MISSION

To promote Delaware’s fiscal health fairly and efficiently by forecasting, generating, collecting and accounting for funds critical to essential government services.

KEY OBJECTIVES

- Promote the financial health of the State by providing technical analysis, policy information and advice on state finances to the Governor, Legislature, state agencies, other government entities, pertinent constituency groups and the public.

- Reduce administrative costs by reengineering and streamlining state government to use resources more efficiently and effectively.

- Provide leadership and planning on global financial management issues, including revenues, debt expenditures and credit ratings.

Five-Year Appropriation History
OFFICE OF THE SECRETARY
25-01-00

MISSION
To lead the State in developing and executing sound fiscal policies and practices.

KEY OBJECTIVES
- Make available all economic information relevant to maintaining the State’s financial position.
- Ensure financial policies and processes are consistent with Delaware’s designation as an AAA-Bond rated state.
- Identify and promote opportunities for the State by providing debt policy direction that minimizes the cost of capital.
- Provide budgetary revenue projections that are within 2 percent of actual collection, excluding revenue anomalies due to exogenous and/or non-recurring events, for June Delaware Economic and Financial Advisory Council (DEFAC) estimates.
- Facilitate the exchange of necessary information between divisions within the Department of Finance and other state agencies, local governments, rating agencies and the public.
- Maximize effectiveness and efficiency by improving the State’s fiscal operations through the use of appropriate financial and accounting controls.

BACKGROUND AND ACCOMPLISHMENTS
The Secretary of Finance is the State’s Chief Financial Officer and is the central source for economic and fiscal policy and the management of financial resources. The Office of the Secretary provides economic data, revenue and legislative analyses and public information services.

The office provides management and oversight of general obligation debt and overall coordination and management of all debt of the State and state authorities. In addition, the office builds the foundation for the State’s budget process by providing the analysis and forecasting of revenues in support of DEFAC.

The following items demonstrate the office’s success in accomplishing its mission:
- Helped reaffirm the State’s AAA-Bond ratings from the three Wall Street rating agencies, which Delaware has maintained since the spring of 2000 and is one of only nine states currently holding these ratings;
- Implemented process improvements resulting in the return of $200 million in unclaimed property to the rightful owners over the past two years; and
- Researched, analyzed and prepared policy options for DEFAC’s Advisory Council on Revenues, which developed long-term strategies for Delaware’s revenue portfolio.

<table>
<thead>
<tr>
<th></th>
<th>FY 2015 ACTUAL</th>
<th>FY 2016 BUDGET</th>
<th>FY 2017 GOV. REC.</th>
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<td>NSF</td>
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<tr>
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<td>51.0</td>
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OFFICE OF THE SECRETARY
25-01-01

ACTIVITIES
- Monitor, analyze and interpret proposed state and federal tax, revenue and spending policies and legislation.
- Provide analysis, forecasting and tracking of revenues for consideration by DEFAC.
- Manage and monitor the State’s bond sales and advise policymakers regarding the State’s overall debt, debt reduction and capital acquisition strategies.
- Provide departmental management services for information technology, personnel, financial oversight and legislative support.
- Represent the administration on numerous boards and commissions, including the Board of Pensions, Cash Management Policy Board, Diamond State Port Corporation, Delaware Civic Center and Riverfront Development Corporation.
- Administer Delaware’s Volunteer Fire Service Revolving Loan Fund, including the collection and evaluation of loan applications, loan disbursement, payment reconciliation and completion of an annual financial report to the Governor.
MISSION

To provide expert financial and technical accounting services for the State of Delaware, delivering central support to state organizations, as well as consistent and reliable financial information to the public.

KEY OBJECTIVES

- Provide training and supportive resources to state organizations, to facilitate the effective and compliant use of the statewide accounting system.
- Successfully prepare the Comprehensive Annual Financial Report (CAFR) to ensure the State receives a clean audit and the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.
- Successfully manage the issuance of the State’s A-133 Single Audit Report with applicable grant laws and regulations.
- Manage and provide statewide guidance on 1099 reporting process.
- Manage key transparency initiatives such as the online and procurement card checkbooks.
- Interpret new and revised tax laws as they relate to payroll processing to ensure compliance.
- Effectively administer the State’s credit card program.

BACKGROUND AND ACCOMPLISHMENTS

The division is committed to further solidifying the State’s internal control structure and expanding its financial reporting capabilities through the application of technology. The division is also committed to providing the State with expert leadership surrounding the accounting and payroll functions.

The division has strived toward continuous improvement, working closely with agency heads to understand potential weaknesses and developed varying solutions that impact everything from cash and financial management to resource optimization through transaction processing efficiencies. The division’s most recent initiatives include: streamlining statewide grants management via First State Financials integration and automation; reducing the number of checks processed throughout the State by using electronic payments; and providing agencies with tools and guidance to better manage key payroll processes.

