

Arizona Automobile Theft Authority

2001 Annual Report



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Mission Statement

To reduce vehicle theft through a statewide cooperative effort by supporting law enforcement investigation, prosecution, and public awareness programs.

Letter to the Governor

The Honorable Jane Dee Hull
Governor of Arizona
1700 West Washington
Phoenix, AZ 85007

Dear Governor Hull:

It is with great pleasure that we present the Arizona Automobile Theft Authority's (AATA) Annual Report for the fiscal year ending June 30, 2001. We are proud to report that the AATA continues to achieve its mandates with significant accomplishments in vehicle theft enforcement, prosecution and prevention.

Since 1992, the AATA has continued to strategically and cooperatively combat vehicle theft by focusing on its three vital components — law enforcement investigation, prosecution, and public awareness programs.

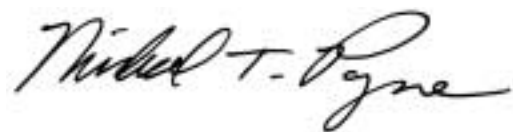
The AATA has focused its efforts on aggressive law enforcement through continued funding of the Arizona Vehicle Theft Task Force (AVTTF). For every dollar that the AATA has funded, the AVTTF has recovered more than \$11 in stolen property for the citizens of Arizona. In addition, the AATA has expanded its funding and support of public awareness and vertical prosecution grant programs to further enhance and support our efforts throughout the state.

The AATA's public awareness and education component has expanded in 2001 and is working to actively promote several prevention initiatives, build business and community partnerships, and collaborates with statewide law enforcement agencies to increase awareness on motor vehicle theft in our state. Additionally, new programs designed to build international cooperative efforts to target border interdiction initiatives along the Arizona-Mexico border are actively under way.

As the Arizona Automobile Theft Authority's statutory sunset review process approaches, we wish to illustrate the importance of the continuation of our Agency's programs and initiatives aimed at combating and preventing vehicle theft in the State of Arizona.

The AATA remains committed to reducing the vehicle theft rate in the state with support from the insurance industry, law enforcement, community organizations, and corporate partners, and looks forward to continued service to the citizens of Arizona.

Respectfully,



Michael Payne
Chairman of the Board

Board of Directors June 30, 2001



Michael Payne, Chairman of the Board

Section Manager, State Farm Insurance Companies – Special Investigative Unit

Mr. Payne was appointed to the AATA Board of Directors in 1999 and was elected Board Chairman on January 5, 2001. Mr. Payne holds a bachelor's degree in criminal justice from Michigan State University. After beginning his career as an auto claim representative for State Farm Insurance, Mr. Payne was promoted to State Farm's Investigative Unit where he currently serves as a section manager. In this position, he is responsible for investigations in Arizona, Nevada and New Mexico.



Ralph E. Ogden, Vice Chairman

Sheriff, Yuma County Sheriff's Office

Sheriff Ogden began his career in law enforcement more than 30 years ago and currently is in his second term of office as Yuma County Sheriff. Sheriff Ogden joined the Yuma County Sheriff's Office as Chief Deputy in 1980 and was elected County Sheriff in 1993. His experience includes four years in the Marine Corps, Chief Deputy for the Yuma County Sheriff's Office and a graduate of the FBI National Academy. Sheriff Ogden has been a member of the AATA Board since 1997.



Dean C. Butler

Farmers Insurance Group

Governor Hull appointed Mr. Dean Butler of Farmers Insurance to the AATA Board of Directors on January 5, 2001. Mr. Butler represents one of two insurance industry positions on the AATA Board. Mr. Butler is the Marketing Support Manager with the North Phoenix Farmers Insurance Office and has over 24 years experience in the insurance industry.



William J. Ekstrom

Mohave County Attorney

Mr. Ekstrom has held the position of Mohave County Attorney since 1979. A third generation Arizonan, Mr. Ekstrom received his bachelor's degree from Northern Arizona University and his jurist doctor degree from Arizona State University. Appointed to the AATA Board in 1997, Mr. Ekstrom brings more than 25 years of extensive government experience to the Authority.



Dennis Garrett

Director, Department of Public Safety

Mr. Garrett was named Director of the Department of Public Safety by Governor Hull in 2000, the same year he was appointed to the AATA Board of Directors. Mr. Garrett has 35 years of experience with the Phoenix Police Department, where he served as Police Chief and has worked in every division and major bureau of the organization. Mr. Garrett has a bachelor's degree from Northern Arizona University and a master's degree in public administration from Arizona State University.



Alberto Gutier

Director, Governor's Office of Highway Safety

Mr. Gutier has been a member of the AATA Board of Directors since 1997. He was appointed to Director of the Governor's Office of Highway Safety in 1995 and has been a member of Gov. Jane Dee Hull's cabinet since October 1997. Mr. Gutier brings to the Board 11 years of law enforcement experience with the Maricopa County Sheriff's Office, where he progressed to the rank of Commander of the Reserve Program.



Harold L. Hurtt

Chief, Phoenix Police Department

Chief Hurtt has served as Chief of Police for the Phoenix Police Department since 1998. With more than 30 years of law enforcement experience, Chief Hurtt has held various positions including Sergeant, Lieutenant, Captain and Assistant Chief. A member of the AATA Board for two years, Chief Hurtt has a bachelor's degree in sociology from Arizona State University and a master's degree in organizational management from the University of Phoenix.



Ellen Poole

Executive Vice President, Arizona Bankers Association

Ms. Poole, who joined the Arizona Bankers Association in 1996, had previously served three years as the legislative research analyst for the Arizona State Senate Banking and Insurance Committee. Prior to that, she practiced law with the Arizona law firm of Lewis and Roca. Ms. Poole earned her law degree from George Washington University and holds two bachelor's degrees from Virginia Tech. She joined the AATA Board of Directors in 1999.



Richard M. Romley

Maricopa County Attorney

Mr. Romley, currently in his fourth elected term as Maricopa County Attorney, first assumed office on January 1, 1989. Mr. Romley has been a member of the AATA Board of Directors since August 2000. Mr. Romley is a native Arizonan, born in Tucson. He attended Arizona State University, where he earned a Bachelor of Science degree in Business, and a Juris Doctorate in Law.



Daniel G. Sharp

Chief, Oro Valley Police Department

Chief Daniel Sharp, Oro Valley Police Chief was appointed to the AATA Board of Directors in October 2000. Chief Sharp occupies the second seat on the AATA Board to represent the Arizona Association of Chiefs of Police (AACOP). Chief Sharp currently serves as the Chief of Police for the Town of Oro Valley. He has been in law enforcement for over 23 years, serving with the Tucson Police Department until his appointment as Chief of the Oro Valley Police Department in January 2000.



