

OTHER ELECTIVE

12-00-00

Other Elective

Lieutenant Governor

Auditor of Accounts

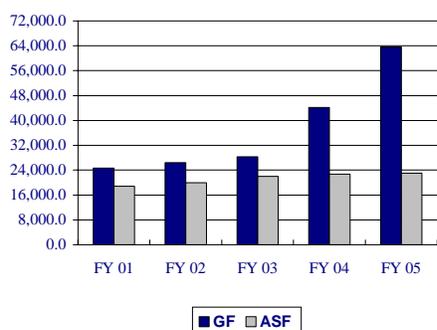
Insurance Commissioner

State Treasurer

- Regulatory Activities
- Bureau of Exam, Rehabilitation and Guaranty

- Administration
 - Debt Management
 - Refunds and Grants
- (Not a Unit for Budgeting Purposes)

Five-Year Appropriation History



FUNDING

	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2006 GOV. REC.
GF	63,356.3	63,599.0	35,238.6
ASF	21,593.9	23,057.6	57,285.9
TOTAL	84,950.2	86,656.6	92,524.5

POSITIONS

	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2006 GOV. REC.
GF	55.0	55.0	55.5
ASF	92.0	92.0	92.5
NSF	2.0	2.0	2.0
TOTAL	149.0	149.0	150.0

Auditor of Accounts

- ◆ Recommend enhancement of \$150.0 ASF for technology certified public accountants which meet higher federal standards for audits and increased auditing duties due to increase in school capital projects.

Insurance Commissioner

- ◆ Recommend inflation and volume adjustment of \$500.0 ASF in Contract Examiners due to increased demand for service.

State Treasurer

- ◆ Recommend structural change transferring \$14.5 and \$14.5 ASF from Contractual Services to Personnel Costs and associated enhancement of .5 FTE and .5 ASF FTE for an Administrative Specialist I.

FY 2006 BUDGET HIGHLIGHTS

OPERATING BUDGET:

Lieutenant Governor

- ◆ Recommend base funding to maintain Fiscal Year 2005 level of service.

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LIEUTENANT GOVERNOR 12-01-01

MISSION

To fulfill the constitutional duties of the office by effectively presiding over the state Senate, fairly and equitably chairing the Board of Pardons, assisting the Governor when asked and providing complete and efficient services to constituents. Additionally, to help improve schools, promote healthier lifestyles, make government more constituent friendly and find new economic opportunities for Delaware.

KEY OBJECTIVES

- Promote healthy lifestyles as a tool to improve quality of life for all Delawareans and reduce the incidence of chronic diseases.
- Identify models used at Delaware public schools that have raised student achievement and provide those schools the opportunity to share their successes and practices with other schools.
- Serve residents by helping them navigate state government to find the answers to their questions and the solutions to their problems.
- Identify, study and develop ways to address the health disparities among minority populations.

BACKGROUND AND ACCOMPLISHMENTS

The constitutional duties of the Lieutenant Governor are President of the Senate and President of the Board of Pardons. The office also handles constituent work and other initiatives to serve the residents of Delaware.

FUNDING

	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2006 GOV. REC.
GF	396.4	481.7	508.2
ASF	--	--	--
TOTAL	396.4	481.7	508.2

POSITIONS

	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2006 GOV. REC.
GF	6.0	6.0	6.0
ASF	--	--	--
NSF	--	--	--
TOTAL	6.0	6.0	6.0

ACTIVITIES

The duties and activities of the Lieutenant Governor and staff include the following:

- President, Delaware State Senate.
- President, Board of Pardons.
- Chair, Delaware Health Care Commission.
- Chair, Criminal Justice Council.
- Chair, Delaware Center for Education Technology.
- Chair, Livable Delaware Advisory Council.
- Chair, Interagency Council on Adult Literacy.
- Chair, National Lieutenant Governors Association.
- Executive Committee, National Lieutenant Governors Association.
- Chair, Small Business Health Insurance Task Force.
- Member, Delaware River and Bay Oversight Committee.
- Member, State Budget Commission.
- Member, Strategic Economic Council.
- Member, United Way Cabinet Committee.
- Honorary Chair, Safe Kids Coalition.
- Honorary Chair, State Employees Charitable Campaign.

