

**AUDIT REPORT
OF THE
NEBRASKA STATE BOARD OF
EXAMINERS FOR LAND SURVEYORS
JULY 1, 2001 THROUGH JUNE 30, 2002**

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NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

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NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

BACKGROUND

The State Board of Examiners for Land Surveyors was created by the Legislature in 1957. The law provided for the Director-State Engineer, State Surveyor, and Dean of the University of Nebraska's College of Engineering to serve as an ex officio board. The State Surveyor was the Board's ex officio secretary.

The 1971 Legislature established the independent State Board of Examiners for Land Surveyors. The Board tests and interviews people applying to be registered land surveyors. The Board can also revoke registrations for failure to follow the regulations. The Board is financed through registration fees, which are handled by the Board's secretary.

The Board has five members, who are appointed by the Governor to five-year terms. Four members must be registered land surveyors who have lived in Nebraska for at least one year and have been practicing surveyors for ten years. At least five years must have been spent in charge of surveying work. One board member, who must be at least 21 years old and a Nebraska resident for at least one year, represents the public. The State Surveyor serves as ex officio secretary of the Board and of all committees appointed by the board.

The Board meets three or four times each year. Members are not paid, but are reimbursed for their expenses.

MISSION STATEMENT

The mission of the State Board of Examiners for Land Surveyors is to enforce and administer the laws relating to regulations of land surveys through licensing in Nebraska and to improve the quality of surveyors practicing land surveying in Nebraska.

ORGANIZATIONAL CHART

Darold E. Tagge.....	Chairperson
Sheryl K. Jordan.....	Vice-Chairperson
Donald L. Pettigrew	Member
Dennis D. Podany	Member
Robert D. Proett.....	Member
James L. Brown.....	Ex Officio Secretary

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NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

INDEPENDENT AUDITORS' REPORT

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We have audited the accompanying financial statements of the governmental activities and the major fund of the Nebraska State Board of Examiners for Land Surveyors (Board), as of and for the year ended June 30, 2002, which collectively comprise the Board's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also, as discussed in Note 1, the financial statements of the Nebraska State Board of Examiners for Land Surveyors, are intended to present the cash balances and changes in cash balances of only that portion of the governmental activities and the major fund of the State that is attributable to the transactions of the Nebraska State

Board of Examiners for Land Surveyors. They do not purport to, and do not, present fairly the cash balances of the governmental activities and each major fund of the State of Nebraska as of June 30, 2002, and its changes in cash balances for the year then ended in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities and the major fund of the Nebraska State Board of Examiners for Land Surveyors, as of June 30, 2002, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2003, on our consideration of the Nebraska State Board of Examiners for Land Surveyors' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The schedules, Management's Discussion and Analysis, and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules, Management's Discussion and Analysis, and budgetary comparison information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

January 14, 2003

Pat Reding, CPA
Assistant Deputy Auditor

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Nebraska State Board of Examiners for Land Surveyors' financial report presents a narrative overview and analysis of the financial activities of the Nebraska State Board of Examiners for Land Surveyors for the fiscal year ended June 30, 2002. Please read it in conjunction with the Board's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Nebraska State Board of Examiners for Land Surveyors' basic financial statements. The Board's basic financial statements have three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information in addition to the basic financial statements.

Agency-Wide Financial Statements. The Statement of Net Assets Arising from Cash Transactions and the Statement of Activities – Cash Basis provide a broad overview of the Board's overall financial status. Over time, increases or decreases in the Board's net assets are one indicator of whether its financial health is improving or deteriorating. The Board's financial statements are prepared on the cash basis of accounting and do not include capital assets, accounts receivable and payable, or long-term debt activity, which would need to be considered to assess the financial health of the Board. Nonfinancial factors also need to be considered to assess the overall health of the Board. Agency-wide financial statements divide the Board into three kinds of activities:

Governmental activities – The Board's basic services are included here. These activities are generally financed through charges for services.

Business-type activities – Activities financed by fees charged to external parties for goods or services would be included here. The Board had no business-type activities for fiscal year ended June 30, 2002.

Component units – No component units for the Board were identified.

Fund Financial Statements. Fund financial statements focus on the individual parts of the Board, reporting the Board's operations in more detail than the agency-wide statements by providing information about the Board's most significant "major" funds. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes.

The governmental funds statements tell how general governmental activities were financed in the short term as well as what remains for future spending.

