



Dave Heineman
Governor

STATE OF NEBRASKA

BOARD OF PUBLIC ACCOUNTANCY
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January 11, 2010

Mr. Lavon Heidemann, Senator
Appropriations Committee
Nebraska State Legislature
P.O. Box 94604
Lincoln, Ne 68509

RECEIVED

JAN 15 2010

STATE BUDGET DIVISION

Re: Response to Letter of December 4, 2009

Dear Senator Heidemann:

Please find below the Nebraska State Board of Public Accountancy (Board/ Agency #63) response to the specific questions in your letter dated December 4, 2009. Also, please find attached information developed regarding the Board's specific actions to address the First Special Session, 2009 for Fiscal Years 2010 and 2011. If you have any questions and/ or concerns regarding these actions, do not hesitate to contact me.

Responses to your December 4, 2009 letter:

- The Board currently has three employees including the executive director, administrator, and an administrative assistant. Additionally, an intern from the University of Nebraska-Lincoln accounting school is employed on a contractual basis. It is not anticipated the impact of LB 1 will impact current employees within FY10 and FY11. It could impact the future amount of hours utilized by the intern.
- The \$10, 612 reductions to the Board's budget in FY10 should not have a significant impact. The Board has proposed less travel that could include fewer inspections at Prometric CPA Examination test sites in the state and attendance at NASBA events. Also, less postage expense due to the enhancement of online capabilities (see attachment for details).

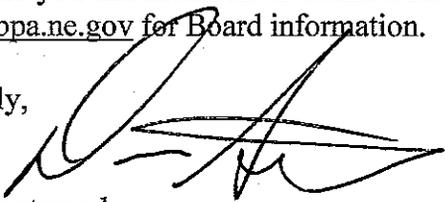
The \$21, 690 reductions in FY11 will obviously have more of an impact. At this point, less travel again as indicated in FY10 and an across the board reduction in Board operations will be employed (see attachment for details). It is hard to predict what impact these reductions will have but it would be anticipated that the high level of service provided to the public and Nebraska CPAs (as indicated in Board surveys) could suffer.

It should be noted the Board's enforcement program could be impacted in the second half of FY10. The Board recently conducted a complicated enforcement action against a CPA that required extensive legal and expert support. Expenses of around \$40,000 (10% of the Board's total budget) have been expended so far in FY 10 in response to this matter. Although not anticipated at this time, the Board probably could not engage a complicated enforcement action in the second half of FY10.

- No impact. The Board is a cash funded agency and does not utilize state general funds or federal funds.
- The Board's January 6th, 2010 meeting was postponed due to inclement weather. It is anticipated and recommended by the Executive Committee that the Board not increase fees this next year. It is anticipated fees will need to be raised in the future to address the Board's reduction within its cash fund.

As always, you or members of the Appropriations Committee never hesitate to contact us if you have any questions and/or concerns with the Board's finances. The Board also welcomes you and members to attend a future Board meeting. Please go to www.nbpa.ne.gov for Board information.

Sincerely,



Dan Sweetwood
Executive Director

cc. Members of the Appropriations Committee
Mr. Mike Lovelace, Legislative Fiscal Officer
Mr. Gary Bush, State Budget Analyst
Mr. Douglas W. Skiles, CPA- Board Chair

Nebraska State Legislature

NEBRASKA BOARD OF
PUBLIC ACCOUNTANCY

SENATOR LAVON HEIDEMANN

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DEC - 7 2009
COMMITTEES

RECEIVED
Chairperson - Appropriations
Nebraska Retirement Systems
Executive Board
Reference
Building Maintenance
Legislative Performance Audit

MEMORANDUM

To: All State Agencies
From: Sen. Lavon Heidemann, Chairperson – Appropriations Committee
Date: December 4, 2009 *JLH*

LB1, passed during the recent special session, included the following legislative intent language.

“It is the intent of the Legislature that each state agency submit a report on or before January 15, 2010, to the Appropriations Committee of the Legislature detailing specific actions and plans to implement budget actions pursuant to Legislative Bill 1, Legislative Bill 2, and Legislative Bill 3, One Hundred First Legislature, First Special Session, 2009.”

Although this language is fairly self-explanatory I would like to provide some additional direction in regards to information that should be included in this report.

The report should include for each fiscal year of the biennium and each budget program:

- The expected impact on staffing to include the number and description of positions affected, whether the action to be taken involves layoffs, leaving positions vacant, furloughs, etc., and the dollar savings.
- The expected impact on services provided to the public and/or agency functions. This can include both a reduction as well as the total elimination of services/functions.
- Any foreseen impact on the receipt of federal funds as a result of matching, maintenance of effort, or other requirements.
- Whether fees used to support agency operations will be increased during this biennium to offset cash fund transfers to the General Fund. If so,

please indicate which fees will be increased, by how much, and the expected additional revenue.

