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**2010 AGENCY FUND TRANSFERS**

**For your information, the Office of Budget has  
enumerated the following fund transfers which were  
made from agency treasury fund accounts but do not appear on  
the Appropriation Summary as expenditures**

<b><u>Agency</u></b>	<b><u>Blanket Surety Bond Premiums ACA §21-2-710</u></b>	<b><u>Claims ACA §19-10-204</u></b>	<b><u>Workers' Compensation Administrative Cost Reimbursement ACA §11-9-307</u></b>
Aeronautics, Arkansas Department of	\$100	\$0	\$0
Assessment Coordination Department	\$100	\$0	\$0
Bail Bondsman Licensing Board, Professional	\$100	\$0	\$0
Bank Department, State	\$103	\$0	\$55
Barber Examiners, State Board of	\$100	\$0	\$0
Capitol Zoning District Commission	\$100	\$0	\$0
Disability Determination for Social Security Administration	\$395	\$48	\$544
Fair Housing Commission, Arkansas	\$100	\$0	\$0
Geographic Information Services, Office of	\$0	\$0	\$50
Information Systems, Department of	\$368	\$0	\$8
Insurance Department	\$237	\$3,122	\$1,865
Liquefied Petroleum Gas Board	\$100	\$0	\$0
Minority Health Commission, Arkansas	\$100	\$0	\$0
Oil and Gas Commission	\$100	\$0	\$918
Parks & Tourism, Department of	\$1,063	\$0	\$21,876
Private Career Education, State Board of	\$100	\$0	\$1,671
Public Service Commission, Arkansas	\$157	\$0	\$0
Real Estate Commission	\$100	\$0	\$0
Rural Services, Department of	\$100	\$0	\$0
Securities Department	\$100	\$0	\$0
Spinal Cord Commission	\$100	\$0	\$2,031
Tobacco Control Board, Arkansas	\$100	\$0	\$22
Tobacco Settlement Commission, Arkansas	\$100	\$0	\$0
War Memorial Stadium Commission	\$100	\$0	\$0
Waterways Commission, Arkansas	\$100	\$0	\$0

## AGENCY POSITION USAGE REPORT

Agency	FY2010 - FY2011						3 YEAR AVERAGE(FY09,FY10,FY11)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
Accountancy, State Board of	9	9	0	9	0	0.00 %	9	8	0	8	1	11.11 %
Acupuncture & Related Techniques, AR State Board of	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %
Aeronautics, Arkansas Department of	4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %
Appraiser Licensing & Certification Board, Arkansas	4	4	0	4	0	0.00 %	3	4	0	4	-1	-33.33 %
Assessment Coordination Department	36	31	5	36	0	13.89 %	36	30	5	35	1	16.67 %
Auctioneer's Licensing Board	1	1	0	1	0	0.00 %	1	1	0	1	0	0.00 %
Bail Bondsman Licensing Board, Professional	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %
Bank Department, State	74	66	8	74	0	10.81 %	75	67	7	74	1	10.67 %
Barber Examiners, State Board of	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %
Capitol Zoning District Commission	3	3	0	3	0	0.00 %	3	2	0	2	1	33.33 %
Collection Agencies, State Board of	4	3	1	4	0	25.00 %	5	3	2	5	0	40.00 %
Development Finance Authority, Arkansas	62	56	6	62	0	9.68 %	62	56	6	62	0	9.68 %
Disability Determination for Social Security Administration	284	372	129	501	-217	-30.99 %	284	341	43	384	-100	-20.07 %
Fair Housing Commission, Arkansas	10	8	2	10	0	20.00 %	9	6	2	8	1	33.33 %
Geographic Information Services, Office of	5	5	0	5	0	0.00 %	3	3	0	3	0	0.00 %
Hearing Instrument Dispensers, Arkansas Board of	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %
Information Systems, Department of	257	241	16	257	0	6.23 %	259	246	12	258	1	5.02 %
Insurance Department	184	169	18	187	-3	8.15 %	184	170	14	184	0	7.61 %
Liquefied Petroleum Gas Board	7	6	1	7	0	14.29 %	7	6	0	6	1	14.29 %
Minority Health Commission, Arkansas	9	8	1	9	0	11.11 %	9	8	0	8	1	11.11 %
Oil and Gas Commission	39	38	1	39	0	2.56 %	36	35	1	36	0	2.78 %
Parks & Tourism, Department of	774	729	35	764	10	5.81 %	771	725	34	759	12	5.97 %
Parks & Tourism - History Commission	25	21	4	25	0	16.00 %	24	21	2	23	1	12.50 %
Physical Therapy, Arkansas State Board of	2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %
Private Career Education, State Board of	4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %
Psychology Board, Arkansas	2	2	0	2	0	0.00 %	2	1	0	1	1	50.00 %
Public Service Commission, Arkansas	115	111	7	118	-3	3.48 %	114	109	6	115	-1	4.39 %

## AGENCY POSITION USAGE REPORT

Agency	FY2010 - FY2011						3 YEAR AVERAGE(FY09,FY10,FY11)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
Real Estate Commission	15	14	1	15	0	6.67 %	15	14	1	15	0	6.67 %
Rural Services, Department of	6	4	2	6	0	33.33 %	5	4	1	5	0	20.00 %
Sanitarians Board, Arkansas State Board of	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %
Securities Department	38	38	0	38	0	0.00 %	38	37	0	37	1	2.63 %
Spinal Cord Commission	25	25	0	25	0	0.00 %	25	25	0	25	0	0.00 %
Student Loan Authority, Arkansas	6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %
Tobacco Control Board, Arkansas	22	18	4	22	0	18.18 %	20	18	2	20	0	10.00 %
Tobacco Settlement Commission, Arkansas	3	2	1	3	0	33.33 %	2	2	0	2	0	0.00 %
War Memorial Stadium Commission	7	5	2	7	0	28.57 %	7	5	2	7	0	28.57 %
Waterways Commission, Arkansas	3	2	0	2	1	33.33 %	3	2	0	2	1	33.33 %

Appraiser Licensing & Certification Board (0205) - 3 Year Average Budgeted Total exceeds the Authorized number due to a Supplemental Emergency Position in FY09.

Disability Determination for Social Security Administration (0311) - FY10 and FY11 Budgeted Number of Positions exceeds Authorized due to transfers from the Miscellaneous Federal Grant Holding Account.

Office of Geographic Information Services (0472) - Agency was established by Legislative action based upon Executive Recommendation (Act 296 of 2009).

Insurance Department (0425) - Total Budgeted positions in FY2010-2011 include 3 positions provided from the OPM Central Growth Pool.

Public Service Commission (0450) - Total Budgeted positions in FY2010-2011 include 3 ARRA of 2009 positions established through the authority of the Miscellaneous Federal Program Act in January, 2010.

# STATE BOARD OF ACCOUNTANCY

## Enabling Laws

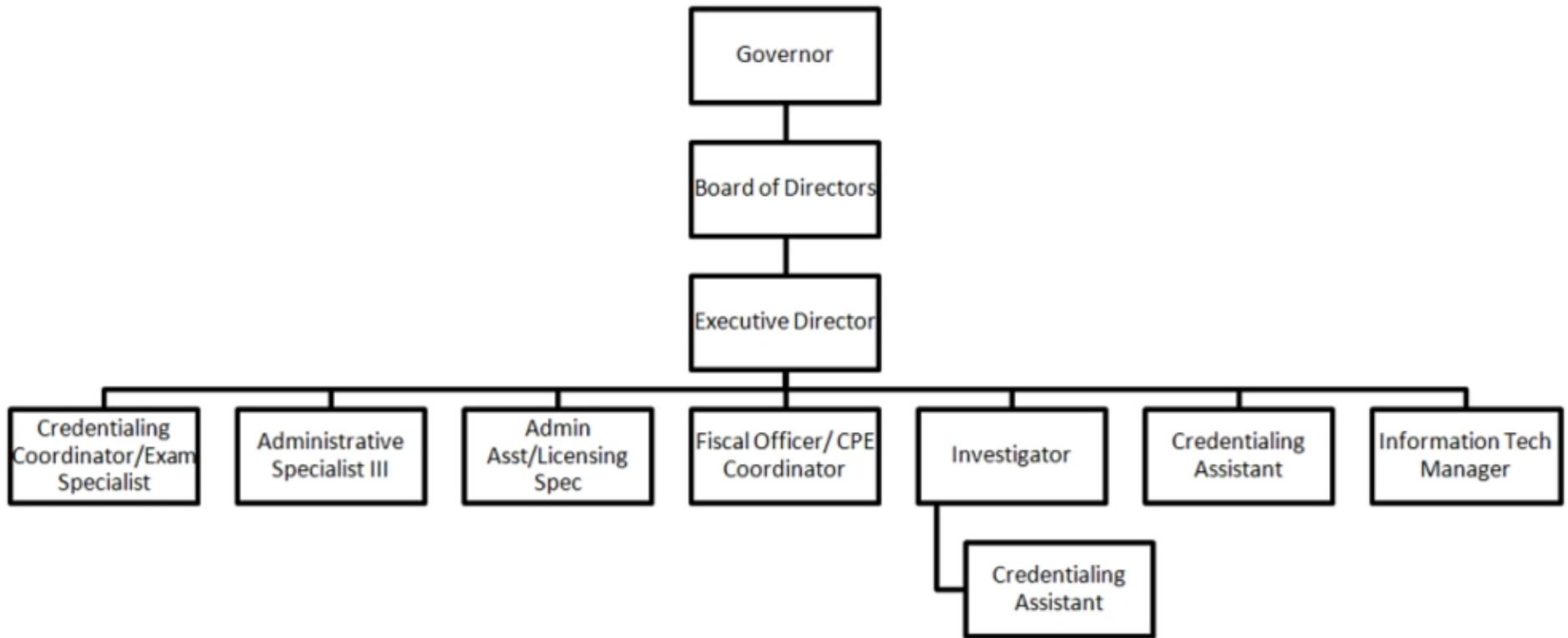
Act 248 of 2010  
A.C.A. §17-12-101 et seq.

## History and Organization

Act 229 of 1915 established the Accountancy Board. Act 160 of 1975 repealed Act 229 and is known as the Public Accountancy Act of 1975. It authorized a seven member Board that is made up of five CPA's, a consumer representative and a senior citizen. The mission of the Board is to protect the public welfare by establishing and maintaining a high standard of integrity and dignity in the practice of public accountancy. The statutory responsibility of the Board is to see that persons attesting as experts in accountancy as to the reliability or fairness of presentation of financial information be qualified to do so and that such be reserved to persons who demonstrate their ability and fitness to observe and apply the standards of the accounting profession.

The primary activities of the Board are to:

- Process applications, evaluate and certify education of exam candidates for eligibility to take the Uniform CPA Examination.
- Grant certifications to those who pass the CPA examination and those that otherwise qualify.
- Determine whether those who apply for a license to practice qualify.
- Annually register and issue licenses to all CPA's, PA's and Firms practicing public accounting.
- Investigate violations of the Public Accountancy Act and take disciplinary action when appropriate after conducting a hearing.
- Monitor mandatory continuing professional education on CPA's and PA's who hold licenses to practice.
- Administer a Quality Review Program on audit, compilation, review and governmental audit reports.



## Agency Commentary

The State Board of Public Accountancy was authorized by Arkansas Code Annotated § 17-12-201, and is responsible for oversight and regulation of the practice of public accounting and those persons who are performing duties as a certified public accountant and public accountant. The Board is responsible for promulgating and amending rules of professional conduct appropriate to establishing and maintaining a high standard of integrity and dignity in the profession of public accounting; and issuing rules of professional conduct pertaining to corporations practicing public accounting. Further, the Board is responsible for determining the qualifications of applicants for the CPA examination, processing applications, certifying education and continuing educational requirements and authorizing the issuance of new and renewal licenses to those individuals meeting the standards established for the practice of public accounting. The Board investigates all alleged and factual violations of the accountancy's licensing law as well as holds hearings and assesses penalties to ensure compliance. The

Agency receives no funding from the State because the operations of the Board are cash funded from the receipt of fees charged for licensing, issuance, renewal of licenses, examination, and penalties and fines associated with violations of regulations.

Capital Outlay:

The Board is requesting the restoration of Capital Outlay of \$10,000 for both years of the biennium. This is for anticipated leasehold improvements during the next biennium.

Exam Fees:

The Board is requesting an increase of \$10,000 for FY12 and \$25,000 for FY13. These increases are due to the anticipated increase of third-party costs of administering the CPA Exam and an anticipated increase in the number of candidates applying for and taking the exam.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY  
 FOR THE YEAR ENDED JUNE 30, 2009

Findings	Recommendations
None	None

**Employment Summary**

	Male	Female	Total	%
White Employees	2	6	8	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			8	100 %

## **Cash Fund Balance Description as of June 30, 2010**

Fund Account	Balance	Type	Location
3030000	\$1,373,974	Investment	Regions Invest/Morgan Keegan

### Statutory/Other Restrictions on use:

Public Accountancy Act of 1975 as amended. A.C.A. §17-12-100 et seq. All fees and other moneys received by the Arkansas State Board of Public Accountancy pursuant to the provisions of this chapter shall be kept in a separate fund and expended solely for the purposes of this chapter.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-12-306 authorizes the Arkansas State Board of Accountancy to charge a fee to each applicant applying to sit for the examination.

### Revenue Receipts Cycle:

Fall/Winter receipt of Annual Registration from registrants. Year round registration for Uniform CPA Examination.

### Fund Balance Utilization:

Funds expended to meet expenditures in accordance with appropriations act for the Board of Public Accountancy.

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Fund Account	Balance	Type	Location
3030000	\$43,800	Checking/Savings	Regions Bank

### Statutory/Other Restrictions on use:

Public Accountancy Act of 1975 as amended. A.C.A. §17-12-100 et seq. All fees and other moneys received by the Arkansas State Board of Public Accountancy pursuant to the provisions of this chapter shall be kept in a separate fund and expended solely for the purposes of this chapter.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-12-306 authorizes the Arkansas State Board of Accountancy to charge a fee to each applicant applying to sit for the examination.

Revenue Receipts Cycle:

Fall/Winter receipt of Annual Registration from registrants. Year round registration for Uniform CPA Examination.

Fund Balance Utilization:

Funds expended to meet expenditures in accordance with appropriations act for the Board of Public Accountancy.

**Publications**

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Directory of Licensees	A.C.A.17-12-203 (b)	N	N	10	Existence of Statutory Requirement

**Agency Position Usage Report**

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
9	9	0	9	0	0.00 %	9	8	1	9	0	11.11 %	9	9	0	9	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** A25 - Accounting Board-Cash Operations

**Funding Sources:** 303 - Accountancy Board - Cash

The State Board of Public Accountancy was authorized by Arkansas Code Annotated §17-12-201, and is responsible for oversight of the practice of public accounting and individuals performing duties as a certified public accountant. The Board is responsible for promulgating and amending the rules of professional conduct to establish and maintain high standards of integrity and dignity within the profession; printing and distributing to the public a register of all practitioners holding permits for the practice public accountancy; and issuing rules of professional conduct pertaining to corporations practicing public accounting. Further, the Board is responsible for administering an examination, certifying educational and continuing educational requirements, and issuing certificates and licenses to those individuals meeting established standards for the practice of public accounting. The operations of the Board are funded from examination and license fees charged by the agency.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

Change Level Requests total \$20,000 for FY12 and \$35,000 for FY13. The Board request of \$10,000 for the Capital Outlay line item for FY12 and FY13 is for leasehold improvements. The Board requests an increase in the Exam Fees line item of \$10,000 for FY12 and \$25,000 for FY13. This is needed to cover the estimated increased costs of third-party fees of administering the CPA Exam and an increased number of applicants.

