

**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
2001 - 2003**

The State Board of Accountancy is responsible for assuring those individuals who are attesting to financial records as experts in accountancy are qualified to do so. The operations of the Board are funded from the receipts of fees charged by the agency. The budget request for the Board of Public Accountancy reflects \$ 537,000 as a base level, 610,000 in FY 02, and \$ 682,000 in FY 03; including six positions. Base level does not include a cost-of-living increase of 12.5% year in FY02 over the FY 01 salary levels, and related personnel services matching. Budget change requests total \$ 73,000 for fiscal year 02 changes requested and \$ 139,000 in fiscal year 03 include the following:

Salary to Market Appropriation

Increase of \$25,000 in salary expenses over the base level for the FY02 and \$ 53,000 over the base level for the FY03 to achieve market level compensation.

American Institute of Certified Public Accountant Grading Fee Appropriation

Increase of \$ 25,000 in FY 02 and \$ 66,000 in FY 03 because of grading fee increases by the American Institute of Certified Public Accountants.

Office Technology Appropriation

An additional \$ 5,000 each year in capital outlay is to replace necessary office equipment due to technological obsolescence.

Data Processing Appropriation

An additional \$ 9,000 in in FY02 and \$5,000 in FY03 for capital outlays to replace necessary computer equipment due to technological enhancements.

Conference Fees & Travel Appropriation

An additional \$ 4,300 is needed in travel expense because of the rapidly changing accounting profession and participation by Board members at the committees shaping that future accounting profession.

Inflationary Increase in General Expenditures Appropriation

Finally, an increase for the expected inflation of 4% amounting to \$ 5,000 each year in general cost of protecting the public interest.

AGENCY State Board of Public Accountancy	DIRECTOR <i>James George</i> James George	AGENCY PROGRAM COMMENTARY BR21	PAGE 14
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ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1999

Assets				Liabilities			Total Equity
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total	
\$ 269,231	\$ 80,099	\$ 0	\$ 349,330	\$ 0	\$ 0	\$ 0	\$ 349,330

Revenues					Expenditures					Other Sources (Uses)
Intergovernmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 0	\$ 0	\$ 519,899	\$ 9,561	\$ 529,460	\$ 225,243	\$ 0	\$ 8,780	\$ 227,221	\$ 461,244	\$ 0

Findings

None

Recommendations

None

Audited by: Little, Shaneyfelt, Marshall & Co.
Certified Public Accountants

SA0720399

ARKANSAS BUDGET SYSTEM
 EMPLOYMENT SUMMARY
 AS REQUIRED BY ACT 358 OF 1993
 (A.C.A 19-4-307)

AGENCY TITLE 203 - STATE BOARD OF ACCOUNTANCY

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	<u>1</u>	<u>5</u>	<u>6</u>	<u>100%</u>
BLACK EMPLOYEES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
EMPLOYEES OF OTHER RACIAL MINORITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
TOTAL EMPLOYED AS OF 08/05/00			0	0%
<u>DATE</u>			<u>TOTAL MINORITIES</u>	<u> </u>
			6	100%
			<u>TOTAL EMPLOYEES</u>	<u> </u>

James E. George
 AGENCY DIRECTOR

CASH FUND BALANCE DESCRIPTION

AS OF JUNE 30, 2000

AGENCY: STATE BOARD OF PUBLIC ACCOUNTANCY

AGENCY # 203

ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
Cash	\$ 13,178.38	Checking	Regions	A.C.A. 17-12-204 establishes that the agency can use funds collected to pay all expenses.
303	\$ 44,307.94	Savings	Regions	
	\$ 1,187.62	Investment	Regions Investments	
	\$ 73.57	Payroll Acct	State Treasury	
	\$ 298,246.76	Tbills	Regions Investments	
				STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES: A.C.A. 17-12-204 authorizes the Board to collect and use funds collected in Chapter 12 which includes fees, fines, and penalties.
				Fees, fines, and penalties are collected throughout the year. Fees, fines, and penalties are collected throughout the year.
				FUND BALANCE UTILIZATION: Funds are collected throughout the year and used for outgoing expenses. Annual dues are collected once a year, usually in January; exam fees are collected twice a year, in September and March. Fees and penalties are collected throughout the year.
ACCOUNT INFORMATION				
FUND ACCT.	BALANCE	TYPE	LOCATION	
				STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES:
				REVENUE RECEIPTS CYCLE:
				FUND BALANCE UTILIZATION:

**2001-2003 Biennium
Act 1276 of 1999**

AGENCY: Arkansas State Board of Public Accountancy AGENCY # 203

NAME OF PUBLICATION	STATUTORY AUTHORIZATION ACT # OR A.C.A.	REQUIRED FOR GOVERNOR AND/OR GENERAL ASSEMBLY ONLY	NUMBER OF COPIES PUBLISHED & DISTRIBUTED	REASON(S) FOR CONTINUED PUBLICATION AND DISTRIBUTION
Directory of Licensees	A.C.A. 17-12-203 (b)		7,700	Existence of Statutory Requirement.
Annual Report	A.C.A. 25-1-105	X	3	Existence of Statutory Requirement
Mission Statement of Agency	A.C.A. 25-1-105	X	3	Existence of Statutory Requirement
Monthly Employment Report - Agency Contacts	A.C.A. 21-3-101	X	3	Existence of Statutory Requirement
Social Security Account Number	42 U.S.C. 666 (a)(13)		Data File	Existence of Statutory Requirement

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
2001 - 2003**

The State Board of Public Accountancy was created by Arkansas Code Annotated §17-12-201, and is responsible for oversight of the practice of public accounting and those persons who are performing duties as a certified public accountant. The Board is responsible for promulgating and amending rules of professional conduct appropriate to establishing and maintaining a high standard of integrity and dignity in the profession of public accountancy; printing and publishing for public distribution a biennial register of all practitioners holding permits to practice public accountancy; and issuing rules of professional conduct pertaining to corporations practicing public accounting. Further, the Board is responsible for administering an examination, certifying educational and continuing educational requirements and issuing certificates and licenses to those individuals meeting the standards established for the practice of public accounting. The operations of the Board are funded from the receipt of examination and license fees charged by the Agency. The budget request for the Board of Public Accountancy reflects a Base Level of \$537,060 in FY02 and \$543,773 in FY03 which includes a payplan increase of 2.6% each year over the 2001 fiscal year salary levels for all incumbents plus appropriate Personal Services Match costs, and six positions.

Change Level requests total \$73,170 in FY02 and \$139,021 in FY03 to include extraordinary salary increases of 12.5% for all positions to achieve market level compensation for a total of salary and matching costs of \$24,940 and \$53,640 in FY02 and FY03 respectively. Increases in Operating Expenses total \$7,327 each year of the biennium and include items such as postage, printing and advertising, rent of equipment, furniture and rooms for special meetings, official business travel meals, lodging, per diem, mileage and common carrier as well as centrex charges. An Increase in the amount of \$24,984 in FY02 and \$66,135 in FY03 for grading fees is requested due to an increase in costs for grading examinations by the American Institute of Certified Public Accountants. Conference Fees and Travel includes an increase of \$1,300 each fiscal year for mileage and conferences and conventions to allow Board Members to participate in committee activities at the national level. Professional Fees and Services increase totals \$619 for honorariums. Information Technology requests for Capitol Outlay includes replacement of computers for a total of \$9,000 and \$5,000 respectively each year of the biennium. Additional Capital Outlay requests for \$5,000 each year include replacement of outdated office equipment.

The Executive Recommendation provides for the Agency Request, with a 2.6% salary increase each year of the Biennium. The Executive Recommendation further provides for a salary adjustment in FY02 for the Director for a line item maximum salary of \$66,286 and the Board Investigator for a line item maximum salary of \$51,278, with a 2.6% increase for both positions in FY03.