Stacey K. Stanton

Director, Motor Vehicle Division, Arizona Department of Transportation

Ms. Stanton was appointed to lead the Arizona Department of Transportation's Motor Vehicle Division in December 1999. She has worked with the Motor Vehicle Division for six years, overseeing the division's customer service program in Phoenix and later, heading the division's legislative program and policy unit. Ms. Stanton has a bachelor's degree from Arizona State University. She has been a member of the AATA Board of Directors for two years.

Arizona Automobile Theft Authority Staff

Mikel Longman

Executive Director

Paul Boelhauf

Administrative Services Officer

Ann Armstrong

Public Information Officer

Arthur Myer

Administrative Assistant

Executive Summary

Introduction

The Arizona Automobile Theft Authority (AATA) operates on a fiscal year budget cycle from July through June.

All motor vehicle theft statistics included in this report are based on a calendar year ending December 31, 2000 including those statistics cited from the "Crime in the United States 2000" Report published by the Federal Bureau of Investigation (FBI).

Summary

The FBI's 2000 Uniform Crime Report (UCR) indicates there were nearly 1.2 million motor vehicle thefts in the United States in 2000, with an estimated value of approximately \$7.8 billion dollars. In Arizona, there were 43,060 stolen vehicles reported during 2000, which demonstrates a 5.2% increase in the theft rate from 1999. The FBI's UCR reports that collectively, the Western States recorded the largest increase at 7.1% for motor vehicle thefts. Additionally, the number of motor vehicle thefts reported in the United States in 2000 increased from the previous year for the first time since 1990.

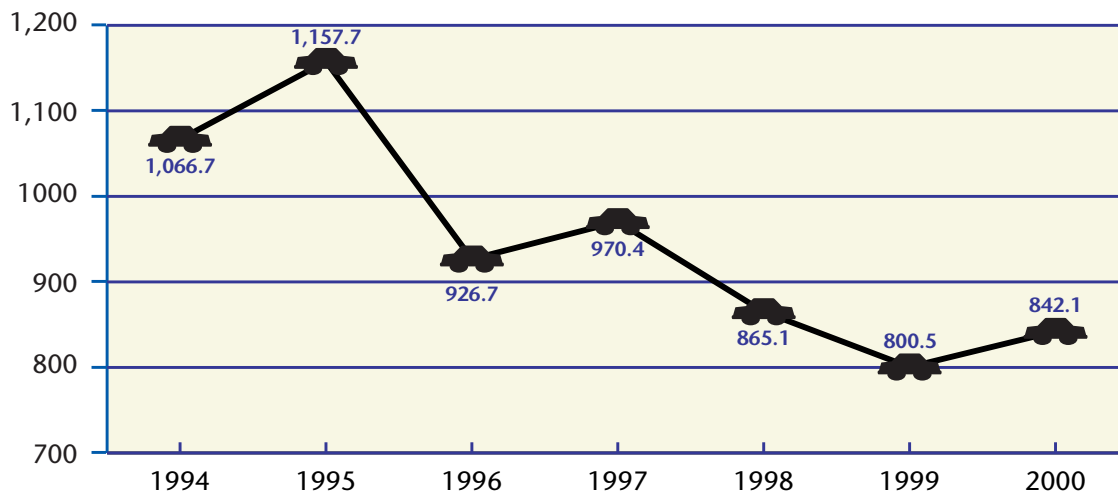
The UCR also reports that the nation's most heavily populated cities with populations over 250,000 experienced the highest rate of motor vehicle theft in 2000. Accordingly, Arizona has become one of the fastest growing states in the nation and has experienced a dramatic population increase over the past several years. The recent 2000 Census indicates Arizona's population is at 5,130,632, which reflects an increase of nearly one million people since 1995. Arizona's growth rate, coupled with a national economic decline, becomes a primary factor in the increased rate of criminal activity.

Arizona ranks seventh (7th) in the nation in actual number of vehicles stolen, and remains second in the country for vehicle thefts per capita behind Washington, DC.

Vehicle theft continues to be a challenge for Arizona, and the current statistics reinforce the importance of a coordinated effort in the state to effectively investigate, prosecute, and educate the community on vehicle theft.

Arizona – Vehicle Theft Rate*

1994 - 2000



*Motor Vehicle Theft Rate Per 100,000 Inhabitants

Information obtained from the U.S. Department of Justice Federal Bureau of Investigation "Crime in the United States" Uniform Crime Report

The AATA is governed by a 12-member Board of Directors appointed by the Governor and other organizations. Members of the AATA Board include two police chiefs; two sheriffs; two county attorneys, the Directors of the Department of Public Safety, and Motor Vehicle Division; two employees representing the insurance industry; and two members of the general public. The AATA currently has a four-person staff responsible for executing the Agency's strategic plan.

Each year the AATA Board of Directors award grants to law enforcement agencies and county attorney offices throughout the state. The grant programs work to prevent vehicle theft, apprehend thieves, and convict auto theft criminals.

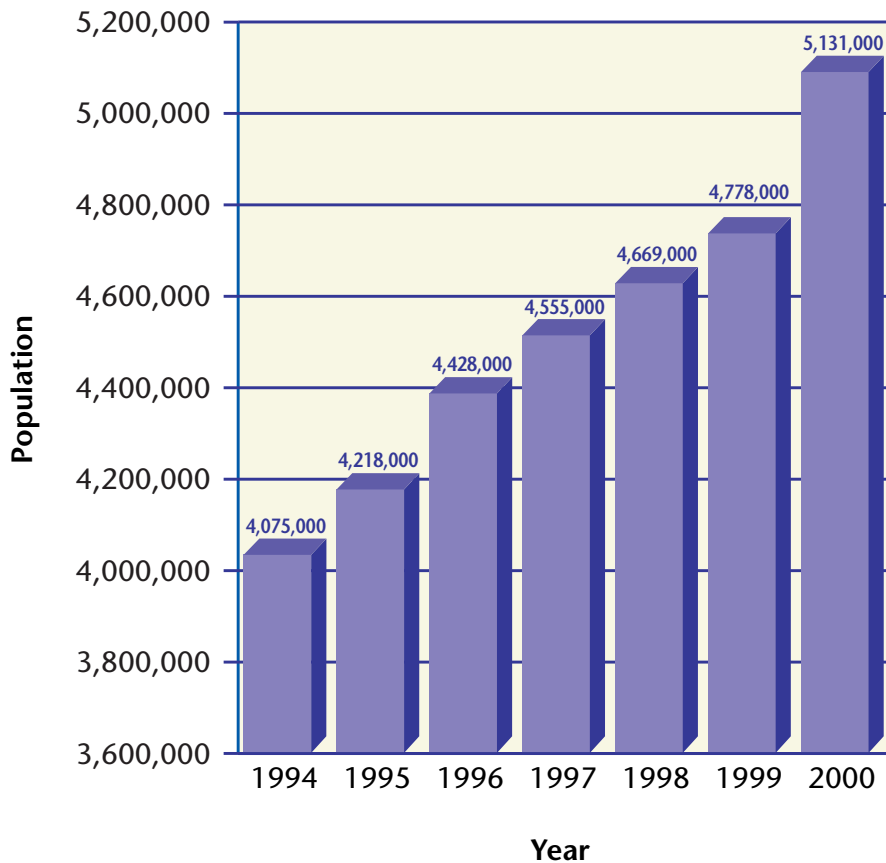
In fiscal year 2001, the AATA focused the majority of its grant allocation to the Arizona Vehicle Theft Task Force (AVTTF) because of its continued aggressive investigative efforts and impressive stolen vehicle recovery results.

