

Office of the State Auditor: Funding History

2015 Session - FY 2016-17 Budget

The State Auditor (OSA) is funded at \$4.4 million from the General Fund. This amount includes a \$174,000 increase for staff retention in the audit practice, pension and government information divisions.

The majority of the OSA's funding is from a statutory appropriation from the Audit Enterprise Fund, estimated at \$13.86 million for FY 2016-17 (end-of-session estimate). The 2015 Legislature amended the statutory requirements for county audits, allowing a county to choose to have an audit performed by the state auditor or a private CPA firm. As a result, the "tails tracking" for estimated spending in the Audit Enterprise Fund was reduced by \$250,000 in FY 2018 and \$726,000 in FY 2019.

2013 Session - FY 2014-15 Budget

The funding for the majority of the State Auditor's office was restructured from a direct General Fund appropriation to a new revolving fund, with revenues collected from Audit Practice activities now statutorily appropriated to the OSA's revolving fund. Under the previous funding mechanism, revenues were deposited in the General Fund and audit activities were funded through a direct General fund appropriation.

As a result of this change the OSA's General Fund appropriation was reduced by \$13.1 million from base, offset by the loss of revenues, for a net zero impact to the General Fund. The OSA's new revolving fund was expected to result in revenues and expenditures of \$14.5 million for the biennium for the audit practice activities. The increase over the base was due to planned increases in audit recoveries to cover staff retention costs.

Audit Practice Changes (dollars in thousands)	
Expenditures Moved to Revolving Fund	13,121
Increase for Staff Retention	<u>1,361</u>
Total New Revolving Fund:	14,482

Functions of the office that are not reimbursable – including the government information division, pension oversight and the special investigations activities – remain funded through a direct General Fund appropriation. The amount authorized for these activities was \$4.2 million for the biennium.

Other changes authorized for the State Auditor included:

- \$156,000 General Fund reduction from the transfer of the JOBZ oversight function to the Legislative Auditor.
- \$250,000 revenue impact for the Small Cities & Town Accounting System.

2011 Session - FY 2012-13 Budget

The State Auditor's office received \$17.3 million in direct general fund appropriations, a reduction of \$910,000, or five percent, from FY 2012-13 base funding.

2010- Supplemental Budget

The State Auditor received a General Fund reduction of \$110,000 for FY 2010-11, and \$156,000 for FY 2012-13. The reductions were calculated as a three percent cut against the State Auditor's non-reimbursable activities.

The 2010 tax bill created a Council on Local Results and Innovation to develop a set of standard performance measures for local governments. A statutory General Fund appropriation was created to provide funding for the state auditor's responsibilities for this council.

2009 Session - FY 2010-11 Budget

The State Auditor's office received \$19 million, an increase of \$680,000, or 3.7 percent, over FY 2010-11 base funding. The increased funds were one-time dollars allocated for auditing of the federal stimulus oversight activities and reporting. This increase will be recovered through audit fees, so the net cost to the general fund is zero.

Office of the State Auditor, Appropriation History

(dollars in thousands)

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Direct Appropriations								
General Fund	9,858	9,178	8,645	8,645	2,070	2,121	2,185	2,231
Statutory Appropriations								
General Fund (Local Govt. Performance Measures)			2	2	2	2	2	2
Audit Practice			-	-	7,134	7,348	6,905	6,951
Special Revenue - TIF	659	673	652	655	702	744	674	674
Special Revenue - CTAS					250			

Source: Legislative Tracking sheets / Session Laws

Legal Citations for Statutory Appropriations:

MS 6.91, Local Performance Measurement & Reporting

MS 6.581, State Auditor Enterprise Fund

MS 469.177, Subd. 11, TIF Deduction for Enforcement Costs

MS 6.475, City and Town Accounting System Software

Office of the State Auditor, Expenditure History

(dollars in thousands)

Fund	Activity	Expenditures				Budgeted
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Audit Practice Enterprise Fund	Audit Practice		-	6,419	6,351	6,700
General	Audit Practice	6,026	5,815	93	61	88
	Constitutional Office	231	247	248	281	426
	Government Information	509	446	437	512	584
	Legal/Special Investigations	382	418	364	368	344
	Operations Management	668	914	257	360	312
	Pension	387	408	415	417	433
Restrict Misc Special Revenue	Audit Practice	48	58	49	43	60
	Government Information			244	55	1
	Tax Increment Financing	613	636	605	630	674
	Total:	8,864	8,942	9,131	9,078	9,622

Source: MMB Transparency website

State Auditor FTEs by Appropriation Code

	2012	2013	2014	2015
Constitutional Office	1.86	2.00	2.00	2.00
Audit Practice - General Fund	64.01	63.96	2.92	0.62
Audit Practice - Enterprise Fund		0.00	65.45	62.90
All Staff Conferences	0.12	0.21	0.19	0.09
Legal / Special Investigations	3.66	3.82	3.33	3.86
Government Information	6.55	6.35	5.66	5.92
Local Government Performance Measures	0.03	0.04	0.02	0.04
Pension	5.31	5.62	5.07	4.59
Operations Management	5.86	6.33	3.04	2.62
Tax Increment Financing	5.16	6.29	6.06	6.06
	99.60	94.62	93.74	88.70

State Auditor: Total FTEs

Year	Total FTEs
2010	105.78
2011	103.69
2012	99.60
2013	94.62
2014	93.74
2015	88.70

Source: Minnesota Management & Budget