The proprietary fund statements offer financial information about the activities the government operates like businesses. The Board currently has no proprietary funds.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (Concluded)

Fiduciary fund statements provide information about financial relationships in which the Board acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not included on the agency-wide statements. The Board currently has no fiduciary funds.

Notes to the Financial Statements. The notes to the financial statements are an integral part of the agency-wide and fund financial statements and provide essential information necessary for fair presentation of the financial statements.

Supplementary Information. This Management Discussion and Analysis and the Budgetary Comparison Schedule represent financial information which provides users of this report with additional data that supplements the agency-wide statements, fund financial statements, and notes. This report also includes optional financial information such as schedules of disbursements, fund balances, and surveyors registered. This information is provided to address certain specific needs of various users of the report.

BASIS OF ACCOUNTING

The Nebraska State Board of Examiners for Land Surveyors' financial statements are presented on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and related assets and liabilities. Under the cash basis of accounting, receipts and disbursements and related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Also, capital assets (land, buildings, furniture, equipment, and infrastructure) and the related depreciation are not recorded. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

FINANCIAL ANALYSIS OF THE BOARD AS WHOLE

Changes in Net Assets

For the fiscal year ended June 30, 2002, net assets of the Board (current assets resulting from cash basis transactions) decreased 20 percent.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

FINANCIAL ANALYSIS OF THE BOARD AS WHOLE (Continued)

	<u>Governmental Activities</u>	
	<u>2002</u>	<u>2001</u>
Unrestricted	\$ 48,169	\$ 60,570
Total Net Assets	<u>\$ 48,169</u>	<u>\$ 60,570</u>

Governmental Activities

Receipts for the Board's governmental activities decreased 74 percent, while expenses increased 13 percent.

ENTITIES CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>% Change</u>
	<u>2002</u>	<u>2001</u>	
RECEIPTS:			
Program Receipts:			
Charges for Services	\$ 5,760	\$ 29,883	-81%
General Receipts:			
Investment Interest	2,818	3,189	-12%
Total Receipts	<u>8,578</u>	<u>33,072</u>	<u>-74%</u>
DISBURSEMENTS:			
Regulation of Business & Professions	<u>20,979</u>	<u>18,624</u>	<u>13%</u>
Total Disbursements	<u>20,979</u>	<u>18,624</u>	<u>13%</u>
Increase (Decrease) in Net Assets	(12,401)	14,448	-186%
Beginning Net Assets July 1	<u>60,570</u>	<u>46,122</u>	<u>31%</u>
Ending Net Assets June 30	<u>\$ 48,169</u>	<u>\$ 60,570</u>	<u>-20%</u>

Per Neb. Rev. Stat. Section 81-8,118 R.R.S. 1996, the Board collects a biennial fee for the renewal of certificates of registration every odd-numbered year. Therefore, receipts will be greater in odd-numbered years.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

FINANCIAL ANALYSIS OF THE BOARD'S FUNDS (Concluded)

As noted earlier, the Nebraska State Board of Examiners for Land Surveyors uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. No significant changes from the prior year were noted.

CAPITAL ASSET AND DEBT ADMINISTRATION

As noted earlier, the financial statements are presented on the cash basis of accounting and therefore do not include capital assets or long-term debt activity.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No conditions were noted that would be expected to have a significant effect on the financial position or results of operations of the Nebraska State Board of Examiners for Land Surveyors.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS
STATEMENT OF NET ASSETS
ARISING FROM CASH TRANSACTIONS
 June 30, 2002

	GOVERNMENTAL ACTIVITIES TOTAL
Assets	
Cash in State Treasury	\$ 48,108
Deposit with Vendors	61
	48,169
Total Assets	\$ 48,169
 Net Assets	
Fund Balance	\$ 48,169
	\$ 48,169

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS
STATEMENT OF ACTIVITIES - CASH BASIS
 June 30, 2002

	Governmental Activities TOTAL
Disbursements:	
Regulation of Business & Professions	
Operating	\$ 16,708
Travel	4,271
Total Disbursements	20,979
Program Receipts:	
Charges for Services	5,760
Net Program Receipts (Disbursements)	(15,219)
General Receipts:	
Unrestricted Investment Interest	2,818
Change in Net Assets	(12,401)
Net Assets July 1, 2001	60,570
Net Assets June 30, 2002	\$ 48,169

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS
STATEMENT OF ASSETS AND FUND BALANCE
ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUND
 June 30, 2002