The AVTTF was established in January 1997 to coordinate a statewide law enforcement effort to combat vehicle theft. The mission of the AVTTF is to reduce vehicle theft in the State of Arizona by deterring criminal activity through proactive enforcement and prosecution.

During fiscal year 2001, the AATA expanded its grant funding allocations towards prosecution and public awareness programs. The AATA has issued over \$318,000 in grants to law enforcement and county attorney offices throughout the state to conduct public awareness/education and vertical prosecution programs.

Arizona's Population

1994 - 2000



Initiatives

Each of the three components of the AATA - public awareness and community education, law enforcement investigation, and prosecution - **all work together to combat vehicle theft throughout the State of Arizona.**

Public Awareness and Education

The AATA's public awareness initiatives during 2001 focused on strengthening our partnerships and collaborative efforts with community organizations, corporations, and statewide law enforcement agencies.

During fiscal year 2000/2001, the AATA awarded over \$136,000 in grant funds to seven (7) law enforcement agencies to conduct public awareness activities on vehicle theft prevention, while also promoting the Watch Your Car program, one of several elements of the "layered approach" of protection the AATA advocates. These grant agencies are required to submit quarterly performance reports to the AATA on their public awareness and education efforts. All total, these agencies participated in 230 public awareness events and meetings, distributed over 4,300 steering wheel locks, and conducted on-going officer and law enforcement personnel training within their agencies during the 2000/2001 fiscal year.

In addition, press releases were distributed regularly to encourage consistent coverage of the AATA's efforts, current crime trends and statistics, and consumer protection topics. As a result of these on-going press releases and media relations, the AATA participated in several newspaper, television, and radio interviews that generated over 3 million media impressions throughout the state.

In 2001, the AATA launched distribution of Watch Your Car brochures and display holders into the Motor Vehicle Division Service Centers and AAA Arizona Travel Offices throughout the state. In addition, preliminary work has begun with the Motor Vehicle Division on a partnership mailing of vehicle theft prevention and Watch Your Car information to all registered vehicle owners in the State of Arizona. It is estimated this project will be fully implemented during 2002.

The AATA has also participated in greater outreach to the Hispanic community with the creation and printing of Spanish Watch Your Car brochures and literature and increased media relations with local Spanish newspapers and publications.

The AATA's web site at www.azwatchyourcar.com has undergone several enhancements during 2001. The site

provides information on the AATA, current auto theft statistics, theft prevention tips, numerous relevant links, and current community events. For the community's convenience, a new on-line Watch Your Car application form was created for easy enrollment in the program. The AATA's web site is continually updated to contain the most current motor vehicle theft related information and upcoming special events for the citizens of Arizona. Future plans for enhancement to the AATA web site include posting of all grant program application procedures and requirements as well as information for the insurance industry on the semi-annual insurance assessment.

The AATA continues to participate and promote grass roots public awareness campaigns targeting individual communities throughout the state. The AATA participated in numerous auto theft prevention and Watch Your Car community events. The following are examples of these types of events the AATA participated in during fiscal year 2000/2001:

- Neighborhood Safety Fairs and Blockwatch Meetings
- Arizona State Employee Appreciation Day – Phoenix and Tucson
- Police Sponsored Safety Fairs
- Arizona State Fair – Public Safety Days
- State Farm Employee Health and Safety Fair
- Blue Cross Blue Shield Employee Health and Safety Fair
- Shopping Mall Crime Prevention Events
- Allstate Insurance Auto Theft Fair with Free VIN Etching
- Amica Insurance Auto Theft Fair with Free VIN Etching
- Getting Arizona Involved in Neighborhoods (GAIN) Events
- State University and Community College Events
- AARP's 55 Alive Driver's Education Classes and Town Hall Meetings

Vertical Prosecution

Prior to the AATA's support of vertical prosecution through grants to county attorney offices, there was no dedicated vehicle theft focused prosecutorial efforts anywhere in the State of Arizona. Vehicle theft cases, including those from the Arizona Vehicle Theft Task Force were submitted to the appropriate prosecutorial agency and were processed in accordance with established policies, which did not include "vertical prosecution." Vertical prosecution refers to the concept of a single prosecutor handling a case from submission, (often during the investigation phase) through trial. Although this is not a unique concept, it was rarely employed in vehicle theft related cases in Arizona. The AATA Board of Directors determined that this was a critical void in the overall strategy to combat vehicle theft and related criminal activity.

The county attorney offices have primary jurisdiction over vehicle theft related cases in the State of Arizona. In fiscal year 1999, the AATA authorized grants to the Maricopa and Pima County Attorney's Offices to support vertical prosecution. In fiscal year 2001, a grant was also provided to the Pinal County Attorney's Office. The AATA currently funds three grants that provide dedicated vertical prosecutors in Maricopa, Pima and Pinal Counties. In addition to handling cases, these prosecutors also provide technical expertise and training to law enforcement personnel and other prosecutors throughout the state and engage in public awareness and education activities in their communities. The AATA requires quarterly financial and performance reports from the grant recipients.

