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## **AGENCY OVERVIEW**

**413** DEPT OF FINANCIAL INST

**Date:** 12/13/2006

**Time:** 10:49:46

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## **STATUTORY AUTHORITY**

North Dakota Century Code Titles 6, 7, 13 and 51.

## **AGENCY DESCRIPTION**

The Department of Financial Institutions is a self-funded regulatory agency responsible for the oversight of state banks, trust companies, building and loan associations, mutual investment corporations, mutual savings corporations, banking institutions, credit unions and other financial corporations doing business under the laws of the State of North Dakota. The Department conducts examinations to determine the soundness of the financial institutions and monitor compliance with applicable rules and regulations.

## **AGENCY MISSION**

To maintain public confidence in North Dakota financial institutions by ensuring the financial industry operate in safe and sound manner while complying with applicable rules and laws.

## **AGENCY PERFORMANCE MEASURES**

1. Ensure the financial institutions operate in a safe and sound manner.
2. Examine all regulated entities within the timeframes prescribed by North Dakota statutes.
3. The maintenance of public confidence in regulated industries.
4. Provide for the opportunity for these industries to effectively service the convenience and needs of depositors, borrowers, and other customers, and to participate in and promote the economic progress of North Dakota.
5. Provide for the simplification and modernization of the laws governing the regulated industries.
6. To maintain a regulatory agency that consists of highly trained and experienced examiners to implement the mission, duties and responsibilities of the agency.
7. As regulators, we perform our duties in an ethical, unbiased, informed, and efficient manner.
8. Maintain the Department of Financial Institution's records management system to enhance efficiency and effectiveness.
9. Maintain examination staff at allotted FTE levels.
10. Operate the Department within budget parameters.
11. Work to keep appeals of the respective board's decisions at a minimum.
12. Respond to inquiries from the citizens of North Dakota.
13. Continue to update our disaster recovery program.

## **MAJOR ACCOMPLISHMENTS**

Retained national accreditation for the bank and credit union divisions.

Maintained bank and credit union examination frequency within the requirements set by statute and federal regulations.

Issued administrative orders to problem institutions and closely supervised these institutions to ensure corrective programs were implemented.

Issued an increasing number of licenses to money brokers, collection agencies, and consumer finance agencies, deferred presentment service providers (payday lenders), and money transmitters.

Revised procedures to issue licenses in a more efficient manner

## **FUTURE CRITICAL ISSUES**

To promote a stable and competitive financial system that enhances economic viability. Develop and retain a highly skilled and diverse workforce. Ensure all staff receives appropriate ongoing training. Ensure that the Department has adequate IT resources to accomplish the agency's mission. Promote continuous process improvement. Maintain a percentage of all staff completing at least one ongoing education or technical development class essential to maintain a highly skilled workforce each biennium. Conduct efficient and effective examinations to deliver timely and useful information to bank management and regulated entities.

Salaries represent 80% of the Department budget. Travel expenses, which comprise almost 40 percent of the Operating expense request, are primarily for vehicle, motel and meal costs for the 19 financial institutions examiners who travel within the state at least 90% of the time, including 65% overnight travel. To provide field office space in Grand Forks. The Grand Forks crew travels to the Fargo office to conduct pre-exam and post-exam job duties. Opening a Grand Forks field office will save the Department budget dollars in motor pool cost, meal allowance, and productive work hours.

**REQUEST SUMMARY**

413 DEPT OF FINANCIAL INST

Biennium: 2007-2009

Bill#: HB 1008

Date: 12/13/2006

Time: 10:49:46

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
<b>BY MAJOR PROGRAM</b>					
DEPT OF FINANCIAL INST	3,615,846	4,445,503	424,297	4,869,800	29,860
<b>TOTAL MAJOR PROGRAMS</b>	<b>3,615,846</b>	<b>4,445,503</b>	<b>424,297</b>	<b>4,869,800</b>	<b>29,860</b>
<b>BY LINE ITEM</b>					
SALARIES AND WAGES	2,870,051	3,412,279	436,367	3,848,646	0
OPERATING EXPENSES	745,795	811,982	189,172	1,001,154	29,860
CAPITAL ASSETS	0	7,500	-7,500	0	0
CONTINGENCY	0	20,000	0	20,000	0
MONEY TRANSMITTERS	0	193,742	-193,742	0	0
<b>TOTAL LINE ITEMS</b>	<b>3,615,846</b>	<b>4,445,503</b>	<b>424,297</b>	<b>4,869,800</b>	<b>29,860</b>
<b>BY FUNDING SOURCE</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	3,615,846	4,445,503	424,297	4,869,800	29,860
<b>TOTAL FUNDING SOURCE</b>	<b>3,615,846</b>	<b>4,445,503</b>	<b>424,297</b>	<b>4,869,800</b>	<b>29,860</b>
<b>TOTAL FTE</b>	<b>25.00</b>	<b>27.00</b>	<b>.00</b>	<b>27.00</b>	<b>.00</b>