Executive Recommendation provides for Agency Request except the Exam Fees line item increase for FY13 is reduced to \$10,000. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** A25 - Accounting Board-Cash Operations

**Funding Sources:** 303 - Accountancy Board - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	374,265	406,688	426,171	389,468	389,468	389,468	389,468	389,468	389,468
<b>#Positions</b>		<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Extra Help	5010001	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>#Extra Help</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	113,351	123,592	133,831	120,363	120,363	120,363	120,363	120,363	120,363
Operating Expenses	5020002	199,534	270,662	270,662	270,662	270,662	270,662	270,662	270,662	270,662
Conference & Travel Expenses	5050009	4,530	15,583	15,583	15,583	15,583	15,583	15,583	15,583	15,583
Professional Fees	5060010	34,407	39,041	39,041	39,041	39,041	39,041	39,041	39,041	39,041
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	3,044	10,020	10,020	10,020	10,020	10,020	10,020	10,020	10,020
Capital Outlay	5120011	13,964	17,500	17,500	0	10,000	10,000	0	10,000	10,000
Exam Fees	5900046	228,034	250,000	250,000	250,000	260,000	260,000	250,000	275,000	260,000
<b>Total</b>		<b>971,129</b>	<b>1,138,086</b>	<b>1,167,808</b>	<b>1,100,137</b>	<b>1,120,137</b>	<b>1,120,137</b>	<b>1,100,137</b>	<b>1,135,137</b>	<b>1,120,137</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,377,923	1,417,774		1,247,197	1,247,197	1,247,197	1,094,424	1,094,424	1,094,424
Cash Fund	4000045	1,010,980	967,509		947,364	967,364	967,364	936,479	971,479	971,479
<b>Total Funding</b>		<b>2,388,903</b>	<b>2,385,283</b>		<b>2,194,561</b>	<b>2,214,561</b>	<b>2,214,561</b>	<b>2,030,903</b>	<b>2,065,903</b>	<b>2,065,903</b>
Excess Appropriation/(Funding)		(1,417,774)	(1,247,197)		(1,094,424)	(1,094,424)	(1,094,424)	(930,766)	(930,766)	(945,766)
<b>Grand Total</b>		<b>971,129</b>	<b>1,138,086</b>		<b>1,100,137</b>	<b>1,120,137</b>	<b>1,120,137</b>	<b>1,100,137</b>	<b>1,135,137</b>	<b>1,120,137</b>

## Change Level by Appropriation

**Appropriation:** A25 - Accounting Board-Cash Operations  
**Funding Sources:** 303 - Accountancy Board - Cash

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,100,137</b>	<b>9</b>	<b>1,100,137</b>	<b>100.0</b>	<b>1,100,137</b>	<b>9</b>	<b>1,100,137</b>	<b>100.0</b>
C01	Existing Program	20,000	0	1,120,137	101.8	35,000	0	1,135,137	103.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,100,137</b>	<b>9</b>	<b>1,100,137</b>	<b>100.0</b>	<b>1,100,137</b>	<b>9</b>	<b>1,100,137</b>	<b>100.0</b>
C01	Existing Program	20,000	0	1,120,137	101.8	20,000	0	1,120,137	101.8

### Justification

C01	The board requests restoration of Capital Outlay of \$10,000 in FY12 and FY13 for leasehold improvements. The board requests an increase in Exam Fees of \$10,000 in FY12 and \$25,000 in FY13 to cover estimated increases in third party costs of administering the CPA exam and an increase in the number of applicants.
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# BOARD OF ACUPUNCTURE & RELATED TECHNIQUES

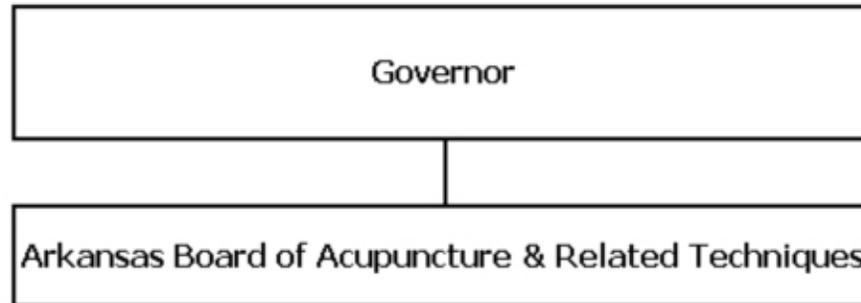
## Enabling Laws

Act 145 of 2010  
A.C.A. §17-102-101 et seq.

## History and Organization

The purpose of the Board is to protect the public from those persons who are untrained and unqualified to practice acupuncture and related techniques, license those individuals who meet the qualifications of licensure under the Act, and hear and resolve such disciplinary matters as may come before it.

The Board currently contracts for part-time administrative support and office facilities in order to provide a central place for records storage, Board meetings, and service to licensees and the general public.



## Agency Commentary

The Arkansas State Board of Acupuncture and Related Techniques was created by Act 816 of 1997. The Board evaluates qualifications of applicants and investigates complaints or allegations of practices violating provisions of the Act.

The Board is funded by licensing and administrative fees.

The Board is requesting Base Level appropriation for the 2011-2013 biennium. The Board has sufficient funding to cover the appropriation.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
BOARD OF ACUPUNCTURE & RELATED TECHNIQUES

Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

Recommendations

## **Cash Fund Balance Description as of June 30, 2010**

Fund Account	Balance	Type	Location
3900000	\$14,277	Checking	Bank of America

### Statutory/Other Restrictions on use:

A.C.A. 17-102-206 establishes that the agency can use funds collected for expenses and to carry on the functions of the agency.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-102-304 authorizes the Board to collect fees.

### Revenue Receipts Cycle:

License fees are collected on an irregular basis throughout the year and renewal fees are collected at the end of each year.

### Fund Balance Utilization:

Funds are used to carry out the stated purpose of the Board.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010					FY2010 - 2011						
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** C13 - Acupuncture Operations

**Funding Sources:** 390 - Acupuncture Board Cash

Act 816 of 1997 created the State Board of Acupuncture and Related Techniques. The Board is funded from fees as authorized by A.C.A. § 17-102-304. The Board regulates the licensure and activities of practitioners of this discipline and shelters the public from those who are unqualified to practice in this field. The second aspect of the Board's responsibility is the resolution of disciplinary matters as they arise due to violations of the law.

The Agency requests a Base Level budget of \$11,000 for each year of the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** C13 - Acupuncture Operations

**Funding Sources:** 390 - Acupuncture Board Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	245	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	8,822	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>9,067</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	12,993	14,277		14,277	14,277	14,277	14,277	14,277	14,277
Cash Fund	4000045	10,351	11,000		11,000	11,000	11,000	11,000	11,000	11,000
<b>Total Funding</b>		<b>23,344</b>	<b>25,277</b>		<b>25,277</b>	<b>25,277</b>	<b>25,277</b>	<b>25,277</b>	<b>25,277</b>	<b>25,277</b>
Excess Appropriation/(Funding)		(14,277)	(14,277)		(14,277)	(14,277)	(14,277)	(14,277)	(14,277)	(14,277)
<b>Grand Total</b>		<b>9,067</b>	<b>11,000</b>		<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>

# AR DEPARTMENT OF AERONAUTICS

## Enabling Laws

Act 109 of 2010  
A.C.A. §27-115-101 et seq.

## History and Organization

The mission of the Arkansas Department of Aeronautics is to create a safer, more desirable atmosphere for the pilot, and at the same time, create and improve airports to better serve Arkansas communities, industries, and the general public.

The Department was created by Act 457 of 1941, as amended by Act 373 of 1965, and is currently charged with the following duties:

- Provide for the examination and licensing of airports in the State;
- adopt rules and regulations for the issuance, expiration, suspension, or revocation of licenses of airports;
- establish air space reservations within the State;
- designate, establish, and chart civil airways, and publish a map of such;
- investigate accidents in air navigation;
- encourage the establishment of airports, civil airways, and other navigation facilities;
- supervise and regulate the safety of airports;
- adopt rules and regulations for flight instruction;
- adopt rules and regulations for aerial markings;
- adopt rules and regulations for aerial beacon lights;
- exchange with other government agencies information pertaining to civil air navigation;
- enforce the regulations and air traffic rules through local authorities; and
- establish minimum safe altitudes for flight in the State.

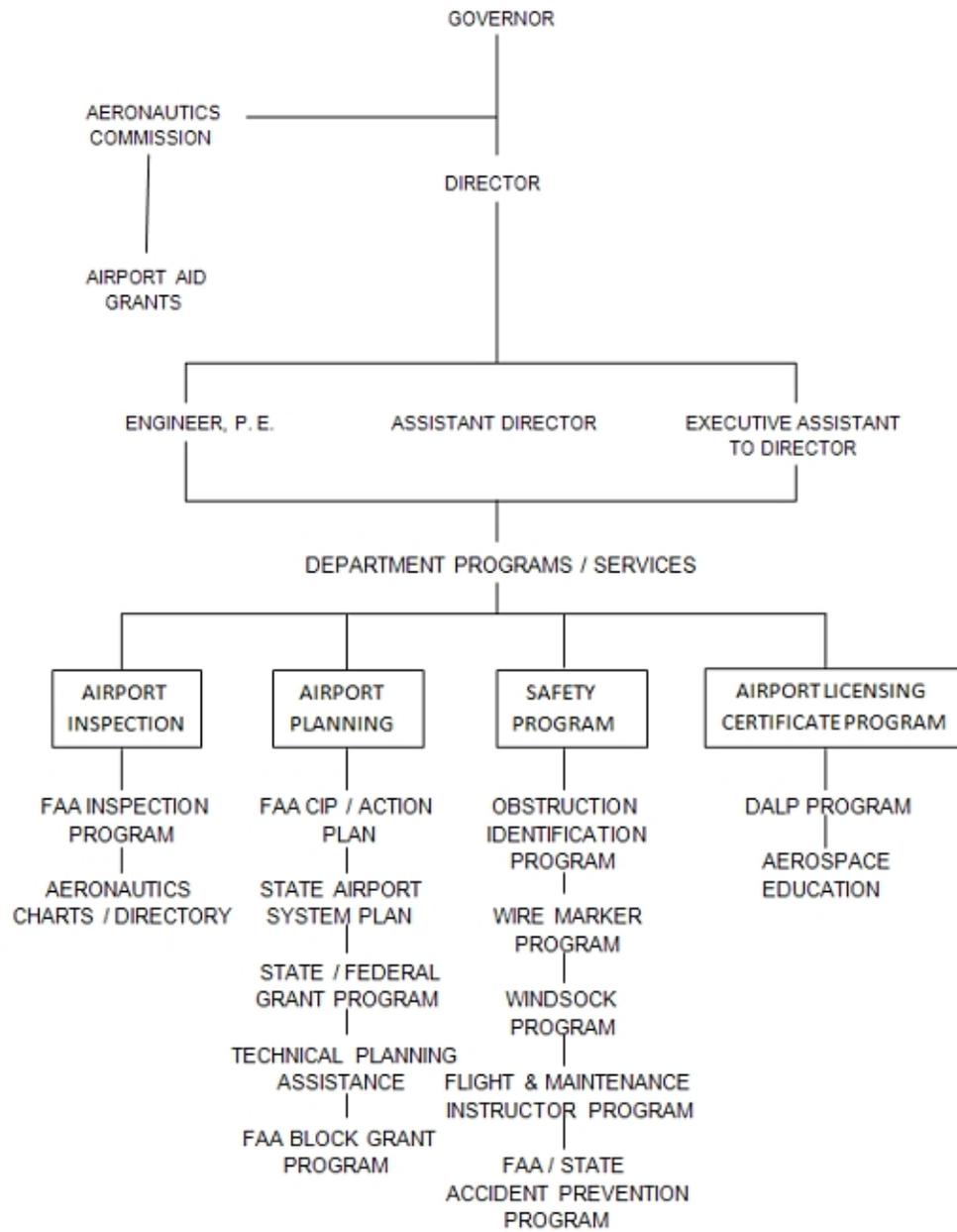
In 1967, Act 499 provided that all revenue derived from the Gross Receipts Tax on aviation fuel shall be deposited in the State Treasury to the credit of the Arkansas Department of Aeronautics Fund to be used solely for constructing airports, civil airways, and other navigational facilities in the State.

Act 38 of 1971 transferred the Arkansas Department of Aeronautics by a Type 2 transfer to the Department of Planning as the Division of Aeronautics. Act 64 of 1973 increased the Aeronautics Commission from five members to seven.

Act 278 of 1975 abolished the Department of Planning and placed the Division of Aeronautics in the Department of Local Services. Act 733 of 1977 provided that all revenues derived from the Arkansas Gross Receipts Tax on aircraft, aviation fuel, aircraft services, and aircraft parts and accessories shall go to the Arkansas Division of Aeronautics Special Fund.

Act 764 of 1981 transferred the Division of Aeronautics to the Arkansas Department of Commerce by a Type 2 transfer. This change placed the Division of Aeronautics under the Director of the Department of Commerce and the Governor, with the seven member Aeronautics Commission continuing in an advisory capacity.

Act 691 of 1983 abolished the Department of Commerce and restored the Arkansas Department of Aeronautics to independent status to function in the same manner as it functioned prior to its transfer to the Department of Local Services and the Department of Commerce. Provided, however, that the administrative head of the Department shall be appointed by the Aeronautics Commission, with the approval of the Governor, and shall serve at the pleasure of the Governor.



## Agency Commentary

The Arkansas Department of Aeronautics was established to foster and maintain a safer environment for flight and to create and improve airports to better serve communities, industries, and the general public. In addition to Base Level, the Department is requesting restoration and continuation of one position, Grants Coordinator, that is currently authorized for FY11 from the OPM new growth pool by action of the ALC Personnel Committee in July, 2010.

In the Department's Federal Grant appropriation, the request is for continuation of the current level of authorization for dispensing anticipated federal airport aid block grant funds.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF AERONAUTICS  
FOR THE YEAR ENDED JUNE 30, 2008

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	3	1	4	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			4	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
State Aeronautical Chart	N/A	N	N	10,000	Provided as a service to general flying public for safety and informational purposes. Requested by individuals and businesses State and nationwide. (Published biennially)
State Airport Directory	N/A	N	N	5,000	Provides information to the flying public concerning individual Arkansas airports. (Published biennially)

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
665 Aeronautics-State Operations	9,607,076	4	15,556,010	4	15,548,649	4	15,557,323	4	15,623,686	5	15,623,686	5	15,557,323	4	15,623,686	5	15,623,686	5
666 Aeronautics-Federal Grants	153,720	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0
Total	9,760,796	4	27,556,010	4	27,548,649	4	27,557,323	4	27,623,686	5	27,623,686	5	27,557,323	4	27,623,686	5	27,623,686	5

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	18,106,779	64.1	18,501,263	46.0	12,695,253	36.9	12,695,253	36.9	12,695,253	36.9	6,887,930	24.1	6,821,567	23.9	6,821,567	23.9	
Federal Revenue	4000020	153,720	0.5	12,000,000	29.8	12,000,000	34.8	12,000,000	34.8	12,000,000	34.8	12,000,000	41.9	12,000,000	42.0	12,000,000	42.0	
Special Revenue	4000030	10,001,560	35.4	9,750,000	24.2	9,750,000	28.3	9,750,000	28.3	9,750,000	28.3	9,750,000	34.0	9,750,000	34.1	9,750,000	34.1	
Total Funds		28,262,059	100.0	40,251,263	100.0	34,445,253	100.0	34,445,253	100.0	34,445,253	100.0	28,637,930	100.0	28,571,567	100.0	28,571,567	100.0	
Excess Appropriation/(Funding)		(18,501,263)		(12,695,253)		(6,887,930)		(6,821,567)		(6,821,567)		(1,080,607)		(947,881)		(947,881)		
Grand Total		9,760,796		27,556,010		27,557,323		27,623,686		27,623,686		27,557,323		27,623,686		27,623,686		

The FY11 Budget amount in the State Operations Program (665) exceeds Authorized due to salary and matching adjustments during the 2009-2011 Biennium.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 665 - Aeronautics-State Operations

**Funding Sources:** SDA - Department of Aeronautics Fund

The Department of Aeronautics' State Operations appropriation is funded entirely by Special Revenues derived from a tax on the sale of aviation fuels and aviation related products sold for use in aircraft weighing less than 12,500 lbs., as authorized in Arkansas Code § 27-115-110. Base Level for this program is \$15,557,323 each year.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the Department's one unclassified position reflects the FY11 line item maximum.

