



DAS DIVISION OF FINANCE - ADMINISTRATION

INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS SUBCOMMITTEE

BUDGET BRIEF

SUMMARY

For the Division of Finance, the Analyst recommends a FY 2013 budget of \$9,830,400. The Analyst also recommends nonlapsing authority for some FY 2013 appropriations. These recommendations are detailed below, as well as in the funding table on page 4.

BACKGROUND

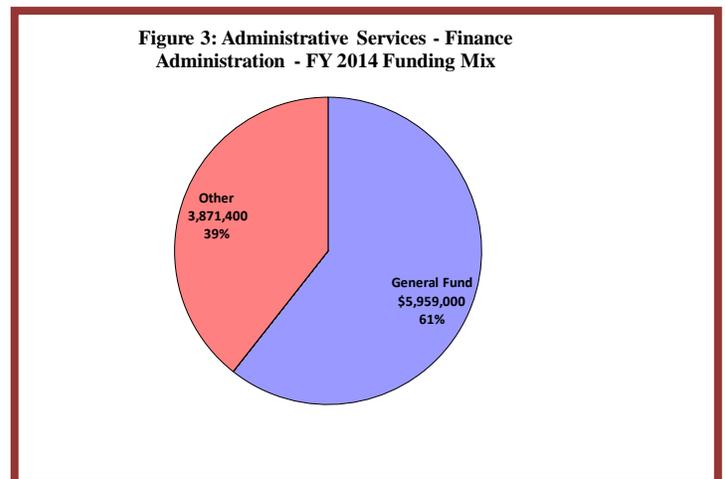
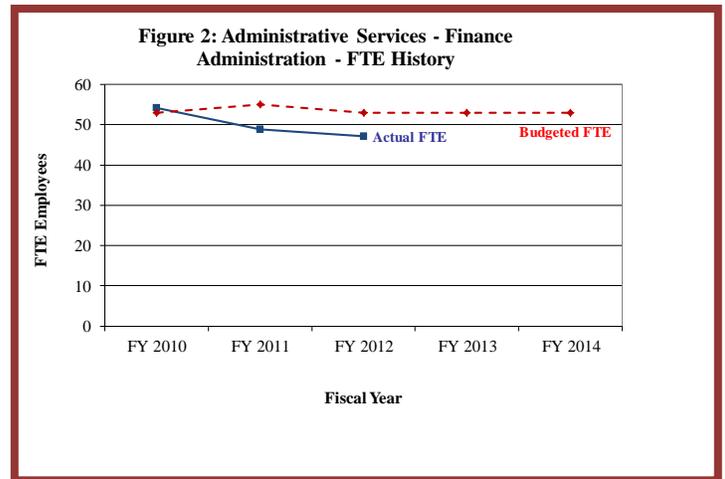
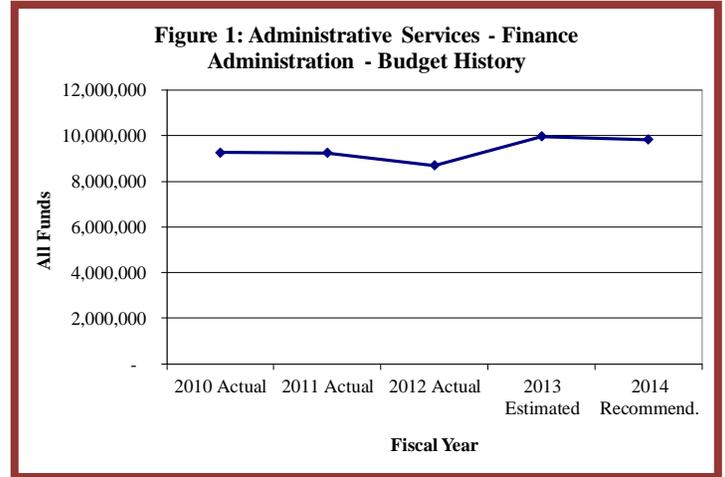
The Division of Finance is the State of Utah’s central financial accounting office. The division provides direction regarding financial systems, processes, and information and fiscal matters. This includes maintaining accounting and payroll systems, ensuring compliance with state financial laws, maintaining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

The Division of Finance appropriation is divided into six programs:

1. Director
2. Payroll
3. Payables/Disbursing
4. Technical Service
5. Financial Reporting
6. Financial Information Systems

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
- Account for revenues collected by all agencies



ISSUES

The Division of Finance maintains essential statewide financial systems such as the Accounting System (FINET), Payroll System, Payment Tracking System (PTS), and Financial Data Warehouse. The annual maintenance costs for these systems have increased substantially over the last three years. Vendors such as IBM, Sybase, Oracle, and CGI have been increasing maintenance fees to arrive at “market value”. One vendor, Sybase, has increased its maintenance costs by almost 31% or \$33,000 over the last three years. In addition, the cost to encrypt Sybase databases is estimated to be at least \$120,000 the first year and \$24,000 each subsequent year. Since no other company can provide maintenance for these systems, the increased costs must be paid or the division is forced to go without maintenance on the software. Finance has been able to pay the increased costs through efficiencies and automation. If maintenance costs continue to increase at current trends, Finance may need to request additional funding in the future to cover these costs.

ACCOUNTABILITY DETAIL

FINDER Collections

Finance manages a program called FINDER with the aim of improving the collection of funds owed to the state. The program matches tax refunds and vendor payments with outstanding receivables due the State. Those receivables include tax bills, child support, student loans, parking and moving violations, and unemployment insurance. If a match is made, the payment or tax refund is intercepted and paid to the entity. This function is fully funded by the administrative fees collected as debts are paid.

