

25.0148.01001  
Title.  
Fiscal No. 1

Prepared by the Legislative Council  
staff for House Appropriations -  
Government Operations Division  
Committee

January 30, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENTS TO**

**HOUSE BILL NO. 1004**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state auditor; and  
2 to amend and reenact section 54-10-10 of the North Dakota Century Code, relating to the salary  
3 of the state auditor.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
6 as may be necessary, are appropriated out of any moneys in the general fund in the state  
7 treasury, not otherwise appropriated, and from other funds derived from special funds and  
8 federal funds, to the state auditor for the purpose of defraying the expenses of the state auditor,  
9 for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

|  | <u>Base Level</u>       | <u>Adjustments or<br/>Enhancements</u> | <u>Appropriation</u>    |
|--|-------------------------|--|-------------------------|
| 12 <del>Salaries and wages</del>                 | <del>\$14,627,899</del> | <del>\$0</del>                         | <del>\$14,627,899</del> |
| 13 <del>Operating expenses</del>                 | <del>1,719,771</del>    | <del>0</del>                           | <del>1,719,771</del>    |
| 14 <del>Information technology consultants</del> | <del>450,000</del>      | <del>0</del>                           | <del>450,000</del>      |
| 15 <del>Total all funds</del>                    | <del>\$16,797,670</del> | <del>\$0</del>                         | <del>\$16,797,670</del> |
| 16 <del>Less other funds</del>                   | <del>6,486,821</del>    | <del>0</del>                           | <del>6,486,821</del>    |
| 17 <del>Total general fund</del>                 | <del>\$10,310,849</del> | <del>\$0</del>                         | <del>\$10,310,849</del> |
| 18 <del>Full-time equivalent positions</del>     | <del>65.00</del>        | <del>0.00</del>                        | <del>65.00</del>        |
| 19 <u>Salaries and wages</u>                     | <u>\$14,627,899</u>     | <u>\$843,128</u>                       | <u>\$15,471,027</u>     |

Sixty-ninth  
Legislative Assembly

|   |   |              |             |              |
|---|---|--------------|-------------|--------------|
| 1 | <u>New and vacant FTE pool</u>            | 0            | 626,476     | 626,476      |
| 2 | <u>Operating expenses</u>                 | 1,719,771    | 69,321      | 1,789,092    |
| 3 | <u>Information technology consultants</u> | 450,000      | 135,000     | 585,000      |
| 4 | <u>Total all funds</u>                    | \$16,797,670 | \$1,673,925 | \$18,471,595 |
| 5 | <u>Less other funds</u>                   | 6,486,821    | 4,630       | 6,491,451    |
| 6 | <u>Total general fund</u>                 | \$10,310,849 | \$1,669,295 | \$11,980,144 |
| 7 | <u>Full-time equivalent positions</u>     | 65.00        | (4.00)      | 61.00        |

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

| 13 | <u>One-Time Funding Description</u> | <u>General Fund</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|----|-------------------------------------|---------------------|--------------------|--------------------|
| 14 | Cost related to new FTE             | \$0                 | \$3,000            | \$3,000            |
| 15 | Peer review                         | 25,000              | 0                  | 25,000             |
| 16 | Audit software migration            | <u>25,200</u>       | <u>10,800</u>      | <u>36,000</u>      |
| 17 | Grand total                         | \$50,200            | \$13,800           | \$64,000           |

**SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The state auditor may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

**SECTION 4. AMENDMENT.** Section 54-10-10 of the North Dakota Century Code is amended and reenacted as follows:

**54-10-10. Salary of state auditor.**

The annual salary of the state auditor is ~~one hundred thirty thousand~~ one hundred thirty-nine thousand two hundred fifty-six dollars through June 30, ~~2024~~ 2026, and ~~one hundred thirty-five thousand two hundred~~ one hundred forty-three thousand four hundred thirty-four dollars thereafter.