PERFORMANCE MEASURES

The following are Fiscal Year 2006 goals of the Office of Lieutenant Governor:

- **Healthy Lifestyles:** Expand the Lt. Governor's Challenge. This healthy lifestyle initiative is meant to encourage Delawareans to increase their daily physical activity, thereby lowering their risk of suffering the most deadly chronic diseases, such as diabetes, heart disease and some cancers.
- **Education:** Continue the Models of Excellence in Education program. The Lt. Governor developed the initiative to identify those schools successfully raising student achievement and to provide them with a platform to share their successes and practices with other schools. This year the program will join with the State Chamber of Commerce's Superstars in Education.
- **Health Disparities:** Follow up on recommendations that result from a scheduled summit where experts will examine and talk about the health disparities that exist among minority populations.
- **Constituent Service:** Continue to provide timely assistance to Delaware residents in need of help by connecting them with proper agencies and people within state government.

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- **Access to State Government:** Continue to lead efforts to establish the Access Delaware Initiative – being undertaken by the Department of Technology and Information – which employs voice recognition technology (VoiceXML). Ultimately, the goal of this project is to build up a portfolio of voice applications that are available through a single number. This menu of applications will be the VoiceXML equivalent to the state's *Delaware.gov* Portal.

AUDITOR OF ACCOUNTS

12-02-01

MISSION

The mission of the Office of Auditor of Accounts is to benefit all Delaware citizens and government leaders and managers by providing high quality audit, review, and investigative services to improve the fiscal integrity, efficiency and effectiveness of state government operations.

KEY OBJECTIVES

- Issue 35 reports that enhance public accountability and stewardship of state and federal government programs.
- Maintain a high quality of audit services as evidenced by (1) passing the National State Auditor's Association external quality control peer review, (2) 90 percent of professional staff maintain or obtain professional certification or advanced degrees, and (3) 100 percent of professional staff complete 80 continuing professional education (CPE) requirements every two years.

The broad objectives of the CPA Audit Section are to ensure that the Single Audit and any financial/compliance and state-mandated audits that are contracted out are accomplished within the required timeframe as set forth by the federal and state governments. The broad objectives of the Single Audit are as follows:

- To express an opinion as to whether the State of Delaware's financial statements are presented fairly in all material respects in conformity with Generally Accepted Accounting Principles and whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole.
- To report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- To express an opinion as to whether the State complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.
- To ensure that prior audit recommendations, questioned costs and disallowances reported in the

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Single Audit Report for fiscal year ending June 30, 2003, have been resolved.

The objectives of the state-mandated and financial/compliance audits are to:

- Determine whether the programs are working as intended with the stated purposes, goals, and expected results as set forth by the General Assembly and federal government.
- Determine whether the State of Delaware's internal controls provide reasonable assurance that state-mandated programs are managed in compliance with applicable laws and regulations.
- Complete financial/compliance audits for various state programs.

The objectives of the Investigative Audit Section are to:

- Conduct investigations that may involve activities of waste, fraud, or abuse of state and/or federal resources.
- Ensure that the Auditor's Hotline Program is a viable service to the citizens of the State of Delaware.

The objectives of the Information Systems (IS) Audit Section are to:

- Audit the general and application control environment of the state's computer operations associated with major state financial management systems.
- Provide IS audit support to other audit sections within the office.

BACKGROUND AND ACCOMPLISHMENTS

The audits and investigations completed by the office in Fiscal Year 2004 cumulatively identified more than \$5.8 million in cost savings, questioned costs and potential fraud, waste, or abuse of state and federal funds.