The only change requested is restoration and continuation of a Grants Coordinator position that is currently authorized for FY11 from the OPM central growth pool by action of the ALC Personnel Committee in July, 2010.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 665 - Aeronautics-State Operations

**Funding Sources:** SDA - Department of Aeronautics Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	262,416	262,018	257,514	263,044	314,379	314,379	263,044	314,379	314,379
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>5</b>
Personal Services Matching	5010003	67,758	71,463	68,606	71,750	86,778	86,778	71,750	86,778	86,778
Operating Expenses	5020002	166,752	200,029	200,029	200,029	200,029	200,029	200,029	200,029	200,029
Conference & Travel Expenses	5050009	6,868	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Professional Fees	5060010	9,950	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	9,093,332	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>9,607,076</b>	<b>15,556,010</b>	<b>15,548,649</b>	<b>15,557,323</b>	<b>15,623,686</b>	<b>15,623,686</b>	<b>15,557,323</b>	<b>15,623,686</b>	<b>15,623,686</b>
<b>Funding Sources</b>										
Fund Balance	4000005	18,106,779	18,501,263		12,695,253	12,695,253	12,695,253	6,887,930	6,821,567	6,821,567
Special Revenue	4000030	10,001,560	9,750,000		9,750,000	9,750,000	9,750,000	9,750,000	9,750,000	9,750,000
<b>Total Funding</b>		<b>28,108,339</b>	<b>28,251,263</b>		<b>22,445,253</b>	<b>22,445,253</b>	<b>22,445,253</b>	<b>16,637,930</b>	<b>16,571,567</b>	<b>16,571,567</b>
Excess Appropriation/(Funding)		(18,501,263)	(12,695,253)		(6,887,930)	(6,821,567)	(6,821,567)	(1,080,607)	(947,881)	(947,881)
<b>Grand Total</b>		<b>9,607,076</b>	<b>15,556,010</b>		<b>15,557,323</b>	<b>15,623,686</b>	<b>15,623,686</b>	<b>15,557,323</b>	<b>15,623,686</b>	<b>15,623,686</b>

The FY11 Budget amounts in Regular Salaries and Personal Services Matching exceed the Authorized amounts due to salary adjustments and matching rate adjustments during the 2009-2011 Biennium.

## Change Level by Appropriation

**Appropriation:** 665 - Aeronautics-State Operations  
**Funding Sources:** SDA - Department of Aeronautics Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,557,323</b>	<b>4</b>	<b>15,557,323</b>	<b>100.0</b>	<b>15,557,323</b>	<b>4</b>	<b>15,557,323</b>	<b>100.0</b>
C06	Restore Position/Approp	66,363	1	15,623,686	100.4	66,363	1	15,623,686	100.4

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,557,323</b>	<b>4</b>	<b>15,557,323</b>	<b>100.0</b>	<b>15,557,323</b>	<b>4</b>	<b>15,557,323</b>	<b>100.0</b>
C06	Restore Position/Approp	66,363	1	15,623,686	100.4	66,363	1	15,623,686	100.4

### Justification

C06	The Department is requesting restoration of the Grants Coordinator position that is currently authorized for FY11 from the OPM central growth pool by action of the ALC Personnel Committee in July, 2010. The addition of this position provides a specialist to handle the 76% increase in airport aid grants authorized in the current biennium.
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## **Analysis of Budget Request**

**Appropriation:** 666 - Aeronautics-Federal Grants

**Funding Sources:** FAA - Aeronautics Department - Federal Funds

The Aeronautics-Federal Grants appropriation is authorized for disbursement of Federal Airport Aid Block Grant Funds when and if those funds are approved by the U.S. Congress for the State of Arkansas. The Agency requests continuation of this appropriation at the \$12,000,000 level currently authorized to improve airport infrastructures and to upgrade safety features and equipment.

During FY10, \$153,720 was provided by the Federal Aviation Administration and was expended to assess and update the State Airport System Plan to determine priorities for repairs and upgrading.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 666 - Aeronautics-Federal Grants

**Funding Sources:** FAA - Aeronautics Department - Federal Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	153,720	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Total		153,720	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
<b>Funding Sources</b>										
Federal Revenue	4000020	153,720	12,000,000		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Total Funding		153,720	12,000,000		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		153,720	12,000,000		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000

# AR APPRAISER LICENSING AND CERTIFICATION BOARD

## Enabling Laws

Act 110 of 2010  
A.C.A. § 17-14-101 et seq.

## History and Organization

The necessity for establishing this agency was prompted by enactment of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), which requires that all federally related transactions requiring appraisals will be performed by state licensed and/or certified appraisers. Act 541 was the instrument that set in motion the mechanics for Arkansas to pre-qualify, test, and issue licenses to appraisers in order that the State might be in compliance with the Federal Act.

In its general purpose statement, Title XI of FIRREA states that it is to “provide that federal, financial, and public interest in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with the Uniform Standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.”

The mission of the state agency is primarily to maintain a system for licensing and regulating real estate appraisers, which is in compliance with federal guidelines and results in license holders that have verified qualifying education, experience, and have demonstrated a competency to provide quality service consistent with their specific credentials.

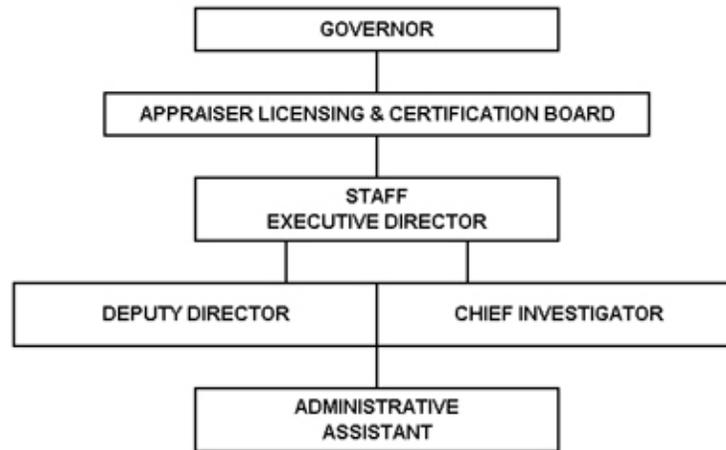
The Arkansas Appraiser Licensing Board was officially constituted in July of 1991 and members immediately began drafting Rules and Regulations to implement the provisions of Act 541 in conformity with the Title XI provisions. In 1993, the General Assembly approved Act 1270, which clarified certain provisions of the initial Act and limited financial institutions’ liability on non-federally related transactions. In 2001, the General Assembly expanded the role of this Board by adding a fourth classification of appraisers, State Registered. This Amendment has added more than 375 individuals to its roster.

The Arkansas Appraiser Licensing Board is composed of ten (10) members appointed by the Governor, seven of whom are practicing appraisers, and the primary duties of this Board are to establish, maintain, and periodically update meaningful qualification standards for state registered, licensed, and certified appraisers practicing in Arkansas. This includes testing, reviewing work experience and educational backgrounds that are adequate to demonstrate the applicant’s knowledge and competency of the profession. The agency is charged with

maintaining a roster of the names, addresses, and phone numbers of all persons licensed/certified under Act 541 (A.C.A. 17-14-203) and in accordance with Title XI of FIRREA must update and submit this roster monthly to the Appraisal Subcommittee. The Act also provides for the Board to promulgate rules and regulations for handling complaints, disciplinary matters and to establish administrative procedures for the setting and collection of fees necessary for operation of this Board.

Some of the more significant activities this Agency is called on to perform are:

- To process applications for registration, license, or certification in compliance with the Agency's Rules and Regulations and to personally interview (where applicable) all applicants prior to examination;
- To provide an approved examination for all applicants meeting the minimum qualifications for licensing;
- To issue, where appropriate, a registration, license, or certificate to qualified applicants;
- To establish annual fees to be billed in May/June and November of each year;
- To monitor the continuing education of each registered or licensed appraiser and to validate compliance prior to the annual issuance of a new license and/or certificate;
- To investigate and adjudicate all complaints, an area that has become a major activity of this Board;
- To develop and distribute on a quarterly basis a newsletter addressing appraisal issues;
- To sponsor and/or coordinate annual seminars for the purpose of updating licensees of changes within the industry standards;
- To provide annually, subject to budgetary consideration, all licensees with a current version of the Uniform Standards of Professional Appraisal Practice;
- To maintain a current website via Arkansas home Page whereby practitioners, potential applicants, and the consuming public can go to learn more about regulations impacting real estate appraiser licensing; and
- To insure the Agency's adherence to federal guidelines and cooperate with the Federal reviewers from ASC when auditing the agency's operation.



### **Agency Commentary**

The Arkansas General Assembly created, by passing House Bill 1694, an act to provide for registration and regulation of appraisal management companies by amending A.C.A. §17-14-101. Act 628 of 2009 effectively added a subchapter 4 titled The Appraisal Management Company Registration Act to the existing Appraiser Licensing & Certification Board Statutes. The purpose and intent of this act is to give the Arkansas Appraiser Licensing and Certification Board statutory authority to develop and implement rules and regulations resulting in the registration and government oversight of individuals or companies offering to or providing appraisal management services in Arkansas. This Board is charged by statute the overall responsibilities of administering the act in accordance with any and all promulgated rules and regulations.

The Board requests Base Level appropriation for the 2011-2013 biennium.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
AR APPRAISER LICENSING AND CERTIFICATION BOARD

Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	2	2	4	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			4	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
3450000	\$60,638	Certificate of Deposit	Metropolitan National Bank - Little Rock

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

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Fund Account	Balance	Type	Location
3450000	\$75,752	Certificate of Deposit	Bank of Ozarks - Little Rock

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

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Fund Account	Balance	Type	Location
3450000	\$43,920	Checking	Regions Bank

Statutory/Other Restrictions on use:

A.C.A. 17-14-203(10) authorizes the setting and collection of fees and for pass through payment of a fee as required by Section 1109 (a)(2) of FIRREA of 1989, currently set at \$25 per licensee.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-14-203 (6)(g) establishes maximum fees not including exams for license. A.C.A. 17-14-206 (a) authorizes fines for disciplinary action.

Revenue Receipts Cycle:

Fines and penalties are collected throughout the year. The majority of fees are collected in June and December. Funds are deposited in bank account as received.

Fund Balance Utilization:

The Board anticipates more expenses in the budget thereby reducing the agency reserves. Funds are used for expenditures and to purchase CDs and transfer monies into the State Treasury Money Market Account.

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Fund Account	Balance	Type	Location
3450000	\$691,122	Cash in Treasury/TMMP	State Treasury

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-14-101 et seq.

Revenue Receipts Cycle:

Funds are deposited in money marker account or treasury for payroll account and savings.

Fund Balance Utilization:

Use for payroll account and to secure additional CDs.

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Fund Account	Balance	Type	Location
3450000	\$80,636	Certificate of Deposit	First Security Bank - Mountain Home

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

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Fund Account	Balance	Type	Location
3450000	\$61,768	Certificate of Deposit	First Security Bank - Little Rock

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Rules and Regulations	A.C.A. 17-14-201	N	N	1,200	Revised periodically for housekeeping purposes and federal guideline updates. Furnished to all registered and licensed appraisers when revised and to newly licensed appraisers.
Statutes and Amendments	A.C.A. 17-14-103	N	N	1,200	Sent to newly registered, licensed, and certified appraisers and other Appraiser State Boards.
The Appraiser	N/A	N	N	1,200	Quarterly newsletter published and mailed to all registered, licensed, and certified appraisers to keep them abreast of the Board's activities, operations, and other helpful information.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
3	4	0	4	-1	-33.33 %	4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %

FY09 Budgeted Total exceeds the Authorized number due to a Supplemental Emergency Position.

## **Analysis of Budget Request**

**Appropriation:** A86 - Cash Operations

**Funding Sources:** 345 - Appraiser Licensing & Certification - Cash

The mission of the Arkansas Appraiser Licensing & Certification Board is to maintain a system for licensing and regulating real estate appraisers in compliance with federal guidelines and results in license holders who have verified adequate education, experience, and have demonstrated a competency to provide quality service consistent with their specific credentials.

The Appraiser Licensing & Certification Board is funded from the receipt of application fees and annual license renewals.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests Base Level appropriation for the 2011-2013 biennium.

Executive Recommendation provides for Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** A86 - Cash Operations

**Funding Sources:** 345 - Appraiser Licensing & Certification - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	227,534	232,158	231,631	230,758	230,758	230,758	230,758	230,758	230,758
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	60,519	64,285	62,765	64,138	64,138	64,138	64,138	64,138	64,138
Operating Expenses	5020002	109,251	147,078	147,078	147,078	147,078	147,078	147,078	147,078	147,078
Conference & Travel Expenses	5050009	8,008	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700
Professional Fees	5060010	2,508	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>407,820</b>	<b>464,721</b>	<b>462,674</b>	<b>463,174</b>	<b>463,174</b>	<b>463,174</b>	<b>463,174</b>	<b>463,174</b>	<b>463,174</b>
<b>Funding Sources</b>										
Fund Balance	4000005	964,408	1,013,836		904,965	904,965	904,965	767,691	767,691	767,691
Cash Fund	4000045	457,248	355,850		325,900	325,900	325,900	325,900	325,900	325,900
<b>Total Funding</b>		<b>1,421,656</b>	<b>1,369,686</b>		<b>1,230,865</b>	<b>1,230,865</b>	<b>1,230,865</b>	<b>1,093,591</b>	<b>1,093,591</b>	<b>1,093,591</b>
Excess Appropriation/(Funding)		(1,013,836)	(904,965)		(767,691)	(767,691)	(767,691)	(630,417)	(630,417)	(630,417)
<b>Grand Total</b>		<b>407,820</b>	<b>464,721</b>		<b>463,174</b>	<b>463,174</b>	<b>463,174</b>	<b>463,174</b>	<b>463,174</b>	<b>463,174</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium. Actual amount of Cash funding in FY10 is significantly higher than FY11 and biennial estimates due to fewer licensees and applicants because of the real estate market and increased requirements to maintain appraiser status.

# ASSESSMENT COORDINATION DEPARTMENT

## Enabling Laws

Act 124 of 2010  
A.C.A. §25-28-101 et seq.

## History and Organization

### MISSION STATEMENT

The Assessment Coordination Department (ACD) exercises general and complete supervision over the valuation, assessment and equalization of all locally assessed ad valorem taxes in Arkansas, and the local officials and employees administering them in all 75 counties. The Department confers with, advises, trains and directs, as needed, these officials regarding their duties and responsibilities for proper and equitable assessment of property.

### COMMENTARY

Property taxes constitute a significant source of revenue for local governments and school districts in Arkansas. The level of equalization funding provided to each school district is based on the average assessed wealth per student in the district. School districts which have a high average assessed property value per student, receive less in equalization funds per pupil than those school districts which have a relatively low average assessed property value per student. The relative wealth of a district is based on the total assessed value of all tangible real and personal property in the county as measured by the county assessor.

The Department performs the following tasks to fulfill that mission: conducts appraisal schools and seminars for county employees; prepares valuation manuals to be used as suggested guidelines by county assessors for the appraisal of real and personal property; performs assessment ratio studies to measure the level and uniformity of assessments; conducts performance audits to ensure accuracy of reappraisals and to help counties identify problems before they become a permanent part of the local tax records; and provides pertinent data necessary for the upkeep of appraisals.

### ENABLING LEGISLATION

Act 436 of 1997 created the Assessment Coordination Department and transferred the Assessment Coordination Division of the Public Service

Commission to it by a Type Two transfer. The Director of the Department is appointed by the Governor and serves at the pleasure of the Governor.