**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1004 - State Auditor - House Action**

|                                    | Base Budget         | House Changes      | House Version       |
|------------------------------------|---------------------|--------------------|---------------------|
| Salaries and wages                 | \$14,627,899        | \$843,128          | \$15,471,027        |
| New and vacant FTE pool            |                     | 626,476            | 626,476             |
| Operating expenses                 | 1,719,771           | 69,321             | 1,789,092           |
| Information technology consultants | 450,000             | 135,000            | 585,000             |
| <b>Total all funds</b>             | <b>\$16,797,670</b> | <b>\$1,673,925</b> | <b>\$18,471,595</b> |
| Less estimated income              | 6,486,821           | 4,630              | 6,491,451           |
| <b>General fund</b>                | <b>\$10,310,849</b> | <b>\$1,669,295</b> | <b>\$11,980,144</b> |
| <b>FTE</b>                         | <b>65.00</b>        | <b>(4.00)</b>      | <b>61.00</b>        |

**Department 117 - State Auditor - Detail of House Changes**

|                                    | Adjusts Funding for Base Payroll Changes <sup>1</sup> | Adds Funding for Cost to Continue Salaries and Wages <sup>2</sup> | Adds Funding for Salary and Benefit Increases <sup>3</sup> | Adds Funding to Replace 2023-25 New and Vacant FTE Pool <sup>4</sup> | Transfers Funding for 2025-27 New and Vacant FTE Pool <sup>5</sup> | Removes 5 FTE Local Government Audit Positions <sup>6</sup> |
|------------------------------------|---|---|--|--|--|---|
| Salaries and wages                 | \$951   | \$219,988   | \$927,774  | \$1,610,418  | (\$866,484)  | (\$1,149,205)   |
| New and vacant FTE pool            |   |   |  |  | 626,476  |   |
| Operating expenses                 |   |   |  |  |  |   |
| Information technology consultants |   |   |  |  |  |   |
| <b>Total all funds</b>             | <b>\$951</b>  | <b>\$219,988</b>  | <b>\$927,774</b>   | <b>\$1,610,418</b>   | <b>(\$240,008)</b>   | <b>(\$1,149,205)</b>  |
| Less estimated income              | (40,050)  | 67,801  | 323,360  | 1,016,169  | (99,705)   | (1,149,205)   |
| <b>General fund</b>                | <b>\$41,001</b>                                       | <b>\$152,187</b>  | <b>\$604,414</b>   | <b>\$594,249</b>   | <b>(\$140,303)</b>   | <b>\$0</b>  |
| <b>FTE</b>                         | <b>0.00</b>   | <b>0.00</b>   | <b>0.00</b>  | <b>0.00</b>  | <b>0.00</b>  | <b>(5.00)</b>   |

|                                    | Adjusts the Funding Source of 2 FTE Positions <sup>7</sup> | Adds 1 FTE Mineral Royalty Auditor Position <sup>8</sup> | Adjusts Funding for Operating Expenses <sup>9</sup> | Increases Funding for Security Assessments <sup>10</sup> | Adds One-time Funding for a Peer Review <sup>11</sup> | Adds One-time Funding for Audit Software Migration <sup>12</sup> |
|------------------------------------|--|--|---|--|---|--|
| Salaries and wages                 |  | \$99,686   |   |  |   |  |
| New and vacant FTE pool            |  |  |   |  |   |  |
| Operating expenses                 |  | 7,516  | \$805   |  | \$25,000  | \$36,000   |
| Information technology consultants |  |  |   | \$135,000  |   |  |
| <b>Total all funds</b>             | <b>\$0</b>   | <b>\$107,202</b>   | <b>\$805</b>  | <b>\$135,000</b>   | <b>\$25,000</b>                                       | <b>\$36,000</b>  |
| Less estimated income              | (412,845)  | 107,202  | 91,103  | 90,000   | 0   | 10,800   |
| <b>General fund</b>                | <b>\$412,845</b>   | <b>\$0</b>   | <b>(\$90,298)</b>                                   | <b>\$45,000</b>  | <b>\$25,000</b>                                       | <b>\$25,200</b>  |
| <b>FTE</b>                         | <b>0.00</b>  | <b>1.00</b>  | <b>0.00</b>   | <b>0.00</b>  | <b>0.00</b>   | <b>0.00</b>  |

