

Department 117 - State Auditor
House Bill No. 1004

Dalrymple Executive Budget Comparison to Prior Biennium Appropriations

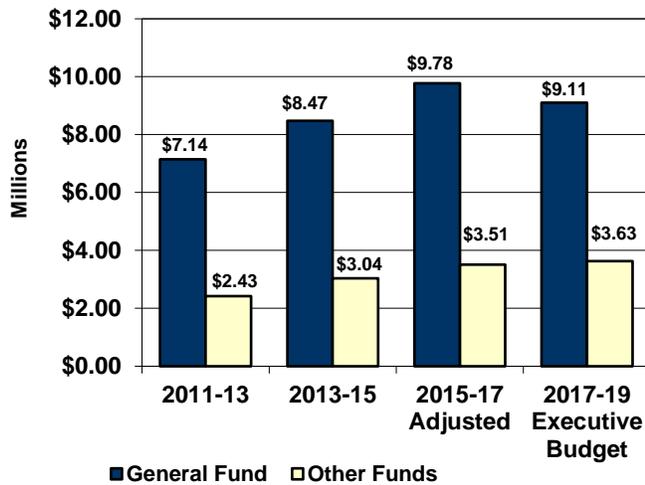
	FTE Positions	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	53.80	\$9,108,071	\$3,626,970	\$12,735,041
2015-17 Adjusted Legislative Appropriations ¹	59.80	9,776,582	3,505,870	13,282,452
Increase (Decrease)	(6.00)	(\$668,511)	\$121,100	(\$547,411)

¹The 2015-17 biennium agency appropriation amounts reflect general fund budget reductions made in August 2016.

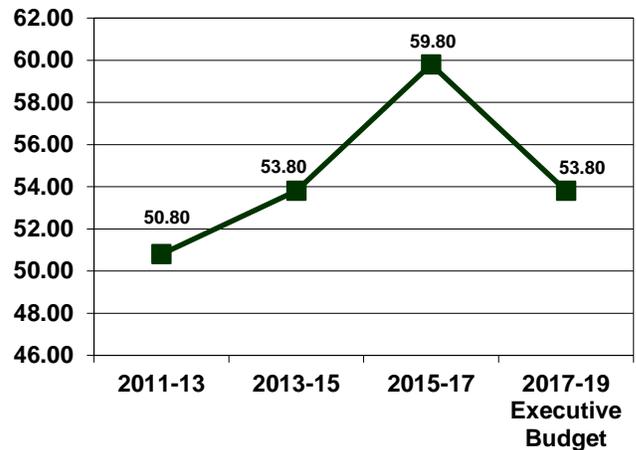
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 Dalrymple Executive Budget	\$9,108,071	\$0	\$9,108,071
2015-17 Adjusted Legislative Appropriations	9,776,582	0	9,776,582
Increase (Decrease)	(\$668,511)	\$0	(\$668,511)

Agency Funding



FTE Positions



Dalrymple Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	\$9,108,071	\$3,626,970	\$12,735,041
2017-19 Base Level	9,776,582	3,505,870	13,282,452
Increase (Decrease)	(\$668,511)	\$121,100	(\$547,411)

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Dalrymple and Burgum Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$52,374 is for salary increases and \$163,134 is for health insurance increases. (The Burgum budget removed funding for salary increases and provided for employees to pay for a portion of health insurance.) The House removed funding for the salary increases.	\$163,530	\$51,978	\$215,508
2. Removes and unfunds 2 FTE North Dakota University System (NDUS) audit positions, including salary and benefit increases; unfunds an additional 2 FTE NDUS audit positions; and underfunds salaries agencywide. The House restored funding of \$652,692 for North Dakota University System audit FTE	(\$172,978)	\$30,422	(\$142,556)

positions removed by the State Auditor as part of the 2015-17 biennium budget reductions, and removed 2 FTE auditor positions and \$309,635 of funding.

3. Removes 4 FTE positions from the Division of State Audits. The House did not remove these positions, but underfunded salaries and wages agencywide by \$373,869.	(\$552,448)		(\$552,448)
4. Reduces funding for various operating expenses.	(\$106,615)	\$38,700	(\$67,915)
5. The Burgum budget reduced funding by \$89,445 for information technology consultants. The House removed funding of \$250,000 from the general fund for information technology consultants, and \$200,000 of other funds for North Dakota University System information technology security audits.	(\$89,445)		(\$89,445)

Other Sections in House Bill No. 1004

Health insurance increase - Section 2 identifies the amount included in the agency appropriations relating to increases in employee health insurance premiums from \$1,130 to \$1,249 per month.