The division works closely with the Division of Revenue, Statewide Human Resources Management, Statewide Benefits, Payroll Human Resources Statewide Technology, the State Treasurer’s Office, the Pension Office and the Department of Labor to ensure newly implemented and revised tax laws are appropriately considered, properly adopted and accounted for within the payroll system. The division monitors statewide compliance with payroll laws and regulations and provides guidance on payroll-related internal controls, policies and practices.

During Fiscal Year 2015, the division performed onsite internal control reviews for accounting/financial operations for approximately 35 state organizations and provided recommendations for improvement or confirmation of effective control environments. In Fiscal Year 2015, the division performed desk reviews on payroll processing, credit card management, monthly reconciliation policy adherence and other significant financial practices for over 100 organizations throughout the State.

For 2014, the division issued the State’s CAFR in full compliance with Governmental Accounting Standards Board reporting requirements.

FUNDING

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POSITIONS

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<td>-</td>
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<tr>
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<td>57.0</td>
<td>56.0</td>
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ACCOUNTING
25-05-01

ACTIVITIES

- Provide leadership for financial management activities throughout state government.
- Establish and implement policies, procedures and regulations pertaining to statewide accounting and payroll systems.
- Provide and present a comprehensive view of the State’s financial condition through regular publishing of interim financial statements and the year-end CAFR.
- Provide analysis, forecasting and tracking of expenditures for consideration by DEFAC.
- Process the State’s accounting and payroll transactions, certify the validity of transactions and coordinate accounting, payroll and other financial matters with key agency fiscal personnel.

PERFORMANCE MEASURES

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<tr>
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<tr>
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<td>examinations</td>
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REVENUE
25-06-00

MISSION

As the primary revenue collector for the State, the Division of Revenue’s mission is to collect 100 percent of the taxes and other revenues required by law, no more and no less, and do so in a manner that creates the highest possible level of satisfaction on the part of the public with the division’s competence, courtesy, effectiveness and efficiency.

KEY OBJECTIVES

- Improve voluntary compliance through improved communication with taxpayers, the use of electronic technology, better distribution and design of tax forms and overall simplification of the tax code.
- Improve enforced compliance through the use of technology and effective allocation of resources to collection activities.
- Increase the cost effectiveness of divisional activities through the use of process flow analysis, establishment of meaningful benchmarks and judicious application of technical and human resources.
- Enhance the capabilities of staff through the implementation of a structured, long-term training and professional development program.

BACKGROUND AND ACCOMPLISHMENTS

Revenue revolves around three activities: tax processing, tax enforcement and policy formulation. Tax processing involves receiving documents and remittances (either in-house, via lockbox or electronic means), depositing remittances, entering/capturing data from returns, validating taxpayer’s determination of tax, refunding overpayments and assuring proper accounting (including internal controls) and reporting these transactions.

Each year, the division processes over 500,000 personal and 600,000 business tax returns and issues more than 330,000 tax refunds. In addition, information technology staff is responsible for the design and administration of some of the most sophisticated and technically advanced processing and imaging systems in the State. Delaware has been a national leader in applying technology to tax administration.
Tax enforcement includes examinations, audits and collection of delinquent accounts. The division’s enforcement responsibilities encompass 15 different revenue sources, including the State’s Personal and Corporate Income Taxes, Gross Receipts Tax and Realty Transfer Tax.

The division provides data, administrative support and consultation to the economic analysis group within the Office of the Secretary. The group develops and analyzes Delaware’s tax policy. It also plays a significant role in the coordination of economic development efforts in accordance with the State’s overall fiscal strategy.

The division continues to focus on improving the quality of service to its customers. One of the ongoing initiatives is the Quality Service Mailbox, which allows callers to leave comments for the division. If a caller requests a response, the division responds within 48 hours.

Electronic filing of income tax returns has continued to expand statewide. The division received over 446,000 electronically filed personal tax returns in Fiscal Year 2015. The division projects it will receive 455,000 personal tax returns electronically in Fiscal Year 2016. These returns do not require manual intervention in sorting, data entry or return validation.

The division aggressively promoted filing personal tax returns in a digital format via the Internet, electronic software and bar-coded paper filing. Digital returns reduce mail and data entry processing, improve the refund issuance process and reduce seasonal and operating expenses. Since implementation in Fiscal Year 1996, the number of digitally filed personal tax returns has increased from zero in Fiscal Year 1995 to over 446,000 in Fiscal Year 2015, almost 93 percent of all current year personal tax returns filed.

As part of the Business Systems Master Plan, the division implemented an integrated imaging system into personal income tax return processing that allows exception returns to be separated from non-exception returns. This initiative, along with improved training in preparation for tax season and the use of outsourced data entry enabled the division to continue to reduce the average number of days to issue a tax refund from 34 days in Fiscal Year 1995 to 13 days in Fiscal Year 2015.

### Revenue

#### Activities

- Disseminate tax information to the public and respond to taxpayer inquiries.
- Process and account for tax returns and associated remittances.
- Issue refunds of overpaid taxes and collect tax delinquencies.
- Conduct audits, examinations and reviews and prepare assessments when amounts are found to be due to the State.
- Manage and supply records of filings for current and prior years.
- Provide support to core division activities.