|                                    | Total House Changes |
|------------------------------------|---------------------|
| Salaries and wages                 | \$843,128           |
| New and vacant FTE pool            | 626,476             |
| Operating expenses                 | 69,321              |
| Information technology consultants | 135,000             |
| <b>Total all funds</b>             | <b>\$1,673,925</b>  |
| Less estimated income              | 4,630               |
| <b>General fund</b>                | <b>\$1,669,295</b>  |
| <b>FTE</b>                         | <b>(4.00)</b>       |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> Adds funding for cost to continue 2023-25 biennium salary increases.

<sup>3</sup> The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from \$1,643 to \$1,893 per month:

|                           | <b>General<br/>Fund</b> | <b>Other<br/>Funds</b> | <b>Total</b>   |
|---------------------------|-------------------------|------------------------|----------------|
| Salary increase           | \$376,213               | \$194,245              | \$570,458      |
| Health insurance increase | <u>228,201</u>          | <u>129,115</u>         | <u>357,316</u> |
| Total                     | \$604,414               | \$323,360              | \$927,774      |

<sup>4</sup> Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

|                      | <b>General<br/>Fund</b> | <b>Other<br/>Funds</b> | <b>Total</b>   |
|----------------------|-------------------------|------------------------|----------------|
| Vacant FTE positions | \$375,577               | \$276,409              | \$651,986      |
| New FTE positions    | <u>218,672</u>          | <u>739,760</u>         | <u>958,432</u> |
| Total                | \$594,249               | \$1,016,169            | \$1,610,418    |

<sup>5</sup> Funding of \$99,686 for a new FTE position and \$766,798 for estimated savings from vacant FTE positions is removed and funding of \$626,476 is added for a 2025-27 new and vacant FTE pool line item as follows:

|                        | <b>General<br/>Fund</b> | <b>Other<br/>Funds</b> | <b>Total</b>     |
|------------------------|-------------------------|------------------------|------------------|
| New FTE positions      | (\$0)                   | (\$99,686)             | (\$99,686)       |
| Vacant FTE positions   | <u>(467,678)</u>        | <u>(299,120)</u>       | <u>(766,798)</u> |
| Total                  | (\$467,678)             | (\$398,806)            | (\$866,484)      |
| Funding pool line item | <u>327,375</u>          | <u>299,101</u>         | <u>626,476</u>   |
| Net savings            | (\$140,303)             | (\$99,705)             | (\$240,008)      |

<sup>6</sup> Removes 5 FTE vacant local government audit positions.

<sup>7</sup> Adjusts the funding source for 2 FTE local government audit positions from special funds from local government audit fees to the general fund.

<sup>8</sup> Adds 1 FTE mineral royalty auditor position and related funding from federal funds for salaries and wages and ongoing and one-time operating expenses, including \$3,000 of one-time funding for operating expenses.

<sup>9</sup> Adjusts funding for operating expenses, including funding for IT rate increases.

<sup>10</sup> Increases funding for IT consultants for security assessments, including funding from special funds for assessments of the North Dakota University System.

<sup>11</sup> Adds one-time funding for costs related to a peer review required every 3 years.

<sup>12</sup> Adds one-time funding for IT costs related to new audit software migration.

This amendment also:

- Adds a section regarding the use of funding in the new and vacant FTE pool line item; and
- Adds a section to provide the statutory changes necessary to increase the State Auditor's annual salary 3 percent each year of the biennium to \$139,256 effective July 1, 2025, and to \$143,434 effective July 1, 2026.