AGENCY	APPROPRIATION	CASH FUND	ANALYSIS OF	PAGE
Name: Board of Public Accountancy Code: 203	Name: Accountancy - Cash Code: A25	Name: Accounting Board - Cash Code: 303	BUDGET REQUEST BR20	19

CHARACTER TITLE	-----EXPENDITURES-----			00-01			-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	99-00	00-01	AUTHORIZED	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE				
	ACTUAL	BUDGETED	APPRO							01-02	02-03	01-02	02-03			
REGULAR SALARIES	198,390	213,894	213,894	219,452	21,180	240,632	225,154	45,556	270,710	229,799	235,772					
NUMBER OF POSITIONS	6	6	6	6	0	6	6	0	6	6	6					
EXTRA HELP	3,232	5,000	5,000	5,000	0	5,000	5,000	0	5,000	5,000	5,000					
NUMBER OF POSITIONS	1	1	1	1	0	1	1	0	1	1	1					
PERSONAL SERV MATCHING	53,256	56,071	57,621	57,121	3,760	60,881	58,132	8,084	66,216	60,793	61,903					
OPERATING EXPENSES	132,507	139,352	139,352	139,352	7,327	146,679	139,352	7,327	146,679	146,679	146,679					
CONF FEES & TRAVEL	14,118	13,000	13,000	13,000	1,300	14,300	13,000	1,300	14,300	14,300	14,300					
PROF FEES & SERVICES	16,332	15,500	15,500	15,500	619	16,119	15,500	619	16,119	16,119	16,119					
CAPITAL OUTLAY	4,287	6,000	6,000	0	14,000	14,000	0	10,000	10,000	14,000	10,000					
DATA PROCESSING	8,864	12,000	12,000	12,000	0	12,000	12,000	0	12,000	12,000	12,000					
FEE REFUNDS	7,055	9,500	9,500	9,500	0	9,500	9,500	0	9,500	9,500	9,500					
GRADING FEES	48,800	66,135	66,135	66,135	24,984	91,119	66,135	66,135	132,270	91,119	132,270					
TOTAL	486,841	536,452	538,002	537,060	73,170	610,230	543,773	139,021	682,794	599,309	643,543					
PROPOSED FUNDING SOURCES			*****													
FUND BALANCES	274,354	303,349	*****	300,853		300,853	244,456		244,456	300,853	242,620					
GENERAL REVENUES			*****													
SPECIAL REVENUES			*****													
FEDERAL FUNDS			*****													
STATE CENTRAL SERVICES FUND			*****													
NON-REVENUE RECEIPTS			*****													
CASH FUNDS	515,836	533,956	*****	467,906	73,170	541,076	408,979	139,021	548,000	541,076	548,000					
OTHER			*****													
TOTAL FUNDING	790,190	837,305	*****	768,759	73,170	841,929	653,435	139,021	792,456	841,929	790,620					
EXCESS APPRO/ (FUNDING)	(303,349)	(300,853)	*****	(231,699)		(231,699)	(109,662)		(109,662)	(242,620)	(147,977)					
TOTAL	486,841	536,452	*****	537,060	73,170	610,230	543,773	139,021	682,794	599,309	643,543					

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
 AGY 203 STATE BOARD OF ACCOUNTANCY
 APPRO A25 CASH OPERATIONS
 FUND 303 ACCOUNTING BOARD CASH(203)

Actual and/or Budgeted amounts exceed Authorized in various line items due to a transfer from Cash Fund Holding Account.

