

May 13, 1981

LB 529

repetition of this audit when it is already in the hands of the corporate surety companies. I strongly urge you to vote on the amendment of 529 which removes the compilation statement. In a letter from Touche Ross & Co., which is one of the big eight accounting firms in Nebraska, they write: "You have indicated that LB 529 amendments contain requirements that application to the Public Service Commission for licensing of a grain elevator be accompanied by financial statements which have been compiled by licensed CPA or PA public accountant. You have requested of us what such a compilation might cost. Cost of services provided by accountants are normally based on time required to perform the specified task. Different firms have different rate structures. In addition, the amount of time required to compile financial statements would depend greatly upon the size and complexity of operation of the respective elevator, and conditions of records maintained by that particular elevator. However, considering these factors, my estimate of fees from compiling financial statements annually for an elevator of average size would range from \$750 to \$1500. Touche, Ross & Co. would generally not issue a compilation report because we believe that the public would generally construe that an accountant issuing such a report has in some manner satisfied himself that the numbers are correct. This is not the case. I believe that the public would achieve little additional protection from having elevators requesting their license having their financial statements compiled by a CPA or a public accountant." Now we are interested in the protection of the Nebraska farmer. That is first and foremost in our minds but the compilation statements will provide no more protection. We will only saddle the state and the agricultural sector with unnecessary costs and for no more protection. It is good for the state to try to keep the rural communities alive. Many of these communities are reliant on grain warehouse and their farmers. The additional cost for statements will hurt more than help and I urge you to support this amendment. Thank you.

PRESIDENT: The Chair recognizes Senator Sieck.

SENATOR SIECK: Mr. President, members of the body, I stand opposed to this amendment. There has been some misstatements made on the floor and by news articles that have been sent out. On your desk I put some information, the definitions of an audit, definition of a compilation, review and so on. Now if you look at the amendment that is included in the bill, it is a compilation statement, not an audit. Now I said on the floor a week ago that an audit would be required if you are going to have a corporate bond. A corporate bond is required by the bill. So you are going to have an audit when you get a corporate bond. I also said that they could