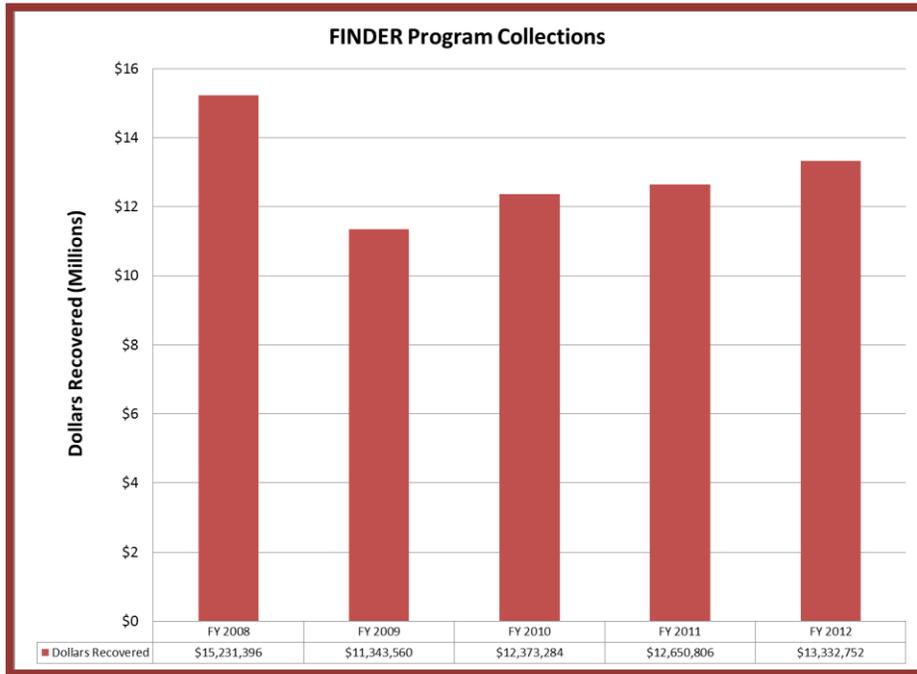


Figure 4

BUDGET DETAIL

Dedicated Credits are generated from administrative costs charged to the Finder System, and direct charges made for accounting services. Because of the large amount of data processed for the Department of Transportation, a portion of the Financial Information Systems program is funded from the Transportation Fund.

Intent Language

The Analyst recommends the Legislature approve the nonlapsing intent language for Fiscal Year 2013 as delineated in the Intent Language Issue Brief.

LEGISLATIVE ACTION

The Analyst recommends the Legislature consider adopting:

1. A total base appropriation of \$9,830,400 for the Division.
2. Intent language making the FY 2013 appropriation nonlapsing.

BUDGET DETAIL TABLE

Administrative Services - Finance Administration						
Sources of Finance	FY 2012 Actual	FY 2013 Appropriated	Changes	FY 2013 Revised	Changes	FY 2014* Recommended
General Fund	5,496,300	5,959,000	0	5,959,000	0	5,959,000
General Fund, One-time	50,000	285,000	0	285,000	(285,000)	0
Transportation Fund	450,000	450,000	0	450,000	0	450,000
Dedicated Credits Revenue	1,391,800	1,395,700	1,000	1,396,700	9,000	1,405,700
GFR - ISF Overhead	1,299,600	1,299,600	0	1,299,600	0	1,299,600
Beginning Nonlapsing	1,355,000	474,200	821,300	1,295,500	(579,400)	716,100
Closing Nonlapsing	(1,295,500)	0	(716,100)	(716,100)	716,100	0
Lapsing Balance	(42,000)	0	0	0	0	0
Total	\$8,705,200	\$9,863,500	\$106,200	\$9,969,700	(\$139,300)	\$9,830,400
Programs						
Finance Director's Office	475,600	655,900	88,100	744,000	(267,300)	476,700
Payroll	1,768,300	1,858,000	4,000	1,862,000	15,000	1,877,000
Payables/Disbursing	1,449,900	1,694,300	(100,800)	1,593,500	17,000	1,610,500
Technical Services	897,400	1,104,800	(159,900)	944,900	26,500	971,400
Financial Reporting	1,465,300	1,746,000	(116,800)	1,629,200	25,500	1,654,700
Financial Information Systems	2,648,700	2,804,500	391,600	3,196,100	44,000	3,240,100
Total	\$8,705,200	\$9,863,500	\$106,200	\$9,969,700	(\$139,300)	\$9,830,400
Categories of Expenditure						
Personnel Services	4,209,200	4,729,400	(147,400)	4,582,000	34,700	4,616,700
In-state Travel	900	1,300	(400)	900	0	900
Out-of-state Travel	6,400	8,200	4,200	12,400	(1,600)	10,800
Current Expense	630,800	594,100	(13,700)	580,400	(100)	580,300
DP Current Expense	3,857,900	4,280,500	255,800	4,536,300	(64,600)	4,471,700
DP Capital Outlay	0	0	0	0	150,000	150,000
Other Charges/Pass Thru	0	250,000	7,700	257,700	(257,700)	0
Total	\$8,705,200	\$9,863,500	\$106,200	\$9,969,700	(\$139,300)	\$9,830,400
Other Data						
Budgeted FTE	53	56	(3)	53	0	53
Actual FTE	47	0	0	0	0	0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.