Act 903 of 1995 established an Assessment Personnel Educational Incentive Program for local assessment employees paid from the Assessment Coordination Department's budget.

Act 949 of 1991 established the continuing education fund for county assessors to be used to maintain and operate a continuing education program for county assessors and their staffs. Act 342 of 1999, as amended, increased the funds payable from each county assessor's office to the amount of \$600 per year.

Act 1185 of 1999 was to establish a uniform system of assessments and to prevent large increases in property taxes in Arkansas. It places the State on a three year revaluation cycle in which approximately one-third of the counties in the State will be completing reappraisals each year beginning in 2002. It mandated that the reappraisal be professionally run; the ACD audit performance of reappraisal projects on an ongoing basis; the ACD stop reappraisal projects should a county fail to meet, or plan for, professional standards; authorized ACD to employ appraisal contractors should a county fail to meet, or plan for, professional standards. It created the Arkansas Real Property Reappraisal Fund to reimburse counties for the cost of said reappraisals.

Act 1058 of 2001 amended Act 1185, providing that slower growth counties will complete their next reappraisal cycle over five years, instead of the three years provided in Act 1185. High growth counties, measured by total market value increase resulting from reappraisal, will remain on a three year reappraisal cycle. The ACD measures the growth resulting from reappraisal, and if 15% or more, the county will remain on a three year reappraisal cycle, if less, the county will be placed on a five year cycle.

Act 1131 of 2001 altered the ratio study conducted by the ACD. It provided that real estate ratio studies will only be conducted when counties complete reappraisal cycles, or if the Department determines that a county has engaged in inappropriate assessment roll changes or manipulations. It further provided that all counties were to electronically transfer previous year real estate sales data to the Department annually before January 31. The penalty for failing a ratio study was changed to indicate that counties would lose state aid only if they failed to take corrective actions indicated by the sales ratio study results.

## ORGANIZATION AND RESPONSIBILITIES

The Assessment Coordination Department is staffed by a Director, Deputy Director, Legal Counsel, three managers, twenty-one assessment auditors, one research/technical specialist, one data processing person, and three administrative/clerical personnel; and is divided into four major sections:

The Office Administration Section consists of the Director, Deputy Director, Legal Counsel, two managers, two assessment auditors, one research/technical specialist, one data processing person, and three administrative/clerical persons.

The duties of the Director include: (1) management of the Department; (2) visiting, conferring with, and advising County Assessors and Equalization Boards; (3) certifying the percentage of the assessed value of each county of the total state value to each County Judge each year, for the disbursement of state aid and turn back funds; (4) recertifying any taxing unit which was originally below the accepted amount, within the legal time period for unit's compliance; (5) reviewing reappraisal plans of counties mandated to perform such and approve/disapprove as necessary; (6) managing distribution of reappraisal funds to those counties; (7) performing other duties and furnishing assistance to the counties as deemed necessary for the purpose of proper performance of the laws administered by the Department.

The duties of the Section include: (1) promulgating rules and regulations; (2) rendering interpretations of law; (3) preparing and managing budgets and fiscal operations; (4) preparing and promulgating Real Estate Manuals and Personal Property Manuals for the use and guidance of County Assessors and Equalization Boards; (5) preparing a ratio study for the purpose of determining the average ratio of assessed value to the true or actual market value of real property, by classification, and personal property in each of the taxing units of the State; (6) comparing the Equalization Board's Abstract with the Assessor's Abstract to determine if such Board has complied with the less than 5% deviation; (7) assisting counties in administering millage rollbacks and utility tax adjustments; (8) holding and conducting such schools and institutional meetings as deemed necessary for county officials, their employees, and Equalization Boards, dealing with assessment problems, regulations, and new methods for record keeping and appraising; (9) conducting impact studies on various proposed changes in the ad valorem system in Arkansas; (10) performing other duties and furnishing assistance as necessary.

The Field Operations Section consists of one Manager and nineteen property assessment auditors. This section (1) performs compliance audits as required by Act 1185 of 1999; (2) provides special assistance to county officials on new or unusual appraisal situations, and provides a source with which an assessor can verify or compare county appraisals; (3) prescribes uniform appraisal, assessment, and record forms for the use of County Assessors throughout the State; (4) develops, tests, and implements systems for appraising rural land and improvements to be used by assessors, appraisal companies, and the ACD appraisal group; (5) maintains a sales data bank for each county for use by assessors, and the ACD in making market value appraisals for assessment purposes; (6) develops and maintains other appraisal aids such as maps, plats, and land value analysis for use in appraisal work; (7) does field research for the development and/or improvement of real estate appraisal methods.

The Assessor's Education function was created for budget purposes to separate operating funds of the Department and the funds appropriated for the expenses of county personnel attending schools conducted by the Department. It also supports an annual seminar to further inform county assessors and their employees of assessment problems, ways of solving them, and new laws and regulations.

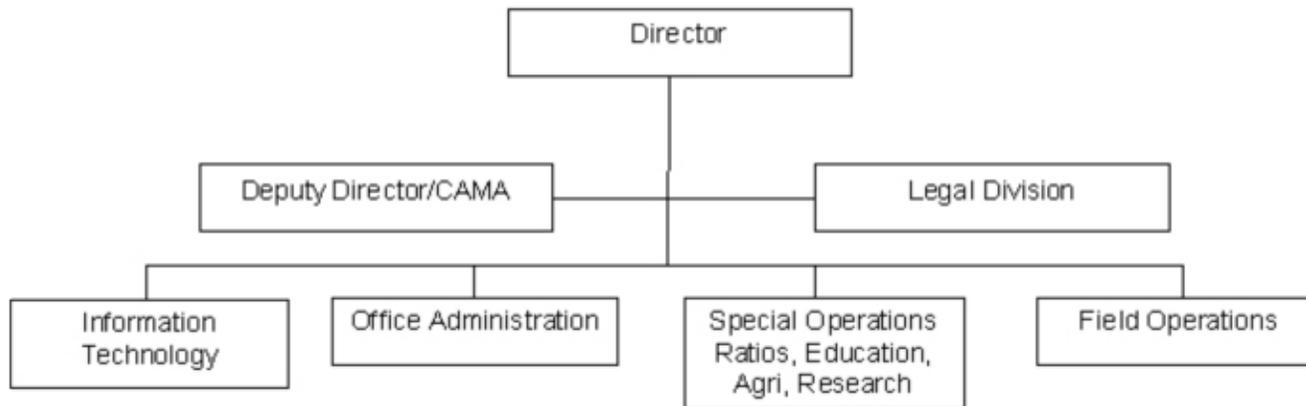
The Cash Operations function was created for budget purposes to separate operating funds of the Department from cash funds created from the sale of manuals and educational materials that are used to replenish such and to fund participation in educational programs.

## GOALS

The Department plans the following: (1) to perform annual ratio studies; (2) to implement and maintain the audit procedures established in Act 1185 of 1999, as amended; (3) to manage state funds used for reappraisals conducted according to the Act; (4) to provide valuation guidelines for Personal Property and Real Estate Property; (5) conduct and improve all existing appraisal courses, expand offerings as necessary, and maintain education records; (6) to provide outside training opportunities through professional organizations; (7) to improve professionalism of all levels of assessment personnel; (8) to develop a better system for handling assistance to counties; (9) to upgrade and improve the Department's computer skills and technology in order to function more efficiently and better communicate with the seventy-five counties, other state agencies and the public; and (10) to help counties take advantage of technological advancements that will improve data collection and records management.

## CONCLUSION

By fulfilling its responsibilities, the Assessment Coordination Department will have an impact on every taxpayer in the State. The Department will help achieve equalization among all properties and ensure that each taxpayer pays only his or her legally mandated share of the tax burden. Therefore, the people of Arkansas will benefit greatly from these services.



## Agency Commentary

The primary purposes of the Assessment Coordination Department are to assist counties in the equalization and appraisal of property for ad valorem tax purposes, conduct schools and educational seminars, prepare guidelines for valuation, measure assessments through ratio studies and performance audits, and provide pertinent data necessary for the upkeep of appraisals.

For 2011-2013, the Department is requesting Base Level for all its programs. It also requests that the special language clause that provides for transfer of funds to the Real Property Reappraisal Fund from its operating fund account be deleted, since the balance remaining after FY11 will no longer be sufficient to support any more transfers.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ASSESSMENT COORDINATION DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2008

Findings

The Agency collects receipts from seminar registration fees, remittances by Arkansas Counties and appraisal contractors and miscellaneous sales and reimbursements. Agency management failed to establish strong internal controls regarding receipts as demonstrated by the following:

- The Agency failed to deposit receipts in a timely manner. Of the 266 receipts issued, 90 receipts were held more than 30 days before being deposited. These receipts amounted to \$45,362, or 42% of all receipts issued. The average length of time a receipt was held before deposit was 31 days.
- Two receipts were voided but were not properly retained for audit purposes.

Management was unable to provide adequate supporting documentation for purchases made with Agency credit cards. Supporting documentation provides evidence of the appropriate business purpose of disbursements. Credit card purchases totaling \$50,747 were reviewed, but the business purpose of \$23,635 of those purchases could not be verified.

Recommendations

Deposit receipts in a timely manner and retain the originals and copies of all voided receipts for audit purposes.

Retain adequate supporting documentation for purchases made with credit cards.

## Employment Summary

	Male	Female	Total	%
White Employees	18	8	26	84 %
Black Employees	3	2	5	16 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			5	16 %
Total Employees			31	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1180100	\$62,418	Checking	Regions Bank

### Statutory/Other Restrictions on use:

Created from the sale of manuals, publications, educational materials, and tuition, to be used as operating and training expenses and for the replacement of such items.

### Statutory Provisions for Fees, Fines, Penalties:

N/A

### Revenue Receipts Cycle:

Funds are collected on an irregular basis. They are used to replenish publications and to participate in educational programs.

### Fund Balance Utilization:

Used to pay for printing of additional publications for resale, to provide educational materials, and for some tuition costs.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Agri Land Values	A.C.A. 26-4-407	N	N	25	Statute requires every county and appraisal company to be provided with listing of agri land values. Also provided electronically.
AR Property Tax Equalization and Appeals System - A Synopsis	None	N	N	250	Biennial update of the property tax system intended to aid public understanding and used as a guide by county equalization boards.
Millage Report	None	N	N	10	Provided upon request to be used as a source to identify all taxing units and their millage rates. Also provided on the Agency website.
Real Estate Manual	None	N	N	10	Provided upon request as a guide in counties for assessment of real property.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1VC Real Property Reappraisal Program	14,728,365	0	15,000,000	0	15,000,000	0	15,000,000	0	15,000,000	0	15,750,000	0	15,000,000	0	15,000,000	0	15,750,000	0
215 County Assessors Continuing Education	33,662	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0
258 Assessment Coordination-State Operations	2,640,355	35	2,968,802	36	2,969,038	36	2,912,588	36	2,912,588	36	2,912,588	36	2,912,588	36	2,912,588	36	2,912,588	36
C73 Assessment Coordination - Cash	28,999	0	55,000	0	55,000	0	55,000	0	55,000	0	55,000	0	55,000	0	55,000	0	55,000	0
<b>Total</b>	<b>17,431,381</b>	<b>35</b>	<b>18,083,802</b>	<b>36</b>	<b>18,084,038</b>	<b>36</b>	<b>18,027,588</b>	<b>36</b>	<b>18,027,588</b>	<b>36</b>	<b>18,777,588</b>	<b>36</b>	<b>18,027,588</b>	<b>36</b>	<b>18,027,588</b>	<b>36</b>	<b>18,777,588</b>	<b>36</b>

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance	4000005	2,333,778	12.1	1,882,517	10.1		565,713	3.3	565,713	3.3	565,713	2.9	61,605	0.4	61,605	0.4	555,125	2.9
General Revenue	4000010	405,000	2.1	450,000	2.4		450,000	2.6	450,000	2.6	2,450,000	12.7	450,000	2.7	450,000	2.7	2,450,000	12.7
Cash Fund	4000045	32,089	0.2	35,000	0.2		35,000	0.2	35,000	0.2	35,000	0.2	35,000	0.2	35,000	0.2	35,000	0.2
Ad Valorem Tax	4000060	2,248,896	11.6	1,987,000	10.7		1,987,000	11.5	1,987,000	11.5	1,987,000	10.3	1,987,000	11.8	1,987,000	11.8	1,987,000	10.3
County Assessors Cont Educ	4000170	44,135	0.2	45,000	0.2		45,000	0.3	45,000	0.3	45,000	0.2	45,000	0.3	45,000	0.3	45,000	0.2
Intra-agency Fund Transfer	4000317	0	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Real Property Reappraisal	4000405	14,250,000	73.8	14,249,998	76.4		14,250,000	82.2	14,250,000	82.2	14,250,000	73.7	14,250,000	84.7	14,250,000	84.7	14,250,000	73.7
<b>Total Funds</b>		<b>19,313,898</b>	<b>100.0</b>	<b>18,649,515</b>	<b>100.0</b>		<b>17,332,713</b>	<b>100.0</b>	<b>17,332,713</b>	<b>100.0</b>	<b>19,332,713</b>	<b>100.0</b>	<b>16,828,605</b>	<b>100.0</b>	<b>16,828,605</b>	<b>100.0</b>	<b>19,322,125</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(1,882,517)		(565,713)			694,875		694,875		(555,125)		1,198,983		1,198,983		(544,537)	
<b>Grand Total</b>		<b>17,431,381</b>		<b>18,083,802</b>			<b>18,027,588</b>		<b>18,027,588</b>		<b>18,777,588</b>		<b>18,027,588</b>		<b>18,027,588</b>		<b>18,777,588</b>	

Variances in fund balances are due to unfunded appropriation in the Real Property Reappraisal Program (1VC) and the State Operation Program (258).

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
36	30	6	36	0	16.67 %	36	31	5	36	0	13.89 %	36	31	5	36	0	13.89 %

## **Analysis of Budget Request**

**Appropriation:** 1VC - Real Property Reappraisal Program

**Funding Sources:** GPR - Real Property Reappraisal Fund

The Assessment Coordination Department administers the Real Property Reappraisal Program in which the market value of real property in all of the State's 75 counties is refigured every three to five years for taxation purposes, as mandated by Act 1185 of 1999 (A.C.A. §26-26-1902 et seq.). Current special language provides for funding of this program by proportional transfers from the Public School Fund (76%), the County Aid Fund (16%), and the Municipal Aid Fund (8%) up to a total of \$14,250,000.

The appropriated Base Level is \$15,000,000 each year and is the Agency Request. In addition, the Agency is requesting deletion of another special language clause that provides for intra-agency fund transfers up to \$750,000 each year from the Department's operating fund to the Real Property Reappraisal Fund.

The Executive Recommendation provides for Base Level and the following:

Additional appropriation of \$750,000 each year.

Continuation of special language for intra-agency fund transfers from the Department's operating fund to the Real Property Reappraisal Fund, with the maximum transfer amount increased to \$1,500,000 each year as an addition to funds received from the Public School, County Aid, and Municipal Aid funds.