It is understood that plans for actions to be undertaken in the near term (FY10) may be more detailed and specific than those to be undertaken in the long term (FY11). Nevertheless, please provide as much information as possible to accurately inform the Legislature of the actions to be taken by your agency in response to the special session and their potential impact.

Reports may be submitted to me as a letter or memo, with copies directed to each member of the Appropriations Committee, your assigned Legislative Fiscal Analyst and your assigned budget analyst with the Department of Administrative Services.

Thank you for your cooperation.

Nebraska State Board of Public Accountancy
/ Agency #63

To: Nebraska Legislature/ Appropriations Committee

From: Dan Sweetwood, Executive Director

Re: Board's Specific Actions to address LB 1, 2, 3/ First Special Session, 2009

Fiscal Year 2010

Base Line Budget	\$424, 490
Re-appropriated from Fiscal Year 2009	<u>\$ 65, 592</u>
TOTAL Appropriation as of 11/1/09	\$490, 082

Result of LB1,2, and 3 (signed by Governor
on November 20, 2009)

Budget decreased by 2.5%	\$424, 490
(2.5% x 424,490=\$10,612)	<u>- \$10, 612</u>
Adjusted Base Line Budget	\$413, 878
Re-appropriated from Fiscal Year 2009	<u>\$ 65, 592</u>
Adj. TOTAL Appropriation as of 11/20/09	\$479, 470

Personal Service Limitation (PSL)	\$171,294*
Benefits/Operations/ Travel/ Cap. Exp.	<u>\$308,176</u>
Adj. TOTAL Appropriation as of 11/20/09	\$479, 470

*Adjusted from \$180,656 re-appropriation

Specific Actions and Plans

The Board's Executive Committee met on October 19th, 2009 to address Governor Heineman's Spending Restraint Letter. The Committee reported to the Board at their November 6th-7th, 2009 meeting specific plans to address an anticipated reduction in the FY10 Budget by scrutinizing and reducing Board travel. This could include less Board member/staff travel to future meetings or partial reimbursement to Board members who chose to attend a NASBA Meeting.

Board Travel Appropriation	\$40,720
(less Board Travel expenses)	- <u>\$ 5,000</u>
Adj. Board Travel Appropriation	\$35,720

Board Staff ran projections using averages from the last five fiscal years to assist in projecting overall budget projections for FY2010. Two areas were noted where continued fewer expenses should be experienced by continued implementation of the Board's online license renewal and Continuing Education reporting systems.

Postage Expense	\$11,819
(less projected expense due to online reporting) -	<u>\$ 2,000</u>
Adj. Postage Expense Appropriation	\$9,819

Communication Expense	\$9,374
(less projected expense due to online reporting) -	\$3,000
Office Supplies	<u>\$ 612</u>
Adj. Communications Expense Approp.	\$5,762

The Board was also completing improvements to its online systems during FY10. The CPE reporting system was reviewed with suggested improvements completed during the first half of FY10. A team consisting of Board staff, Neb.Gov members, and an IMS representative completed the improvements. IMS Services assists in the continued development of the Board's database in the transfer of data from the online systems. Early significant expenses from IMS in FY10 to complete the CPE online improvements were noted (Date Processing at \$11,950 as of 11/24/09). Due to the budget reductions, it is anticipated improvements to the online license renewal systems will be delayed.

Other areas for possible adjustment include changes in staff health care expenses (one staff member recently changed health care options that reduced costs while all signed up for the State Wellness Option). The Board also expects within FY2010 to continue to accrue significant legal expenses due to a complicated enforcement case heard before the Board over the course of a two-day hearing in November.

NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY
 FY10 ADJUSTMENT
 11-09

RE-APPROPRIATIONS

	Proposed FY10Request		Nov.09 Special Session
PERSONAL SERVICES			
PERMANENT SALARIES-WAGES	\$ 154,071.30	\$	146,294.00
TEMPORARY SALARIES- WAGES			
OVERTIME PAYMENTS	\$ 29.88		
PER DIEM PAYMENTS	\$ 25,000.00	\$	25,000.00
EMPLOYEE BONUSES			
VACATION LEAVE EXPENSE	\$ 1,416.59		
SICK LEAVE EXPENSE	\$ 138.02		
HOLIDAY EXPENSE			
FUNERAL LEAVE EXPENSE			
TOTAL	\$ 180,655.79	\$	171,294.00 salary limit

