

Department of Financial Institutions

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DESCRIPTION	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 JLBC	FY 2009 JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	53.1	55.1	55.1	55.1
Personal Services	2,174,400	2,568,100	2,568,100	2,568,100
Employee Related Expenditures	621,800	772,100	776,400	776,400
Professional and Outside Services	52,400	16,600	16,600	16,600
Travel - In State	19,900	0	0	0
Travel - Out of State	26,300	0	0	0
Other Operating Expenditures	337,100	302,100	243,600	243,600
Equipment	47,200	0	0	0
OPERATING SUBTOTAL	3,279,100	3,658,900	3,604,700	3,604,700
SPECIAL LINE ITEMS				
Document Imaging Project	30,000	75,000	75,000	0
AGENCY TOTAL	3,309,100	3,733,900	3,679,700	3,604,700

FUND SOURCES				
General Fund	3,309,100	3,733,900	3,679,700	3,604,700
SUBTOTAL - Appropriated Funds	3,309,100	3,733,900	3,679,700	3,604,700
Other Non-Appropriated Funds	708,700	830,100	830,100	830,100
TOTAL - ALL SOURCES	4,017,800	4,564,000	4,509,800	4,434,800

CHANGE IN FUNDING SUMMARY	<u>FY 2007 to FY 2008 JLBC</u>		<u>FY 2007 to FY 2009 JLBC</u>	
	\$ Change	% Change	\$ Change	% Change
General Fund	(54,200)	(1.5%)	(129,200)	(3.5%)
Total Appropriated Funds	(54,200)	(1.5%)	(129,200)	(3.5%)
Non Appropriated Funds	0	0.0%	0	0.0%
Total - All Sources	(54,200)	(1.2%)	(129,200)	(2.8%)

AGENCY DESCRIPTION — The department regulates state-chartered financial entities. The regulated entities include money transmitters, motor vehicle dealers, holding companies, trust companies, sales finance companies, collection agencies, escrow agents, debt management companies, consumer lenders, mortgage bankers, mortgage brokers, premium finance companies, credit unions, and banks.

PERFORMANCE MEASURES	FY 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	JLBC
<ul style="list-style-type: none"> • % of examinations reports mailed within 25 days of examiner's completion of exam procedures Comments: The department reports that this measure declined in FY 2006 due to the number and complexity of the examinations reports they encountered in that fiscal year.	88.6	87.9	74.0	78.0
<ul style="list-style-type: none"> • % of license applications approved within 45 days of receipt Comments: The department reports that the percent of license applications approved within 45 days decreased from FY 2005 to FY 2006 due to a more rigorous license application review processes instituted by the department.	94.3	85.3	61.9	65.0
<ul style="list-style-type: none"> • % of examinations receiving satisfactory rating 	86.7	87.0	84.0	91.0

PERFORMANCE MEASURES (Continued)	FY 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	JLBC
<ul style="list-style-type: none"> Average days from receipt to resolution of regular complaints Comments: The number of days to resolve a regular complaint increased from FY 2005 to FY 2006 due to a change in the department's complaint investigative procedures and the institution of new procedures in the Consumer Affairs Division for more in-depth investigations. 	39.4	21.4	102.0	100.0
<ul style="list-style-type: none"> % of complainants indicating they received "good" or better service when filing a complaint 	60.8	70.0	73.0	75.0

CHANGES FROM FY 2007

Operating Budget

The JLBC includes \$3,604,700 and 55.1 FTE Positions from the General Fund for the operating budget in FY 2008 and FY 2009. This amount would fund the following adjustments:

		<u>FY 2008</u>	<u>FY 2009</u>
One-Time AZNet Appropriation	GF	\$(54,200)	\$(54,200)

The JLBC includes a decrease of \$(54,200) from the General Fund in FY 2008 and FY 2009 to reflect the one-time appropriation for AZNet telecommunication charges.

Special Line Items

Document Imaging Project

The JLBC includes \$75,000 from the General Fund for the Document Imaging Project in FY 2008 and no funding in FY 2009. These amounts reflect the following adjustment:

Project Completion GF 0 (75,000)

The JLBC includes no change in funding in FY 2008 and a decrease of \$(75,000) in FY 2009 to complete the Document Imaging Project.

The goal of the project is to convert files for closed licenses, convert active licenses, and establish new licenses in an imaged form. The last phase of the project will be finished in FY 2008. The total cost of the project is \$180,000.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The Department of Financial Institutions shall assess and set fees to ensure that monies deposited in the state General Fund will equal or exceed its expenditure from the state General Fund.

SUMMARY OF FUNDS	FY 2006	FY 2007
	Actual	Estimate

Arizona Escrow Recovery Fund (BDA2341/A.R.S. § 6-847.01)

Non-Appropriated

Source of Revenue: Within the fund, the Superintendent shall keep separate and distinct the following 2 accounts: 1) real property escrow agents account and 2) all other escrow agents account. All real property escrow agents shall make a one-time contribution of \$5,000 plus 3% of gross escrow fees until the real property escrow subaccount balance reaches \$4,000,000. Real property escrow agents may be asked to resume payment if claims draw the subaccount balance below \$4,000,000 or if there is an open escrow receivership that may require additional monies. Escrow agents, other than real property agents, pay into the fund as prescribed by the Superintendent.

Purpose of Fund: To pay claims against escrow agents. Each year, the department may receive up to 2% of the fund balance for administration costs.

Funds Expended	0	0
Year-End Fund Balance	5,336,700	5,412,700

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 Estimate
IGA and ISA Fund (BDA2500/A.R.S. § 6-1201)		Non-Appropriated
Source of Revenue: Monies received through Intergovernmental Agreements with the Attorney General's Office.		
Purpose of Fund: To reimburse the department for expenses related to the examination of money transmitting organizations. The banking examiners work in cooperation with the Attorney General's Office to provide information leading to the criminal conviction of fraudulent money transmitting organizations.		
Funds Expended	210,300	244,000
Year-End Fund Balance	400	1,400
Receivership Revolving Fund (BDA3023/A.R.S. § 6-135.01)		Non-Appropriated
Source of Revenue: Revenue generated from the sale of assets of firms under receivership and transfers from the department's Revolving Fund.		
Purpose of Fund: Provide funding for the administration of receiverships.		
Funds Expended	41,200	37,200
Year-End Fund Balance	719,600	682,600
Revolving Fund (BDA2126/A.R.S. § 6-135)		Non-Appropriated
Source of Revenue: Investigative costs, attorney fees, or civil penalties recovered as the result of an enforcement action brought by the department or the Attorney General for violations of state banking laws.		
Purpose of Fund: To support investigative and enforcement activities conducted by the department and the Attorney General. Year-end unencumbered fund balances in excess of \$50,000 are transferred to the department's Receivership Revolving Fund.		
Funds Expended	457,200	548,900
Year-End Fund Balance	365,500	1,581,500