## Appropriation Summary

**Appropriation:** 1VC - Real Property Reappraisal Program

**Funding Sources:** GPR - Real Property Reappraisal Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Real Property Reappraisal 5900046	14,728,365	15,000,000	15,000,000	15,000,000	15,000,000	15,750,000	15,000,000	15,000,000	15,750,000
<b>Total</b>	<b>14,728,365</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>15,750,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>15,750,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	127	2		0	0	0	0	0	0
Intra-agency Fund Transfer 4000317	478,240	750,000		0	0	1,500,000	0	0	1,500,000
Real Property Reappraisal 4000405	14,250,000	14,249,998		14,250,000	14,250,000	14,250,000	14,250,000	14,250,000	14,250,000
<b>Total Funding</b>	<b>14,728,367</b>	<b>15,000,000</b>		<b>14,250,000</b>	<b>14,250,000</b>	<b>15,750,000</b>	<b>14,250,000</b>	<b>14,250,000</b>	<b>15,750,000</b>
Excess Appropriation/(Funding)	(2)	0		750,000	750,000	0	750,000	750,000	0
<b>Grand Total</b>	<b>14,728,365</b>	<b>15,000,000</b>		<b>15,000,000</b>	<b>15,000,000</b>	<b>15,750,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>15,750,000</b>

## Change Level by Appropriation

**Appropriation:** 1VC - Real Property Reappraisal Program  
**Funding Sources:** GPR - Real Property Reappraisal Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	15,000,000	0	15,000,000	100.0	15,000,000	0	15,000,000	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	15,000,000	0	15,000,000	100.0	15,000,000	0	15,000,000	100.0
C19	Executive Changes	750,000	0	15,750,000	105.0	750,000	0	15,750,000	105.0

### Justification

C19	Additional appropriation is recommended to employ funding to be received by transfer to the Real Property Reappraisal Fund from the Miscellaneous Agencies Fund account that supports the Assessment Coordination Department.
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## **Analysis of Budget Request**

**Appropriation:** 215 - County Assessors Continuing Education

**Funding Sources:** TCA - County Assessors Continuing Education Fund

The Assessment Coordination Department's County Assessors Continuing Education Program is funded by \$600 assessments collected annually from the counties, as authorized by Arkansas Code § 19-5-944. These proceeds are used to provide educational courses for local assessment personnel. The Department is requesting the Base Level of \$60,000 each year for the 2011-2013 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 215 - County Assessors Continuing Education

**Funding Sources:** TCA - County Assessors Continuing Education Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	33,662	51,600	51,600	51,600	51,600	51,600	51,600	51,600	51,600
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>33,662</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	58,714	69,187		54,187	54,187	54,187	39,187	39,187	39,187
County Assessors Cont Educ	4000170	44,135	45,000		45,000	45,000	45,000	45,000	45,000	45,000
<b>Total Funding</b>		<b>102,849</b>	<b>114,187</b>		<b>99,187</b>	<b>99,187</b>	<b>99,187</b>	<b>84,187</b>	<b>84,187</b>	<b>84,187</b>
Excess Appropriation/(Funding)		(69,187)	(54,187)		(39,187)	(39,187)	(39,187)	(24,187)	(24,187)	(24,187)
<b>Grand Total</b>		<b>33,662</b>	<b>60,000</b>		<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>

## **Analysis of Budget Request**

**Appropriation:** 258 - Assessment Coordination-State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Assessment Coordination Department's State Operations appropriation is funded by a mix of general revenues and Ad Valorem Taxes that are authorized by A.C.A. §19-5-906. Base Level for this appropriation is \$2,912,588 each year, with 36 positions authorized and budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the unclassified position reflects the FY11 line item maximum.

The Department is requesting continuation at Base Level, plus deletion of the special language clause that authorizes intra-agency transfers from the Department's operating fund to the Real Property Reappraisal Fund.

The Executive Recommendation provides for the following:

Appropriations recommended at Base Level as requested by the Agency.

Additional general revenue funding of \$2,000,000 each year.

Continuation of special language for intra-agency fund transfers from the Department's operating fund to the Real Property Reappraisal Fund, with the maximum transfer amount increased to \$1,500,000 each year, as an addition to other funds received for the Real Property Reappraisal Program from the Public School, County Aid, and Municipal Aid funds.

# Appropriation Summary

**Appropriation:** 258 - Assessment Coordination-State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	1,374,170	1,564,641	1,565,140	1,516,440	1,516,440	1,516,440	1,516,440	1,516,440	1,516,440
<b>#Positions</b>	<b>35</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>
Extra Help 5010001	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
<b>#Extra Help</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching 5010003	415,537	477,052	476,789	474,539	474,539	474,539	474,539	474,539	474,539
Operating Expenses 5020002	551,833	622,240	622,240	622,240	622,240	622,240	622,240	622,240	622,240
Conference & Travel Expenses 5050009	41,390	49,869	49,869	49,869	49,869	49,869	49,869	49,869	49,869
Professional Fees 5060010	7,050	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	13,431	5,500	5,500	0	0	0	0	0	0
Assessor's School 5900046	124,944	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Assessment Educ Incentive 5900047	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
<b>Total</b>	<b>2,640,355</b>	<b>2,968,802</b>	<b>2,969,038</b>	<b>2,912,588</b>	<b>2,912,588</b>	<b>2,912,588</b>	<b>2,912,588</b>	<b>2,912,588</b>	<b>2,912,588</b>
<b>Funding Sources</b>									
Fund Balance 4000005	2,215,609	1,750,910		469,108	469,108	469,108	0	0	493,520
General Revenue 4000010	405,000	450,000		450,000	450,000	2,450,000	450,000	450,000	2,450,000
Ad Valorem Tax 4000060	2,248,896	1,987,000		1,987,000	1,987,000	1,987,000	1,987,000	1,987,000	1,987,000
Intra-agency Fund Transfer 4000317	(478,240)	(750,000)		0	0	(1,500,000)	0	0	(1,500,000)
<b>Total Funding</b>	<b>4,391,265</b>	<b>3,437,910</b>		<b>2,906,108</b>	<b>2,906,108</b>	<b>3,406,108</b>	<b>2,437,000</b>	<b>2,437,000</b>	<b>3,430,520</b>
Excess Appropriation/(Funding)	(1,750,910)	(469,108)		6,480	6,480	(493,520)	475,588	475,588	(517,932)
<b>Grand Total</b>	<b>2,640,355</b>	<b>2,968,802</b>		<b>2,912,588</b>	<b>2,912,588</b>	<b>2,912,588</b>	<b>2,912,588</b>	<b>2,912,588</b>	<b>2,912,588</b>

The FY11 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2009-2011 biennium.

## **Analysis of Budget Request**

**Appropriation:** C73 - Assessment Coordination - Cash

**Funding Sources:** 118 - Assessment Coordination Department - Cash in Bank

The Assessment Coordination Department's Cash in Bank appropriation is funded by proceeds from the sales of property assessment and appraisal publications to parties in the private sector. Tuition is also collected from private citizens who enroll in assessment and appraisal courses conducted by the Department. These resources are used to purchase educational materials, defray printing costs, and pay for evaluations of agency methods and procedures to determine their compliance with guidelines of the International Association of Assessing Officers.

The Department is requesting continuation of this program at Base Level of \$55,000 each year.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** C73 - Assessment Coordination - Cash

**Funding Sources:** 118 - Assessment Coordination Department - Cash in Bank

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	18,499	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Conference & Travel Expenses	5050009	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees	5060010	10,500	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>28,999</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	59,328	62,418		42,418	42,418	42,418	22,418	22,418	22,418
Cash Fund	4000045	32,089	35,000		35,000	35,000	35,000	35,000	35,000	35,000
<b>Total Funding</b>		<b>91,417</b>	<b>97,418</b>		<b>77,418</b>	<b>77,418</b>	<b>77,418</b>	<b>57,418</b>	<b>57,418</b>	<b>57,418</b>
Excess Appropriation/(Funding)		(62,418)	(42,418)		(22,418)	(22,418)	(22,418)	(2,418)	(2,418)	(2,418)
<b>Grand Total</b>		<b>28,999</b>	<b>55,000</b>		<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>

# AUCTIONEER'S LICENSING BOARD

## Enabling Laws

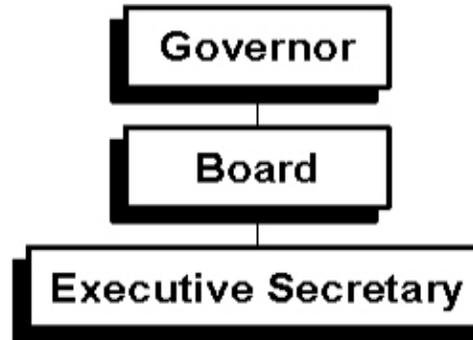
Act 19 of 2010  
Act 266 of 1989 as amended  
A.C.A. § 17-17-201

## History and Organization

The Auctioneer's Licensing Board, consisting of seven members - four auctioneers and three consumer representatives, was created in 1989.

The mission of the organization is to protect public welfare by establishing and maintaining a high standard of integrity in the Profession of Auctioneers and Auction Houses.

The responsibility of the organization is to certify, license, register individuals and companies who meet the requirements to engage in the profession of Auctioneers and, additionally, to protect the public from illegal, incompetent, unethical and unprofessional practitioners.



## **Agency Commentary**

The Auctioneer's Licensing Board was created by Act 266 of 1989. The Board is self-funded from funds collected through application fees for licensure, renewal of licenses and permits, issuance of permits, late penalties, examinations, and disciplinary fines.

The primary activities of the Board are as follows: 1) Administer a professional auctioneer examination four times a year; 2) License those who pass the examination and otherwise qualify; 3) Annually issue renewal licenses to all qualified auctioneers and auction house owners; 4) Maintain and publish a register of all qualified auctioneers and auction house owners that are permitted to operated in the State; 5) Conduct investigations into allegations of violations of Statutes and Rules and Regulations; 6) Conduct hearings and take disciplinary actions when appropriate; 7) Monitor continuing professional education on auctioneers for license renewals; 8) Conduct yearly audits of auction houses to ensure compliance with record keeping and reporting requirements. All of this is done with one secretary/treasurer position and an extra help position.

The Board is requesting Base Level for the 2011 - 2013 biennium.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
AUCTIONEER'S LICENSING BOARD

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### Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

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### Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	0	1	1	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
	Total Minorities		0	0 %
	Total Employees		1	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
3440000	\$110,460	Checking and TMMP	Bank of America and Treasury

### Statutory/Other Restrictions on use:

A.C.A. §17-17-204 authorizes all fees, charges, and penalties collected to be deposited in a bank or banks to be designated by the Board.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-17-114, A.C.A. §17-17-301, and A.C.A. §17-17-302 authorize the Agency to collect and use fees, fines, and penalties for operating costs.

### Revenue Receipts Cycle:

Fees, fines, and penalties are collected during the year.

### Fund Balance Utilization:

Funds are collected during the year and are used for operating expenses.

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Fund Account	Balance	Type	Location
3440100	\$183,682	TMMP and CD	Treasury and Centennial Bank

Statutory/Other Restrictions on use:

A.C.A. §17-17-204 authorizes all fees, charges, and penalties collected to be deposited in a bank or banks to be designated by the Board.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-17-204 authorizes the Agency to collect fees at initial licensure and at each annual renewal period.

Revenue Receipts Cycle:

Funds are collected from new licensees during the year.

Fund Balance Utilization:

Funds are collected from new licensees during the year and are used to pay any claim resulting from a disciplinary hearing. The Agency may use any funds above \$180,000 to advance education, underwrite seminars, and for improvement of the profession.

**Publications**

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Licensee List	A.C.A. 17-17-206	N	N	75	Required by A.C.A. 17-17-206 to be available to the general public upon request.

**Agency Position Usage Report**

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
1	1	0	1	0	0.00 %	1	1	0	1	0	0.00 %	1	1	0	1	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** C51 - Auctioneer's - Cash Operations

**Funding Sources:** 344 - Auctioneer's Licensing Board - Cash

The Arkansas Auctioneer's Licensing Board was established by Act 266 of 1989, as codified in Arkansas Code Annotated §17-17-201, for promulgating rules and regulations, licensing, and publishing annually a register of all auctioneers that are licensed to do business in Arkansas. The Agency monitors auctions held within the State and gives examinations to certify new auctioneers four times a year. The Commission consists of seven (7) Commissioners that are appointed by the Governor.

This is the primary operating appropriation of the Agency. Its revenues are generated from receipt of fees charged for examinations, licensing, renewals, and penalties.

Base Level salaries and matching provide for the continuation of one position and do not include appropriation for a Cost of Living Adjustment or a Career Service Payment. The Base Level request for Regular Salaries also includes board member stipend payments.

The Commission is requesting its Base Level of \$202,490 for each year of the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** C51 - Auctioneer's - Cash Operations  
**Funding Sources:** 344 - Auctioneer's Licensing Board - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	50,308	53,131	44,900	52,331	52,331	52,331	52,331	52,331	52,331
<b>#Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Extra Help 5010001	0	15,780	15,780	15,780	15,780	15,780	15,780	15,780	15,780
<b>#Extra Help</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	13,808	16,005	14,219	15,883	15,883	15,883	15,883	15,883	15,883
Operating Expenses 5020002	36,998	49,808	49,808	49,808	49,808	49,808	49,808	49,808	49,808
Conference & Travel Expenses 5050009	0	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Fees 5060010	3,325	13,688	13,688	13,688	13,688	13,688	13,688	13,688	13,688
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements 5110014	0	500	500	500	500	500	500	500	500
Claims 5110015	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>104,439</b>	<b>203,412</b>	<b>193,395</b>	<b>202,490</b>	<b>202,490</b>	<b>202,490</b>	<b>202,490</b>	<b>202,490</b>	<b>202,490</b>
<b>Funding Sources</b>									
Fund Balance 4000005	290,493	294,142		204,230	204,230	204,230	118,240	118,240	118,240
Cash Fund 4000045	108,088	113,500		116,500	116,500	116,500	119,500	119,500	119,500
<b>Total Funding</b>	<b>398,581</b>	<b>407,642</b>		<b>320,730</b>	<b>320,730</b>	<b>320,730</b>	<b>237,740</b>	<b>237,740</b>	<b>237,740</b>
Excess Appropriation/(Funding)	(294,142)	(204,230)		(118,240)	(118,240)	(118,240)	(35,250)	(35,250)	(35,250)
<b>Grand Total</b>	<b>104,439</b>	<b>203,412</b>		<b>202,490</b>	<b>202,490</b>	<b>202,490</b>	<b>202,490</b>	<b>202,490</b>	<b>202,490</b>

The FY11 Budget amounts in Regular Salaries and Personal Services Matching exceed the Authorized amounts due to salary adjustments and matching rate adjustments during the 2009-2011 biennium.

# PROFESSIONAL BAIL BONDSMAN LICENSING BOARD

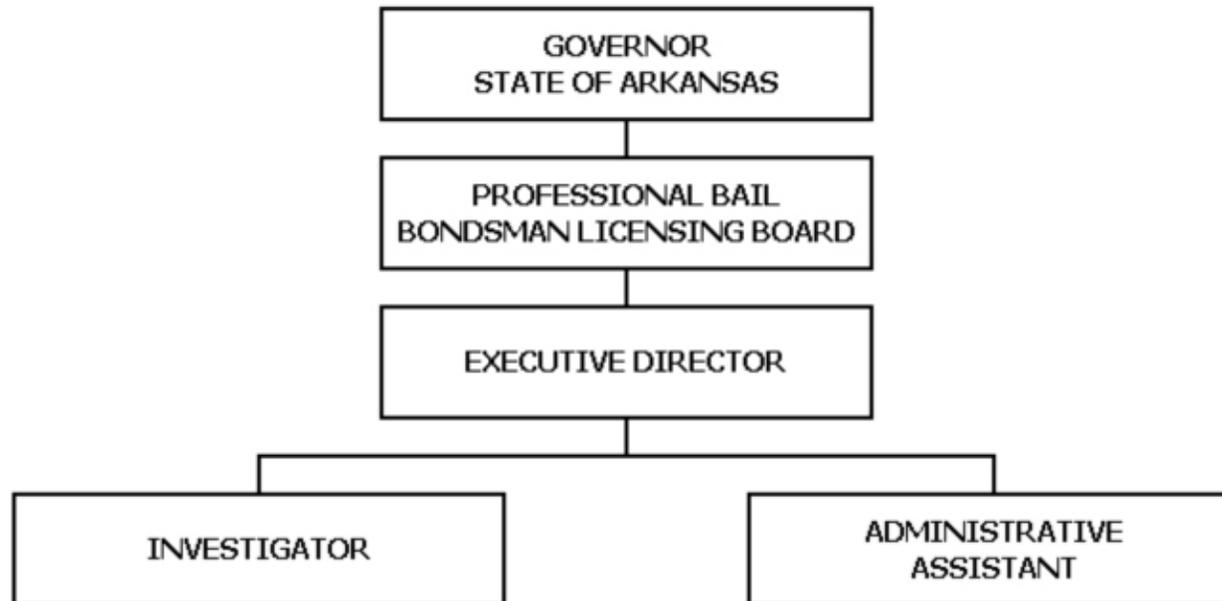
## Enabling Laws

Act 76 of 2010  
A.C.A. § 17-19-101 et seq.