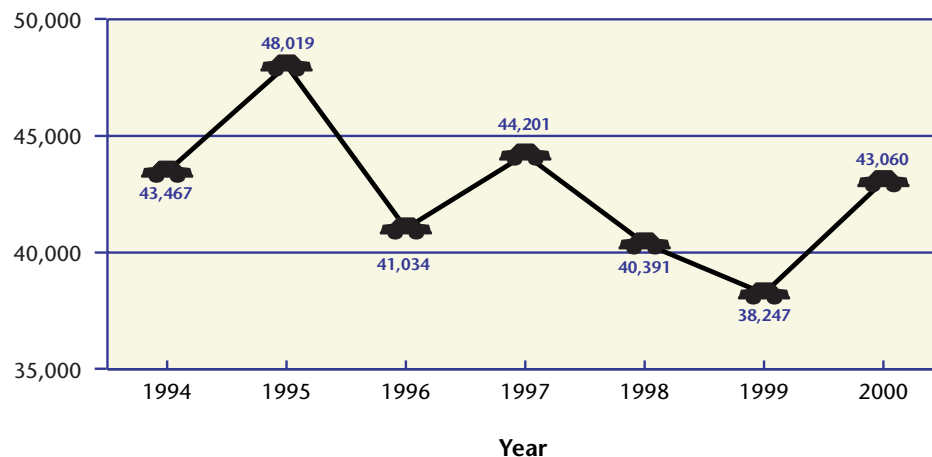
Top 25 Vehicle Thefts from Arizona

Rank	Make and Model
1	Chevrolet full size C/K Pickup
2	Chevrolet full size Extended Cab Pickup
3	Oldsmobile Cutlass/Supreme/Ciera
4	Honda Accord
5	Ford F150 Series
6	Dodge Ram Pickup
7	Honda Civic
8	Jeep Cherokee/Grand Cherokee
9	Saturn SI
10	Nissan Sentra
11	Nissan Standard Body Pickup
12	Pontiac Grand Am
13	Chevrolet Camaro
14	Honda Motorcycle
15	Toyota Camry
16	Cadillac Deville
17	General Motors Corp full size C/K Pickup
18	Chevrolet Cavalier
19	Chevrolet Compact SUV (Blazer)
20	Ford Taurus
21	Dodge Neon
22	Buick Century
23	Ford Ranger
24	Chevrolet Suburban
25	Ford Heavy Duty

Source: National Insurance Crime Bureau (NICB)-2000

Arizona Vehicle Theft

1994 - 2000



Source: Crime in Arizona Report, published by the Arizona Department of Public Safety

Initiatives continued

The AATA received a special appropriation in fiscal year 2001 of \$150,000 to begin funding for vertical prosecutors. In addition, the Agency allocated an additional \$27,000 for clerical support. Due to the time required to implement the program and hire prosecutors, the program was only active in all three counties since January 2001. The results listed below reflect the efforts for 2001. The Arizona Automobile Theft Authority remains committed to developing an aggressive strategy for prosecuting vehicle theft crimes. Additionally, it is the intent of the AATA to expand the Vertical Prosecution Grant Program into other counties as funds become available.

The results for the first six-month period of the program (January – June 2001) are as follows:

Number of vertical prosecutors funded	3.1
Number of vehicle theft cases filed	149
Percent of vehicle theft cases brought to trial	3.0%
Number of responses to Task Force investigations	115
Number of adult offenders	279
Number of juvenile offenders	5
Number of repeat offenders	27
Number of convictions	119
Amount of restitution ordered	\$157,000
Number of training sessions conducted by prosecutors	13

Investigation

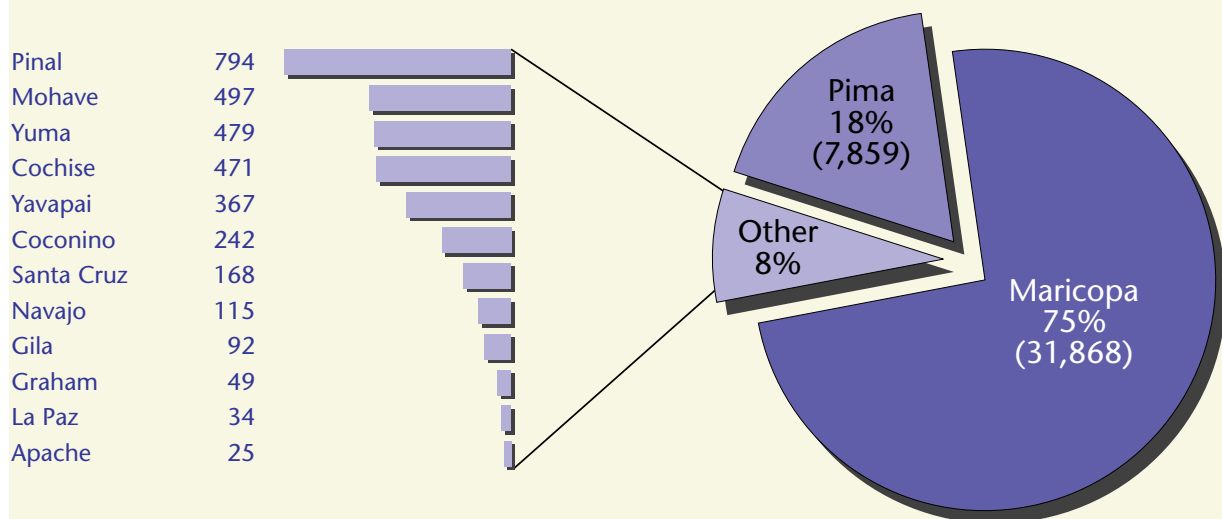
The Arizona Vehicle Theft Task Force (AVTTF) was established to coordinate a statewide law enforcement effort to combat vehicle theft. The mission of the Task Force is to reduce vehicle theft in the State of Arizona by deterring criminal activity through proactive enforcement and prosecution.

The Task Force serves as a statewide resource for the investigation of property crimes involving vehicles, related components, and insurance fraud. The Task Force also provides technical expertise and training as well as investigative support to law enforcement agencies targeting vehicle theft. The Task Force is comprised of local, state and federal law enforcement agencies, along with other entities participating in a concerted efforts to identify, apprehend and prosecute individuals and criminal organizations that profit from the theft of motor vehicles, related criminal activity and insurance fraud.

The AVTTF is administered by the Department of Public Safety through a grant from the AATA. The Task Force commenced limited operation in 1997, with two enforcement squads in Maricopa County and one in Pima County. Currently, the AVTTF is represented by fifteen (15) agencies, with personnel in Cochise, Maricopa, Mohave, Pima, Pinal, Santa Cruz, Yavapai, and Yuma Counties.