#### Performance Measures

<table>
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<tr>
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<tbody>
<tr>
<td># of days to process Personal Income Tax refunds</td>
<td>13</td>
<td>12</td>
<td>11</td>
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<tr>
<td>% of digital personal returns</td>
<td>93</td>
<td>94</td>
<td>95</td>
</tr>
<tr>
<td>Automated call distribution telephone waiting time (seconds)</td>
<td>87</td>
<td>80</td>
<td>70</td>
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</table>
### Mission

To maximize revenue contributions to the State’s General Fund, thereby helping to fund the delivery of governmental services to the people of Delaware:

- Through the marketing, sale and distribution of innovative, entertaining and secure lottery products that ensure the public’s confidence in the integrity of the games, retailers, agents and lottery operations; and
- By providing leadership and a corporate culture that encourages productive change leading to improvement in every aspect of the business.

### Key Objectives

- Continue to improve customer and retailer satisfaction.

### Background and Accomplishments

With more than 6,500 games in play, video lottery net proceeds for Fiscal Year 2015 totaled more than $350 million. The multi-jurisdictional, wide-area progressive Video Lottery Game Group, consists of Delaware (Chair), West Virginia, Rhode Island, Ohio and Maryland. The Game Group, administered under the auspices of the Multi-State Lottery Association, continued to offer the MegaHits games, which have consistently out-performed all other video games at each of Delaware’s three race tracks. Fiscal Year 2015 marked the fifth full year of table games (blackjack, roulette, craps, poker, etc.) at the tracks. The three casinos offered a combination of 115 gaming tables and 73 poker tables. The Lottery, with technical assistance from the Department of Technology and Information, launched the Lottery’s electronic/online casino employee licensing system, which has proven successful. The system has provided time and labor efficiencies, as well as enhanced user experience.

For the second year in a row, the Delaware Lottery’s traditional products had a record sales year at $150.2 million. Sales were led by a new, multi-jurisdictional game, Lucky for Life.

Lottery continued its Sports Lottery expansion into retail locations that began in Fiscal Year 2013. During Fiscal Year 2015, the number of retail establishments participating in Sports Lottery rose to 82 retail establishments during the 2014/2015 pro football season. Since expanding into retail locations, the handle for the Sports Lottery has risen from $17.0 million in Fiscal Year 2012 (pre-expansion) to $37.9 million in Fiscal 2015.

Keno has continued to experience steady growth from an initial group of 80 retail locations to more than 130 retail locations accommodating nearly 200 selling terminals.

Delaware’s Internet gaming launch introduced the nation’s first “shared liquidity” poker network in Fiscal Year 2014. In Fiscal Year 2015, Delaware and Nevada poker players began participating in regulated, multi-jurisdictional online poker rooms.

Lottery continued its administrative and regulatory oversight of Charitable Gaming Organizations and their video lottery machine vendors. One significant achievement, through a series of meetings of the Advisory Council on Charitable Gaming Planning, Lottery and council members were able to work together to create a more secure and accurate accounting system.

Lottery’s marketing program continued its relationship with both the University of Delaware and Delaware State University, participating in a variety of cooperative sports programs conducted during the winter sports season. Lottery was the presenting sponsor of the Elena Delle Donne led Chicago Sky/New York Liberty pre-season WNBA game. In addition, Lottery maintained its long-standing sponsorship with the Delaware State Fair, as well as participating in more recent associations with such diverse events as the Middletown Peach Festival, June Jam, Apple-Scrapple Festival and Saint Anthony’s Italian Festival. During Fiscal Year 2015, Lottery expanded its community-based activities to include the Saint Georges Blues Festival.

Lottery’s accomplishments during Fiscal Year 2015 included:

- Ranked third out of the 44 U.S. Lotteries with combined per capita annual sales of $640;
- Ranked fourth out of the 44 U.S. Lotteries with combined per capita profit to the State of $216; and
- Ranked fifth out of the 44 U.S. Lotteries offering both Powerball and MegaMillions with combined per capita annual sales of $34.
**STATE LOTTERY OFFICE**

**25-07-01**

**ACTIVITIES**

- Continue to grow, expand and optimize the traditional lottery retailer network.
- Maintain regulatory oversight and control of the video and sports lottery gaming systems.
- Provide administrative and regulatory oversight of licensed Charitable Gaming Organizations and their video lottery machine vendors.
- Provide constant onsite regulatory oversight of table game operations at the three video lottery facilities.
- Provide the public with games that are fun, easy and exciting to play.
- Explore new lottery gaming opportunities allowing Delaware to stay competitive with neighboring states.
- Maximize the use of video lottery central system enhancements allowing for greater flexibility in the selection of games made available to customers.

**PERFORMANCE MEASURES**

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<tr>
<td>players</td>
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<tr>
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*New performance measure.*