	Major Fund
Assets	Land Surveyors Examiners Cash Fund 2621
Cash in State Treasury	\$ 48,108
Deposit with Vendors	61
Total Assets	\$ 48,169
Fund Balance	
Reserved for:	
Postage	\$ 61
Unreserved	48,108
Total Fund Balance	\$ 48,169

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS
**STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE**
GOVERNMENTAL FUND
For the Fiscal Year Ended June 30, 2002

	Major Fund
	Land Surveyors
	Examiners
	Cash Fund
	2621
RECEIPTS:	
Sales & Charges	\$ 5,680
Miscellaneous:	
Investment Interest	2,818
Other Miscellaneous	80
TOTAL RECEIPTS	8,578
 Fund Balance	
Regulation of Business & Professions	20,979
TOTAL DISBURSEMENTS	20,979
Excess (Deficiency) of Receipts Over (Under) Disbursements	(12,401)
 FUND BALANCE, JULY 1, 2001	 60,570
 FUND BALANCE, JUNE 30, 2002	 \$ 48,169

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2002

1. **Summary of Significant Accounting Policies**

The accounting policies of the Nebraska State Board of Examiners for Land Surveyors are on the basis of accounting as described in the Nebraska Accounting System Manual.

A. Reporting Entity

The Nebraska State Board of Examiners for Land Surveyors (Board) is a State agency established under and governed by the laws of the State of Nebraska. As such, the Board is exempt from State and Federal income taxes. The financial statements include all funds of the Board. The Board has also considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the Board, or the significance of their relationship with the Board is such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Board to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Board.

These financial statements present the Nebraska State Board of Examiners for Land Surveyors. No component units were identified. The Nebraska State Board of Examiners for Land Surveyors is part of the primary government for the State of Nebraska's reporting entity.

B. Basis of Presentation

Agency-wide Financial Statements. The Statement of Net Assets Arising from Cash Transactions and Statement of Activities - Cash Basis display information about the activities of the Board and are in the format of government-wide statements as required by Governmental Accounting Standards Board (GASB) Statement Number 34. These statements include all the financial activities of the Board. Internal activities in these statements have not been eliminated. Governmental generally accepted accounting principles (GAAP) would require internal activity to be eliminated to minimize double counting. The Board reports governmental activities only. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. General receipts include all other receipts properly not included as program receipts. The Board reported the following general receipts: investment interest.

Fund Financial Statements. The fund financial statements provide information about the Board's fund. GAAP requires separate statements by fund category - governmental, proprietary, and fiduciary. The Board uses only the governmental fund category. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. The Board uses only one fund.

The Board reports the following major governmental fund:

Land Surveyors Examiners Cash Fund. This is the Board's operating fund.

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the Board are maintained and the Agency-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Assets Arising From Cash Transactions and the Statement of Activities-Cash Basis. Revenues are recognized when received and expenditures are recognized when paid for all funds of the Board. This differs from governmental generally accepted accounting principles (GAAP), which requires the Agency-wide fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used as described above. This differs from governmental generally accepted accounting principles (GAAP), which require governmental fund financial statements to be reported using the current financial resources measurement focus and the modified

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

accrual basis of accounting. Under this measurement focus and basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State of Nebraska considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

D. Assets and Net Assets

Cash in State Treasury. Cash in the State Treasury represents the cash balance of a fund as reflected on the Nebraska Accounting System. Investment of all available cash is made by the State Investment Officer, on a daily basis, based on total bank balances. Investment income is distributed based on the average daily book cash balance of funds designated for investment. Determination of whether a fund is considered designated for investment is done on an individual fund basis. The fund of the Board was designated for investment during fiscal year 2002.

Inventories. Disbursements for items of an inventory nature are considered expended at the time of purchase rather than at the time of consumption.

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets was not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

E. Fund Balance Reservations

Reservations of fund balances are established to identify the existence of assets that have been legally segregated for specific purposes. Reservations of fund balances are also established for assets which are not current in nature, such as postage.