Arizona Vehicle Thefts

By County 2000



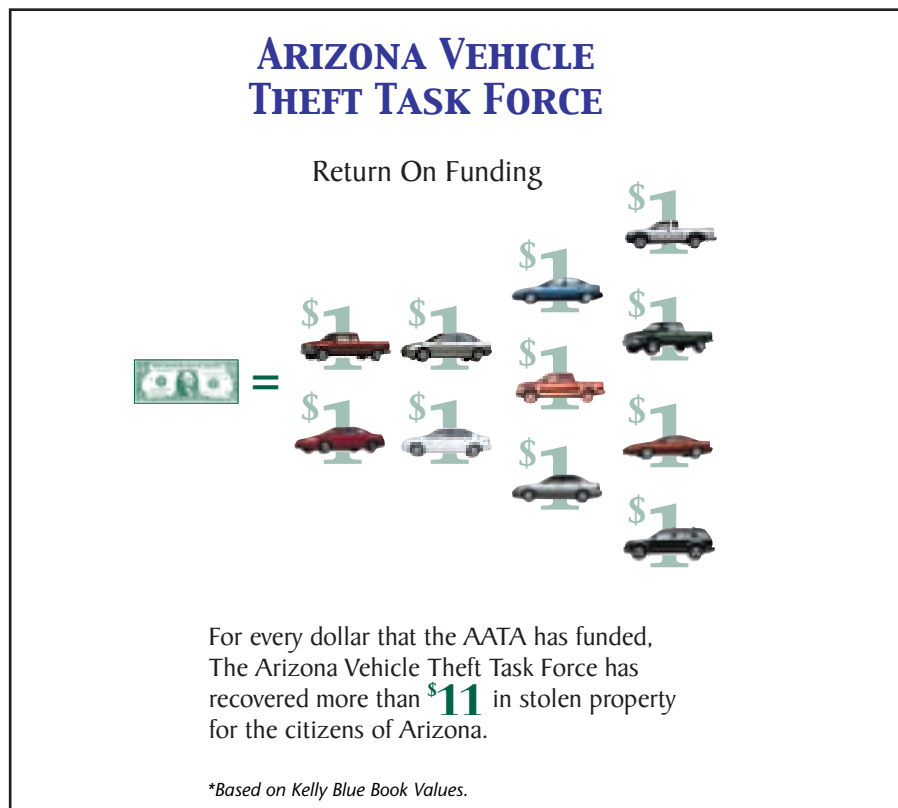
Task Force personnel routinely respond to requests for assistance in other Arizona counties as well.

The Task Force, operational for less than five years, is already recognized as one of the premier units of its kind in the nation. The AVTTF was awarded the 1999 Vehicle Theft Award of Merit, co-sponsored by the International Association of Chiefs of Police and the National Insurance Crime Bureau. Most importantly, the AATA, Department of Public Safety, and participating agencies have developed a strong partnership, which has been integral to the success of the Task Force. Members of the Task Force have worked diligently to combat vehicle theft and related crimes throughout the State of Arizona.

The results of the Task Force's activities have been substantial. For every dollar that the AATA funded in calendar year 2000, the Task Force has recovered \$11.24 in stolen property

(Based on Kelly Blue Book values) for the citizens of Arizona. This is an increase over 1999 when the Task Force recovered \$10.56 for every AATA dollar expended.

In 2000, the AVTTF's operations surpassed the impressive results of 1999. The Task Force recovered 2,343 stolen vehicles in 2000, with an estimated value of more than \$22 million dollars. This represents a 3.3% increase in the recovery of stolen vehicles from 1999 to 2000. Additionally, the Task Force investigated and shut down 29 "chop shops" and investigated 41 insurance fraud cases. In 2000, the Task Force made 287 felony arrests, which is an 8.3% increase over 1999. The Task Force has also provided training to more than 1,000 law enforcement personnel throughout the state and was actively involved in public awareness and community education programs.



Task Force Officer of the Year

Detective William "Bill" Whitlow was named Arizona Vehicle Theft Task Force Officer of the Year for 2000. Detective Whitlow is a thirty-year veteran of the Department of Public Safety, and is currently assigned to the Vehicle Theft Task Force. Bill Whitlow is one of the original members of the Task Force.



During calendar year 2000, Detective Whitlow recovered 101 stolen vehicles valued at \$698,000, and made four felony arrests. Detective Whitlow demonstrates a high level of enthusiasm and is an invaluable asset to the Task Force.

He routinely assists fellow Task Force members and other law enforcement agencies with surveillance, investigative support, search warrant preparation, acid restoration and identification of vehicles. Detective Whitlow regularly teaches basic and advanced auto theft courses throughout the state.

Detective Whitlow's unselfish motivation as a team player and his expertise contribute highly to the mission of the Arizona Automobile Theft Authority and the Arizona Vehicle Theft Task Force.



Regional Auto Theft Team Law Enforcement Response

Participating Agencies in the Arizona Vehicle Theft Task Force

LAW ENFORCEMENT AGENCIES:

Cochise County:

Arizona Department of Public Safety 1 detective
Cochise County Sheriff's Department 1 deputy

Maricopa County

Arizona Department of Public Safety 1 lieutenant,
3 sergeants,
9 detectives
Arizona Department of Insurance 1 special agent
Chandler Police Department 1 detective
El Mirage Police Department 1 detective
Federal Bureau of Investigation 1 special agent
Glendale Police Department 1 detective
Mesa Police Department 1 detective
National Insurance Crime Bureau 1 special agent
Phoenix Police Department 1 sergeant,
2 detectives
Scottsdale Police Department 1 detective
Tempe Police Department 1 detective

Mohave County:

Arizona Department of Public Safety 1 detective

Pima County:

Arizona Department of Public Safety 1 sergeant,
3 detectives
Marana Police Department 1 detective
National Insurance Crime Bureau 1 special agent
Tucson Police Department 1 sergeant,
2 detectives

Pinal County:

Arizona Department of Public Safety 1 detective

Santa Cruz County:

Arizona Department of Public Safety 1 detective
Motor Vehicle Division 1 special
investigator

Yavapai County:

Arizona Department of Public Safety 1 detective
Yavapai County Sheriff's Office 1 detective

Yuma County:

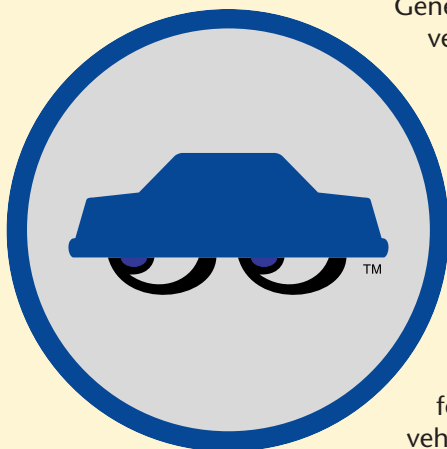
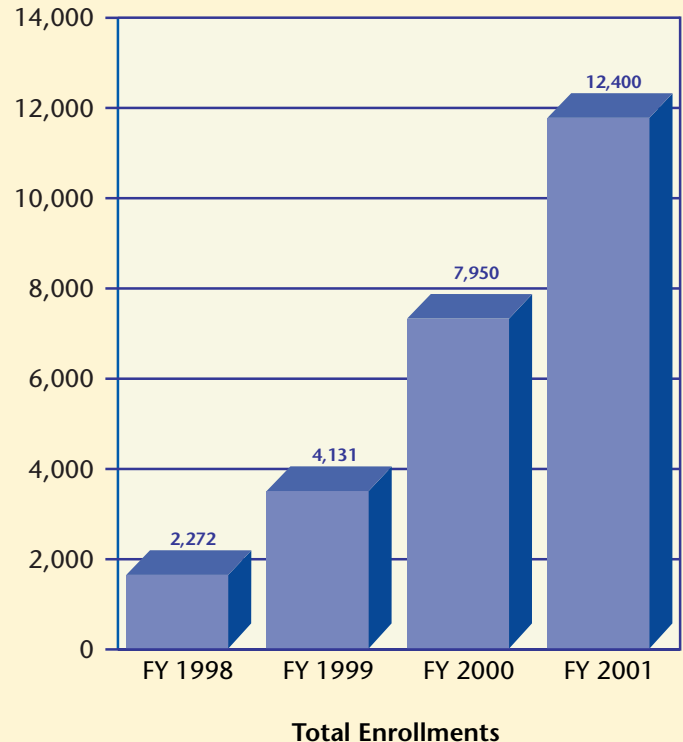
Arizona Department of Public Safety 1 sergeant,
1 detective
Yuma County Sheriff's Office 1 deputy

