



Jan. 15th Brief: DAS Division of Finance - Administration

CAPITAL FACILITIES AND GOVERNMENT OPERATIONS

SUMMARY

The Division of Finance is the State of Utah’s central financial accounting office. The division provides direction regarding fiscal matters, financial systems, processes and information. This includes maintaining accounting and payroll systems, ensuring compliance with state financial laws, maintaining a data warehouse of financial information, producing the state’s financial reports, processing the state’s payments, and operating the state’s travel agency.

The Division of Finance is divided into six programs (Director, Payroll, Payables/Disbursing, Technical Services, Financial Reporting and Financial Information Systems) to accomplish its mission. Some of its key functions are to: produce the State’s Comprehensive Annual Financial Report (CAFR); ensure compliance with generally accepted accounting principles; disburse all payments to vendors/contractors and employees; develop, operate, and maintain accounting systems; process the state’s payroll; and account for revenues collected by all agencies.

ISSUES AND RECOMMENDATIONS

Prior Budget Increases

During the 2008 General Session the Legislature appropriated \$86,700 for an FTE accountant and \$125,000 one-time for a Utah Transparency website.

FY 2009 Budget Reductions

During the 2008 Special Session the Legislature reduced Finance’s budget by \$302,300 ongoing General Fund and \$3.3 million one-time in nonlapsing balances. The ongoing reductions will reduce 1 FTE and travel and current expenses. The FY 2008 nonlapsing balance of \$5.45 million will be reduced to \$1.37 million in FY 2009 (\$775,000 of the balance was used in FY 2008).

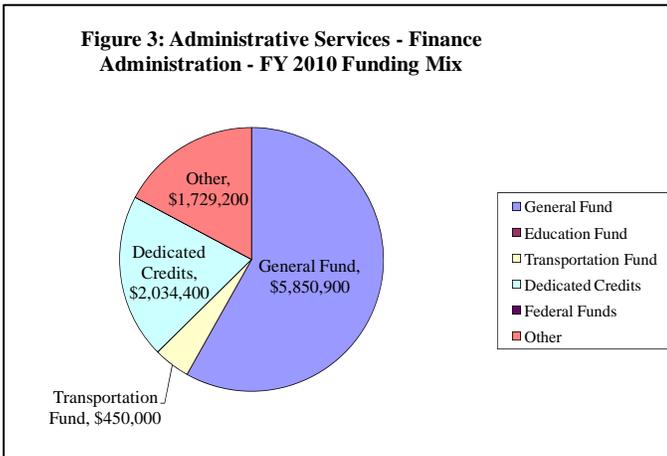
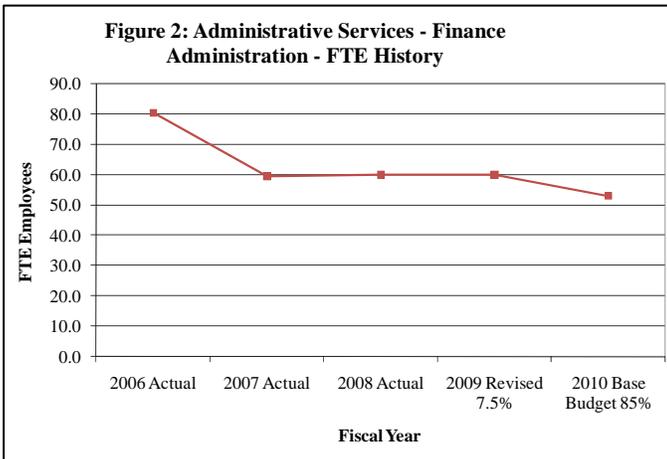
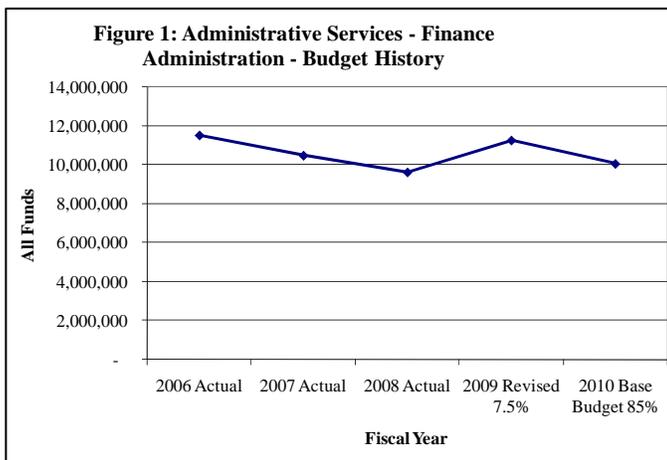
FY 2009 Additional 7.5% Budget Reductions

The Analyst recommends a one-time reduction of \$518,200 General Fund including: \$55,000 in personnel expenses, \$16,000 in current expenses, and \$447,200 in data processing expenses.