The Fiscal Year 2003 Single Audit Report, completed during Fiscal Year 2004, contained 87 findings and recommendations and disclosed questioned and disallowed costs that totaled \$1.5 million.

During Fiscal Year 2004, the office completed mandated audit reports which resulted in potential cost savings of nearly \$2.7 million.

Thirty-seven in-depth investigations were conducted which revealed waste, fraud, or abuse of nearly \$1.6 million in federal and state funds. These investigations disclosed 59 findings and recommendations.

FUNDING

	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2006 GOV. REC.
GF	2,390.8	2,729.5	2,867.4
ASF	423.0	697.6	873.8
TOTAL	2,813.8	3,427.1	3,741.2

POSITIONS

	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2006 GOV. REC.
GF	36.0	36.0	36.0
ASF	6.0	6.0	6.0
NSF	--	--	--
TOTAL	42.0	42.0	42.0

ACTIVITIES

The duties and activities of the Auditor of Accounts and staff include:

- Evaluate whether the state's financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America.
- Evaluate whether government and quasi-government organizations included in the state's entity have expended federal funds in accordance with the Single Audit Act and various related federal regulations.
- Evaluate compliance with state laws, administrative regulations, and guidelines.
- Investigate reported instances of fraud, waste, or abuse pertaining to state and federal funds.

The Auditor of Accounts and his staff are active in the following organizations:

- (Staff) State Representative and Program Committee Chairperson – Mid-Atlantic Intergovernmental Audit Forum.
- Second Vice-President - National Association of State Auditors, Comptrollers and Treasurers.
- Member - National Audit Forum.
- (AOA and staff) Member - Association of Government Accountants.
- Member - Government Finance Officers of America.
- (AOA and staff) Member – Association of Certified Fraud Examiners.
- (Staff) Member - American Institute of Certified Public Accountants.
- (Staff) Member - Delaware Society of Certified Public Accountants.
- Member - State Board of Pardons.
- Member - State Insurance Determination Committee.

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PERFORMANCE MEASURES

	FY 2004 Actual	FY 2005 Budget	FY 2006 Gov. Rec.
FSA deadline met	Yes	Yes	Yes
\$ cost savings as a result of Audit Reports (millions)	5.8	8.1	10.0
% of recommendations implemented	72	80	80

INSURANCE COMMISSIONER 12-03-00

MISSION

The mission of the Insurance Commissioner is to protect the public interest by regulating the insurance industry, enforcing the Unfair Trade Act as it relates to insurance, and assisting Delaware citizens and employers with their insurance needs and concerns.

KEY OBJECTIVES

- Regulate agent licensing.
- Administer Workplace Safety Program.
- Administer the State Health Insurance Assistance Program – ELDERinfo.
- Provide a quick, easy, and affordable forum for the resolution of claims disputes through arbitration.
- Reduce the occurrence of fraud through administrative and limited criminal enforcement.
- Require the restitution of fraudulently-obtained insurance benefits.
- Reduce the amount of premium dollars currently used to pay fraudulent claims.
- Provide oversight for domestic and foreign insurers licensed in Delaware.
- Manage and rehabilitate, or liquidate, financially-impaired insurers.
- Regulate the market conduct of insurers and other licensees and take enforcement action where appropriate.
- Review and approve, or contest, rate filings submitted by insurers.

Licensing services objectives for Fiscal Year 2006 are to:

- Eliminate multiple company checks for appointments through communication with licensing administrators and through technology.
- Reduce state and provider administrative work by automating the continuing education reporting process and participating in the National Association of Insurance Commissioners (NAIC) Mid-West Zone Continuing Education Agreement.

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- Automate producer form filing process through imaging or more accessible technology.
- Develop website to allow industry and producers to download all licensing forms and reduce the number of phone calls received by the division.
- Increase effective market conduct surveillance for the citizens of Delaware through full participation in the NAIC National Producer Database.
- Continue assessment of the effectiveness of continuing education administration and course content.
- Automate the collection of over \$3 million in license renewal fees.