Watch Your Car



Watch Your Car Enrollments

1998 - 2001



The Motor Vehicle Theft Prevention Act of 1994 authorized the U.S. Attorney General to develop, in cooperation with the states, a national voluntary motor vehicle theft prevention program. The National Watch Your Car program is designed as a cooperative initiative between the states and the Bureau of Justice Assistance. The AATA has administered this national program in Arizona since 1998, with 75% of the program's funding provided by federal grants. The Watch Your Car program serves as the centerpiece of the AATA's vehicle theft prevention and deterrence programs, and is just one element of a "layered approach" of protection recommended by the AATA to effectively protect vehicles from auto theft.

The Watch Your Car program is a voluntary enrollment program designed to deter vehicle theft, assist in the recovery of stolen vehicles, and apprehend auto thieves. After enrolling and signing an application form, participants in the program affix a Watch Your Car decal to their vehicle that invites law enforcement officials to stop the vehicle between the program hours of 1:00 AM and 5:00 AM when most vehicle theft occur, or within one mile of the international border. Enrollment forms are obtained by contacting the


AATA by phone or accessing the information via the Internet at the Agency's web site at www.azwatchyourcar.com. The Watch Your Car program is free and open to all citizens with cars registered in the State of Arizona.

To promote the Watch Your Car program and other comprehensive vehicle theft prevention tips, the AATA partners with law enforcement agencies throughout the state, participates in auto theft prevention events and safety fairs as well as homeowners association meetings. Information displays are also located at every Motor Vehicle Division and AAA Arizona Travel Office in the state.

For fiscal year 2001, the AATA has over 12,400 enrollments in the Watch Your Car Program, which is a 56% increase in enrollments from fiscal year 2000.

Motor Vehicle Theft by State Comparison 1999/2000

Ranked by Vehicle Theft Rate for Calendar Year 2000

RANK	STATE	TOTAL # in 2000	TOTAL # in 1999	% CHANGE	*RATE/100,000
1	District of Columbia	6,600	6,652	-10.0%	1153.7
2	Arizona	43,204	38,247	5.2%	842.1
3	Nevada 	13,172	13,094	-8.9%	659.2
4	Washington	35,018	33,807	1.2%	594.1
5	Michigan	55,724	56,800	-2.6%	560.7
6	Florida	89,181	93,191	-9.5%	558.0
7	Maryland	28,573	25,447	9.6%	539.5
8	California	182,035	168,480	5.7%	537.4
9	Hawaii	6,114	4,660	28.4%	504.6
10	Tennessee	27,530	25,255	5.1%	483.9
11	Louisiana	21,270	21,695	-4.1%	475.9
12	Georgia	38,702	40,120	-8.2%	472.8
13	Illinois	56,143	56,668	-3.2%	452.1
14	Texas	93,161	92,037	-2.7%	446.8
15	Rhode Island	4,665	4,032	9.4%	445.0
16	Missouri	24,695	22,984	5.0%	441.0
17	Massachusetts	25,876	25,628	-1.8%	407.6
18	Oregon	13,932	13,633	-1.0%	407.2
19	New Jersey	34,151	35,357	-6.5%	405.9
20	New Mexico	7,341	8,126	-13.6%	403.6
21	Delaware	3,151	3,043	-0.4%	402.1
22	Colorado	16,961	14,795	8.1%	394.3
23	Connecticut	13,099	11,297	11.7%	384.6
24	South Carolina	15,207	14,445	2.0%	379.0
25	Alaska	2,350	2,658	-12.6%	374.8
26	Oklahoma	12,348	12,132	-1.0%	357.8
27	Indiana	21,090	20,290	1.6%	346.8
28	Ohio	39,026	39,192	-1.3%	343.7
29	Nebraska	5,230	5,440	-6.4%	326.5
30	North Carolina	25,266	25,577	-6.1%	313.9
31	Pennsylvania	36,325	39,234	-9.6%	295.8
32	Utah	6,461	7,382	-16.5%	289.3
33	Alabama	12,809	13,134	-4.2%	288.0
34	New York	54,231	58,261	-10.7%	285.8
35	Minnesota	13,432	13,275	-1.8%	273.0
36	Wisconsin	14,636	13,819	3.7%	272.9
37	Arkansas	6,932	6,664	-0.7%	259.3
38	Virginia	17,813	17,953	-3.7%	251.6
39	Mississippi	6,968	13,532	-49.9%	245.0
40	Kansas	6,496	6,048	6.0%	241.6
41	Kentucky	9,274	8,869	2.5%	229.5
42	Montana	1,956	1,874	2.1%	216.8
43	Iowa	5,374	5,135	2.6%	183.6
44	West Virginia	3,315	3,762	-12.0%	183.3
45	New Hampshire	2,148	1,354	53.5%	173.8
46	Idaho	2,086	1,898	6.3%	161.2
47	North Dakota	986	1,036	-6.1%	153.4
48	Vermont	809	912	-13.5%	132.9
49	Wyoming	573	596	-6.6%	116.0
50	South Dakota	798	861	-10.0%	105.7
51	Maine	1,322	1,694	-23.3%	103.7
United States		1,165,559	1,152,075	-2.0%	414.5

*Motor Vehicle Theft Rate Per 100,000 Inhabitants

Financial Report

Arizona Automobile Theft Authority Fund

Financial Report For the Year Ended June 30, 2001

The Arizona Automobile Theft Authority Fund is a special revenue fund, which was set up by the Arizona Legislature and is the only operating fund of the Arizona Automobile Theft Authority. The Arizona Automobile Theft Authority does not receive any tax dollars or appropriations from the General Fund of the State of Arizona.

All revenues received by the Authority, including investment income, are deposited into the Arizona Automobile Theft Authority Fund. With the exception of grants from the United States Department of Justice, all expenditures of the Authority are appropriated by the Legislature and paid from collected monies in the Fund.