APPROPRIATION SUMMARY

BR 215

ARKANSAS BUDGET SYSTEM

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19

K	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	2001 - 03 BIENNIUM REQUESTS				RECOMMENDATIONS					
					EXPENDITURES		FY 2001 - 02		FY 2002 - 03		EXECUTIVE		LEGISLATIVE	
					ACTUAL	BUDGETED	REQUEST	REQUEST	2001-02	2002-03	2001-02	2002-03		
	99-00	00-01												
		303	203 A25	B	486,841 6	536,452 6	537,060 6	543,773 6		551,079 6	558,162 6			
		303	203 A25 100 STATE BOARD OF ACCOUNTANCY	C10			24,940 0	53,640 0						
	<p>An increase in the salary expense appropriation is necessary because the wages of the staff of the Arkansas State Board of Public Accountancy are now below the market rates of the competitive positions in industry, state agencies, and other jurisdictions of the United States. This comparison does not consider the credentials of the current executive director who hold a Masters degree and a license to practice as a certified public accountant (CPA) - only 9 of the other 54 BOA directors are CPA's. In addition the director's biography appears in the current <i>Marquis's Who's Who in America</i>. Moreover, the Investigator is also a CPA. The Board approved a motion to address this disparity by a 12.5% increase in FY2002 and FY2003 in salary levels in its June 2000 meeting. The agency has sufficient resources to fund this increased expenditure.</p>													
		303	203 A25 100 STATE BOARD OF ACCOUNTANCY	C02			24,984 0	66,135 0		24,984	66,135			
	<p>An increase in the grading fees appropriation is necessary because of the increased costs of having the Uniform Certified Public Accountancy Examination graded by the American Institute of Certified Public Accountants effective on November, 2001 and an additional increase that is effective on November, 2002. The agency has sufficient resources to fund this increased expenditure.</p>													

007 REGULATORY BOARDS AND COMMISSIONS
 203 STATE BOARD OF ACCOUNTANCY
 A25 CASH OPERATIONS
 303 ACCOUNTING BOARD CASH(203)

RANK BY APPROPRIATION
 BR 264

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		-----2001 - 03 BIENNIIUM REQUESTS-----						-----RECOMMENDATIONS-----					
					ACTUAL	BUDGETED	FY 2001 - 02		FY 2002 - 03		EXECUTIVE		LEGISLATIVE					
					99-00	00-01	REQUEST	REQUEST	2001-02	2002-03	2001-02	2002-03						
003		303	203 A25 A90 INFORMATION TECHNOLOGY	C08			9,000 0				5,000 0			9,000	5,000			
<p>An increase in capital outlay is necessary for computer equipment and software necessary for the Board of Accountancy to maintain our computer hardware and systems software, as well as, as continuously improving our applications program. The agency has sufficient resources to fund this increased expenditure.</p>																		
004		303	203 A25 100 STATE BOARD OF ACCOUNTANCY	C04			5,000 0				5,000 0			5,000	5,000			
<p>An increase in capital outlay is necessary for office equipment and furniture for the Board of Accountancy to maintain technological currency, as well as, as continuously improving our service to the public. The agency has sufficient resources to fund this increased expenditure.</p>																		
005		303	203 A25 100 STATE BOARD OF ACCOUNTANCY	C05			4,301 0				4,301 0			4,301	4,301			
<p>An increase in the conference fees and travel is due to the changing environment of the accounting profession requiring the involvement of Board members in committees at the national level to help shape the future of the accounting profession. The Board of Accountancy has sufficient resources to fund increases in this appropriation.</p>																		

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
 AGY 203 STATE BOARD OF ACCOUNTANCY
 APPRO A25 CASH OPERATIONS
 FUND 303 ACCOUNTING BOARD CASH(203)

RANK BY APPROPRIATION

BR 264

ARKANSAS BUDGET SYSTEM

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19

RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----2001 - 03 BIENNIUM REQUESTS-----				-----R E C O M M E N D A T I O N S-----										
					-----EXPENDITURES-----		-----FY 2001 - 02-----		-----FY 2002 - 03-----		-----EXECUTIVE-----		-----LEGISLATIVE-----						
					---ACTUAL---	---BUDGETED---	-----REQUEST-----	-----REQUEST-----	2001-02	2002-03	2001-02	2002-03							
					99-00	00-01													
006		303	203 A25 100 STATE BOARD OF ACCOUNTANCY	C06			4,945 0		4,945 0			4,945	4,945						

An increase in the operating expense appropriation is necessary because of the inflationary factors which exist that will impact the costs of the Board of Accountancy continuing to protect the public interests. The Board approved a motion to address the impact of inflationary pressures in FY2002 and FY2003 in general expenditure levels in its June 2000 meeting. The Board has sufficient resources to fund this increased appropriation.

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
 AGY 203 STATE BOARD OF ACCOUNTANCY
 APPRO A25 CASH OPERATIONS
 FUND 303 ACCOUNTING BOARD CASH(203)

RANK BY APPROPRIATION

BR 264