Consumer Services objectives for Fiscal Year 2006 are to:

- Encourage individual investigators to enroll in programs designed to expand knowledge of the insurance industry and business practices as well as achieve professional designations.
- Update and expand consumer information guides and increase outreach programs.
- Build and implement a database to establish and enhance compatibility with NAIC Complaint Database System. Administrate the State Based Systems (SBS) complaint system for tracking consumer complaints.
- Provide Delaware consumer complaint statistic ratios to the NAIC Complaint Database System.
- Provide consumer information via Insurance Department website.
- Improve division telephone in-take system for efficient, streamlined response.
- Establish electronic scanning system for rate filings allowing Consumer Service staff electronic access to filings, rate increases and case notes.

BACKGROUND AND ACCOMPLISHMENTS

The Office of the Insurance Commissioner is a constitutional office created by 18 Del. C. c.3.

House Bill 344 created the Delaware Insurance Fraud Prevention Bureau in Fiscal Year 1995.

The Bureau of Examination, Rehabilitation and Guaranty (BERG) was created under 18 Del. C., the Insurance Code, in 1985.

Producer Licensing Services Division

The Producer Licensing Services Division is responsible for the administration of producer licensing, appointments, continuing education, producer investigations, and insurer

licensing market conduct issues. The division is recognized throughout the industry for customer service and license application turnaround time. Advances in automation continue to increase productivity and efficiency while decreasing costs.

The division continues to develop all licensing exams through an annual test development process. The division provides for the administration of the Continuing Education Program for all resident licensees.

The division successfully transferred its database from a mainframe application to web based application, State Based Systems (SBS). This application streamlined the processing of license applications, renewals, and many other aspects of the division.

Workplace Safety Program

The Workplace Safety Program, available to employers doing business in Delaware, offers participants the opportunity to earn up to a 19 percent discount on workers' compensation premiums. Employers who have been in operation three complete years or more and whose annual workers' compensation premium is \$3,161 or more are eligible to participate. Once eligibility is established, employers are notified by the Insurance Commissioner and provided with instructions to begin the process.

Since its inception in 1988, the program has yielded a savings of over \$38 million for Delaware employers. In Fiscal Year 2003, 1,020 employers participated in the program and in Fiscal year 2004 nearly 1,150 participated.

Fraud Prevention Bureau

Accomplishments of the Fraud Prevention Bureau include:

- Seventy-six percent of the cases were resolved by consent, arrest, unfounded, and suspended dispositions.
- Healthcare cases continue to be reported to the bureau. To date, these cases still take up to several months to reach resolution and involve a large number of personnel hours. They also involve joint investigations with state and federal law enforcement agencies and result in criminal prosecution.
- Prevented more than \$5.14 million in reserves from being processed since 1995.
- Four current members of the Fraud Prevention Bureau have been awarded the designation of Certified Fraud Specialist (CFS) after meeting the requirements set forth by the organization awarding this designation.
- The CFS award is in addition to Certified Fraud Examiner, Accredited Healthcare Fraud Investigators, and Claims Law Fraud Specialists.

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FUNDING

	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2006 GOV. REC.
GF	0.2	--	--
ASF	18,871.5	19,112.1	19,673.8
TOTAL	18,871.7	19,112.1	19,673.8

POSITIONS

	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2006 GOV. REC.
GF	--	--	--
ASF	77.0	77.0	77.0
NSF	2.0	2.0	2.0
TOTAL	79.0	79.0	79.0