Continuing Appropriations

No continuing appropriations for this agency.

Significant Audit Findings

The financial audit for the State Auditor's office was conducted by Eide Bailly LLP for the biennium ended June 30, 2015, and there were no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1149 - Occupational and professional board audits and reports - Amends North Dakota Century Code Section 54-10-27 to increase the annual receipts threshold from \$50,000 to \$100,000 for allowing occupational or professional boards to submit an annual report to the State Auditor's office instead of a required audit.

**State Auditor - Budget No. 117
House Bill No. 1004
Base Level Funding Changes**

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)				House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2017-19 Biennium Base Level	59.80	\$9,776,582	\$3,505,870	\$13,282,452	59.80	\$9,776,582	\$3,505,870	\$13,282,452
2017-19 Ongoing Funding Changes								
Base payroll changes		(\$99,658)	\$30,422	(\$69,236)		(\$99,658)	\$30,422	(\$69,236)
Salary increase - Performance				0				0
Health insurance increase		123,788	39,346	163,134		123,788	39,346	163,134
Employee portion of health insurance		(64,848)	(20,611)	(85,459)				0
Remove and unfund 2 FTE NDUS audit positions, including salary and benefit increases, unfund an additional 2 FTE NDUS positions, and underfund salaries agencywide	(2.00)	(73,320)		(73,320)				0
Restores funding for 4 FTE NDUS audit positions				0		611,300		611,300
Removes 2 FTE NDUS audit and related salaries and wages				0	(2.00)	(297,135)		(297,135)
Underfunds salaries and wages agencywide				0		(462,085)		(462,085)
Restores funding for salaries and wages agencywide				0		88,216		88,216
Adds funding to reclassify a position				0		25,000		25,000
Removes 4 FTE positions in Division of State Audit	(4.00)	(541,000)		(541,000)				0
Removes salary and benefit increases for 4 FTE Division of State Audit positions		(11,448)		(11,448)				0
Adjusts funding for operating expenses		(106,615)	38,700	(67,915)		(106,615)	38,700	(67,915)
Reduces funding for operating expenses agencywide				0		(26,744)		(26,744)

Restores additional reduction made to operating expense in the executive recommendation	0				25,000		25,000
Restores funding for operating expenses related to the 4 FTE NDUS audit positions	0				41,392		41,392
Removes funding for operating expenses related to the 2 FTE NDUS audit positions removed from the budget	0				(12,500)		(12,500)
Removes funding for NDUS information technology security audits	0					(200,000)	(200,000)
Reduces information technology consultants		(89,445)		(89,445)		(250,000)	(250,000)
Total ongoing funding changes	(6.00)	(\$862,546)	\$87,857	(\$774,689)	(2.00)	(\$340,041)	(\$91,532)
One-time funding items							
No one-time funding items				\$0			\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0
Total Changes to Base Level Funding	(6.00)	(\$862,546)	\$87,857	(\$774,689)	(2.00)	(\$340,041)	(\$91,532)
2017-19 Total Funding	53.80	\$8,914,036	\$3,593,727	\$12,507,763	57.80	\$9,436,541	\$3,414,338

Other Sections in State Auditor - Budget No. 117

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)	House Version
Salary of State Auditor	Section 2 provides the statutory changes to increase the State Auditor's salary by 1 percent effective July 1, 2018. (The Burgum budget recommendation removes this section.)	This section is not included in the House Version.
Health insurance increase		A section is added to identify the appropriation provided to fund increases in employee health insurance premiums from \$1,130 to \$1,249 per month.

Department 117 - State Auditor

Appropriations Comparisons to the Original and Adjusted Base Budgets

General Fund Appropriations Adjustments (As a result of the August 2016 General Fund Budget Reductions)

	Ongoing	One-Time	Total
2015-17 original general fund appropriations	\$10,461,832	\$0	\$10,461,832
General fund reductions	(685,250)		(685,250)
Adjusted 2015-17 appropriations	\$9,776,582	\$0	\$9,776,582
Dalrymple Executive Budget changes	(668,511)		(668,511)
2017-19 Dalrymple Executive Budget	\$9,108,071	\$0	\$9,108,071

Summary of August 2016 General Fund Budget Reductions

	Ongoing	One-Time	Total
Salaries and wages savings related to a reduction in the number of auditors hired to implement the NDUS Performance Audit Division	(\$434,032)	\$0	(\$434,032)
Salaries and wages savings related to staff turnover and retirement	(232,514)		(232,514)
Operating expense savings related to reductions in travel and training	(18,704)		(18,704)
Total reductions	(\$685,250)	\$0	(\$685,250)
Percentage reduction to ongoing and one-time general fund appropriations	6.55%	0.00%	6.55%