**REQUEST DETAIL**

Date: 12/13/2006

413 DEPT OF FINANCIAL INST

Bill#: HB 1008

Time: 10:49:46

Biennium: 2007-2009

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
<b>SALARIES AND WAGES</b>					
SALARIES - PERMANENT	2,201,751	2,653,151	324,029	2,977,180	0
SALARIES - OTHER	5,473	2,305	-2,305	0	0
FRINGE BENEFITS	662,827	756,823	114,643	871,466	0
SALARY INCREASE	0	0	0	0	0
BENEFIT INCREASE	0	0	0	0	0
<b>TOTAL</b>	<b>2,870,051</b>	<b>3,412,279</b>	<b>436,367</b>	<b>3,848,646</b>	<b>0</b>
<b>SALARIES AND WAGES</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	2,870,051	3,412,279	436,367	3,848,646	0
<b>TOTAL</b>	<b>2,870,051</b>	<b>3,412,279</b>	<b>436,367</b>	<b>3,848,646</b>	<b>0</b>
<b>OPERATING EXPENSES</b>					
FRINGE BENEFITS	342	0	0	0	0
TRAVEL	304,604	287,577	70,909	358,486	0
SUPPLIES - IT SOFTWARE	1,035	13,075	7,771	20,846	0
SUPPLY/MATERIAL-PROFESSIONAL	14,094	8,430	3,207	11,637	0
BLDG, GROUND, MAINTENANCE	625	0	0	0	0
MISCELLANEOUS SUPPLIES	400	1,675	75	1,750	0
OFFICE SUPPLIES	4,601	7,330	7,077	14,407	0
POSTAGE	14,813	16,403	-1,166	15,237	0
PRINTING	4,988	7,705	2,870	10,575	0
IT EQUIP UNDER \$5,000	3,117	6,100	35,671	41,771	0
OFFICE EQUIP & FURN SUPPLIES	0	2,600	3,400	6,000	550
INSURANCE	6,224	6,929	2,594	9,523	0
RENTALS/LEASES-EQUIP & OTHER	7,008	7,745	655	8,400	0
RENTALS/LEASES - BLDG/LAND	110,791	126,535	11,902	138,437	21,600
REPAIRS	102	1,250	-100	1,150	0
IT - DATA PROCESSING	46,779	100,996	23,664	124,660	5,330
IT-COMMUNICATIONS	20,528	23,647	8,065	31,712	2,380
IT CONTRACTUAL SERVICES AND RE	26,059	0	0	0	0
PROFESSIONAL DEVELOPMENT	63,173	87,393	3,414	90,807	0
OPERATING FEES AND SERVICES	35,871	31,366	6,144	37,510	0
FEES - PROFESSIONAL SERVICES	80,641	75,226	3,020	78,246	0
<b>TOTAL</b>	<b>745,795</b>	<b>811,982</b>	<b>189,172</b>	<b>1,001,154</b>	<b>29,860</b>

**REQUEST DETAIL**413 DEPT OF FINANCIAL INST  
Biennium: 2007-2009

Bill#: HB 1008

Date: 12/13/2006

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Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
<b>OPERATING EXPENSES</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	745,795	811,982	189,172	1,001,154	29,860
<b>TOTAL</b>	<b>745,795</b>	<b>811,982</b>	<b>189,172</b>	<b>1,001,154</b>	<b>29,860</b>
<b>CAPITAL ASSETS</b>					
EQUIPMENT OVER \$5000	0	7,500	-7,500	0	0
<b>TOTAL</b>	<b>0</b>	<b>7,500</b>	<b>-7,500</b>	<b>0</b>	<b>0</b>
<b>CAPITAL ASSETS</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	7,500	-7,500	0	0
<b>TOTAL</b>	<b>0</b>	<b>7,500</b>	<b>-7,500</b>	<b>0</b>	<b>0</b>
<b>SPECIAL LINES</b>					
CONTINGENCY	0	20,000	0	20,000	0
MONEY TRANSMITTERS	0	193,742	-193,742	0	0
<b>TOTAL</b>	<b>0</b>	<b>213,742</b>	<b>-193,742</b>	<b>20,000</b>	<b>0</b>
<b>SPECIAL LINES</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	213,742	-193,742	20,000	0
<b>TOTAL</b>	<b>0</b>	<b>213,742</b>	<b>-193,742</b>	<b>20,000</b>	<b>0</b>
<b>FUNDING SOURCES</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	3,615,846	4,445,503	424,297	4,869,800	29,860
<b>TOTAL FUNDING SOURCES</b>	<b>3,615,846</b>	<b>4,445,503</b>	<b>424,297</b>	<b>4,869,800</b>	<b>29,860</b>

