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## **AGENCY OVERVIEW**

**120** OFFICE OF THE STATE TREASURER

**Date:** 12/13/2006

**Time:** 15:23:55

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### **STATUTORY AUTHORITY**

North Dakota Constitution Article V, Section 02; Article X, Section 12 and 25; North Dakota Century Code Sections 4-24-09, 4-28-08, 5-01; 5-03, 5-04, 15-03-01, 15-10-12, 15-13-07, 16.1-15-33, 21-01, 21-04, 21-10-01, 25-01-11, 32-15-31, 37-14-14, 37-15, 50-27-01, 54-06, 54-11, 54-16-08, 54-27, 54-30, 55-01, 57-13-01, 57-32-05, 57-51-14, and 65-04-30.

### **AGENCY DESCRIPTION**

The State Treasurer's office serves as the custodian of all state funds. Our agency is responsible for the cash management of all general funds as well as the investment services of special funds and/or numerous trust funds. The State Treasurer's Office is responsible for distributing accurate and timely tax distributions to over 500 political subdivisions across the state.

### **AGENCY MISSION**

"The mission of the State Treasurer's office is to fulfill our constitutional and statutory responsibilities in order to assure sound financial oversight and absolute safety of all public funds collected, managed, and disbursed."

### **AGENCY PERFORMANCE MEASURES**

The State Treasurer's Office provides a daily investment management service to over 25 state agencies and trust funds, which amounts to over 90 individual investment accounts.

The State Treasurer's Office is responsible for the distribution of over 1.5 million accounting, human service and payroll checks biennially.

Daily, our agency manages an average of \$525 million of state general and special funds.

The State Treasurer performs direct deposit-electronic funds transfer for tax distributions of nearly \$500 million to approximately 500 political subdivisions, which not only makes the money available to subdivisions in a timely manner, but also enhances government efficiency at both the state and local level.

### **MAJOR ACCOMPLISHMENTS**

**WEBSITE:** The State Treasurer's Office launched a new website in July of 2006. This site has helped us wage an informational campaign that will establish relationships in and outside state government and will help us educate our stakeholders as to our agency functions.

**BID-ND:** Our investment initiative BidND began in June 2005. BidND invests special fund dollars in North Dakota banks and Credit Unions using a bid process. To date, BidND has brought millions of dollars home to over 40 North Dakota communities. By using a bid process, these investments have been placed at higher than average interest rates.

**INTEREST INCOME:** The state has seen revenue increases as well as a rise in interest rates in recent months; this as well as the effective cash management by the State Treasurer's Office has helped to bring record interest income in excess of 1000% over the legislative forecast. It is difficult to find any investment terms longer than 35 days over the past decade, today we are purchasing investments in excess of 90 days.

**FUTURE CRITICAL ISSUES**

\$10,783 was added as the cost to continue the 2nd year salary increases.

**REQUEST SUMMARY**

120 OFFICE OF THE STATE TREASURER

Biennium: 2007-2009

Bill#: SB2005

Date: 12/13/2006

Time: 15:23:55

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
<b>BY MAJOR PROGRAM</b>					
ADMINISTRATION	2,385,309	2,344,547	-124,232	2,220,315	879,942
<b>TOTAL MAJOR PROGRAMS</b>	<b>2,385,309</b>	<b>2,344,547</b>	<b>-124,232</b>	<b>2,220,315</b>	<b>879,942</b>
<b>BY LINE ITEM</b>					
SALARIES AND WAGES	592,304	644,760	10,768	655,528	111,714
OPERATING EXPENSES	102,833	154,787	0	154,787	768,228
IN LIEU OF TAX PAYMENTS	1,690,172	1,545,000	-135,000	1,410,000	0
<b>TOTAL LINE ITEMS</b>	<b>2,385,309</b>	<b>2,344,547</b>	<b>-124,232</b>	<b>2,220,315</b>	<b>879,942</b>
<b>BY FUNDING SOURCE</b>					
GENERAL FUND	2,385,309	2,344,547	-124,232	2,220,315	879,942
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
<b>TOTAL FUNDING SOURCE</b>	<b>2,385,309</b>	<b>2,344,547</b>	<b>-124,232</b>	<b>2,220,315</b>	<b>879,942</b>
<b>TOTAL FTE</b>	<b>6.00</b>	<b>6.00</b>	<b>.00</b>	<b>6.00</b>	<b>1.00</b>