RETIREMENT PLANS EXPENSE	\$ 11,113.00	\$	11,113.00
OASDI EXPENSE	\$ 11,333.00	\$	11,333.00
LIFE & ACCIDENT	\$ 86.00	\$	86.00
HEALTH INSURANCE	\$ 50,014.00	\$	58,375.79
TUITION ASSISTANCE	\$ 3,000.00	\$	4,000.00
EMPLOYEE ASSISTANCE PROGRAM	\$ 44.00	\$	44.00
WORKERS COMP PREMIUMS	\$ 1,494.00	\$	1,494.00
TOTAL	\$ 257,739.79	\$	257,739.79

OPERATING EXPENSES

POSTAGE	\$ 11,819.00	\$	9,819.00
COM EXPENSE	\$ 9,374.46	\$	6,374.46
DATA PROCESSING	\$ 9,068.67	\$	9,068.67
PUBLICATION & PRINTING	\$ 8,586.94	\$	8,586.94
AWARDS EXPENSE	\$ 300.00	\$	300.00
DUES & SUBSCRIPTIONS	\$ 11,219.71	\$	11,219.71
CONFERENCE REGISTRATION	\$ 11,000.00	\$	11,000.00
UTILITIES EXPENSE	\$ 2,290.16	\$	2,290.16
RENT EXPENSE-BUILDINGS	\$ 34,048.00	\$	34,048.00
RENT EXP-OTHER REAL PROP.	\$ 2,048.10	\$	2,048.10
OFFICE SUPPLIES	\$ 4,603.27	\$	3,991.27
ACCTG & AUDITING SERVICES	\$ 1,136.00	\$	1,136.00
GROSS PROCEEDS LEGAL EXP	\$ 47,676.00	\$	47,676.00
IT CONSULTING HW/SW SUPP	\$ 4,980.00	\$	4,980.00
OTHER CONTRACTUAL SERVICES	\$ 24,556.00	\$	24,556.00
SOFTWARE-NEW PURCHASES	\$ 6,153.40	\$	6,153.40
INSURANCE EXPENSE	\$ 162.50	\$	162.50
OTHER OPERATING EXP.	\$ 100.00	\$	100.00

TRAVEL EXPE TOTAL

BOARD & LODGING	\$ 22,022.55	\$	20,022.55
MEALS-NOT TRAVEL STATUS	\$ 1,000.00	\$	1,000.00
COMMERCIAL TRANSPORTATION	\$ 10,972.54	\$	7,972.54

NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY
 FY10 ADJUSTMENT
 11-09

STATE-OWNED TRANSPORTATION	\$	500.00	\$	500.00
PERSONAL VEHICLE MILEAGE	\$	5,377.70	\$	5,377.70
MISC. TRAVEL EXPENSE.	\$	847.25	\$	847.25

CAPITAL OUTL TOTAL

FURNITURE AND OFFICE EQUIP.				
COMPUTER HARDWARE EQUIP	\$	2,500.00	\$	2,500.00

TOTAL OPERATING	\$	232,342.25	\$	221,730.25
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LB1 11-09	TOTAL	\$	490,082.04	\$	479,470.04
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Difference	\$	10,612.00		
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Nebraska State Board of Public Accountancy
/ Agency #63

To: Nebraska Legislature/ Appropriations Committee

From: Dan Sweetwood, Executive Director

Re: Board's Specific Actions to address LB 1, 2, 3/ First Special Session, 2009

Fiscal Year 2011

Base Line Budget/ 11/1/09	\$433, 803
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**Result of LB1,2, and 3 (signed by Governor
on November 20, 2009)**

Budget decreased by 5.0%	\$433, 803
(5.0% x 433,803=\$21,690)	- \$21, 690
Adjusted Base Line Budget	\$412, 113

Personal Service Limitation (PSL)	\$174, 947
Benefits/Operations/ Travel/ Cap. Exp.	+\$237,166
Adj. TOTAL Appropriation as of 11/20/09	\$412, 113

Specific Actions and Plans

The Board's Executive Committee met on October 19th, 2009 to address Governor Heineman's Spending Restraint Letter. The Committee reported to the Board at their November 6th-7th, 2009 meeting specific plans to address an anticipated reduction in the FY11 Budget by scrutinizing and reducing Board travel. This could include less Board member/staff travel to future meetings or partial reimbursement to Board members who chose to attend a NASBA Meeting.

