

# OTHER ELECTIVE

## 12-00-00

### Other Elective

#### Lieutenant Governor

#### Auditor of Accounts

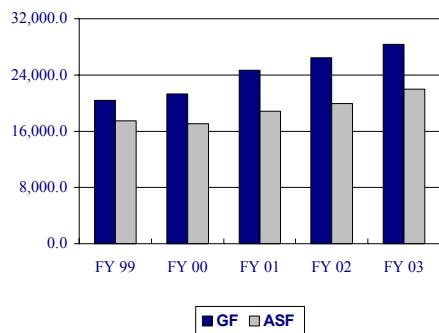
#### Insurance Commissioner

#### 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 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	42,649.1	28,366.6	50,971.4
ASF	19,997.1	22,002.2	22,589.1
<b>TOTAL</b>	<b>62,646.2</b>	<b>50,368.8</b>	<b>73,560.5</b>

#### POSITIONS

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	74.0	59.0	59.0
ASF	80.0	95.0	91.0
NSF	2.0	2.0	2.0
<b>TOTAL</b>	<b>156.0</b>	<b>156.0</b>	<b>152.0</b>

#### Auditor of Accounts

- ◆ Base adjustments include \$5.7 in Personnel Costs to annualize 1.0 FTE; reductions of (\$140.5) in Personnel Costs based on salary and health care reconciliations; (\$74.7) ASF in Personnel Costs and (4.0) vacant ASF FTEs; and (\$1.2) ASF in Travel, (\$19.0) ASF in Contractual Services and (\$2.0) ASF in Supplies and Materials associated with the reduced positions.
- ◆ Recommend inflation adjustment of \$13.3 ASF in Personnel Costs to cover anticipated expenditures.

#### Insurance Commissioner

- ◆ Base adjustment includes (\$4.2) ASF in Travel.
- ◆ Recommend inflation adjustment of \$359.5 ASF in Personnel Costs based on salary and health care reconciliation, \$188.9 ASF in Contractual Services, \$1.2 ASF in Supplies and Materials, \$16.9 ASF in Capital Outlay, and \$0.5 ASF in Malpractice Review to align spending authority with projected need, based on the history of expenditures.

#### State Treasurer

- ◆ Base adjustments include (\$10.0) in Contractual Services and (\$9.3) in Supplies and Materials.
- ◆ Recommend inflation adjustment of \$30.8 ASF in Personnel Costs based on salary and health care reconciliations.

### FY 2004 BUDGET HIGHLIGHTS

#### OPERATING BUDGET:

##### Lieutenant Governor

- ◆ Base adjustment includes (\$13.0) in Personnel Costs.

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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.
- Find ways through participation on the Strategic Economic Council and other avenues to attract new businesses to the state and retain current industries in order to keep Delaware's economy healthy and strong.
- 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 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	366.5	425.7	425.1
ASF	--	--	--
<b>TOTAL</b>	<b>366.5</b>	<b>425.7</b>	<b>425.1</b>

#### POSITIONS

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	6.0	6.0	6.0
ASF	--	--	--
NSF	--	--	--
<b>TOTAL</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

#### 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, Committee to Improve Parental and Family Involvement in Education.
- Executive Committee, National Conference of Lieutenant Governors.
- 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 2004 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.
- **Health Disparities:** Convene a summit of experts to examine and talk about the health disparities that exist among minority populations.

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- **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.
- **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 and the efficiency, economy and effectiveness of state government operations.

#### KEY OBJECTIVES

- Issue timely reports that enhance public accountability and stewardship of state and federal government programs and operations.
- Provide high quality services in carrying out the office's responsibilities and in responding expeditiously to customers' concerns.
- Maintain a work environment that fosters and values: trust, competence, open communications and the professional and personal satisfaction of all office personnel.