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. Contingencies and Commitments

Risk Management. The Board is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. The Board, as part of the primary government for the State, participates in the State's risk management program. The Nebraska Department of Administrative Services (DAS) Division of Risk Management is responsible for maintaining the insurance and self-insurance programs for the State. The State generally self-insures for general liability and workers' compensation. The State has chosen to purchase insurance for:

- A. Motor vehicle liability, which is insured for the first \$5 million of exposure per accident. Insurance is also purchased for medical payments, physical damage, and uninsured and underinsured motorists with various limits and deductibles. State agencies have the option to purchase coverage for physical damage to vehicles.
- B. The DAS-Personnel Division maintains health care and life insurance for eligible employees.
- C. Crime coverage, with a limit of \$1 million for each loss, and a \$10,000 retention per incident.
- D. Real and personal property on a blanket basis for losses up to \$250,000,000, with a self-insured retention of \$200,000 per loss occurrence. Newly-acquired properties are covered up to \$1,000,000 for 60 days or until the value of the property is reported to the insurance company. The perils of flood and earthquake are covered up to \$10,000,000.
- E. State agencies have the option to purchase building contents and inland marine coverage.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded in the Compensation Insurance Trust Fund through a combination of employee and State contributions. Workers' compensation is funded in the Workers' Compensation Internal Service Fund through assessments on each agency based on total agency payroll and past experience. Tort claims, theft of, damage to, or destruction of assets, errors or omissions, and natural disasters would be funded through the State General Fund or by individual agency assessments as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the Nebraska State Board of Examiners for Land Surveyors' financial statements.

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. Contingencies and Commitments (Concluded)

Litigation. The potential amount of liability involved in litigation pending against the Board, if any, could not be determined at this time. However, it is the Board's opinion that final settlement of those matters should not have an adverse effect on the Board's ability to administer current programs. Any judgment against the Board would have to be processed through the State Claims Board and be approved by the Legislature.

3. GASB 34

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments. The State of Nebraska implemented the Statement for the fiscal year ending June 30, 2002.

The Board implemented GASB 34 by presenting its financial statements in a format as required by GASB 34. However, as explained in Note 1.C. the Board's financial statements are presented on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Previous period financial statements of the Board were also prepared on the cash basis of accounting; therefore, these financial statements, even though in a different format, are comparable to previous period financial statements of the Board.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS
SUPPLEMENTARY INFORMATION
MAJOR SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE OF DISBURSEMENTS BY PROGRAM
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2002

Land Surveyors Examiners Cash Fund 2621

PROGRAM:	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
083-Enforcement Standards	\$ 29,369	\$ 29,369	\$ 20,979	\$ 8,390
TOTAL DISBURSEMENTS	\$ 29,369	\$ 29,369	\$ 20,979	\$ 8,390

See Notes to Supplementary Information

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

NOTES TO SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2002

BUDGETARY COMPARISON SCHEDULE

GAAP Requirements

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the general fund, and for each major special revenue fund that has a legally adopted annual budget. For each program, the Legislature appropriated the Board's legally adopted annual budget amount. The Board's budgetary comparison schedule includes the Board's major special revenue fund.

GAAP also requires the budgetary comparison schedule to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years when required by law. The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as signed into law or otherwise legally authorized.

Budgetary Process

The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, the Board and all other State agencies must submit their budget request for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, sub-programs, and activities. The Executive Branch reviews the requests, establishes priorities, and balances the budget within the estimated resources available during the upcoming biennium.

The Governor's budget bill is submitted to the Legislature in January. The Legislature considers revisions to the bill and presents the appropriations bill to the Governor for signature. The Governor may: a) approve the appropriations bill in its entirety, b) veto the bill, or c) line item veto certain sections of the bill. Any vetoed bill or line item can be overridden by a three-fifths vote of the Legislature.

The approved appropriations will generally set spending limits for a particular program within the agency. Within the agency or program, the Legislature may provide funding from one to five budgetary fund types. Thus, the control is by fund type, within a program, within an agency. As a result, the budgetary comparison schedule only reports total disbursements *by program*.

Appropriations are usually made for each year of the biennium, with unexpended balances being reappropriated at the end of the first year of the biennium. For most appropriations, balances lapse at the end of the biennium.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

