

**Department 414 - Securities Department
House Bill Nos. 1011 and 1071**

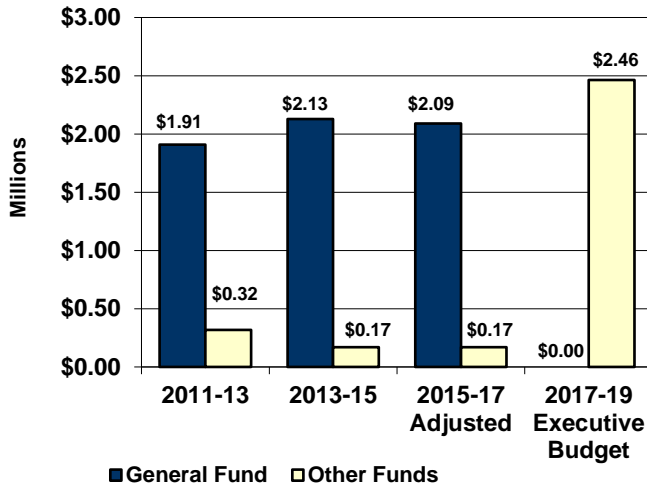
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2017-19 Executive Budget	9.00	\$0	\$2,464,459	\$2,464,459
2015-17 Adjusted Legislative Appropriations	9.00	2,090,781	170,000	2,260,781
Increase (Decrease)	0.00	(\$2,090,781)	\$2,294,459	\$203,678

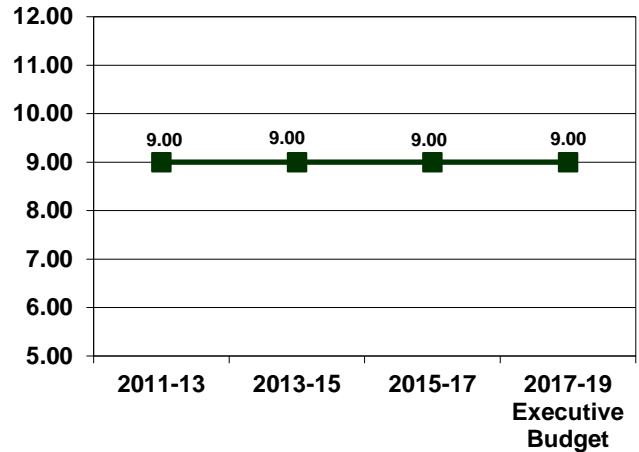
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 Executive Budget	\$0	\$0	\$0
2015-17 Adjusted Legislative Appropriations	2,090,781	0	2,090,781
Increase (Decrease)	(\$2,090,781)	\$0	(\$2,090,781)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2017-19 Executive Budget	\$0	\$2,464,459	\$2,464,459
2017-19 Base Level	2,090,781	170,000	2,260,781
Increase (Decrease)	(\$2,090,781)	\$2,294,459	\$203,678

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Changes the agency's funding source from general fund to special funds	(\$2,090,781)	\$2,090,781	\$0
2. Adds funding for state employee salary and benefit increases, of which \$7,879 is for salary increases and \$25,758 is for health insurance increases		\$33,637	\$33,637
3. Restores funding for operating expenses		\$146,545	\$146,545

**Other Sections in Bill
(As Detailed in House Bill No. 1071)**

Securities Department special fund - Section 2 amends Section 10-04-03(5) to deposit fees, civil penalties, or other moneys collected by the Securities Department in the department's special fund rather than the general fund. The amendment to Section 10-04-03 authorizes the Securities Department to reserve the revenues collected up to the amount appropriated by the Legislative Assembly and all revenues in excess of the agency's appropriated amount must be transferred to the general fund by the Office of Management and Budget.

Continuing Appropriations

Investor education and technology fund - North Dakota Century Code Section 10-04-03 - This fund receives funding from tuition, grants, donations, and certain civil penalties assessed by the Securities Commissioner. The money in the fund can be used for public education services and for the technology needs of the Securities Department.

Investor restitution fund - Section 10-04-03 - This fund is used to deposit civil penalties collected from enforcement action to be distributed to aggrieved investors.

Significant Audit Findings

The operational audit of the Securities Department conducted by the State Auditor's office for the period ended June 30, 2014, included a significant audit finding related to a lack of policies and procedures surrounding broker/dealer registration.

Major Related Legislation

At this time, no major related legislation has been introduced affecting this agency.