REGULATORY ACTIVITIES

12-03-01

ACTIVITIES

- Member, Delaware Health Care Commission
- Member, Delaware Valley Chapter of International Association of Special Investigative Units (SIU)
- Member, Delaware State Employee and Insurance Coverage Committees
- Member, National Association of Insurance Commissioners (NAIC)
- Member, NAIC Executive Committee
- Chair, NAIC Terrorism Insurance Implementation Working Group
- Chair, NAIC Northeast Zone Committee
- Member, Senior Issues (B) Task Force
- Member, NAIC Health Insurance and Managed Care (B) Committee
- Member, NAIC Information Systems (H) Task Force
- Member, NAIC Consumer Protections Working Group
- Member, NAIC Speed to Market Task Force
- Member, NAIC Government Affairs Task Force
- Member, NAIC Regulatory Framework Task Force
- Member, NAIC Surplus Lines (C) Task Force
- Member, NAIC Market Regulation and Consumer Affairs (D) Committee
- Member, NAIC Anti-Fraud Task Force
- Member, NAIC Accounting Practices and Procedure (E) Task Force
- Member, NAIC Capital Adequacy (E) Task Force
- Member, NAIC Examination Oversight (E) Task Force
- Member, NAIC Insolvency (E) Task Force
- Member, NAIC Reinsurance (E) Task Force

- Member, National Insurance Crime Bureau (NICB)
- Member, International Association of Special Investigation Units
- Member, Chesapeake Chapter of SIU
- Member, National Health Care Anti-Fraud Association
- Vice Chair, NAIC Anti-fraud Task Force
- Chair, NAIC External Claims Fraud Working Group.
- Special Training:
 - Health Care Fraud Detection and Investigation
 - Claims Fraud
 - Certified Fraud Examiner's Fraud Detection and Prosecution
 - Electronic Claims Fraud Detection
 - Fraud and the Provider
 - Computer Forensics

PERFORMANCE MEASURES

	FY 2004 Actual	FY 2005 Budget	FY 2006 Gov. Rec.
# new agents licensed	13,144	13,200	13,300
# agents appointed	35,162	36,000	36,100
# consumer complaints/inquiries	14,768	14,950	15,000
# consumer complaints resolved	12,553	14,352	13,950
# arbitration cases heard	229	286	357
# arbitration cases closed without hearing	274	342	427
# participants in Workplace Safety Program	1,150	1,225	1,400

BUREAU OF EXAMINATION, REHABILITATION AND GUARANTY

12-03-02

ACCOMPLISHMENTS

Examinations/Financial Analysis – The financial analysis and examination units are continuing to evolve and are always under review for changes to keep pace with the business environment of the insurance industry. The primary responsibilities for both units are to provide financial solvency oversight for Delaware domesticated companies and perform financial and market conduct examinations as required by statute or as deemed necessary for the protection of Delaware policyholders. The State of Delaware is highly regarded in the business community for its organization and/or domestication. As such, the demand for domestication/redomestication is significant. On its last review year, the department received accreditation from the NAIC for another five years.

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Market Conduct Oversight - The department will be supplementing this segment through an additional Market Conduct Examiner to oversee life and health concerns. Timely claims payments and advertising agents' conduct relative to product solicitations will be primary responsibilities. New to the market conduct activities will be establishing programs to perform privacy reviews to ascertain compliance by insurers under the provisions of the Health Insurance Portability and Accountability Act (HIPAA) and Gramm Leach Bliley Act (GLBA). The department will continue to monitor property and casualty insurers through market conduct examinations to assure fair and equitable policyholder treatment. The purpose of the examinations is to ensure that insurers in the Delaware marketplace are adhering to the insurance statutes and regulations of this state.

Rates and Forms - The rates and forms section reached its goal to move to an automatic electronic filing system for rates and forms. Delaware joined other states in using the electronic filing process initiated by the NAIC. With the number of policy filings increasing each year, the electronic filing process initiated by the NAIC will be more efficient for the analyst charged with the responsibility of daily review, and will not be at the expense of protecting Delaware citizens. The department also continues to review policy forms and rate filings manually from insurers licensed to do business in the Delaware marketplace.