The broad objectives of the CPA Audit Section are to ensure that the Single Audit, financial/compliance audits, and state-mandated audits 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 and in conformity with Generally Accepted Accounting Principles.
- To express an opinion as to whether the schedule of expenditures of federal awards is presented fairly in relation to the financial statements taken as a whole.
- To report on compliance and internal control over financial reporting 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, 2001, 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 Economy and Efficiency Audit Section are to:

- Evaluate management controls and policies relating to the use of all public resources and to identify areas where improvements in operations can be achieved.
- Determine whether all state departments, divisions, agencies, and institutions are executing their management responsibilities in compliance with applicable laws, regulations, and management policies.
- Determine the extent that desired results or benefits established by the legislature or other authorizing bodies are being achieved.
- Determine the effectiveness of the organization or the program, activity or functions.

The objectives of the Investigative Audit Section are to perform investigations of complaints or inquiries regarding possible fraud, abuse or waste of state and/or federal funds and to 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 examine computer systems that have an impact on the state's accounting and operating activities and to 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 2002 cumulatively identified more than \$8.1 million in cost savings, questioned costs and potential fraud, waste, or abuse of state and federal funds.

The Fiscal Year 2001 Single Audit Report, completed during Fiscal Year 2002, contained 61 findings and

recommendations and disclosed questioned and disallowed costs that totaled \$1.9 million.

During Fiscal Year 2001, the office completed mandated audit reports which resulted in potential cost savings of nearly \$4.3 million.

The office completed seven Economy and Efficiency Audits during Fiscal Year 2002. These audits identified savings of \$1.6 million to the State of Delaware and its taxpayers. These reports contained 48 recommendations. Several recommendations identified opportunities for improving the efficiency and effectiveness of government operations.

Thirty-nine in-depth investigations were conducted which revealed waste, fraud, or abuse of nearly \$251,500 in federal and state funds. These investigations disclosed 28 findings and recommendations.

During the Fiscal Year 2002 audit cycle, the following IS audits were completed:

- DFMS Application Control Review
- State Payroll Application Control Review
- State Pension Application Control Review
- Dover Data Center, General Information Control Review
- Biggs Data Center, General Information Control Review

### FUNDING

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	2,360.6	2,727.4	2,666.6
ASF	584.7	775.0	691.4
<b>TOTAL</b>	<b>2,945.3</b>	<b>3,502.4</b>	<b>3,358.0</b>

### POSITIONS

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	39.0	39.0	39.0
ASF	10.0	10.0	6.0
NSF	--	--	--
<b>TOTAL</b>	<b>49.0</b>	<b>49.0</b>	<b>45.0</b>

### 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 Generally Accepted Accounting Principles;
- Evaluate whether government and quasi-government organizations included in the state's entity have expended federal funds in accordance with the Single

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Audit Act Amendments of 1996 and various related federal regulations;

- Evaluate compliance with state laws, administrative regulations, and guidelines, as well as prior year recommendations;
- Evaluate whether state programs are operated economically and efficiently and make recommendations for improvement as needed; and
- 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:

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

### PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
FSA deadline met	Yes	Yes	Yes
\$ cost savings as a result of Audit Reports (millions)	8.1	8.1	8.1
% of recommendations implemented	70	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.
- Document agent appointments.
- Administer Workplace Safety Program.
- Administer the ELDERinfo Program.
- Provide consumer assistance and education.
- Provide a quick, easy, and affordable forum for the resolution of claims disputes through arbitration.
- Facilitate detection and reporting of insurance fraud.
- 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.
- License and regulate the activities of Delaware domestic insurers.
- Provide financial oversight for domestic and foreign insurers licensed in Delaware.
- Provide supervision for examinations of those insurers.
- Manage and rehabilitate, or liquidate, financially-impaired insurers.
- License all insurers operating in Delaware, including foreign and alien 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.