The financial statements for the fiscal year ending June 30, 2001 of the Arizona Automobile Theft Authority have been audited by the accounting firm of Miller, Allen & Company, P.C., Certified Public Accountants in accordance with generally accepted accounting principles and government auditing standards. Their report gave an unqualified opinion of the Authority's financial statements and their report on internal control stated "we noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses."

A copy of the full audit report prepared by Miller, Allen & Company may be obtained by contacting the Arizona Automobile Theft Authority.

Revenue

The revenue of the Arizona Automobile Theft Authority Fund is derived from a statutory semi-annual assessment of 50¢ per vehicle paid by each insurance company writing automobile liability in Arizona on motor vehicles weighing less than 26,000 pounds.

Revenue collections from insurance assessments for the fiscal year ending June 30, 2001 were \$3,363,786, which includes past due collections of \$211,907. Most insurers had been calculating the assessment based on a pro rata method known as

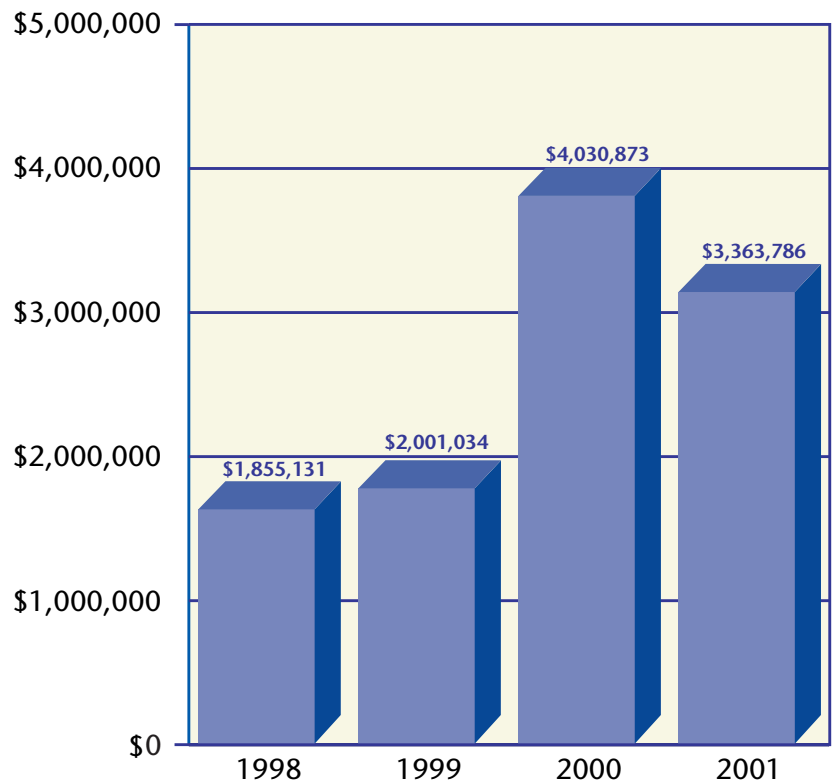
earned car years. However, effective July 1, 1997 the Arizona Legislature changed the assessment calculation method to actual number of vehicles insured. In 2000/2001, the Authority reviewed its receipts from previous assessment periods and contacted companies that were using the incorrect calculation method. This review resulted in the Authority receiving \$1,041,710 in the fiscal year ending June 30, 2000 and \$211,907 for the current fiscal year ending June 30, 2001.

The Arizona Automobile Theft Authority Fund received \$150,000 transfer from the vehicle inspection and title enforcement fund as authorized by House Bill 2087 for vertical prosecution.

All excess cash was invested with the State Treasurer and, before accounting accruals, earned \$136,869 in interest income. The Authority did not receive any grants during the fiscal year.

Insurance Assessment Collections By Year

1998 - 2001



Financial Report continued

Expenditures

Total expenditures for the year were \$3,260,320; the Authority did not expend \$58,180, which reverted to the Fund Balance at the end of the fiscal year. This excess is the result of cost savings from the Authority discontinuing the use of a public relations firm and developing its public awareness program in-house.

The Arizona Automobile Theft Authority tightly controls its administrative costs. In 2001, the AATA's administrative costs for the current fiscal year ended June 30, 2001 were 9.3% of the total approved budget. Administrative expenses of the Authority are limited by statute and are not to exceed 10% of the revenue collected by the Authority. Administrative expenses for the year were \$304,324 or 8.3% of the current year revenue.

The Arizona Automobile Theft Authority received approval from the Legislature to expend an additional \$556,000 from the Arizona Automobile Theft Authority Fund in the current fiscal year to expand the Arizona Vehicle Theft Task Force into 3 additional counties and purchase replacement equipment.

The Joint Legislative Budget Committee (JLBC) approved the AATA spending plan for \$287,300 over its approved budget as specified in the footnote of the Authority's 2000/2001 appropriation. These funds were part of the grant approved by the Authority's Board of Directors and were paid from the Arizona Automobile Theft Authority Fund.

Due to the revenue correction, the Arizona Automobile Theft Authority's original appropriated budget in fiscal years 2000 and 2001 of \$4.4 million increased to \$7.8 million in fiscal 2002/2003 biennial budget cycle. In addition to the significant increase in the resources

available in the Arizona Automobile Theft Authority Fund, the AATA has received a grant of \$240,000 from the United States Department of Justice to supplement the Authority's financial commitment to public awareness and the national Watch Your Car programs. The Authority will be expanding its current programs and developing new projects to combat vehicle theft in Arizona. These programs for next fiscal year include:

1. Border interdiction
2. Presentations to junior high and high school students
3. Statewide distributions of vehicle theft prevention information in Motor Vehicle Division (MVD) registration mailing
4. Increase in public awareness grants to local law enforcement agencies
5. Statewide allocation to law enforcement agencies of \$100,000 for training and other requests to combat vehicle theft
6. Investigative assistance to agencies statewide by the Arizona Vehicle Theft Task Force at no cost to the requesting agency
7. Training of law enforcement agencies statewide by the Arizona Vehicle Theft Task Force at no cost to the requesting agency
8. With increased funding, the Arizona Vehicle Theft Task Force will expand its presence into additional counties in Arizona for a total of nine (9) counties and will continue to provide assistance and training to law enforcement agencies in all 15 counties.

