

Arizona Department of Administration
Financial Services

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DESCRIPTION	FY 2005 ACTUAL	FY 2006 ESTIMATE	FY 2007 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	103.5	109.5	109.5
Personal Services	2,908,200	3,755,700	3,755,700
Employee Related Expenditures	935,500	1,220,000	1,220,000
Professional and Outside Services	36,500	3,000	3,000
Travel - In State	1,100	5,500	5,500
Travel - Out of State	1,600	3,200	3,200
Other Operating Expenditures	2,342,600	2,297,700	2,297,700
Equipment	94,600	0	0
OPERATING SUBTOTAL	6,320,100	7,285,100	7,285,100
SPECIAL LINE ITEMS			
Named Claimants	105,700	0	0
ADC Overtime Pay	12,261,400	0	0
Zuni Water Rights Settlement	0	800,000	796,000
ENSCO	5,309,300	5,310,300	5,330,400
Arizona Financial Information System	740,200	967,400	967,400
PROGRAM TOTAL	24,736,700	14,362,800	14,378,900
FUND SOURCES			
General Fund	14,720,500	13,304,200	13,324,300
<u>Other Appropriated Funds</u>			
Capital Outlay Stabilization Fund	39,300	90,200	90,200
Corrections Fund	32,500	93,400	93,400
Risk Management Revolving Fund	9,883,000	0	0
Special Employee Health Insurance Trust Fund	61,400	75,000	75,000
Watercraft Licensing Fund	0	800,000	796,000
SUBTOTAL - Other Appropriated Funds	10,016,200	1,058,600	1,054,600
SUBTOTAL - Appropriated Funds	24,736,700	14,362,800	14,378,900
Other Non-Appropriated Funds	34,804,500	47,960,600	49,405,500
TOTAL - ALL SOURCES	59,541,200	62,323,400	63,784,400

CHANGE IN FUNDING SUMMARY

	FY 2006 to FY 2007 JLBC	
	\$ Change	% Change
General Fund	20,100	0.2%
Other Appropriated Funds	(4,000)	(0.4%)
Total Appropriated Funds	16,100	0.1%
Non Appropriated Funds	1,444,900	3.0%
Total - All Sources	1,461,000	2.3%

COST CENTER DESCRIPTION — The Financial Services Division includes the General Accounting Office (GAO), which maintains the state’s financial records, provides accounting services to agencies, processes payroll, and oversees state compliance with financial requirements and appropriation authority; and Enterprise Procurement Services (EPS), which provides purchasing services and oversees procurement for state agencies.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005	FY 2007
	Actual	Actual	Actual	JLBC
<ul style="list-style-type: none"> Average cycle time for requests for proposal (RFP) (in days) Comments: The agency no longer measures average cycle time for requests for proposal. In its place the agency has begun tracking the following performance measure concerning the percent of dates met for the RFP process. The agency did not submit information for this measure in FY 2005. 	65.7	40.7	NA	--
<ul style="list-style-type: none"> % of procurement plan award dates met for the RFP process (NEW) 	--	--	87	89
<ul style="list-style-type: none"> Customer satisfaction with establishing contracts (Scale 1-8) (NEW) Comments: The agency did not submit information for this measure in FY 2004. 	5.9	NA	5.2	5.5
<ul style="list-style-type: none"> Customer satisfaction with administering contracts (Scale 1-8) (NEW) Comments: The agency did not submit information for this measure in FY 2004. 	5.9	NA	4.8	5.0
<ul style="list-style-type: none"> Customer satisfaction rating for the operation of Arizona Financial Information System (AFIS) (Scale 1-8) 	5.8	6.5	6.2	6.5

RECOMMENDED CHANGES FROM FY 2006

Operating Budget

The JLBC recommends \$7,285,100 for the operating budget in FY 2007. This amount consists of:

	FY 2007
General Fund	\$7,026,500
Capital Outlay Stabilization Fund	90,200
Corrections Fund	93,400
Special Employee Health Insurance Trust Fund	75,000

These amounts are unchanged from FY 2006.

Special Line Items

Named Claimants

The JLBC cannot yet offer a recommendation for Named Claimants, as the related dollar amount is not available at this time. The state must annually settle legitimate unpaid claims against received goods and services, as submitted by the various state agencies.