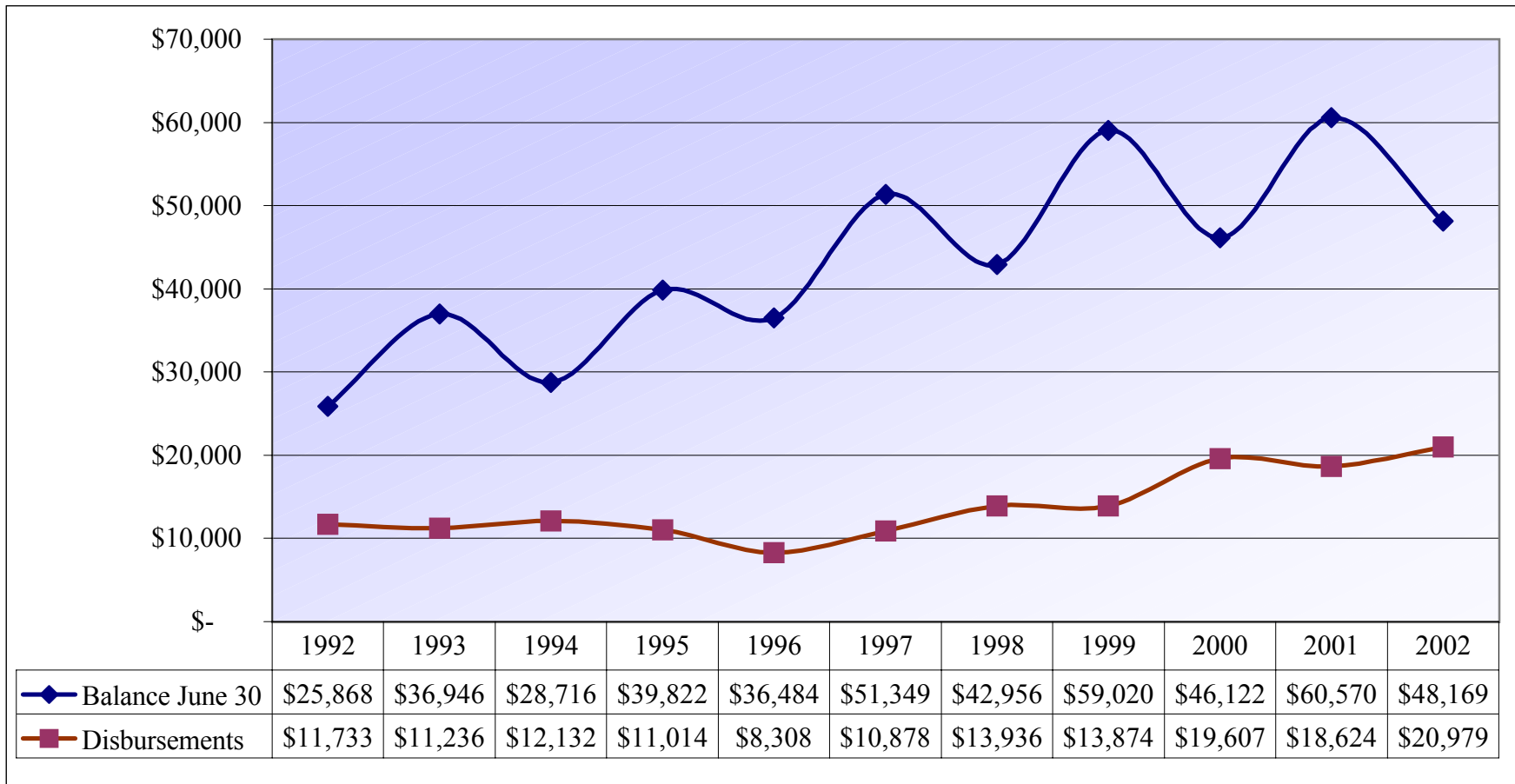
NOTES TO SUPPLEMENTARY INFORMATION

(Continued)

All State budgetary disbursements for the Board's major special revenue fund are made pursuant to the appropriations, which may be amended by the Legislature, upon approval by the Governor. State agencies may reallocate the appropriations between major objects of expenditure accounts, except that the Legislature's approval is required to exceed the personal service limitations contained in the appropriations bill. Increases in total appropriations must also be approved by the Legislature as a deficit appropriations bill.

