



Pennsylvania Association of School Business Officials

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The Honorable Jeff Piccola
Senate of Pennsylvania
173 Capitol Building
PO Box 203015
Harrisburg, PA 17120-3015

Dear Senator Piccola:

Subject: Support for Senate Bill 287 (Browne)

On behalf of the Pennsylvania Association of School Business Officials (PASBO) 2,000 active members, we urge your support for Senate Bill 287. This important legislation would improve administrative efficiencies for Pennsylvania's public schools and school auditors by decreasing current duplicative Annual Financial Report (AFR) requirements created by the Governmental Accounting Standards Board (GASB) Statement No. 34 and Act 16 of 2000.

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements—and management's Discussion and Analysis—for State and Local Governments*, which required government entities to report both a short-term and long-term view of their financial position. Subsequently, in 2000, the Public School Code of 1949 was amended to expand all financial reporting to the Pennsylvania Department of Education (PDE) to be in accordance with GASB Statement No. 34. This change resulted in local education agencies (LEAs) adding audited information, including entity-wide statements, to the AFR expansion has created unnecessary duplication and complexity in filing the AFR—schools are already required to file separately their local audit with the PDE.

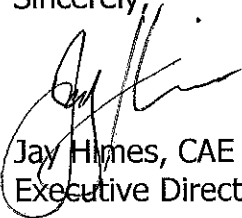
As a result, school auditors are swamped with work at the end of the school fiscal year which creates a log jam to prepare expanded GASB Statement No. 34 government-wide audit reports. It currently takes a growing commitment of 300-500 hours to complete a school audit.

Currently public schools are subject to financial penalties (\$300 per day) for late filing of the AFR. PASBO believes Senate Bill 287 should be supported to return the AFR to fund level reporting only as was required prior to GASB Statement No. 34.


Audit requirements are growing and becoming more complex, both of which will further delay filing the AFR. PASBO therefore believes that it is time to institute fund level reporting. It is time to help reduce unnecessary financial reporting burdens on Pennsylvania's public schools. In so doing, the quality of the AFR and the final annual audit report would improve as would the timeliness of AFR filing.

Again, we urge your support of Senate Bill 287.

Sincerely,



Jay Himes, CAE
Executive Director



Jennifer Hoover-Vogel
Legislative & Research Coordinator

Cc: Senate Education Committee members
Dave Transue, Executive Director, Senate Education Committee
Aaron Shenck, Deputy Executive Director, Senate Education Committee
Eileen Flinn, Executive Director, Senate Education Committee