## History and Organization

A.C.A. § 17-19-106 et seq. established the Professional Bail Bond Company & Professional Bail Bondsman Licensing Board. The Act provided for a seven member Board to be appointed by the Governor for terms of seven years. The Board consists of one (1) Sheriff, one (1) Chief of Police, one (1) elected Judge, one (1) citizen at large, and three (3) bail bond company owners. Act 1817 of 2001 provided that one (1) member of the Board be an African-American and that one (1) member be female.

The Board is organized as follows: An executive director, appointed by the Board, is responsible for the day-to-day administration of the duties and functions of the Board. The Board employs an investigator and an administrative assistant.



## Agency Commentary

Act 500 of 1993 established the Professional Bail Bond Company & Professional Bail Bondsman Licensing Board and provided the Board with the authority and responsibility of administering and enforcing the provisions of Arkansas Code Annotated Title 17, Chapter 19. The Board was given authority to adopt and enforce such reasonable rules and regulations as it determines are necessary to enable the effective and efficient administration of its official duty of licensing and regulating professional bail bond companies and professional bail bondsman.

The primary activities of the Board are as follows: 1) Administer the Professional Bail Bondsman Examination weekly, 2) License those who pass the examination and otherwise qualify, 3) Determine whether those who apply for an Arkansas Bail Bond Company License qualify, 4) Annually issue renewal licenses to all qualified bail bondsman and bail bond companies, 5) Conduct investigations into allegations of violations of Statutes and Rules & Regulations based on complaints and/or information received by the Board office, 6) Conduct hearings and take disciplinary action where appropriate, 7) Monitor mandatory continuing professional education for professional bail bondsman who hold a valid Arkansas license, and 8) Conduct yearly audits of bail bond companies to ensure compliance with record keeping and reporting requirements.

The Board is requesting the following changes above Base Level for the 2011-2013 biennium: Board Member Stipend payments increase of \$1,270.00 due to an increase in hearings. Currently the board has twelve (12) meeting days per year; three (3) additional meetings will be for regulatory hearings. An increase of \$1,200.00 for fuel costs is requested for FY12 and FY13 due to increases in investigators' travel and case load. The Board is requesting Capital Outlay of \$6,000 each fiscal year to replace one (1) vehicle. The replacement vehicles will be purchased from the State Marketing & Redistribution. The Board has two vehicles - one with approximately 130,000 miles, and the other vehicle has approximately 98,000 miles.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
PROFESSIONAL BAIL BONDSMAN LICENSING BOARD

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Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

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Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	2	1	3	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			3	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Bail Bonds Company and Bail Bondsman Licensing Board	A.C.A. §17-29-206 (f)	N	N	150	Required by law. Public Use.

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1DV Bail Bondsman-Operations	296,995	3	311,001	3	323,830	3	303,990	3	313,526	3	313,526	3	303,990	3	313,526	3	313,526	3
4HD Treasury Cash Reimbursement	0	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
<b>Total</b>	<b>296,995</b>	<b>3</b>	<b>811,001</b>	<b>3</b>	<b>823,830</b>	<b>3</b>	<b>803,990</b>	<b>3</b>	<b>813,526</b>	<b>3</b>	<b>813,526</b>	<b>3</b>	<b>803,990</b>	<b>3</b>	<b>813,526</b>	<b>3</b>	<b>813,526</b>	<b>3</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	301,958	50.8	297,426	27.3			280,255	26.7	280,255	26.5	280,255	26.5	244,781	23.5	244,781	23.3
Cash Fund	4000045	142,151	23.9	635,000	58.2			601,214	57.3	610,750	57.7	610,750	57.7	601,214	57.8	610,750	58.2
AR Insurance Fund	4000100	319,424	53.7	323,830	29.7			319,424	30.5	319,424	30.2	319,424	30.2	319,424	30.7	319,424	30.4
Transfer to General Revenue	4000635	(169,112)	(28.4)	(165,000)	(15.1)			(152,122)	(14.5)	(152,122)	(14.4)	(152,122)	(14.4)	(125,641)	(12.1)	(125,641)	(12.0)
<b>Total Funds</b>		<b>594,421</b>	<b>100.0</b>	<b>1,091,256</b>	<b>100.0</b>			<b>1,048,771</b>	<b>100.0</b>	<b>1,058,307</b>	<b>100.0</b>	<b>1,058,307</b>	<b>100.0</b>	<b>1,039,778</b>	<b>100.0</b>	<b>1,049,314</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(297,426)		(280,255)				(244,781)		(244,781)		(244,781)		(235,788)		(235,788)	
<b>Grand Total</b>		<b>296,995</b>		<b>811,001</b>				<b>803,990</b>		<b>813,526</b>		<b>813,526</b>		<b>803,990</b>		<b>813,526</b>	

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 1DV - Bail Bondsman-Operations

**Funding Sources:** MBB - Professional Bail Bondsman Licensing Board

The Professional Bail Bondsman Licensing Board uses this appropriation to cover operating expenses and to administer and enforce the provisions of the law relating to the licensing and regulating of professional bail bond companies and bondsmen. The Insurance Department collects \$10 per bond written in the State, and by statute must provide the Board with funding up to the appropriated level each fiscal year. Receipts from examination fees, license renewals and penalties also fund operations of the Board. The Board also uses this appropriation to comply with Section 4 of Act 700 of 1993, which requires the Board to transfer all but 25% of its fund balance to the State Treasury at the end of each fiscal year.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests Change Levels of \$9,536 in FY12 and FY13. The Board requests an increase in Regular Salaries and Personal Services Matching of \$2,336 for Board Member Stipends due to an increase in scheduled regulatory hearings. The Board requests an increase in the Operating Expenses line item of \$1,200 in FY12 and FY13 for increases in fuel purchases due to larger case loads requiring more travel by investigators.

The Board requests an increase in the Capital Outlay line item of \$6,000 for FY12 and FY13, to replace one (1) aging, high mileage vehicle each year from State Marketing & Redistribution, in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement. The Board has two (2) vehicles, one with approximately 130,000 miles and the other, approximately 98,000 miles.

Executive Recommendation provides for Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 1DV - Bail Bondsman-Operations

**Funding Sources:** MBB - Professional Bail Bondsman Licensing Board

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	132,072	126,395	137,522	125,495	127,665	127,665	125,495	127,665	127,665
<b>#Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching 5010003	37,313	38,420	40,122	38,309	38,475	38,475	38,309	38,475	38,475
Operating Expenses 5020002	96,324	102,186	102,186	102,186	103,386	103,386	102,186	103,386	103,386
Conference & Travel Expenses 5050009	1,508	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees 5060010	23,878	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	5,900	6,000	6,000	0	6,000	6,000	0	6,000	6,000
<b>Total</b>	<b>296,995</b>	<b>311,001</b>	<b>323,830</b>	<b>303,990</b>	<b>313,526</b>	<b>313,526</b>	<b>303,990</b>	<b>313,526</b>	<b>313,526</b>
<b>Funding Sources</b>									
Fund Balance 4000005	225,483	219,514		202,343	202,343	202,343	166,869	166,869	166,869
Cash Fund 4000045	140,714	135,000		101,214	110,750	110,750	101,214	110,750	110,750
AR Insurance Fund 4000100	319,424	323,830		319,424	319,424	319,424	319,424	319,424	319,424
Transfer to General Revenue 4000635	(169,112)	(165,000)		(152,122)	(152,122)	(152,122)	(125,641)	(125,641)	(125,641)
<b>Total Funding</b>	<b>516,509</b>	<b>513,344</b>		<b>470,859</b>	<b>480,395</b>	<b>480,395</b>	<b>461,866</b>	<b>471,402</b>	<b>471,402</b>
<b>Excess Appropriation/(Funding)</b>	<b>(219,514)</b>	<b>(202,343)</b>		<b>(166,869)</b>	<b>(166,869)</b>	<b>(166,869)</b>	<b>(157,876)</b>	<b>(157,876)</b>	<b>(157,876)</b>
<b>Grand Total</b>	<b>296,995</b>	<b>311,001</b>		<b>303,990</b>	<b>313,526</b>	<b>313,526</b>	<b>303,990</b>	<b>313,526</b>	<b>313,526</b>

## Change Level by Appropriation

**Appropriation:** 1DV - Bail Bondsman-Operations  
**Funding Sources:** MBB - Professional Bail Bondsman Licensing Board

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>303,990</b>	<b>3</b>	<b>303,990</b>	<b>100.0</b>	<b>303,990</b>	<b>3</b>	<b>303,990</b>	<b>100.0</b>
C01	Existing Program	9,536	0	313,526	103.1	9,536	0	313,526	103.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>303,990</b>	<b>3</b>	<b>303,990</b>	<b>100.0</b>	<b>303,990</b>	<b>3</b>	<b>303,990</b>	<b>100.0</b>
C01	Existing Program	9,536	0	313,526	103.1	9,536	0	313,526	103.1

### Justification

C01	The Board requests an increases for FY12 and FY13 for Regular Salaries for Board Member Stipends and Personal Services Matching of \$2,336, due to an increase in scheduled hearings, for a quarterly regulatory hearing; an increase of \$1,200 in Operating Expenses for fuel purchases due to increased case load and increase in investigator travel and anticipated increase in fuel prices. The Board requests an increase in Capital Outlay of \$6,000 each year to replace one (1) vehicle each FY from M&R. The Board has two (2) vehicles, one with approximately 130,000 miles and the other approximately 98,000 miles.
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## **Analysis of Budget Request**

**Appropriation:** 4HD - Treasury Cash Reimbursement

**Funding Sources:** NBB - Cash in Treasury

The Professional Bail Bondsman Licensing Board uses this appropriation to process security deposits and pay outstanding judgments of bail bonds companies that go out of business. This appropriation allows proper accounting of these transactions on the state accounting system.

The Board requests Base Level of \$500,000 each year for the 2011-2013 biennium.

Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

# Appropriation Summary

**Appropriation:** 4HD - Treasury Cash Reimbursement

**Funding Sources:** NBB - Cash in Treasury

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Total</b>	<b>0</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	76,475	77,912		77,912	77,912	77,912	77,912	77,912	77,912
Cash Fund 4000045	1,437	500,000		500,000	500,000	500,000	500,000	500,000	500,000
<b>Total Funding</b>	<b>77,912</b>	<b>577,912</b>		<b>577,912</b>	<b>577,912</b>	<b>577,912</b>	<b>577,912</b>	<b>577,912</b>	<b>577,912</b>
Excess Appropriation/(Funding)	(77,912)	(77,912)		(77,912)	(77,912)	(77,912)	(77,912)	(77,912)	(77,912)
<b>Grand Total</b>	<b>0</b>	<b>500,000</b>		<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

# STATE BANK DEPARTMENT

## Enabling Laws

Act 79 of 2010  
A.C.A. §23-46-101 et seq.

## History and Organization

The State Bank Department was created by the General Assembly in 1913. It has the responsibility to perform periodic examinations of state chartered banks, bank holding companies, trust companies and other entities to determine safety and soundness and compliance with laws and regulations.

These examinations are accomplished by on-site evaluation of assets and liabilities, adequacy of internal routines and controls, the competency of management, the adequacy of capital of the institution, and other evaluations as performed by examiners.

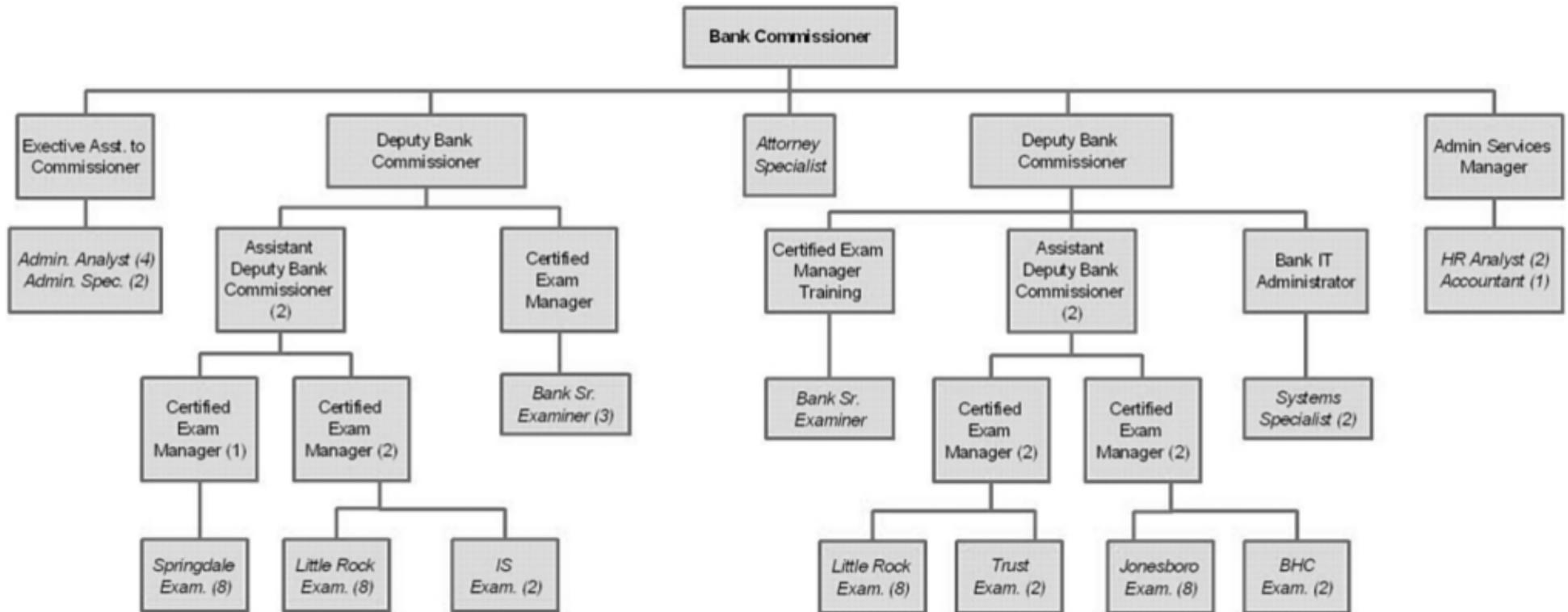
The Bank Commissioner is charged with the responsibility of ensuring all state banks operate in compliance with state and federal laws. He also has responsibility for the approval of new branches, changes in ownership, and Plans of Exchange, whereby bank stock is exchanged for bank holding company stock.

In order to discharge the statutory responsibilities of the above, the Bank Commissioner and bank examiners periodically conduct investigations, hold hearings and perform all actions necessary to discharge their statutory responsibilities. Act 60 of 1933 created the Arkansas State Banking Board. The Board consists of six (6) members whose powers and duties include: Pass upon bank charter applications and charter amendments; pass upon proposed reorganizations, mergers and consolidations, conversions from National Charter to State Charter; hold hearings; propose regulations; and otherwise perform all actions necessary to discharge their statutory responsibility. The Commissioner and the State Banking Board have full authority to issue rules and regulations.

The Bank Commissioner, aided by the team of examiners, is required periodically to issue Cease and Desist Orders, Memorandums of Understanding, or obtain official Resolutions of Affirmative Action from banks when safety and soundness issues arise that warrant such action.

