

# FISCAL NOTE

Requested by Legislative Council  
01/13/2003

## REVISION

Bill/Resolution No.: HB 1187

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$186,000	(\$1,252,923)	\$186,000	\$0
<b>Expenditures</b>	\$0	\$0	\$0	(\$1,252,923)	\$0	\$0
<b>Appropriations</b>	\$0	\$0	\$0	(\$1,252,923)	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$9,999,999	\$9,999,999	\$9,999,999	\$9,999,999	\$9,999,999	\$9,999,999

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Lines 6 through 12 on page 2 of HB No. 1187 eliminate the State Auditor's operating account which is used for funding audits of political subdivisions, by the State Auditor's Office.

Lines 24 and 25 on page 2 of HB No. 1187 would prohibit the State Auditor from conducting political subdivision audits.

Assuming that CPA firms do the same amount of audit work as the State Auditor's Office, the cost of audits to counties, cities and school districts will be significantly higher. The exact amount is unknown.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Audit fees generated by political subdivision audits (other fund revenue) would be reduced to zero.

Fund #246 "State Auditor Operating Fund" would be closed.

Other fund revenue of \$1,252,923 is included in the 2003-2005 executive budget.

Review fees of political subdivision audits and reports (\$186,000) would be deposited into the general fund.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures for fund #246 (other fund expenditures) would be reduced to zero in the 2003-2005 biennium.

Nine FTEs funded with other funds would be eliminated.

Two FTEs currently funded with special funds would need to be funded with general funds.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Fund #246 "State Auditor Operating Fund" would be closed, reducing other fund appropriation to zero in the 2003-2005 biennium.

Expenditures for 2 FTEs currently funded with other funds would need to be funded with state general funds. Currently the costs for these 2 FTEs are included in the executive budget and funded with other funds.

**Name:** Ed Nagel  
**Phone Number:** 328-4782

**Agency:** State Auditor's Office  
**Date Prepared:** 01/13/2003