**REQUEST DETAIL**

120 OFFICE OF THE STATE TREASURER  
 Biennium: 2007-2009

Bill#: SB2005

Date: 12/13/2006

Time: 15:23:55

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
<b>SALARIES AND WAGES</b>					
SALARIES - PERMANENT	444,647	470,760	10,994	481,754	84,000
SALARIES - OTHER	2,345	0	0	0	0
TEMPORARY SALARIES	0	10,000	0	10,000	0
FRINGE BENEFITS	145,312	164,000	-226	163,774	27,714
SALARY INCREASE	0	0	0	0	0
BENEFIT INCREASE	0	0	0	0	0
<b>TOTAL</b>	<b>592,304</b>	<b>644,760</b>	<b>10,768</b>	<b>655,528</b>	<b>111,714</b>
<b>SALARIES AND WAGES</b>					
GENERAL FUND	592,304	644,760	10,768	655,528	111,714
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
<b>TOTAL</b>	<b>592,304</b>	<b>644,760</b>	<b>10,768</b>	<b>655,528</b>	<b>111,714</b>
<b>OPERATING EXPENSES</b>					
TRAVEL	922	7,000	0	7,000	0
SUPPLIES - IT SOFTWARE	4,603	2,750	0	2,750	0
SUPPLY/MATERIAL-PROFESSIONAL	813	2,000	0	2,000	0
MISCELLANEOUS SUPPLIES	32	127	0	127	0
OFFICE SUPPLIES	3,427	3,500	0	3,500	0
POSTAGE	8,827	10,500	0	10,500	0
PRINTING	4,624	5,500	0	5,500	0
IT EQUIP UNDER \$5,000	8,583	2,500	0	2,500	0
OFFICE EQUIP & FURN SUPPLIES	9,239	2,550	0	2,550	0
INSURANCE	1,776	2,187	0	2,187	0
RENTALS/LEASES-EQUIP & OTHER	3,469	4,400	0	4,400	0
REPAIRS	3,692	1,500	0	1,500	0
IT - DATA PROCESSING	34,410	81,623	0	81,623	0
IT-COMMUNICATIONS	5,913	5,500	0	5,500	0
IT CONTRACTUAL SERVICES AND RE	0	0	0	0	768,228
PROFESSIONAL DEVELOPMENT	3,888	7,500	0	7,500	0
OPERATING FEES AND SERVICES	1,356	1,650	0	1,650	0
FEES - PROFESSIONAL SERVICES	7,259	14,000	0	14,000	0
<b>TOTAL</b>	<b>102,833</b>	<b>154,787</b>	<b>0</b>	<b>154,787</b>	<b>768,228</b>

**REQUEST DETAIL**

Date: 12/13/2006

120 OFFICE OF THE STATE TREASURER

Bill#: SB2005

Time: 15:23:55

Biennium: 2007-2009

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
<b>OPERATING EXPENSES</b>					
GENERAL FUND	102,833	154,787	0	154,787	768,228
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
<b>TOTAL</b>	<b>102,833</b>	<b>154,787</b>	<b>0</b>	<b>154,787</b>	<b>768,228</b>
<b>SPECIAL LINES</b>					
IN LIEU OF TAX PAYMENTS	1,690,172	1,545,000	-135,000	1,410,000	0
<b>TOTAL</b>	<b>1,690,172</b>	<b>1,545,000</b>	<b>-135,000</b>	<b>1,410,000</b>	<b>0</b>
<b>SPECIAL LINES</b>					
GENERAL FUND	1,690,172	1,545,000	-135,000	1,410,000	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
<b>TOTAL</b>	<b>1,690,172</b>	<b>1,545,000</b>	<b>-135,000</b>	<b>1,410,000</b>	<b>0</b>
<b>FUNDING SOURCES</b>					
GENERAL FUND	2,385,309	2,344,547	-124,232	2,220,315	879,942
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
<b>TOTAL FUNDING SOURCES</b>	<b>2,385,309</b>	<b>2,344,547</b>	<b>-124,232</b>	<b>2,220,315</b>	<b>879,942</b>

**CHANGE PACKAGE SUMMARY**

120 OFFICE OF THE STATE TREASURER

Biennium: 2007-2009

Bill#: SB2005

Date: 12/13/2006

Time: 15:23:55

Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<b>AGENCY BUDGET CHANGES</b>					
Cost To Continue	.00	10,768	0	0	10,768
1 Reduced In Lieu of Tax Payments	.00	-135,000	0	0	-135,000
<b>Agency Total</b>	<b>.00</b>	<b>-124,232</b>	<b>0</b>	<b>0</b>	<b>-124,232</b>
<b>OPTIONAL REQUEST</b>					
1 Additional FTE	1.00	111,714	0	0	111,714
2 Rewrite Mainframe Software Programs	.00	768,228	0	0	768,228
<b>Optional Total</b>	<b>1.00</b>	<b>879,942</b>	<b>0</b>	<b>0</b>	<b>879,942</b>

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**BUDGET CHANGES NARRATIVE**

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<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 1	<b>Priority:</b> 10
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Reduced In Lieu of Tax Payments -

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The General Fund appropriation request for the in-lieu of property taxes on carbon dioxide pipeline property has been reduced \$135,000 after considering depreciation on the properties value and an increase in mills. The Tax Department estimates a 5% net decrease in the first year of the biennium and 6% net decrease the second year.

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 100	<b>Priority:</b>
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OMB Rewrite Mainframe Software Program -

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This adjustment provides general funding for a rewrite of software programs currently housed on the Mainframe.

<b>Change Group:</b> O	<b>Change Type:</b> A	<b>Change No:</b> 1	<b>Priority:</b> 10
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Additional FTE -

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In order for the Treasurer's Office to maintain a satisfactory level of job performance and to comply with the State Auditor's recommendation of having an Account Manager or Accounting/Budget Specialist II or III on staff, the State Treasurer's Office is requesting an additional FTE.

<b>Change Group:</b> O	<b>Change Type:</b> A	<b>Change No:</b> 2	<b>Priority:</b> 20
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Rewrite Mainframe Software Programs -

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The Treasurer's Office operates and maintains six mainframe programs that were written in the 1970's in Natural. They are difficult to use and costly to maintain. We are continually incurring programming cost to update and maintain the functionality of these systems.

In order to provide accurate and timely tax distributions to the over 500 political subdivision of North Dakota, our office needs a system that is adaptable to change. The number of programmers available to us for maintenance and legislative changes has and will continue to decrease over time. If the systems were to crash or if legislative changes require reprogramming significant delays could occur in making tax distributions to our political subs.