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Licensing services objectives for Fiscal Year 2004 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.
- 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 National Association of Insurance Commissioners (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 2004 are to:

- Continue in-house training to enhance the skills of Consumer Services investigators.
- Encourage individual investigators to enroll in programs designed to expand knowledge of the insurance industry and business practices.
- 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.
- Provide Delaware consumer complaint statistic ratios to the NAIC Complaint Database System.
- Provide a more uniform response from staff regarding inquiries of rate and policy issues.
- Provide consumer information via Insurance Department website.
- Enhance division telephone in-take system for efficient, streamlined response.

#### BACKGROUND AND ACCOMPLISHMENTS

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

House Bill 344 created the Delaware Insurance Fraud Prevention Bureau in July of 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, which includes a recently integrated ethics requirement. The division provides for the administration of the Continuing Education Program to over 35,000 resident and non-resident licensees.

These activities ensure that only those who are qualified may sell and service insurance and financial products to the citizens of Delaware.

#### Workplace Safety Program

The Workplace Safety Program, available to Delaware employers, offers participants the opportunity to earn up to a 19 percent discount on workers' compensation premiums. Employers who have been in operation for at least three years and whose annual workers' compensation premium is \$3,161 or more are eligible to participate. The removal of the \$60,000 limit in Fiscal Year 1999 has allowed larger companies to participate and has increased the number of employers taking advantage of the program.

In Fiscal Year 2002, 860 employers participated in the program. Since its inception, the program has yielded a cumulative savings of over \$21 million for employers in the First State. Employers are currently being notified of their eligibility for Fiscal Year 2003.

Several on-line data connections with the Delaware Compensation Rating Bureau are now in operation enabling program staff to access relevant information directly from the bureau's records. This capability has resulted in more timely and efficient gathering of information and documentation needed to implement the program.

#### Fraud Prevention Bureau

Accomplishments of the Fraud Prevention Bureau include:

- The Fraud Bureau had a 25 percent increase in case load from the previous year. This did not include rate evader cases generated by 21 Del. C. §2401, allowing

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out-of-state residents to register their vehicles in Delaware.

- Sixty-three percent of the cases were resolved by consent, arrest, unfounded, or suspended dispositions.
- Healthcare cases continue to be reported to the bureau. To date, these cases have taken 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 \$4.3 million in reserves from being processed since 1995.

### FUNDING

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	876.4	--	--
ASF	16,768.5	18,097.2	18,736.9
<b>TOTAL</b>	<b>17,644.9</b>	<b>18,097.2</b>	<b>18,736.9</b>

### POSITIONS

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	15.0	--	--
ASF	62.0	77.0	77.0
NSF	2.0	2.0	2.0
<b>TOTAL</b>	<b>79.0</b>	<b>79.0</b>	<b>79.0</b>

### **REGULATORY ACTIVITIES 12-03-01**

#### ACTIVITIES

The duties and activities of the Insurance Commissioner and staff include the following:

- 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.
- Vice-Chair, NAIC Northeast Zone Committee.
- Chair, NAIC Committee on Credit Insurance.
- Vice-Chair, NAIC Special Committee on Ethics and Conflict of Interest.
- Vice-Chair, NAIC Senior Issues.
- Member, National Insurance Crime Bureau (NICB).
- Member, International Association of Special Investigation Units.
- Member, Chesapeake Chapter of SIU.

- Member, International Association of Arson Investigators.
- Member, National Health Care Anti-Fraud Association.
- Special Training:
  - Health Care Fraud
  - Claims Fraud
  - NICB Training Academy
  - Certified Fraud Examiner's Fraud Detection and Prosecution
  - Electronic Claims Fraud Detection
  - Fraud and the Provider

### PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
# new agents licensed	12,333	12,400	12,500
# agents appointed	39,364	42,000	42,800
# consumer complaints/inquiries	14,266	14,350	14,500
# consumer complaints resolved	13,553	13,632	13,775
# participants in Workplace Safety Program	860	900	925

### **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.

The department has decreased the ratio of companies reviewed by each analyst to a level that would result in the best quality analytical review. The goal for Bureau of Examination, Rehabilitation and Guaranty (BERG) is to continue to maintain and assure the quality and solvency of its oversight by providing adequate training for newly hired financial analysts and existing staff, which includes field examiners. Also, continued efforts are being made to automate the financial analysis and examination process by

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using a software package that will be used by many of the country's regulators.