Securities Department - Budget No. 414
House Bill Nos. 1011 and 1071
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Position	General Fund	Other Funds	Total
2017-19 Biennium Base Level	9.00	\$2,090,781	\$170,000	\$2,260,781
2017-19 Ongoing Funding Changes				
Base payroll changes			\$23,496	\$23,496
Salary increase - Performance			7,879	7,879
Health insurance increase			25,758	25,758
Funding source change		(2,090,781)	2,090,781	0
Restores operating expenses			146,545	146,545
Total ongoing funding changes	0.00	(\$2,090,781)	\$2,294,459	\$203,678
One-time funding items				
No one-time funding items				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	(\$2,090,781)	\$2,294,459	\$203,678
2017-19 Total Funding	9.00	\$0	\$2,464,459	\$2,464,459

Other Sections in Securities Department - Budget No. 414

	Executive Budget Recommendation
Change of funding source	Section 2 amends Section 10-04-03 (5) relating to deposit fees, civil penalties, or other money collected by the Securities Department in the department's special fund rather than the general fund. The amendment to Section 10-04-03 authorizes the Securities Department to reserve the revenues collected up to the amount appropriated by the Legislative Assembly and all revenues in excess of the agency's appropriated amount must be transferred to the general fund by the Office of Management and Budget.

Department 414 - Securities Department

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	\$2,237,326	\$0	\$2,237,326
General fund reductions	(146,545)	0	(146,545)
Adjusted 2015-17 appropriations	\$2,090,781	\$0	\$2,090,781
Executive Budget changes	(2,090,781)	0	(2,090,781)
2017-19 Executive Budget	\$0	\$0	\$0

Summary of August 2016 General Fund Budget Reductions

	Ongoing	One-Time	Total
Reduced funding for operating expenses	(\$146,545)		(\$146,545)
Total reductions	(\$146,545)		(\$146,545)
Percentage reduction to ongoing and one-time general fund appropriations	6.55%		6.55%

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

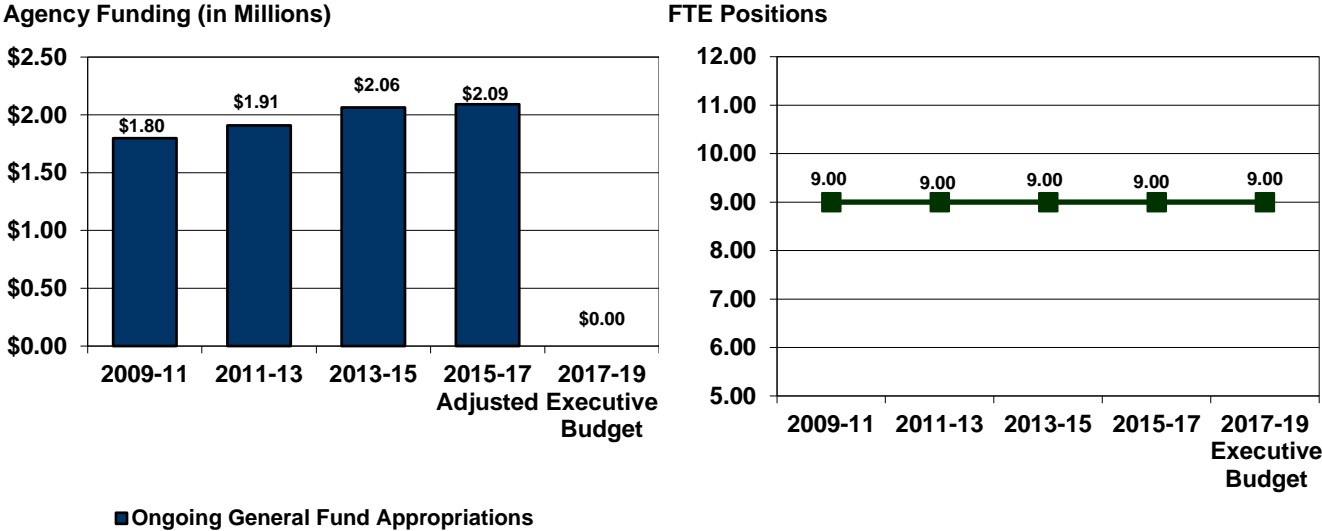
	Changes to Original Budget	Budget Reduction Adjustments	Changes to Adjusted Budget
Change to special-funded agency ¹	(\$2,237,326)	\$146,545	(\$2,090,781)
Total	(\$2,237,326)	\$146,545	(\$2,090,781)

¹The 2017-19 Executive Budget recommendation changes the funding source for the Securities Department from the general fund to special funds.

Department 414 - Securities Department

Historical Appropriations Information

Ongoing General Fund Appropriations Since 2009-11



Ongoing General Fund Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 Executive Budget
Ongoing general fund appropriations	\$1,798,362	\$1,909,220	\$2,063,005	\$2,090,781	\$0
Increase (decrease) from previous biennium	N/A	\$110,858	\$153,785	\$27,776	(\$2,090,781)
Percentage increase (decrease) from previous biennium	N/A	6.2%	8.1%	1.3%	(100%)
Cumulative percentage increase (decrease) from 2009-11 biennium	N/A	6.2%	14.7%	16.3%	N/A

Major Increases (Decreases) in Ongoing General Fund Appropriations

2011-13 Biennium	
1. No major increases or decreases	
2013-15 Biennium	
1. Added funding for information technology upgrades	\$25,850
2015-17 Biennium	
1. Added funding for desktop support services and hardware	\$46,805
2017-19 Biennium (Executive Budget Recommendation)	
1. Changes the agency's funding source from general fund to special funds	(\$2,090,781)