ELDERinfo - ELDERinfo is the State Health Insurance Program (SHIP) for Delaware's Medicare population of 120,000. The program is a public service of the Delaware Insurance Department and funded, in part, through a grant from the Centers for Medicare and Medicaid Services (CMS).

The program is designed to assist, educate, and empower people with Medicare and their caregivers with complex and often confusing matters concerning: the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Medigap and other supplemental insurance, medical bills, enrollment issues, non-renewals, Medicare Advantage options, guaranteed issue rights, financial assistance with prescriptions, Medicare Savings Programs, long-term care insurance, and other health insurance matters.

Staffing consists of three employees and over 50 volunteer counselors throughout the state conducting one-on-one counseling. From April 2003 through March 2004, the unit assisted over 5,000 beneficiaries and saved clients a total of \$650,000 with financial assistance, claim reimbursements, and premiums.

The unit will continue to educate the Medicare population through:

- Direct mailers
- Health fairs
- Outreach programs

- Radio/TV interviews
- Senior forums
- One-on-one counseling

ACTIVITIES

- Member, Society of Financial Examiners.
- Member, Society of Insurance Examiners.

PERFORMANCE MEASURES

	FY 2004 Actual	FY 2005 Budget	FY 2006 Gov. Rec.
# rate and form filings	6,621	6,952	7,283
# companies regulated:			
Domestic	134	140	142
Foreign	1,231	1,250	1,265
# companies examined	49	47	48
# companies liquidated:			
Domestic	4	3	3
Ancillary	0	0	0
# companies under supervision/rehab	3	2	2
# targeted market conduct	8	10	12

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STATE TREASURER 12-05-00

MISSION

To maximize taxpayer value by promoting responsible cash management and investment practices statewide.

FUNDING

	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2006 GOV. REC.
GF	60,568.9	60,387.8	31,863.0
ASF	2,299.4	3,247.9	36,738.3
TOTAL	62,868.3	63,635.7	68,601.3

POSITIONS

	FY 2004 ACTUAL	FY 2005 BUDGET	FY 2006 GOV. REC.
GF	13.0	13.0	13.5
ASF	9.0	9.0	9.5
NSF	--	--	--
TOTAL	22.0	22.0	23.0

ADMINISTRATION 12-05-01

MISSION

To ensure the accuracy of financial records under the agency's control; manage the state's cash balances in accordance with approved guidelines; administer and assist state employees with the financial aspects of the Deferred Compensation Program; respond in a timely, accurate and courteous manner to any inquiry directed to the department; and faithfully discharge any and all further obligations given under statute.

KEY OBJECTIVES

- Continue to re-engineer and automate the reconciliation of the state's bank accounts and the accounting of the state's cash position and investments.
- Increase participation of eligible employees in the Deferred Compensation Program through effective marketing and investment education.
- Increase the volume of vendor payments made electronically.
- Expand consolidated payments to vendors.

- Increase the number of households participating in the Delaware College Investment Plan.
- Maintain statewide financial literacy effort.
- Continue to champion electronic commerce.

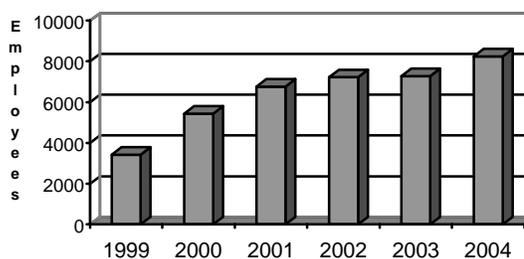
BACKGROUND AND ACCOMPLISHMENTS

During Fiscal Year 2005, the State Treasurer's Office continues to develop and meet ambitious objectives related to improving internal operations and services to agencies, vendors, state employees, and taxpayers. Equally important, this agency continues its successful promotion of financial literacy. Nurturing a savings/investment ethic among state employees and the Delaware citizenry, the Office of State Treasurer partners several financial education initiatives.

