

## 2150 Department of Financial Institutions

The mission of the California Department of Financial Institutions is to promote the integrity and stability of California's financial services system through the regulation and supervision of financial institutions that are either required to be licensed by the state or that choose a state license.

### 3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
10 Licensing and Supervision of Banks and Trust Companies	113.8	116.6	120.4	\$19,950	\$21,484	\$21,473
20 Money Transmitters	12.7	22.2	22.2	1,896	3,259	3,200
40 Administration of Local Agency Security	4.0	3.8	3.8	356	412	409
50 Supervision of California Business and Industrial Development Corporations	-	-	-	17	32	33
60 Credit Unions	37.9	51.6	51.6	4,796	7,301	7,022
70 Savings and Loan	-	-	-	15	102	104
80 Industrial Banks	9.8	7.4	7.4	1,012	1,009	1,013
90.01 Administration	48.6	48.2	48.2	5,805	6,310	6,359
90.02 Distributed Administration	-	-	-	-5,805	-6,310	-6,359
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>226.8</b>	<b>249.8</b>	<b>253.6</b>	<b>\$28,042</b>	<b>\$33,599</b>	<b>\$33,254</b>
<b>FUNDING</b>				<b>2007-08*</b>	<b>2008-09*</b>	<b>2009-10*</b>
0240 Local Agency Deposit Security Fund				\$356	\$412	\$409
0298 Financial Institutions Fund				21,926	25,286	25,223
0299 Credit Union Fund				4,796	7,301	7,022
0995 Reimbursements				964	600	600
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$28,042</b>	<b>\$33,599</b>	<b>\$33,254</b>

### LEGAL CITATIONS AND AUTHORITY

#### DEPARTMENT AUTHORITY

California Financial Code, Division 1, Chapter 2.

#### PROGRAM AUTHORITY

10-Licensing and Supervision of Banks and Trust Companies:

California Financial Code, Division 1 (Banking Law).

20-Money Transmitters:

California Financial Code, Division 1, Chapters 14, 14A; Division 16.

40-Administration of Local Agency Security:

Government Code Sections 53630-53686.

50-Supervision of California Business and Industrial Development Corporations:

California Financial Code, Division 15.

60-Credit Unions:

California Financial Code, Division 5.

70-Savings and Loan:

California Financial Code, Division 2.

80-Industrial Banks:

California Financial Code, Division 1, Sections 1400 through 1412; Division 7.

\* Dollars in thousands

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90-Administration:

California Financial Code, Division 1, Chapter 2.

### MAJOR PROGRAM CHANGES

- An increase of \$588,000 special fund and 4 positions for increased bank examination workload precipitated by the down turn in the economy.

### DETAILED BUDGET ADJUSTMENTS

	2008-09*			2009-10*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
<b>Workload Budget Adjustments</b>						
<b>Other Workload Budget Adjustments</b>						
• Various Baseline Adjustments	\$-	\$32	-	\$-	-\$859	-
<b>Totals, Other Workload Budget Adjustments</b>	<b>\$-</b>	<b>\$32</b>	<b>-</b>	<b>\$-</b>	<b>-\$859</b>	<b>-</b>
<b>Totals, Workload Budget Adjustments</b>	<b>\$-</b>	<b>\$32</b>	<b>-</b>	<b>\$-</b>	<b>-\$859</b>	<b>-</b>
<b>Policy Adjustments</b>						
• Bank Safety and Soundness Examination and Supervision Augmentation	\$-	\$-	-	\$-	\$546	3.8
<b>Totals, Policy Adjustments</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>\$-</b>	<b>\$546</b>	<b>3.8</b>
<b>Totals, Budget Adjustments</b>	<b>\$-</b>	<b>\$32</b>	<b>-</b>	<b>\$-</b>	<b>-\$313</b>	<b>3.8</b>

### PROGRAM DESCRIPTIONS (Program Objectives Statement)

#### 10 - LICENSING AND SUPERVISION OF BANKS AND TRUST COMPANIES

The objective of this program is to promote the integrity and stability of state-licensed banks and trust companies through the regulation and supervision of these institutions. Program activities include examinations at least once every two years to ensure that business is conducted in a safe and sound manner, and investigation of new bank and trust company applications.

#### 20 - MONEY TRANSMITTERS

The objective of this program is to promote the integrity and stability of businesses selling payment instruments (money orders), traveler's checks, and those licensed to transmit money abroad, through the regulation and supervision of these institutions. Examinations are conducted at any time to ensure the licensees are complying with the provisions of the law and operating in a safe and sound manner. In order to protect the public, a thorough examination of each new applicant is conducted before the license is issued.