Due to legislation passed by Congress and signed by the President, states will now need to become more uniform in their best practices and law. The BERG division will continue to keep pace with the NAIC initiatives where applicable and necessary to increase administrative and staff efficiencies.

**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.

**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.

**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: medical bills, enrollment issues, non-renewals, Medicare+Choice 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 October 2001 through September 2002, the unit handled 8,900 inquiries and has saved clients a total of \$775,000 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, National Association of Insurance Commissioners.
- Member, Society of Financial Examiners.
- Member, Society of Insurance Examiners.
- Member, Casualty Actuarial Society.

### PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
# rate and form filings	7,857	8,053	8,152
# companies regulated:			
Domestic	143	148	152
Foreign	1,463	1,475	1,1486
# companies examined	51	53	52
# companies liquidated:			
Domestic	4	4	3
Ancillary	0	0	0
# companies under supervision/rehab	5	4	4
# targeted market conduct	6	8	8



# OTHER ELECTIVE

## 12-00-00

### STATE TREASURER

#### 12-05-00

#### MISSION

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

#### FUNDING

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	39,045.2	25,213.5	47,879.7
ASF	2,643.9	3,130.0	3,160.8
<b>TOTAL</b>	<b>41,689.1</b>	<b>28,343.5</b>	<b>51,040.5</b>

#### POSITIONS

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	14.0	14.0	14.0
ASF	8.0	8.0	8.0
NSF	--	--	--
<b>TOTAL</b>	<b>22.0</b>	<b>22.0</b>	<b>22.0</b>

### 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.
- Increase participation of eligible employees in the Deferred Compensation Program through effective marketing and investment education.
- Increase and consolidate the volume of vendor payments made electronically.
- Increase number of households participating in Delaware College Investment Plan.

- Maintain statewide financial literacy effort.
- Continue to be a champion for electronic commerce.

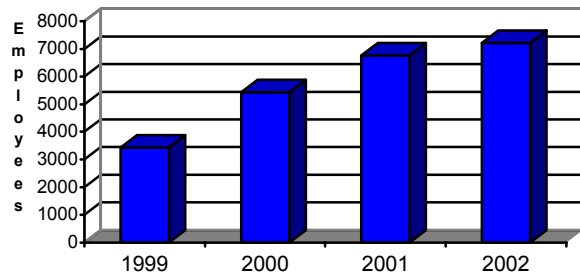
#### BACKGROUND AND ACCOMPLISHMENTS

During Fiscal Year 2003, the State Treasurer's Office continued to develop and meet ambitious objectives related to improving internal operations and services to agencies, vendors, state employees, and taxpayers. Equally important, the office successfully promoted financial literacy and a savings/investment ethic among state employees and Delaware citizens through 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 7,219 in October 2002. Since the passage of Senate Bill 425, which provides a \$10-per-pay employer match to employee contributions, more than 2,100 employees joined the Deferred Compensation Program. State employees now contribute over \$800,000 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**



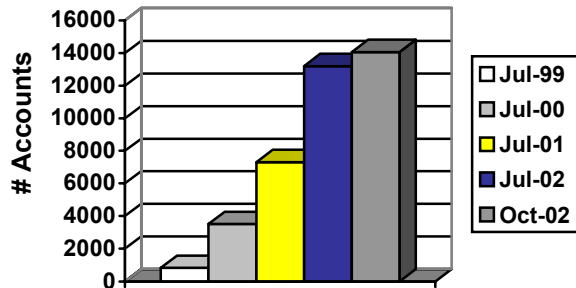
#### College Savings

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 14,000. Assets now total more than \$84 million, up from \$45 million this time last year.