Deferred Compensation Program

Since the October 1999 conversion, participation in the State of Delaware Deferred Compensation Program has grown from 3,400 to 8,244 in September 2004. Since the passage of Senate Bill 425, which provides a \$10-per-pay employer match to employee contributions, more than 3,119 employees joined the Deferred Compensation Program. State employees now contribute almost \$850,000 per paycycle toward their retirement. The match also allows for rollovers into and out of 401(k)s, Individual Retirement Accounts, and other qualified retirement plans.

Deferred Comp Program Participation

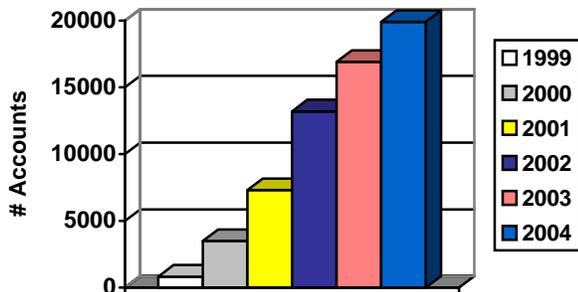


College Savings

Since the appointment of the State Treasurer to chair the Delaware College Investment Plan Board in July 1999, the number of new accounts has grown from 824 to more than 19,900. Assets now total more than \$204 million, up from \$144 million this time last year.

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Delaware College Investment Plan



Re-engineering Reconciliation

Improvements continue to be made in reconciling the state's major accounts, including the expanded use of the automated reconciliation. This tool brings added efficiency, cross training and reduced workload throughout this area.

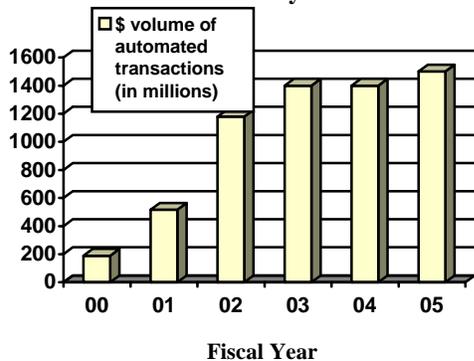
The Treasurer's Office also installed a new archiving data warehouse for historic bank and reconciliation data. This will greatly enhance the ability to respond to information requests, audits and perform historical analysis.

This unit also completed another successful fiscal year without a new audit finding.

Payables

Significant changes are occurring in the manner in which the state pays its vendors. Most importantly, consolidated checks and consolidated Automated Clearinghouse (ACH) payments have been implemented. In addition, the Treasurer's Office, along with the Division of Accounting, has developed a cooperative approach to vendor payments. In an effort to support the statewide expansion of the PNC P-card, the Treasurer's Office refers all vendors to the P-card program before considering them for the ACH program. Moving to either ACH or P-card helps to reduce the number of real checks printed.

Automated Electronic Payments to Vendors



Financial Literacy

The Treasurer's Office continues to build partnerships with financial professionals throughout Delaware to offer the Delaware Money School, which featured 94 classes in fall 2004. The Treasurer also worked with the Delaware State Chamber of Commerce and the University of Delaware, Center for Economic Education in opening additional Bank-In-School programs. There are now over 19 programs operating in elementary and secondary schools throughout the state. Also, in fall 2004, a free Pursues to Portfolios women's money conference was held for more than 1,200 women.