Monies in this line item are not included in the General Appropriation Act. A separate legislative act usually makes this appropriation. Laws 2005, Chapter 227 paid \$105,700 from the General Fund in FY 2005. The department will provide an estimate of the FY 2006 Named Claimants amount by the end of January 2006.

Vendors providing goods and services to the state can make claims against the receiving agencies if invoices are not paid in full. Up to 1 year following receipt, state agencies have the financial authority to pay such claims

through administrative adjustments. However, the Legislature must grant special appropriation authority to pay claims older than 1 year.

ADC Overtime Pay

The JLBC recommends no new funding for this line item as it was a one-time FY 2005 appropriation for Arizona Department of Corrections (ADC) overtime pay. Laws 2005, Chapter 6 appropriated \$12,499,100 for the ADC On-Call Pay Settlement in FY 2005. This amount consists of \$2,499,100 from the General Fund and \$10,000,000 from the Risk Management Fund.

In *Cherry L. Schofield v. State of Arizona*, ADC staff filed over 1,700 claims seeking compensation for unpaid on-call time. Officers on call, while not on duty, must remain available to respond to emergency orders. As part of the settlement negotiated in the Maricopa County Superior Court, ADOA and ADC paid \$8 million in settlements from their existing budgets between FY 2003 and FY 2004. However, over 400 claims were unsettled. Chapter 6 provided settlements for the remaining claims.

Zuni Water Rights Settlement

The JLBC recommends \$796,000 from the Watercraft Licensing Fund for the Zuni Indian Tribe Water Rights Settlement in FY 2007. This amount would fund the following adjustments:

Enacted Appropriation **OF (4,000)**
The JLBC recommends a decrease of \$(4,000) from the Watercraft Licensing Fund in FY 2007 for the Zuni Indian Tribe Water Rights Settlement.

Laws 2005, Chapter 332 appropriated \$800,000 in FY 2006 and \$796,000 in FY 2007 from the Watercraft Licensing Fund. The settlement allows the Zuni Tribe to purchase water rights and restore wetlands on its reservation in eastern Arizona. In return, the Zuni Tribe waives any further water or damages claims against the state. Since Chapter 332 advance appropriated the FY 2007 amount, these monies will not appear in the FY 2007 General Appropriation Act.

The Federal Zuni Indian Tribe Water Rights Settlement Act of 2003 (P.L. 108-34) codifies this agreement. Under the arrangement, federal and private organizations contributed approximately \$25 million.

The settlement requires the state to fund \$2 million. The Department of Water Resources contributed around \$400,000 from the non-appropriated Arizona Water Protection Fund.

If the United States Department of the Interior does not formally record the state's compliance with the settlement by December 31, 2006, the amounts appropriated from Chapter 332 revert back to the Watercraft Licensing Fund.

ENSCO

The JLBC recommends \$5,330,400 from the General Fund for ENSCO in FY 2007. This amount would fund the following adjustments:

Lease-Purchase Costs	GF	20,100
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The JLBC recommends an increase of \$20,100 from the General Fund in FY 2007 for increased lease-purchase costs. This amount consists of \$15,000 for the FY 2007 increase and \$5,100 for the previously unfunded FY 2006 increase.

Monies in this line item are used to pay the lease-purchase requirements for acquisition of the ENSCO site. The state secured lease-purchase financing of \$55,825,000 in October 1991 to settle with ENSCO and acquire its partially-constructed hazardous waste treatment site in Mobile, Arizona. Payments will continue through FY 2011.

Arizona Financial Information System

The JLBC recommends \$967,400 and 11.1 FTE Positions from the General Fund for the Arizona Financial Information System (AFIS) in FY 2007. This amount is unchanged from FY 2006.

Monies in this line item pay the General Fund cost of operating the statewide accounting system. The budget continues to allow the department to collect up to \$1,762,600 in FY 2007 from other funding sources, excluding the General Fund and Federal Funds, to supplement the cost of operating AFIS. (See Standard Footnotes for more information.)

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JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Fund

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

The department may collect an amount of not to exceed \$1,762,600 from other funding sources, excluding Federal Funds, to recover pro rata costs of operating AFIS II. Any amounts left unspent from the Arizona Financial Information System Special Line Item shall revert to the State General Fund.

SUMMARY OF FUNDS - SEE AGENCY SUMMARY