Board Travel Appropriation	\$34, 288
(less Board Travel expenses)	- \$ 5,000
Adj. Board Travel Appropriation	\$29, 288

Board Staff ran projections using averages from the last five fiscal years to assist in projecting overall budget projections for FY2011. Some areas were noted where continued fewer expenses should be experienced by continued implementation of the Board's online license renewal and Continuing Education reporting systems. Within PSL reductions in salary/benefits and Board per diems are projected*. Across the Board cuts in operations will be generally applied and reduced by:

PSL/ Per diems	(\$3,865)*
Communications	(\$2,000)
Office Supplies	(\$2,000)
IT Consulting	(\$ 246)
Postage	(\$2,000)
Data Processing	(\$ 829)
Publication/Printing	(\$ 1000)
Dues & Subscriptions	(\$ 500)
Conference Reg.	(\$1,000)
Computer Hardware	(\$ 500)
Gross Proceeds Legal	(\$2,000)
Other Contractual Serv.	(\$ 750)
TOTAL	(\$16, 690)

(TOTAL REDUCTION OF \$21, 690)*

\$16, 690 (operations reductions)

\$ 5,000 (less Travel)

\$21, 690*

*Other areas for possible adjustment include changes in staff health care expenses (one staff member recently changed health care options that reduced costs while all signed up for the State Wellness Option).

NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY
 FY11 ADJUSTMENT
 11-09

RE-APPROPRIATIONS

Proposed FY11 Request Nov.09 Special Session

PERSONAL SERVICES

PERMANENT SALARIES-WAGES	\$ 153,812.00	\$ 149,947.00	
TEMPORARY SALARIES- WAGES			
OVERTIME PAYMENTS			
PER DIEM PAYMENTS	\$ 25,000.00	\$ 25,000.00	
EMPLOYEE BONUSES			
VACATION LEAVE EXPENSE			
SICK LEAVE EXPENSE			
HOLIDAY EXPENSE			
FUNERAL LEAVE EXPENSE			
TOTAL	\$ 178,812.00	\$ 174,947.00	Salary Limit

RETIREMENT PLANS EXPENSE	\$ 11,537.00	\$ 11,537.00	
OASDI EXPENSE	\$ 11,766.00	\$ 11,766.00	
LIFE & ACCIDENT	\$ 86.00	\$ 86.00	
HEALTH INSURANCE	\$ 55,015.00	\$ 55,015.00	
TUITION ASSISTANCE	\$ 3,000.00	\$ 3,000.00	
EMPLOYEE ASSISTANCE PROGRAM	\$ 44.00	\$ 44.00	
WORKERS COMP PREMIUMS	\$ 1,494.00	\$ 1,494.00	
TOTAL	\$ 261,754.00	\$ 257,889.00	

OPERATING EXPENSES

POSTAGE	\$ 10,000.00	\$ 8,000.00	
COM EXPENSE	\$ 9,000.00	\$ 7,000.00	
DATA PROCESSING	\$ 8,829.00	\$ 8,000.00	
PUBLICATION & PRINTING	\$ 7,000.00	\$ 6,000.00	
AWARDS EXPENSE	\$ 300.00	\$ 300.00	
DUES & SUBSCRIPTIONS	\$ 11,000.00	\$ 10,500.00	
CONFERENCE REGISTRATION	\$ 10,000.00	\$ 9,000.00	
UTILITIES EXPENSE	\$ 2,000.00	\$ 2,000.00	
RENT EXPENSE-BUILDINGS	\$ 34,000.00	\$ 34,000.00	
RENT EXP-OTHER REAL PROP.	\$ 2,000.00	\$ 2,000.00	
OFFICE SUPPLIES	\$ 4,000.00	\$ 2,000.00	
ACCTG & AUDITING SERVICES	\$ 1,236.00	\$ 1,236.00	
GROSS PROCEEDS LEGAL EXP	\$ 23,000.00	\$ 21,000.00	
IT CONSULTING HW/SW SUPP	\$ 2,246.00	\$ 2,000.00	
OTHER CONTRACTUAL SERVICES	\$ 10,000.00	\$ 9,250.00	
SOFTWARE-NEW PURCHASES	\$ 500.00	\$ 500.00	
INSURANCE EXPENSE	\$ 50.00	\$ 50.00	
OTHER OPERATING EXP.	\$ 100.00	\$ 100.00	

TRAVEL EXPE TOTAL

BOARD & LODGING	\$ 18,000.00	\$ 15,000.00	
MEALS-NOT TRAVEL STATUS	\$ 1,000.00	\$ 1,000.00	
COMMERCIAL TRANSPORTATION	\$ 9,000.00	\$ 7,000.00	
STATE-OWNED TRANSPORATION	\$ 500.00	\$ 500.00	
PERSONAL VEHICLE MILEAGE	\$ 5,000.00	\$ 5,000.00	
MISC. TRAVEL EXPENSE.	\$ 788.00	\$ 788.00	

NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY11 ADJUSTMENT
11-09

CAPITAL OUTL TOTAL

FURNITURE AND OFFICE EQUIP.

COMPUTER HARDWARE EQUIP

\$ 2,500.00 \$ 2,000.00

TOTAL OPERATING \$ 172,049.00 \$ 154,224.00

LB1 11-09

TOTAL \$ 433,803.00 \$ 412,113.00

Difference \$ 21,690.00