ACTIVITIES

- Daily settlement of the cash position to ensure that funds are recorded in appropriate accounts while maximizing dollars available for investment.
- Administration and promotion of the state Deferred Compensation Program.
- Daily recording and deposit of receipts including tracking Automated Clearinghouse (ACH) activity.
- Reconciliation of major state bank accounts and lockboxes.
- Disbursement of funds to meet financial obligations, including ACHs, wire transfers, and daily processing of vendor checks.
- Provide service to agencies and schools by issuing stop payment/reissues and other check requests.
- Manage statewide 218 agreements with the federal Social Security Administration.
- Process of payroll, pension, and personal income tax refunds.
- Continue to facilitate cash management projects at the statewide and agency levels that improve efficiency by reducing float, eliminating paper, and streamlining processes.
- Reconciliation of state payroll and payment of federal taxes.
- Audit annual municipal report for street aid and police pensions.
- Disburse municipal street aid, support to fire organizations and police pensions.

PERFORMANCE MEASURES

	FY 2004 Actual	FY 2005 Budget	FY 2006 Gov. Rec.
# Deferred Compensation participants	7,900	8,300	8,700
# Delaware College Investment Plan accounts	19,500	22,000	24,000
Time to reconcile major accounts	5 days	5 days	5 days
\$ ACH vendor payments	1.4 bil.	1.5 bil.	1.6 bil.

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DEBT MANAGEMENT 12-05-03

MISSION

To manage the state's debt and credit interest to the state's school and special funds with maximum accuracy and efficiency.

KEY OBJECTIVES

- Develop an overall accounting and data retrieval system in the Treasurer's Office that will link bond authorizations, bond sales, amortizations, debt budgeting, and debt payments into an integrated system with less reliance on manual calculations and operations.
- Work with the Division of Accounting to improve electronic reporting of special and school funds interest within the Delaware Financial Management System (DFMS).

BACKGROUND AND ACCOMPLISHMENTS

During Fiscal Year 2004, all debt service payments to the Depository Trust Company were met on the bond due dates which entailed:

- Disbursement of \$135.0 million for 19 General Obligation issues on \$1,012.5 million outstanding; and
- Collection of \$27.5 million from schools for the repayment to the state of their local share of school construction on \$288.5 million outstanding local share bonds.

Beginning in Fiscal Year 2003, all new bond sale amortizations were recorded in an automated Debt Manager, which will eliminate the massive key punch system which has been in use since 1971.

ACTIVITIES

- Maintain records required for bond projects as authorized by the yearly Capital Improvement Act from authorization through bond sale and 10 or 20-year amortizations of the projects.
- Provide the Office of the Budget with the fiscal year principal and interest payments due by department, division, and organization.
- Provide Bond Counsel with data relating to bond projects including project identification, description, volume, and chapter required to obtain legal opinion for the bond issue.

- Establish, monitor, calculate and pay interest on approximately 490 special funds on deposit with the State Treasurer. Interest in Fiscal Year 2004 totaled more than \$6.0 million.
- Provide assistance to local school districts in acquiring Attorney General's opinion in securing a Bond Anticipation Note or permanent bond financing of their local share.
- Maintain the school interest table in DFMS to calculate interest to schools for their operation, debt service, and construction funds on deposit with the State Treasurer. Interest paid to school districts on their funds on deposit with the State Treasurer totaled \$5.2 million for Fiscal Year 2004.
- Assist the general public with any inquiries concerning state bonds.

PERFORMANCE MEASURES

	FY 2004 Actual	FY 2005 Budget	FY 2006 Gov. Rec.
% automation of accounting for debt issuances	100	100	100

REFUNDS AND GRANTS 12-05-04

MISSION

To process refunds for improperly collected fees or receipts and maintain an accurate accounting of fiscal year refunds issued. To accurately and timely process grants-in-aid in accordance with legislation.

KEY OBJECTIVES

- Streamline the processing of revenue refunds.

BACKGROUND AND ACCOMPLISHMENTS

As per 29 Del. C. § 2713, the State Treasurer executes a payment voucher as a direct claim in the event that any agency improperly collects fees or receipts that become revenue to the General Fund.

In accordance with the annual grants-in-aid legislation, this agency makes quarterly disbursements to non-profit organizations.