formal letter to the Director of Accounts and Reports requesting waiver is not required, only the board-approved resolution. As required by K.S.A. 75-1120a(c)(1), the Director of Accounts and Reports automatically grants a GAAP waiver for the year the annual resolution stipulates, provided that the resolution contains wording substantially similar to that provided in K.S.A. 75-1120a(c)(1).

Recommendation:

The administration recommends that the Board of Education waive both the requirements for GAAP and the fixed assets accounting for the school year ending June 30, 2019.

Motion:

"I move the Board of Education waive both the requirements for GAAP and the fixed assets accounting for the school year ending June 30, 2019."

RESOLUTION

WHEREAS USD 497 Lawrence Public Schools, Lawrence, Douglas County, Kansas, has determined that the financial statements and financial reports for the year ending June 30, 2019 to be prepared in conformity with the requirements of K.S.A. 75-1120a (a) are not relevant to the requirements of the cash basis and budget laws of this state and are of no significant value to the Board of Education or the members of the general public of the USD 497 Lawrence Public Schools and

WHEREAS there are no revenue bond ordinances or other ordinances or resolutions of the municipality which require financial statements and financial reports to be prepared in conformity with K.S.A. 75-1120a (a) for the year ending June 30, 2019.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Education of USD 497 Lawrence Public Schools, Lawrence, Douglas County, Kansas, in the regular meeting duly assembled this 2nd day of July, 2018, waives the requirements of K.S.A. 751120a(a) as they apply to USD 497 Lawrence Public Schools, Lawrence, Douglas County, Kansas for the year ended June 30, 2019.

BE IT FURTHER RESOLVED THAT THE Board of Education shall cause the financial statements and financial reports of USD 497 Lawrence Public Schools, Lawrence, Douglas County, Kansas to be prepared on the basis of cash receipts and disbursements as adjusted to show compliance with the cash basis and budget laws of this State.

President of the Board of Education
USD 497 Lawrence Public Schools

Clerk of the Board of Education
USD 497 Lawrence Public Schools

July 2, 2018