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### Delaware College Investment Plan



### Re-engineering Reconciliation

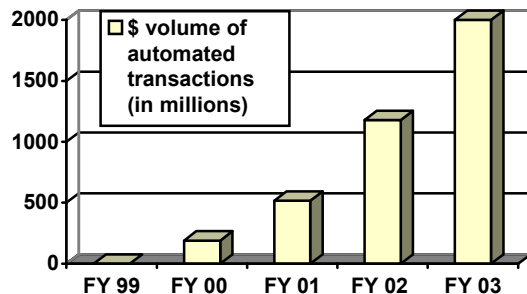
Improvements continue to be made in reconciling the state's major accounts. What had previously been a backlog of months can now be completed within hours. Some examples of improvement include:

- A report of checks issued is now received daily from a generic check software rather than from a monthly download from the Office of Information Services;
- Bank errors can be recognized and corrected daily, rather than every 45 days upon receipt of the monthly statement; and
- Regular deposits, wires, and Automated Clearinghouse (ACH) transactions can be matched to the daily bank statement in five minutes versus three hours under the former manual process.

### Payables

The generic check operation continues producing payroll, pension, Delaflex, Personal Income Tax refund and vendor checks. This system has proven to be very secure, flexible, and cost-efficient. Enhancements to the generic check software application allow vendors to be paid electronically via an ACH credit, virtually eliminating the manual preparation once required to process electronic payments.

### 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 more than 70 classes in fall 2002. The Treasurer also worked with the Delaware State Chamber of Commerce and the University of Delaware, Center for Economic Education to open more than 25 Bank-In-School programs in elementary and now secondary schools throughout the State.

### ACTIVITIES

- Daily settlement of the state's cash position to ensure that funds are in appropriate accounts while maximizing dollars available for investment.
- Administration and promotion of the state Deferred Compensation Program.
- Daily recording and deposit of receipts.
- Reconciliation of major state bank accounts and lockboxes.
- Expedient disbursement of funds to meet the state's financial obligations, including ACHs, wire transfers, and daily processing of vendor checks.
- Processing of payroll, pension, personal income tax refund, and Delaflex checks.
- Initiation of 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.
- Process grants-in-aid, municipal street aid, and calculate and disburse funds for fire organizations and police pensions.

### PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
Deferred Compensation participants	7,100	7,550	7,900
Delaware College Investment Plan accounts	13,200	16,000	18,000
Time to reconcile major accounts	1 month	5 days	5 days
Manual warrants per month	5	5	5

## OTHER ELECTIVE 12-00-00

### ***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.
- Improve upload and download of special and school funds interest within debt management.

#### **BACKGROUND AND ACCOMPLISHMENTS**

During Fiscal Year 2002, all debt service payments to the Depository Trust Company were met on the bond due dates which entailed:

- Disbursement of \$111.2 million for 18 General Obligation issues on \$574.9 million outstanding; and
- Collection of \$17.2 million from schools for the repayment to the state of their local share of school construction on \$168.0 million outstanding local share bonds.

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 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.
- Set up, monitor, calculate and pay interest on approximately 490 special funds on deposit with the State

Treasurer. Interest in Fiscal Year 2002 totaled more than \$14.4 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 the Delaware Financial Management System 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 \$12.1 million for Fiscal Year 2002.
- Assist the general public with any inquiries concerning state bonds.

#### **PERFORMANCE MEASURES**

	<b>FY 2002 Actual</b>	<b>FY 2003 Budget</b>	<b>FY 2004 Gov. Rec.</b>
% automation of accounting for debt issuances	75	100	100

### ***REFUNDS AND GRANTS 12-05-04***

#### **MISSION**

To process revenue refunds for improperly collected fees or receipts and maintain an accurate accounting of fiscal year refunds issued.

#### **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.