**CHANGE PACKAGE SUMMARY**

413 DEPT OF FINANCIAL INST

Biennium: 2007-2009

Bill#: HB 1008

Date: 12/13/2006

Time: 10:49:46

Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<b>AGENCY BUDGET CHANGES</b>					
Cost To Continue	.00	0	0	235,125	235,125
1 IT Data Processing	.00	0	0	23,664	23,664
2 IT Communications	.00	0	0	8,065	8,065
3 IT Software	.00	0	0	7,771	7,771
4 Travel	.00	0	0	70,909	70,909
5 Postage	.00	0	0	-1,166	-1,166
6 Lease/Rental Equipment	.00	0	0	655	655
7 Lease/Rental Building	.00	0	0	11,902	11,902
8 Professional Development	.00	0	0	3,414	3,414
9 Operating Fees & Services	.00	0	0	6,144	6,144
10 Repairs	.00	0	0	-100	-100
11 Professional Services	.00	0	0	3,020	3,020
12 Insurance	.00	0	0	2,594	2,594
13 Office Supplies	.00	0	0	7,077	7,077
14 Printing	.00	0	0	2,870	2,870
15 Professional Supplies	.00	0	0	3,207	3,207
16 Misc Supplies	.00	0	0	75	75
17 Office Equipment	.00	0	0	3,400	3,400
18 IT Equipment under \$5,000	.00	0	0	35,671	35,671
24 IT Equipment over \$5,000	.00	0	0	0	0
<b>Agency Total</b>	<b>.00</b>	<b>0</b>	<b>0</b>	<b>424,297</b>	<b>424,297</b>
<b>OPTIONAL REQUESTS</b>					
20 IT Data Processing - Grand Forks Field Office	.00	0	0	5,330	5,330
21 IT Communications - Grand Forks Field Office	.00	0	0	2,380	2,380
22 Lease/Rental Building - Grand Forks Field Office	.00	0	0	21,600	21,600
23 Office Equipment - Grand Forks Field Office	.00	0	0	550	550
<b>Optional Total</b>	<b>.00</b>	<b>0</b>	<b>0</b>	<b>29,860</b>	<b>29,860</b>

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**BUDGET CHANGES NARRATIVE**

413 DEPT OF FINANCIAL INST

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<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 1</b>	<b>Priority: 2</b>
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IT Data Processing -

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Increase cost of data processing

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 2</b>	<b>Priority: 3</b>
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IT Communications -

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Increase cost of telephone and cell phones

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 3</b>	<b>Priority: 4</b>
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IT Software -

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Cost to update computer software

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 4</b>	<b>Priority: 5</b>
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Travel -

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Increase cost of for travel to examination, schools, and professional development

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 5</b>	<b>Priority: 6</b>
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Postage -

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Operating cost of postage

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 6</b>	<b>Priority: 7</b>
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Lease/Rental Equipment -

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Increase cost of copier lease

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 7</b>	<b>Priority: 1</b>
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Lease/Rental Building -

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Increase cost of building lease

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 8</b>	<b>Priority: 9</b>
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Professional Development -

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Increase cost to dues and school cost

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 9</b>	<b>Priority: 8</b>
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Operating Fees & Services -

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Increase cost of operating fees

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 10</b>	<b>Priority: 12</b>
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Repairs -

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Minor repair cost

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 11</b>	<b>Priority: 11</b>
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Professional Services -

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Increase cost of attorney fees

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 12</b>	<b>Priority: 10</b>
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Insurance -

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Increase cost in insurance

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 13</b>	<b>Priority: 13</b>
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Office Supplies -

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Increase cost of office supplies

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 14</b>	<b>Priority: 14</b>
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Printing -

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Increase cost of printing

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 15</b>	<b>Priority: 15</b>
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Professional Supplies -

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Increase cost of professional supplies

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 16</b>	<b>Priority: 16</b>
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Misc Supplies -

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Increase in misc supplies

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 17</b>	<b>Priority: 18</b>
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Office Equipment -

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Cost to purchase office equipment

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 18</b>	<b>Priority: 17</b>
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IT Equipment under \$5,000 -

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Cost to purchase new computers for the Department

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 19</b>	<b>Priority: 19</b>
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Special Line Other (7090) -

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Additional cost of legal fees

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 24</b>	<b>Priority: 20</b>
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IT Equipment over \$5,000 -

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Department is not purchasing IT Equipment over \$5,000

<b>Change Group: O</b>	<b>Change Type: A</b>	<b>Change No: 20</b>	<b>Priority: 2</b>
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IT Data Processing - Grand Forks Field Office -

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Start up cost for Grand Forks field office

<b>Change Group: O</b>	<b>Change Type: A</b>	<b>Change No: 21</b>	<b>Priority: 3</b>
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IT Communications - Grand Forks Field Office -

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Start up cost for Grand Forks field office

<b>Change Group: O</b>	<b>Change Type: A</b>	<b>Change No: 22</b>	<b>Priority: 1</b>
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Lease/Rental Building - Grand Forks Field Office -

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Cost of lease office space for Grand Forks field office

<b>Change Group: O</b>	<b>Change Type: A</b>	<b>Change No: 23</b>	<b>Priority: 4</b>
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Office Equipment - Grand Forks Field Office -

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Start up cost for Grand Forks field office