2017-19 Dalrymple Executive Budget Changes to the Original and Adjusted Base Budgets

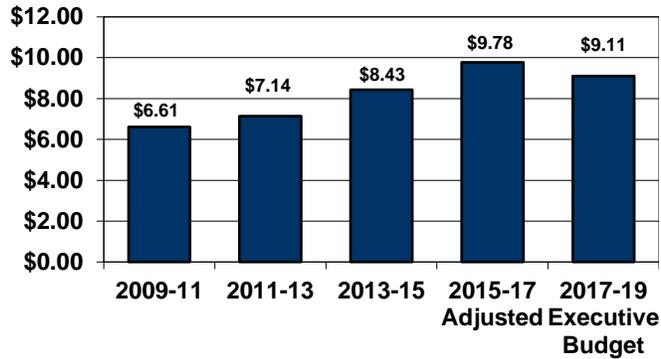
	Changes to Original Budget	Budget Reduction Adjustments	Changes to Adjusted Budget
Adds funding for recommended salary and benefit increases	\$163,530	\$0	\$163,530
Reduces funding for salaries and wages	(839,524)	666,546	(172,978)
Removes 4 FTE positions from the Division of State Audits, including salary and benefit increases	(552,448)		(552,448)
Adjust funding for various operating expenses	(125,319)	18,704	(106,615)
Total	(\$1,353,761)	\$685,250	(\$668,511)

Department 117 - State Auditor

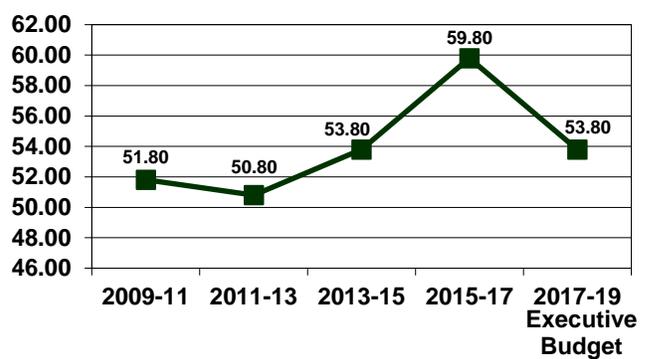
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2009-11

Agency Funding (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 Dalrymple Executive Budget
Ongoing general fund appropriations	\$6,612,229	\$7,143,808	\$8,428,489	\$9,776,582	\$9,108,071
Increase (decrease) from previous biennium	N/A	\$531,579	\$1,284,681	\$1,348,093	(\$668,511)
Percentage increase (decrease) from previous biennium	N/A	8.0%	18.0%	16.0%	(6.8%)
Cumulative percentage increase (decrease) from 2009-11 biennium	N/A	8.0%	27.5%	47.9%	37.7%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2011-13 Biennium

1. No major changes

2013-15 Biennium

- | | |
|---|-----------|
| 1. Added 2 FTE financial auditor positions | \$248,734 |
| 2. Increased funding for state information technology vulnerability testing to provide a total of \$250,000 | \$100,000 |
| 3. Added funding for temporary salaries related to the <i>Comprehensive Annual Financial Report</i> | \$70,000 |
| 4. Increased funding for lease costs | \$100,000 |

2015-17 Biennium (Original Amounts)

- | | |
|---|-------------|
| 1. Added funding for 6 FTE auditor positions and related operating expenses to provide audit services to the State Board of Higher Education and its institutions (This item was affected by the 2015-17 budget reductions) | \$1,221,914 |
|---|-------------|

2017-19 Biennium (Dalrymple and Burgum Executive Budget Recommendations)

- | | |
|---|-------------|
| 1. Removes 4 FTE positions from the Division of State Audits. The House did not remove these positions, but underfunded salaries and wages agencywide by \$373,869. | (\$552,448) |
| 2. Removes and un-funds 2 FTE NDUS audit positions, including salary and benefit increases, un-funds an additional 2 FTE NDUS audit positions, and underfunds salaries agencywide. The House restored funding for NDUS audit FTE positions removed by the State Auditor as part of the 2015-17 biennium budget reductions and removed 2 FTE auditor positions and funding. | (\$172,978) |
| 3. The Burgum budget reduced funding for information technology consultants. The House did not provide funding for information technology consultants or for NDUS information technology security audits. | (\$89,445) |