The Mission of the State Bank Department is to allocate available human and other resources existing in our Examination, Information Technology, and Administrative Services Divisions to ensure the continuance of safe and sound financial practices in state chartered financial

institutions. We will maintain a legal and regulatory structure for Arkansas that provides the public with convenient, safe, and competitive banking, which allows for economic development within this State.



## Agency Commentary

The Arkansas State Bank Department has statutory responsibility for the examination and regulation of state chartered banks, bank holding companies, trust companies and other entities to determine safety and soundness, and compliance with laws and regulations. At fiscal year-end June 30, 2010, this included 99 state-chartered banks, 88 bank holding companies, one regional industrial development corporation, two trust companies, and the Arkansas Capital Corporation. The Mission of the State Bank Department is to allocate available human and other resources existing in our Examination, Information Technology and Administrative Services Divisions to ensure the continuance of safe and sound financial practices in state chartered financial institutions. The Department will continue its policy of being an advocate of banking and seeking every means available to improve those financial institutions found to be in need of assistance. In order to execute these responsibilities and fulfill the mission and goals of the Department, certain budget requests are imperative.

The Department requests Capital Outlay appropriation of \$72,000 to replace state vehicles according to the State's mileage and time of service policy and \$38,000 to replace fully depreciated equipment at costs above \$5,000. Due to the threshold for Capital Outlay being increased to \$5,000, the Department has reduced previous requests in Capital Outlay by \$20,000 and is asking for an additional \$20,000 in Operating Expenses to replace office equipment that would be valued at less than \$5,000.

Other Capital Outlay resources are requested for replacement of obsolete data processing equipment according to the Department's three-year replacement plan. In previous years the Department has requested \$90,000 for replacement of IT equipment from Capital Outlay. However, due to the new threshold for capital equipment being changed from \$2,500 to \$5,000, the Department is requesting \$32,000 in Capital Outlay for data processing equipment over \$5,000 and an additional \$58,000 to replace low value equipment from Operating Expenses. This is the cornerstone of the Department's IT plan which has been filed with the DFA - Office of State Technology Planning per its instructions for the 2011-2013 Biennium.

The Department is also requesting restoration of two positions obtained from the new growth pool that were approved by the ALC Personnel Committee in November, 2009. Two other positions, currently authorized, will not be requested to maintain the Agency's current staff level of 74 positions.

Approval of all requests will allow the Bank Department to continue to meet demands placed upon it by the financial industry and to continue to monitor the safety and soundness of all Arkansas state banking institutions under its jurisdiction. This will be accomplished by priorities set by the Department to regulate and supervise the changing banking environment. Funding for the State Bank Department is provided by semi-annual assessments of all institutions under the supervisory authority of the Department.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE BANK DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2008

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	45	18	63	91 %
Black Employees	4	1	5	7 %
Other Racial Minorities	1	0	1	2 %
Total Minorities			6	9 %
Total Employees			69	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Report of the Bank Commissioner	A.C.A. 23-46-210	Y	N	100	Required for the Governor by Statute. Copies provided to the State Library and requesting banks. Report is also available on the Agency's website.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010					FY2010 - 2011						
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
77	70	7	77	0	9.09 %	74	67	7	74	0	9.46 %	74	66	8	74	0	10.81 %

## **Analysis of Budget Request**

**Appropriation:** 051 - State Bank Department-Operations

**Funding Sources:** SIB - Bank Department Fund

The State Bank Department is funded entirely by special revenue fees assessed and collected on a semi-annual basis, as authorized in Arkansas Code §19-6-412. Base Level is \$8,077,476 each year, with 72 positions budgeted from a total authorization of 74.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salaries of unclassified positions reflect the FY11 line item maximum.

In addition to Base Level, the following changes are requested:

The restoration and continuation of 2 positions, Assistant Deputy Bank Commissioner, Grade N906, that are currently authorized from the OPM central growth pool by action of the ALC Personnel Committee in November, 2009.

Capital Outlay of \$72,000 each year is requested for replacement of vehicles, with another \$38,000 each year for replacement of fully depreciated office equipment. Also requested is \$20,000 each year in Operating Expenses for replacement of office equipment costing less than \$5,000 per unit.

As enumerated in the Department's Information Technology Plan submitted to the DFA - Office of State Technology Planning, Capital Outlay is requested in amounts of \$32,000 each year for replacement of data processing equipment with costs above the \$5,000 per unit threshold and \$58,000 is requested each year in Operating Expenses for replacement of data processing equipment with per unit costs under \$5,000.

The Executive Recommendation provides for the Agency Request and includes Capital Outlay to replace aging, high mileage vehicles in accordance with A.C.A. §22-8-201 et seq., the Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement."

# Appropriation Summary

**Appropriation:** 051 - State Bank Department-Operations

**Funding Sources:** SIB - Bank Department Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	4,761,983	5,212,111	5,180,011	4,992,990	5,182,715	5,182,715	4,992,990	5,182,715	5,182,715
<b>#Positions</b>		<b>75</b>	<b>74</b>	<b>74</b>	<b>72</b>	<b>74</b>	<b>74</b>	<b>72</b>	<b>74</b>	<b>74</b>
Extra Help	5010001	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>#Extra Help</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	1,189,173	1,357,695	1,346,288	1,340,378	1,388,006	1,388,006	1,340,378	1,388,006	1,388,006
Operating Expenses	5020002	1,047,063	1,269,108	1,269,108	1,269,108	1,347,108	1,347,108	1,269,108	1,347,108	1,347,108
Conference & Travel Expenses	5050009	290,301	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Professional Fees	5060010	50,339	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	165,219	220,000	220,000	0	142,000	142,000	0	142,000	142,000
<b>Total</b>		<b>7,504,078</b>	<b>8,533,914</b>	<b>8,490,407</b>	<b>8,077,476</b>	<b>8,534,829</b>	<b>8,534,829</b>	<b>8,077,476</b>	<b>8,534,829</b>	<b>8,534,829</b>

Funding Sources										
Fund Balance	4000005	5,173,309	5,402,664		4,729,425	4,729,425	4,729,425	4,677,449	4,220,096	4,220,096
Special Revenue	4000030	7,733,433	7,860,675		8,025,500	8,025,500	8,025,500	8,185,200	8,185,200	8,185,200
<b>Total Funding</b>		<b>12,906,742</b>	<b>13,263,339</b>		<b>12,754,925</b>	<b>12,754,925</b>	<b>12,754,925</b>	<b>12,862,649</b>	<b>12,405,296</b>	<b>12,405,296</b>
Excess Appropriation/(Funding)		(5,402,664)	(4,729,425)		(4,677,449)	(4,220,096)	(4,220,096)	(4,785,173)	(3,870,467)	(3,870,467)
<b>Grand Total</b>		<b>7,504,078</b>	<b>8,533,914</b>		<b>8,077,476</b>	<b>8,534,829</b>	<b>8,534,829</b>	<b>8,077,476</b>	<b>8,534,829</b>	<b>8,534,829</b>

The FY11 Budget amounts in Regular Salaries and Personal Services Matching exceed the Authorized amounts due to salary adjustments and matching rate adjustments during the 2009-2011 Biennium.

## Change Level by Appropriation

**Appropriation:** 051 - State Bank Department-Operations  
**Funding Sources:** SIB - Bank Department Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>8,077,476</b>	<b>72</b>	<b>8,077,476</b>	<b>100.0</b>	<b>8,077,476</b>	<b>72</b>	<b>8,077,476</b>	<b>100.0</b>
C01	Existing Program	130,000	0	8,207,476	101.6	130,000	0	8,207,476	101.6
C06	Restore Position/Approp	237,353	2	8,444,829	104.5	237,353	2	8,444,829	104.5
C08	Technology	90,000	0	8,534,829	105.7	90,000	0	8,534,829	105.7

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>8,077,476</b>	<b>72</b>	<b>8,077,476</b>	<b>100.0</b>	<b>8,077,476</b>	<b>72</b>	<b>8,077,476</b>	<b>100.0</b>
C01	Existing Program	130,000	0	8,207,476	101.6	130,000	0	8,207,476	101.6
C06	Restore Position/Approp	237,353	2	8,444,829	104.5	237,353	2	8,444,829	104.5
C08	Technology	90,000	0	8,534,829	105.7	90,000	0	8,534,829	105.7

### Justification

C01	Capital Outlay appropriation of \$72,000 to replace state vehicles according to the State's mileage and time of service policy and \$38,000 to replace fully depreciated equipment at costs above \$5,000. Due to the threshold for Capital Outlay being increased to \$5,000, the Department has reduced previous requests in Capital Outlay by \$20,000 and is asking for an additional \$20,000 in Operating Expenses to replace office equipment that would be valued at less than \$5,000.
C06	Restoration of two positions obtained from the OPM central growth pool that were approved by the ALC Personnel Committee in November, 2010, is requested. Two other positions, currently authorized, will not be requested. This action would maintain the current staff level of 74 positions.
C08	Capital Outlay resources are requested for replacement of obsolete data processing equipment according to the Department's three-year replacement plan. In previous years the Department has requested \$90,000 for replacement of IT equipment from Capital Outlay. However, due to the new threshold for capital equipment being changed from \$2,500 to \$5,000, the Department is requesting \$32,000 in Capital Outlay for data processing equipment over \$5,000 and an additional \$58,000 to replace low value equipment from Operating Expenses. This is the cornerstone of the Department's IT plan which has been filed with the DFA-Office of State Technology Planning per its instructions for the 2011-2013 Biennium. All items referenced in this request can be found under the Hardware tab in the IT Plan.

# STATE BOARD OF BARBER EXAMINERS

## Enabling Laws

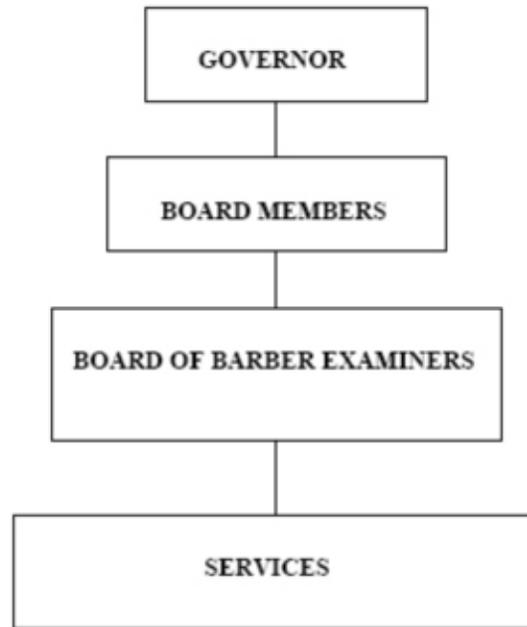
Act 62 of 2010  
Act 313 of 1937 as amended  
See A.C.A. §17-20-101 et seq.

## History and Organization

Act 313 of 1937, as amended, established the Arkansas State Board of Barber Examiners to provide for the regulation of the barber profession. All barbers, barbershops, barber schools or colleges and students in the barber colleges in Arkansas are required to meet minimum requirements and be licensed or certified by the Board of Barber Examiners. Board membership is composed of five (5) persons appointed by the Governor for a term of six (6) years, with one term expiring each two years and the State Health Officer, who is an ex-officio member.

Fees are collected on an annual basis from all barbers, barbershops, barber colleges, barber college instructors and students enrolled in barber college. All barbershops and barber colleges in the State are inspected for sanitation and sterilization of equipment and any other violation of the barber law. Examinations for a license to practice barbering in our State are given to all barbers and barber college instructors.

The Board is a cash fund agency funded by the collection of fees.



## **Agency Commentary**

The State Board of Barber Examiners is responsible for making sure all persons, students, shops and schools are properly licensed and that the sanitation and sterilization rules are being met in accordance with the laws set forth in the Laws and Rules and Regulations for Barbering. To be in compliance with Arkansas Barber Law, Act 313 of 1937; we need to make sure these laws are being upheld, therefore we must conduct random inspections on each and every shop and school throughout the State of Arkansas, and investigate and resolve every complaint submitted to our office. This must be done to ensure the health and safety of the public.

The Board is requesting Base Level appropriation for the 2011-2013 biennium.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE BOARD OF BARBER EXAMINERS

Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	2	1	3	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			3	100 %

## Publications

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Letter with Financial Report	A.C.A. 17-20-207	Y	N	2,500	Required by A.C.A. 17-20-207.

# Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 81J - Barber Board-Treasury Cash

**Funding Sources:** NBE - Cash in Treasury

The State Board of Barber Examiners was created by Act 313 of 1937 to regulate the barbering profession. The Board supervises barber colleges in Arkansas to ensure they teach the proper methods of sanitation and sterilization, and perform services to the public. The Board prepares written and practical examinations and administers them to students upon completion of the course. Upon passage, students are licensed to work in a licensed barbershop.

The Board issues Student Barber, Barbershop, Barber Instructor, and Barber College licenses. Barbershops are periodically inspected, by direction of the Board, to ensure barbers are currently licensed and are using the proper methods of sanitation and sterilization. Fees are collected annually from barbers, barbershops, barber colleges, barber college instructors and students enrolled in barber college.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests Base Level appropriation for FY12 and FY13.

Executive Recommendation provides for Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 81J - Barber Board-Treasury Cash

**Funding Sources:** NBE - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	114,643	141,792	145,098	139,792	139,792	139,792	139,792	139,792	139,792
<b>#Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Extra Help 5010001	8,209	10,802	10,802	10,802	10,802	10,802	10,802	10,802	10,802
<b>#Extra Help</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching 5010003	34,425	42,857	42,831	42,543	42,543	42,543	42,543	42,543	42,543
Operating Expenses 5020002	37,569	46,150	46,150	46,150	46,150	46,150	46,150	46,150	46,150
Conference & Travel Expenses 5050009	1,829	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
Professional Fees 5060010	0	500	500	500	500	500	500	500	500
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>196,675</b>	<b>244,651</b>	<b>247,931</b>	<b>242,337</b>	<b>242,337</b>	<b>242,337</b>	<b>242,337</b>	<b>242,337</b>	<b>242,337</b>
<b>Funding Sources</b>									
Fund Balance 4000005	234,738	223,720		179,069	179,069	179,069	139,732	139,732	139,732
Cash Fund 4000045	185,657	200,000		203,000	203,000	203,000	206,000	206,000	206,000
<b>Total Funding</b>	<b>420,395</b>	<b>423,720</b>		<b>382,069</b>	<b>382,069</b>	<b>382,069</b>	<b>345,732</b>	<b>345,732</b>	<b>345,732</b>
Excess Appropriation/(Funding)	(223,720)	(179,069)		(139,732)	(139,732)	(139,732)	(103,395)	(103,395)	(103,395)
<b>Grand Total</b>	<b>196,675</b>	<b>244,651</b>		<b>242,337</b>	<b>242,337</b>	<b>242,337</b>	<b>242,337</b>	<b>242,337</b>	<b>242,337</b>

The FY11 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2009-2011 biennium.

# CAPITOL ZONING DISTRICT COMMISSION

## Enabling Laws

Act 121 of 2010  
Act 267 of 1975 as amended  
A.C.A. § 22-3-302

## History and Organization

### MISSION STATEMENT

It is the mission of the Capitol Zoning District Commission, using the Capitol Zoning District Ordinance (Master Plan), to administer special zoning regulations and design guidelines in the district that preserve the dignity of the Capitol Building and Governor's Mansion, that coordinate physical development within the Capitol Area and Mansion Area of the District in accordance with present and future needs of each area, that insure efficient expenditure of public funds and that promote the safety, convenience and general well-being of the inhabitants and property owners within the District.