#### 40 - ADMINISTRATION OF LOCAL AGENCY SECURITY

As the Administrator of the Local Agency Security Program, the Commissioner monitors the amount and quality of collateral pledged to secure deposits of public funds made by approximately 1,500 local agencies. The Commissioner also administers local agency security for banks, savings and loans, credit unions, and industrial banks as well as federally-chartered financial institutions.

#### 50 - SUPERVISION OF CALIFORNIA BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS

This program licenses and regulates non-fiduciary businesses and industrial development corporations. The program ensures that business is conducted in a financially sound manner through both periodic examinations and analyses of required reports.

#### 60 - CREDIT UNIONS

The primary objective of this program is to promote the integrity and stability of credit unions through the regulation and supervision of these institutions, including examinations to ensure they are operating in a safe and sound manner and complying with the appropriate provisions of the Financial Code relating to their operation.

#### 70 - SAVINGS AND LOAN

The Savings and Loan Program ensures that savings associations comply with applicable laws and regulations.

\* Dollars in thousands

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### 80 - INDUSTRIAL BANKS

The Industrial Banks Program administers and enforces the provisions of the Financial Code relating to industrial loan companies. This includes processing applications for new companies and conducting examinations to determine compliance with applicable laws and regulations.

### 90 - ADMINISTRATION

The Administration Program provides services essential for the administration of the Department and its programs, including executive, legal, legislative, policy, fiscal, business services, and information technology.

#### DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

		2007-08*	2008-09*	2009-10*
<b>PROGRAM REQUIREMENTS</b>				
<b>10</b>	<b>LICENSING AND SUPERVISION OF BANKS AND TRUST COMPANIES</b>			
	<b>State Operations:</b>			
0298	Financial Institutions Fund	\$18,986	\$20,884	\$20,873
0995	Reimbursements	964	600	600
	<b>Totals, State Operations</b>	<b>\$19,950</b>	<b>\$21,484</b>	<b>\$21,473</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>20</b>	<b>MONEY TRANSMITTERS</b>			
	<b>State Operations:</b>			
0298	Financial Institutions Fund	\$1,896	\$3,259	\$3,200
	<b>Totals, State Operations</b>	<b>\$1,896</b>	<b>\$3,259</b>	<b>\$3,200</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>40</b>	<b>ADMINISTRATION OF LOCAL AGENCY SECURITY</b>			
	<b>State Operations:</b>			
0240	Local Agency Security Deposit Fund	\$356	\$412	\$409
	<b>Totals, State Operations</b>	<b>\$356</b>	<b>\$412</b>	<b>\$409</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>50</b>	<b>SUPERVISION OF CALIFORNIA BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS</b>			
	<b>State Operations:</b>			
0298	Financial Institutions Fund	\$17	\$32	\$33
	<b>Totals, State Operations</b>	<b>\$17</b>	<b>\$32</b>	<b>\$33</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>60</b>	<b>CREDIT UNIONS</b>			
	<b>State Operations:</b>			
0299	Credit Union Fund	\$4,796	\$7,301	\$7,022
	<b>Totals, State Operations</b>	<b>\$4,796</b>	<b>\$7,301</b>	<b>\$7,022</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>70</b>	<b>SAVINGS AND LOAN</b>			
	<b>State Operations:</b>			
0298	Financial Institutions Fund	\$15	\$102	\$104
	<b>Totals, State Operations</b>	<b>\$15</b>	<b>\$102</b>	<b>\$104</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>80</b>	<b>INDUSTRIAL BANKS</b>			
	<b>State Operations:</b>			
0298	Financial Institutions Fund	\$1,012	\$1,009	\$1,013
	<b>Totals, State Operations</b>	<b>\$1,012</b>	<b>\$1,009</b>	<b>\$1,013</b>
<b>TOTALS, EXPENDITURES</b>				
	State Operations	28,042	33,599	33,254

\* Dollars in thousands

## 2150 Department of Financial Institutions - Continued

	2007-08*	2008-09*	2009-10*
<b>Totals, Expenditures</b>	<b>\$28,042</b>	<b>\$33,599</b>	<b>\$33,254</b>

## EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	226.8	263.0	263.0	\$15,807	\$18,633	\$19,102
Total Adjustments	-	-	4.0	-	-	294
Estimated Salary Savings	-	-13.2	-13.4	-	-933	-966
<b>Net Totals, Salaries and Wages</b>	<b>226.8</b>	<b>249.8</b>	<b>253.6</b>	<b>\$15,807</b>	<b>\$17,700</b>	<b>\$18,430</b>
Staff Benefits	-	-	-	5,036	5,726	5,743
<b>Totals, Personal Services</b>	<b>226.8</b>	<b>249.8</b>	<b>253.6</b>	<b>\$20,843</b>	<b>\$23,426</b>	<b>\$24,173</b>
OPERATING EXPENSES AND EQUIPMENT				\$7,199	\$10,173	\$9,081
<b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)</b>				<b>\$28,042</b>	<b>\$33,599</b>	<b>\$33,254</b>

## DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
<b>0240 Local Agency Deposit Security Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$395	\$412	\$409
Allocation for employee compensation	13	-	-
Adjustment per Section 3.60	-1	-	-
<b>Totals Available</b>	<b>\$407</b>	<b>\$412</b>	<b>\$409</b>
Unexpended balance, estimated savings	-51	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$356</b>	<b>\$412</b>	<b>\$409</b>
<b>0298 Financial Institutions Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$22,633	\$25,257	\$25,223
Allocation for employee compensation	566	36	-
Adjustment per Section 3.60	-40	-7	-
Adjustment per Section 15.25	23	-	-
<b>Totals Available</b>	<b>\$23,182</b>	<b>\$25,286</b>	<b>\$25,223</b>
Unexpended balance, estimated savings	-1,256	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$21,926</b>	<b>\$25,286</b>	<b>\$25,223</b>
<b>0299 Credit Union Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$4,705	\$7,298	\$7,022
Allocation for employee compensation	126	5	-
Adjustment per Section 3.60	-9	-2	-
Adjustment per Section 15.25	2	-	-
<b>Totals Available</b>	<b>\$4,824</b>	<b>\$7,301</b>	<b>\$7,022</b>
Unexpended balance, estimated savings	-28	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$4,796</b>	<b>\$7,301</b>	<b>\$7,022</b>
<b>0995 Reimbursements</b>			
APPROPRIATIONS			
Reimbursements	\$964	\$600	\$600

\* Dollars in thousands

## 2150 Department of Financial Institutions - Continued

1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$28,042	\$33,599	\$33,254
<b>FUND CONDITION STATEMENTS</b>			
	2007-08*	2008-09*	2009-10*
<b>0240 Local Agency Deposit Security Fund <sup>s</sup></b>			
BEGINNING BALANCE	\$285	\$324	\$241
Prior year adjustments	-5	-	-
Adjusted Beginning Balance	\$280	\$324	\$241
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	353	282	282
150300 Income From Surplus Money Investments	20	20	20
164300 Penalty Assessments	27	27	27
Total Revenues, Transfers, and Other Adjustments	\$400	\$329	\$329
Total Resources	\$680	\$653	\$570
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
2150 Department of Financial Institutions (State Operations)	356	412	409
Total Expenditures and Expenditure Adjustments	\$356	\$412	\$409
FUND BALANCE	\$324	\$241	\$161
Reserve for economic uncertainties	324	241	161
<b>0298 Financial Institutions Fund <sup>s</sup></b>			
BEGINNING BALANCE	\$7,706	\$8,148	\$7,314
Prior year adjustments	69	-	-
Adjusted Beginning Balance	\$7,775	\$8,148	\$7,314
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	20,169	22,304	22,304
125700 Other Regulatory Licenses and Permits	208	207	207
150300 Income From Surplus Money Investments	693	693	693
161400 Miscellaneous Revenue	1,248	1,267	1,267
Total Revenues, Transfers, and Other Adjustments	\$22,318	\$24,471	\$24,471
Total Resources	\$30,093	\$32,619	\$31,785
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	19	19	-
2150 Department of Financial Institutions (State Operations)	21,926	25,286	25,223
Total Expenditures and Expenditure Adjustments	\$21,945	\$25,305	\$25,223
FUND BALANCE	\$8,148	\$7,314	\$6,562
Reserve for economic uncertainties	8,148	7,314	6,562
<b>0299 Credit Union Fund <sup>s</sup></b>			
BEGINNING BALANCE	\$4,018	\$3,174	\$1,142
Prior year adjustments	-64	-	-
Adjusted Beginning Balance	\$3,954	\$3,174	\$1,142
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	3,739	5,011	6,011
142500 Miscellaneous Services to the Public	2	2	2

\* Dollars in thousands

## 2150 Department of Financial Institutions - Continued

	<b>2007-08*</b>	<b>2008-09*</b>	<b>2009-10*</b>
150300 Income From Surplus Money Investments	<u>279</u>	<u>260</u>	<u>260</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$4,020</u>	<u>\$5,273</u>	<u>\$6,273</u>
Total Resources	\$7,974	\$8,447	\$7,415
<b>EXPENDITURES AND EXPENDITURE ADJUSTMENTS</b>			
Expenditures:			
0840 State Controller (State Operations)	4	4	-
2150 Department of Financial Institutions (State Operations)	<u>4,796</u>	<u>7,301</u>	<u>7,022</u>
Total Expenditures and Expenditure Adjustments	<u>\$4,800</u>	<u>\$7,305</u>	<u>\$7,022</u>
<b>FUND BALANCE</b>	<b>\$3,174</b>	<b>\$1,142</b>	<b>\$393</b>
Reserve for economic uncertainties	3,174	1,142	393

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