FY 2010 Base Budget Reduction of 15%

The Analyst recommends ongoing budget reductions of \$1,033,300 General Fund in the following order:

1. \$48,300 from data processing expenses for hardware



2. \$497,400 from data processing expenses for applications and IT staff for maintenance
3. \$487,600 from personnel (a reduction of 7.0 FTE)

Such reductions may reduce the ability of Finance to quickly identify and trouble-shoot IT related issues in their state-wide financial systems, may limit the ability of Finance to respond to financial questions from legislative and executive agencies, and may limit their ability to adequately monitor all state funds and assets. The elimination and/or consolidation of state restricted funds could reduce the workload of Finance and offset some of the impacts of these reductions.

LEGISLATIVE ACTION

The Analyst recommends the Legislature consider adopting:

1. A FY 2009 one-time 7.5% reduction of \$518,200 from the General Fund
2. A FY 2010 ongoing 15% base budget reduction of \$1,033,300 from the General Fund

BUDGET DETAIL TABLE

Administrative Services - Finance Administration								
Sources of Finance	FY 2007 Actual	FY 2008 Actual	FY 2009 Approp	7.5% Reduction	FY 2009 Revised	FY 2010 Base	15% Reduction	FY 2010 Revised
General Fund	6,748,700	7,007,700	6,884,200	0	6,884,200	6,884,200	(1,033,300)	5,850,900
General Fund, One-time	(63,900)	0	211,700	(518,200)	(306,500)	0	0	0
Transportation Fund	450,000	450,000	450,000	0	450,000	450,000	0	450,000
Dedicated Credits Revenue	1,995,200	2,159,100	2,034,400	0	2,034,400	2,034,400	0	2,034,400
GFR - ISF Overhead	1,296,500	1,299,600	1,299,600	0	1,299,600	1,299,600	0	1,299,600
Beginning Nonlapsing	4,212,100	4,155,100	1,372,300	0	1,372,300	474,500	0	474,500
Closing Nonlapsing	(4,155,100)	(5,447,300)	(474,500)	0	(474,500)	(44,900)	0	(44,900)
Total	10,483,500	9,624,200	11,777,700	(518,200)	11,259,500	11,097,800	(1,033,300)	10,064,500
Programs								
Finance Director's Office	356,900	392,200	396,100	0	396,100	400,000	0	400,000
Financial Information Systems	3,554,400	2,589,600	3,406,100	0	3,406,100	2,980,200	0	2,980,200
Financial Reporting	1,320,800	1,512,700	1,633,000	0	1,633,000	1,657,000	0	1,657,000
Payables/Disbursing	1,987,900	2,158,100	2,402,700	(518,200)	1,884,500	2,473,800	(1,033,300)	1,440,500
Payroll	1,643,600	1,386,600	2,524,600	0	2,524,600	2,122,200	0	2,122,200
Technical Services	1,619,900	1,585,000	1,415,200	0	1,415,200	1,464,600	0	1,464,600
Total	10,483,500	9,624,200	11,777,700	(518,200)	11,259,500	11,097,800	(1,033,300)	10,064,500
Categories of Expenditure								
Personal Services	4,197,300	4,539,400	5,033,800	(55,000)	4,978,800	5,033,800	(487,600)	4,546,200
In-State Travel	400	700	2,500	0	2,500	2,500	0	2,500
Out of State Travel	10,600	28,400	16,300	0	16,300	16,300	0	16,300
Current Expense	977,300	1,050,200	1,015,300	(16,000)	999,300	1,192,300	0	1,192,300
DP Current Expense	3,909,800	3,685,400	4,461,300	(447,200)	4,014,100	4,172,900	(545,700)	3,627,200
DP Capital Outlay	1,388,100	320,100	1,248,500	0	1,248,500	680,000	0	680,000
Total	10,483,500	9,624,200	11,777,700	(518,200)	11,259,500	11,097,800	(1,033,300)	10,064,500
Other Data								
Budgeted FTE	59.50	60.00	60.00	0.00	60.00	60.00	(7.00)	53.00
Actual FTE	54.21	54.31	0.00	0.00	0.00	0.00	0.00	0.00