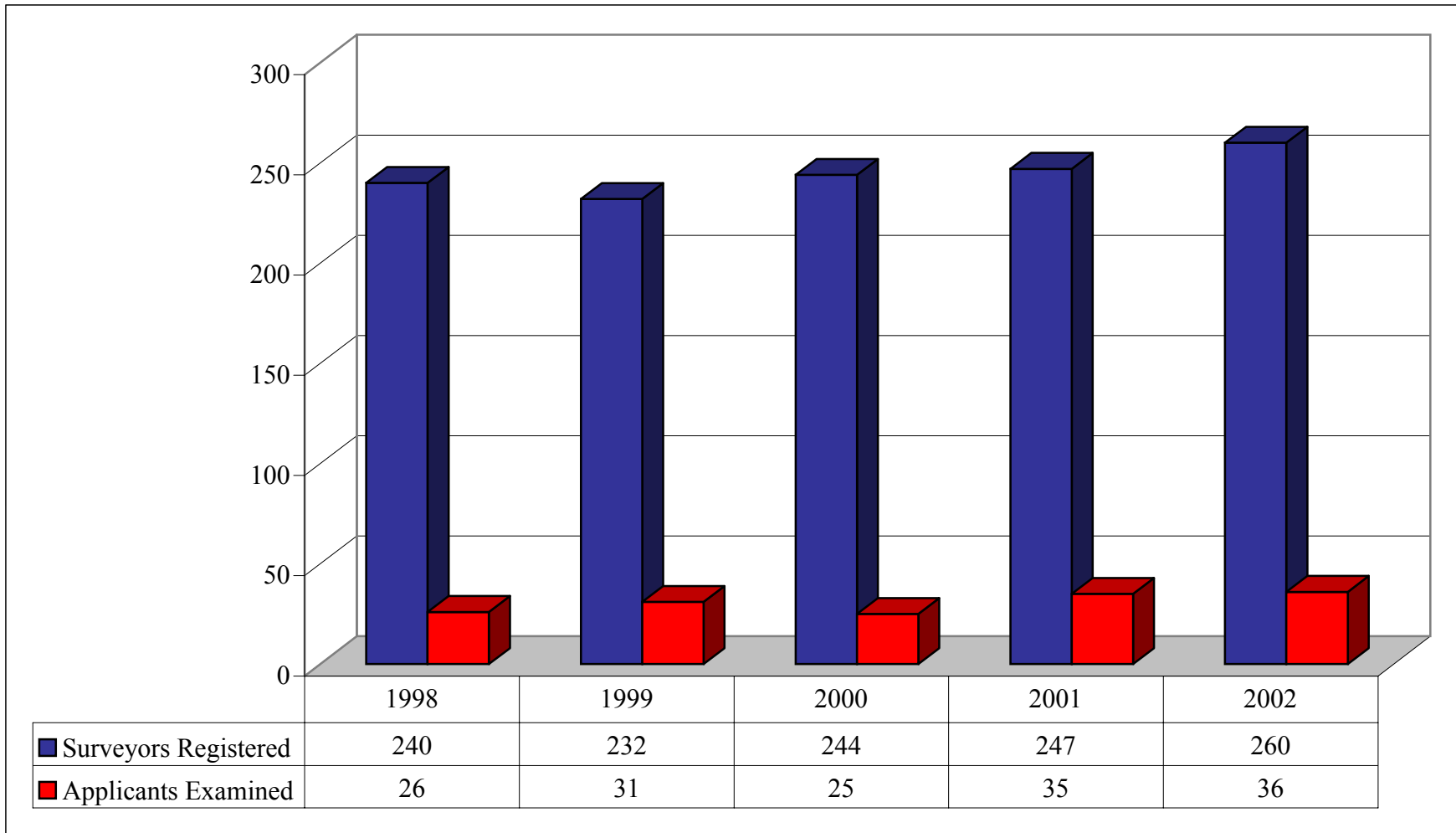
Receipts are not budgeted. Therefore, there are no budgeted amounts shown on the Budgetary Comparison Schedule.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS
SCHEDULE OF DISBURSEMENTS AND FUND BALANCE
 Fiscal Years Ended June 30, 1992 through 2002
 UNAUDITED



Note: After the issuance of a certificate of registration, a biennial fee is due each odd-numbered year. Therefore receipts and fund balance is greater in the odd-numbered years.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS
REGISTERED SURVEYORS AND EXAMS ADMINISTERED
 Fiscal Years Ended June 30, 1998 through 2002
 UNAUDITED



STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS



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NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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We have audited the financial statements of the Nebraska State Board of Examiners for Land Surveyors as of and for the year ended June 30, 2002, and have issued our report thereon dated January 14, 2003. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and was modified to emphasize that the financial statements present only the funds of the Nebraska State Board of Examiners for Land Surveyors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Nebraska State Board of Examiners for Land Surveyors' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nebraska State Board of Examiners for Land Surveyors' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion

on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

January 14, 2003

Pat Reding, CPA
Assistant Deputy Auditor