Arizona Auto Theft Authority Fund

Statement of Operations by Program for the Year Ended June 30, 2001

FISCAL YEAR ENDED JUNE 30, 2001

Revenues	
Current Year Collections	\$ 3,151,879
Prior Year Collections	211,907
Grants and Transfers	150,000
Investment Income	136,869
Gifts	500
Other	1,050
Total	<u>3,652,205</u>
Revenue Accrued as of June 30, 2001	503,632
Total Revenue	\$ 4,155,837
Expenditures by Program:	
Administrative Costs ^(1,2)	304,324
Arizona Vehicle Theft Task Force	2,458,400
Vertical Prosecution	182,120
Public Awareness	120,236
Public Awareness Grants	136,371
Border Interdiction	50,000
Other Law Enforcement Grants	8,869
Total Expenditures ⁽³⁾	\$ 3,260,320
Excess of revenues over expenditures	895,517
Fund balance, July 1, 2000 ^(4,5)	2,475,116
Fund balance, June 30, 2001 ^(4,5)	<u>\$ 3,370,633</u>

Statement of Operations by Program is based on audited financial statements by Miller, Allen & Co., P.C. A complete copy of the audited financial statements is available by contacting the Arizona Automobile Theft Authority

Footnotes:

1 Administrative Costs as a percentage of cash collections	8.3%
2 Administrative Costs as a percentage of total expenditures	9.3%
3 Actual expenditures by category per audited financial report:	
Personal Services	\$ 182,102
Employee related expenses	32,365
Professional services	113,883
Travel - in state	3,927
Travel - out state	6,401
Aid to organizations	2,785,761
Other Operating	122,516
Non-capital equipment	13,365
Total expenditures	<u>\$ 3,260,320</u>

4 Fund balance includes accrued income as per the audited financial statements

5 Cash invested with the Treasurer of the State of Arizona as of June 30, 2001: \$1,909,615

Impact of Motor Vehicle Theft Prevention Programs on Vehicle Insurance Costs.

Theft, vandalism and glass coverage is included in the comprehensive portion of automobile insurance policies. According to the Arizona Insurance Information Association (AIIA), comprehensive coverage represents about 15 percent of the protection costs for those motorists who choose "full" coverage in Arizona. Payments for injuries and collisions are the costliest coverage. Arizona's vehicle crash rates in 2000 were 11.83% higher than the national average.

Using 1994 as a base year, the Arizona Department of Insurance reported an increase of 2.6% in the total annual premium for private automobile insurance in calendar

year 2000. Since insurance rates are based on numerous factors, it is difficult to establish a cause-and-effect relationship between fluctuations in automobile insurance rates and the activities of the AATA.

However, the insurance industry has stated the AATA's dedication to statewide vehicle theft investigations, prosecution of vehicle thieves and implementation of theft prevention awareness programs has benefited, and will continue to benefit the consumers of Arizona.

Future of the AATA

The AATA is currently involved in a joint-partnership with the United States Customs Service (USCS), the National Insurance Crime Bureau (NICB), and the Department of Public Safety (DPS), to utilize technology to enhance border interdiction efforts. The USCS is installing license plate reading digital cameras at the ports-of-entry along the southwest border. The AATA has assumed a leadership role in supporting this program, which has the capability to provide valuable information and contribute to the interdiction of stolen vehicles destined to leave the United States.

Arizona is the only state that has readily embraced this project, and the AATA is receiving enormous support from law enforcement, the insurance industry, and the United States Customs Service. Once installed, the license plate readers (LPR's) will capture the license plate of all vehicles entering and leaving the United States via the ports-of-entry. The LPR's will record the license plate, and the data will be instantaneously forwarded to the DPS in order to check the state (ACIC) and national (NCIC) crime computers to determine if the vehicle is reported stolen. This will enable the USCS or Task Force officers to stop the vehicle.

If the vehicle cannot be stopped, the information will be forwarded to the appropriate law enforcement agency. The AATA, with the assistance of the Task Force, has been actively fostering a high level of cooperation with law enforcement officials in Mexico. The intent is to develop a means to immediately communicate law enforcement and intelligence related information between officials in Sonora and Arizona.

The AATA's prosecution and public awareness efforts will continue to be vital components in our efforts to combat auto theft in Arizona. The AATA will continue and possibly expand its annual grant assistance program to statewide law enforcement agencies and county attorney offices. The efforts of the law enforcement agencies involved with the AATA's grant programs thus far have been impressively effective at addressing the prosecution and public awareness and education elements of the AATA's mission.

During 2002, the AATA will participate in a multi-agency relocation to the main Capitol complex area, which will result in an annual cost savings of nearly \$4,300 as well as a larger facility with storage capabilities for the Agency. The state facility the AATA is scheduled to relocate to is located at 15th Avenue and Washington.

The AATA is currently in the process of implementing the recommendations presented in the Auditor General's Performance Audit Report. The AATA is reviewing its operational and administrative policies and procedures to ensure the highest level of compliance and efficiency possible.

Special Thanks

The Arizona Automobile Theft Authority Board of Directors and Staff would like to thank the following individuals and organizations for their continued support and assistance.

Rudy Cole, United States Customs Service

Jim Frederikson, Executive Director, Arizona Insurance Information Association

Kathy Groenewold, Crime Free Multi-Housing Coordinate Tempe Police Department

Marilyn Jarrett, State Senator

Barbara La Wall, Pima County Attorney

Lt. Mikel Longman, Commander, Arizona Vehicle Theft Task Force

Greg Morris, Bureau of Justice Assistant, U.S. Department of Justice

Carter Olson, Pinal County Attorney

John O'Reilly, United States Customs Service

Russell Pearce, State Representative

Bob Robson, State Representative

Brian Salata, Deputy County Attorney, Pinal County Attorney's Office

Janet Shill, Arizona Vehicle Theft Task Force

Gloria Sparling, Arizona Vehicle Theft Task Force

Kelly Stevens, Deputy Assistant Director, Arizona Department of Insurance

Liz Trujillo, Mesa Police Department, Auto Theft Detective

Mary Williams, Assistant Attorney General

Chuck Wright, Arizona Vehicle Theft Task Force

Arizona Automobile Theft Investigators' Association

Arizona Department of Insurance

The Texas Automobile Theft Prevention Authority

United States Customs Service

Thank you and appreciation to the following agencies for participation in the Arizona Vehicle Theft Task Force:

City of Chandler Police Department

City of Glendale Police Department

City of Mesa Police Department

City of El Mirage Police Department

City of Phoenix Police Department

City of Scottsdale Police Department

City of Tempe Police Department

City of Tucson Police Department

Town of Marana Police Department

Cochise County Sheriff's Office

Yavapai County Sheriff's Office

Yuma County Sheriff's Office

The National Insurance Crime Bureau

Federal Bureau of Investigation

Motor Vehicle Division

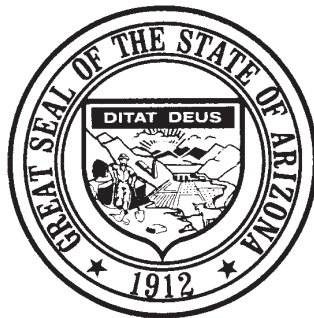
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