

**State Auditor
Budget No. 117
Senate Bill No. 2004**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	65.00	\$10,033,672	\$6,344,152	\$16,377,824
2023-25 base budget	61.00	9,119,110	5,826,152	14,945,262
Legislative increase (decrease) to base budget	4.00	\$914,562	\$518,000	\$1,432,562

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$9,932,122	\$101,550	\$10,033,672
2021-23 legislative appropriations ¹	9,119,110	11,000	9,130,110
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$813,012	\$90,550	\$903,562
Percentage increase (decrease) to 2021-23 appropriations	8.9%	823.2%	9.9%

¹The 2021-23 general fund appropriation has been increased by \$11,000 for a deficiency appropriation to refund audit fees to a political subdivision included in Senate Bill No. 2004.

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$63,033	\$23,627	\$86,660
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		578,161	377,117	955,278
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		177,018	82,304	259,322
Added funding for a salary equity increase for the State Auditor to increase the annual salary from the current level of \$114,486 to \$130,000 effective July 1, 2023		26,748		26,748
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(594,249)	(1,016,169)	(1,610,418)
Added funding from special funds in the agency's operating fund for 1 FTE local government audit manager position	1.00		308,364	308,364

Added funding from special funds in the agency's operating fund for 1 FTE local government auditor II position	1.00		207,740	207,740
Added funding from special funds in the agency's operating fund for 1 FTE local government auditor I position	1.00		175,985	175,985
Added funding for 1 FTE education coordinator position	1.00	218,672		218,672
Added funding, including funding from special funds in the agency's operating fund, for temporary salaries for internships		100,000	200,000	300,000
Added funding from special funds in the agency's operating fund, for operating costs related to additional local government auditors			54,200	54,200
Increased funding, including funding from federal and special funds, for operating costs related to audit software upgrades		54,298	61,266	115,564
Added funding, including funding from special funds in the agency's operating fund, for operating expenses related to Information Technology Department rate increases		11,103	6,566	17,669
Added funding for operating expenses related to a new Capitol space rent model		178,228		178,228
Added one-time funding for operating expenses related to local government auditor positions		9,000		9,000
Added one-time funding , including funding from federal and special funds, for operating expenses related to travel and professional development inflationary increases		22,000	37,000	59,000
Added one-time funding for costs related to audit software upgrades		45,550		45,550
Added one-time funding for capital costs related to the replacement of equipment over \$5,000		25,000		25,000
Total	<u>4.00</u>	<u>\$914,562</u>	<u>\$518,000</u>	<u>\$1,432,562</u>

FTE Changes

The Legislative Assembly approved 65 FTE positions for the State Auditor for the 2023-25 biennium, an increase of 4 FTE positions from the 2021-23 biennium authorized level of 61 FTE positions. The Legislative Assembly added 3 FTE Local Government Division audit positions and 1 FTE education coordinator position.

One-Time Funding

The following is a summary of one-time funding items for the State Auditor for the 2023-25 biennium:

	General Fund	Other Funds	Total
Local government audit office furniture	\$9,000		\$9,000
Inflationary increases for travel and professional development	22,000	\$37,000	59,000
Audit software setup and migration	45,550		45,550
Capital equipment replacement	25,000		25,000
Total	\$101,550	\$37,000	\$138,550

Other Sections in Senate Bill No. 2004

Audit refund - Section 3 provides a deficiency appropriation of \$11,000 from the general fund to the State Auditor to provide a refund to a political subdivision which, pursuant to the retroactive application of Senate Bill No. 2180 (2023), would not have had to contract for an audit.

Political subdivision audits - Section 4 amends the powers and duties of the State Auditor to allow the Department of Financial Institutions to contract with a certified public accountant for an audit; require the State Auditor to provide reports to the Legislative Audit and Fiscal Review Committee regarding instances where the State Auditor did not distribute a final audit report to a client prior to public release; and exempt the institutions under the control of the State Board of Higher Education from certain audit fees.

Salary of the State Auditor - Section 5 provides the statutory changes to increase the State Auditor's salary. The State Auditor's annual salary is increased from the current level of \$114,486 to \$130,000 (13.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024, to reflect salary equity increases for elected officials and salary adjustments consistent with 2023-25 biennium state employee salary increases.

Department of Financial Institutions audit - Section 6 requires the State Banking Board to provide for an audit of the Department of Financial Institutions once every 2 years. The State Banking Board may request the State Auditor to conduct the audit. If the State Auditor agrees to conduct the audit, the State Auditor must deposit any fees assessed for completion of the audit to the State Auditor operating account.

Legislative Management - Local government audit services study - Section 7 provides for a Legislative Management study of local government audit services.

Emergency - Audit refund - Section 8 declares the deficiency appropriation to provide a political subdivision refund in Section 3 of the bill to be an emergency measure.

Related Legislation

House Bill No. 1235 (2023) - Terms of elected officials - Provides for certain elected officials, including the State Auditor, to begin their term of office on December 1st succeeding their election.

House Bill No. 1245 (2023) - County auditor financial reports - Requires each county to provide a financial report to the State Auditor by March 1st of each year showing the ending balances of the county general fund and county road and bridge fund for the preceding calendar year.

House Bill No. 1501 (2023) - Soybean Council audit - Identifies the Soybean Council as a nongovernmental entity, removing the requirement for an audit conducted by the State Auditor, and requires the council to prepare and submit a report summarizing the activities of the council to the State Auditor.

House Bill No. 1508 (2023) - Legislative Audit and Fiscal Review Committee report - Requires the State Auditor to report quarterly to the Legislative Audit and Fiscal Review Committee regarding communication with clients, billing, audits performed, and the audit schedule.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$77,302, of which \$44,533 is from the general fund and \$32,769 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2180 (2023) - Powers and duties of the State Auditor - Changes the requirement of state agencies to be audited from every 2 years to once every 2 to 4 years; changes the threshold of funding for political subdivisions that require an audit from \$750,000 to \$2 million; increases the rate the State Auditor may charge political subdivisions for the review of audit reports submitted by independent firms from \$86 per hour to \$90 per hour; and removes the requirement that the State Auditor audit political subdivisions when ordered by the Governor or upon petition and provides the State Auditor may perform these audits.

Senate Bill No. 2259 (2023) - Agricultural commodity group audit fees - Limits charges for audits of agricultural commodity groups to \$6,000 for an annual financial statement audit or \$4,000 for a 2-year single-page financial statement audit performed during the biennium ending June 30, 2025, and limits increases to 5 percent on July 1st of each odd-numbered year thereafter.