### RESPONSIBILITY

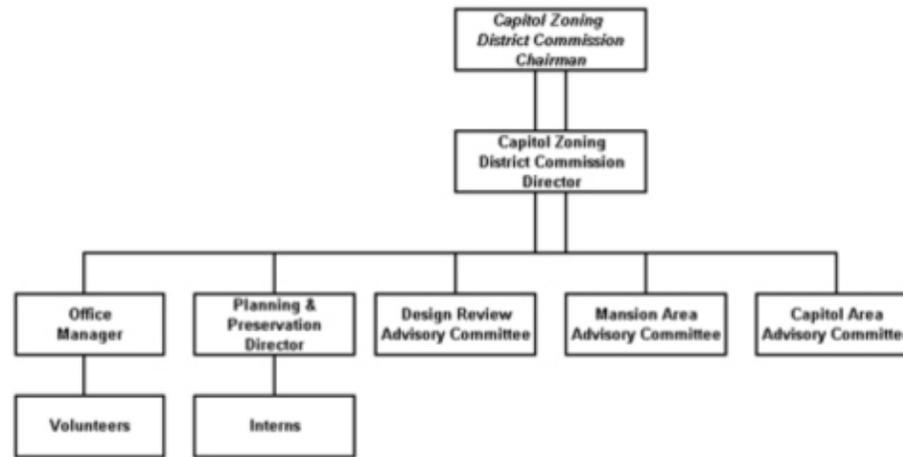
The Commission is charged with regulating zoning, development, and design within the Capitol Zoning District pursuant to a Master Plan formulated and maintained by the Commission to effectuate its applications for permits on matters within the Commission's jurisdiction, including signage, landscaping, building height and bulk, land use, parking and architectural significance.

### ACTIVITIES AND ADVISORY COMMITTEES

The Commission meets once a month to review and act on applications for variances, conditional use permits, demolition permits, the design of new construction, and major modifications to architecturally significant structures. In reviewing these applications, the Commission is assisted by two citizen advisory committees, one for each area regulated by the Commission, and a professional design review committee. These advisory committees review applications pertinent to their areas of interest and expertise and forward their recommendations to the Commission.

## IMPACT AND FUTURE PLANS

City maps particularly reflect the positive impact of the Capitol Zoning District in the Mansion & Capitol Area. New development is on the increase in both the Mansion and Capitol Areas with construction of new residential and commercial infill on previously vacant lots and continuing restoration and rehabilitation of the wonderful historic structures. Numerous new residents are moving into the areas attracted by the stock of beautiful historic properties, dramatically increasing property values for the area. These neighborhoods have again become a source of pride for the residents and visitors to the area, and a source of interest for developers of historic properties.



## Agency Commentary

The Capitol Zoning District Commission (CZDC) is responsible for preserving the dignity of the State Capitol and the Governor's Mansion by protecting the unique mix of land uses and architecture within the Capitol Zoning District. Changes in use and exterior appearance, including new construction, demolition, rehabilitation, additions, and restorations, are reviewed for their consistency with the Capitol Zoning District Framework Master Plan. The nine (9) member Commission meets monthly to review and act on applications for various development permits. Two citizen Advisory Committees and one professional Design Review Committee also meet monthly and assist the Commission by making recommendations on applications. A staff of three (3) full-time employees provides administrative support to the Commission and assists constituents in preparing applications.

**Operating Expense:** An increase of \$2,100 in FY12, and an additional \$4,627 in FY13 is requested for the following reasons:

- 1.) \$2,100 in FY12 for design and printing of a new agency brochure. The only general information printed material currently available to our constituents was developed in 1998. This brochure includes names and information dating to the previous administration. Staff believes that these inaccuracies, as well as an amateur design, reflect poorly on the agency's professional profile.
- 2.) \$4,627 in FY13 will allow the agency to co-host a training workshop for the Commission in conjunction with the Arkansas Preservation Conference to be held in Little Rock in May 2013. This conference is traditionally hosted by the Arkansas Historic Preservation Program and the Historic Preservation Alliance of Arkansas. As the state's premier preservation commission, it is fitting that Capitol Zoning should play a more prominent role in this event. The proposed commissioner training seminar would be a day-long workshop and would be open to other local preservation commissions from cities and counties throughout Arkansas. The proposed increase would also provide for the agency's membership dues in a variety of planning and preservation professional organizations, at the local, state, and national levels. (Agency staff currently pays some of these memberships out of pocket.)

**Technology Expense:** An increase of \$2,000 is requested for each fiscal year.

Capitol Zoning's website is also woefully out-of-date, and inconsistent with the overall design found on other state sites. This request will allow the agency to partner with the Information Network of Arkansas to design a new web presence in keeping with the state's "brand" while reflecting our unique mission.

**Conference and Travel Expense:** An increase of \$3,500 is requested for each fiscal year.

As a regulatory agency, the Capitol Zoning District Commission is charged with balancing public goals for land-use and design in the Capitol and Mansion Areas with the personal property rights held sacrosanct by Arkansas's constitution and people. This difficult task requires up-to-date professional knowledge in the fields of planning, design, and historic preservation. A variety of applicable conferences, seminars, and workshops are available annually in Arkansas and adjoining states. A small travel budget would allow the commissioners and staff to take advantage of these training opportunities to better serve our constituents.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
CAPITOL ZONING DISTRICT COMMISSION

Findings

Recommendations

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

## Employment Summary

	Male	Female	Total	%
White Employees	1	2	3	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			3	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Capitol Zoning District Commission Minutes of Meetings	N/A	N	Y	4	Required by Legislative Council
Monthly Activity Report	N/A	N	Y	1	Required by Legislative Council

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
3	3	0	3	0	0.00 %	3	2	1	3	0	33.33 %	3	3	0	3	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 676 - Capitol Zoning District-State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Capitol Zoning District Commission was created by Act 267 of 1975 (A.C.A. § 22-3-303). Duties of the nine (9) member Commission include development of a comprehensive zoning plan in the Capitol Zoning District, which encompasses the areas surrounding the State Capitol and the Governor's Mansion. The Act further provides that the Commission has exclusive authority over the zoning and regulation of all property within the District. Act 262 of 1997 transferred the funding and authority to hire the director and staff from Arkansas Building Authority to the Commission. The Commission meets monthly to review applications for development permits.

This is the operating appropriation of the Commission. It is funded entirely by general revenue.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for regular salaries does include board member stipend payments.

The Base Level Request is \$209,303 for both fiscal years of the 2011-2013 Biennium.

The Change Level Requests submitted are \$7,600 in FY2012 and \$10,127 in FY2013 and are summarized as follows:

- An increase in Operating Expenses line item of \$4,100 for FY2012 and \$6,627 for FY2013. For FY2012, the requests consist of \$1,100 for the graphic design of a new Capitol Zoning Commission brochure, which has not been updated since 1998, \$1,000 for printing of the new brochure, ordinance manuals and public hearing notifications and \$2,000 to be used for web site upgrades. The \$6,627 requested for FY2013 includes \$2,000 for continuing web site upgrades and \$4,627 for hosting a training workshop, in conjunction with the Arkansas Preservation Conference in Little Rock.
- A request of \$3,500 in Conference Fees and Travel for each fiscal year is requested to allow Capitol Zoning Commission staff to attend in-state training on planning and preservation.

The Executive Recommendation provides for Base Level.

## Appropriation Summary

**Appropriation:** 676 - Capitol Zoning District-State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	132,470	144,797	166,233	143,397	143,397	143,397	143,397	143,397	143,397
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Extra Help	5010001	0	938	938	938	938	938	938	938	938
<b>#Extra Help</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	37,800	42,692	46,012	42,495	42,495	42,495	42,495	42,495	42,495
Operating Expenses	5020002	22,390	22,473	22,473	22,473	26,573	22,473	22,473	29,100	22,473
Conference & Travel Expenses	5050009	0	0	0	0	3,500	0	0	3,500	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>192,660</b>	<b>210,900</b>	<b>235,656</b>	<b>209,303</b>	<b>216,903</b>	<b>209,303</b>	<b>209,303</b>	<b>219,430</b>	<b>209,303</b>
<b>Funding Sources</b>										
General Revenue	4000010	192,660	210,900		209,303	216,903	209,303	209,303	219,430	209,303
Total Funding		192,660	210,900		209,303	216,903	209,303	209,303	219,430	209,303
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>192,660</b>	<b>210,900</b>		<b>209,303</b>	<b>216,903</b>	<b>209,303</b>	<b>209,303</b>	<b>219,430</b>	<b>209,303</b>

## Change Level by Appropriation

**Appropriation:** 676 - Capitol Zoning District-State Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>209,303</b>	<b>3</b>	<b>209,303</b>	<b>100.0</b>	<b>209,303</b>	<b>3</b>	<b>209,303</b>	<b>100.0</b>
C01	Existing Program	5,600	0	214,903	102.7	8,127	0	217,430	103.9
C08	Technology	2,000	0	216,903	103.6	2,000	0	219,430	104.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>209,303</b>	<b>3</b>	<b>209,303</b>	<b>100.0</b>	<b>209,303</b>	<b>3</b>	<b>209,303</b>	<b>100.0</b>
C01	Existing Program	0	0	209,303	100.0	0	0	209,303	100.0
C08	Technology	0	0	209,303	100.0	0	0	209,303	100.0

### Justification

C01	This change level request is for \$5,600 in FY2012 and \$8,127 in FY2013. For FY2012, the breakdown of the request includes: \$1,100 for the graphic design of a new brochure for the Capitol Zoning Commission, \$1,000 for printing the new brochure and public hearing notifications. The commission needs to print more CZDC ordinance manuals, signs, and brochures with the latest information. For individuals that do not have access to the Commission's website, they can request a printed copy of the CZDC ordinance manuals and brochures explaining the permit process. Also, \$3,500 in conference fees and travel to allow staff to attend in-state training on planning and preservation. For FY2013, the request includes: \$4,627 for hosting a training workshop, in conjunction with the Arkansas Preservation Conference in Little Rock and \$3,500 in conference fees and travel to allow staff to attend in-state training on planning and preservation.
C08	\$2,000 is request each year to allow for web site upgrades. IT tab- IT Support-Contract Services

# STATE BOARD OF COLLECTION AGENCIES

## Enabling Laws

Act 281 of 2010

Division of Collection Agencies: A.C.A. §17-24-101 et seq.

Division of Check-Cashing: A.C.A. §23-52-101 et seq.

## History and Organization

The Arkansas State Board of Collection Agencies (ASBCA) was created by Act 145 of 1965. The ASBCA is currently comprised of the Division of Collection Agencies. The Division of Check-Cashing was created by Act 1216 of 1999 and was part of the ASBCA until it was declared unconstitutional by the Supreme Court of Arkansas (No. 08-164) in November 2008.

The Division of Collection Agencies is responsible for licensing collection agencies, investigating and prosecuting violations of Arkansas collection law, enforcing bonding requirement and monitoring the activities of approximately 1,200 collection agencies. The ASBCA investigates consumer complaints such as non-remittance of client funds, prohibited collection practices, or unlicensed activity. When a complaint is lodged, the ASBCA initiates an investigation. Upon completion of the investigation appropriate remedies are applied. Remedies may include formal hearing before the Board, which may result in suspension or revocation of the collection agency's license, civil fines and/or criminal prosecution.



## Agency Commentary

The Arkansas State Board of Collection Agencies (ASBCA) was created by Act 145 of 1965. The ASBCA is currently comprised of the Division of Collection Agencies. The Division of Check-Cashing was created by Act 1216 of 1999 and was part of the ASBCA until it was declared unconstitutional by the Supreme Court of Arkansas (No. 08-164) in November 2008.

The Board receives no funding from the State; the operations of the agency are funded from receipts of licensing fees and fines imposed by the Board.

The Board requests Base Level appropriation for FY12 and FY13.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE BOARD OF COLLECTION AGENCIES

Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	1	1	2	67 %
Black Employees	0	1	1	33 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	33 %
Total Employees			3	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
3100000	\$1,600,287	Checking	Metropolitan National Bank

### Statutory/Other Restrictions on use:

A.C.A. §17-24-305 establishes that the agency can use funds collected to pay all expenses.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-24-103 & 105 authorizes the Board to collect licensing fees, fines, and penalties.

### Revenue Receipts Cycle:

Funds are deposited in bank account as received.

### Fund Balance Utilization:

Funds are collected throughout the year and used for expenses.

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Fund Account	Balance	Type	Location
3100000	\$4,161,333	Certificate of Deposit	Metropolitan National Bank

### Statutory/Other Restrictions on use:

A.C.A. §17-24-305 establishes that the agency can use funds collected to pay all expenses.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-24-103 & 105 authorizes the Board to collect licensing fees, fines, and penalties.

### Revenue Receipts Cycle:

Funds are deposited in bank account as received.

### Fund Balance Utilization:

Funds are collected throughout the year and used for expenses.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
8	4	4	8	0	50.00 %	4	3	1	4	0	25.00 %	4	3	1	4	0	25.00 %

Four (4) positions with the Check Cashers Division were eliminated during FY09 due to the State Supreme Court ruling the Check Cashers Act unconstitutional in November of 2008.

## **Analysis of Budget Request**

**Appropriation:** A56 - Division of Collections - Cash Operations

**Funding Sources:** 310 - Collection Agencies Board - Cash

The State Board of Collection Agencies (SBCA) is responsible for such matters as licensing, revocation of licenses, investigation and prosecution of violations, enforcement of bonding requirements, setting and enforcing standards of ethical operations, and generally policing the activities of approximately 1,200 collection agencies presently operating in Arkansas. The aspiration of the SBCA is to reduce undesirable collection activity, fraud, misrepresentation of client funds, and unprofessional conduct.

The Board's funding is derived from the receipts of license fees for collection agencies.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency requests Base Level appropriation for FY12 and FY13.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** A56 - Division of Collections - Cash Operations

**Funding Sources:** 310 - Collection Agencies Board - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	175,968	186,447	188,243	184,547	184,547	184,547	184,547	184,547	184,547
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Extra Help	5010001	2,381	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>#Extra Help</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	51,922	62,108	55,859	61,725	61,725	61,725	61,725	61,725	61,725
Operating Expenses	5020002	53,414	86,700	86,700	86,700	86,700	86,700	86,700	86,700	86,700
Conference & Travel Expenses	5050009	2,470	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Fees	5060010	3,586	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	1,065,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Claims	5110015	0	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,354,741</b>	<b>1,590,397</b>	<b>1,585,944</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>
<b>Funding Sources</b>										
Fund Balance	4000005	5,743,207	5,761,620		5,271,223	5,271,223	5,271,223	4,783,109	4,783,109	4,783,109
Cash Fund	4000045	1,373,154	1,100,000		1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
<b>Total Funding</b>		<b>7,116,361</b>	<b>6,861,620</b>		<b>6,371,223</b>	<b>6,371,223</b>	<b>6,371,223</b>	<b>5,883,109</b>	<b>5,883,109</b>	<b>5,883,109</b>
Excess Appropriation/(Funding)		(5,761,620)	(5,271,223)		(4,783,109)	(4,783,109)	(4,783,109)	(4,294,995)	(4,294,995)	(4,294,995)
<b>Grand Total</b>		<b>1,354,741</b>	<b>1,590,397</b>		<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>

The FY11 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2009-2011 biennium.

# AR DEVELOPMENT FINANCE AUTHORITY

## Enabling Laws

Act 5 of 2010  
A.C.A. § 15-5-101 et seq.

## History and Organization

Indebtedness of the Authority:

Bonds and other debt instruments issued by Arkansas Development Finance Authority (ADFA) are special obligations of the Authority, payable solely from and secured by a lien on the proceeds pledged under the various resolutions authorizing the particular bond issues. The State of Arkansas is not obligated to pay the bonds, and neither the faith nor the taxing power of the State of Arkansas is pledged against the obligations of the Authority.

Operational Funding of the Authority:

The operations and expenses of the Authority are paid entirely from revenue from its various programs. ADFA receives no fund appropriations from the State, and it imposes no taxes and has no taxing authority. Also, it charges no fees to the citizens of the State other than negotiated fees on the Authority's entirely voluntary programs. As a separate, self-sustaining instrumentality, the net revenues of the Authority not only sustain its operations, but build a capital base which has enabled the Authority (without any draw on the State's general appropriations) to create new loan funds and other programs that play an important role in advancing the mission of the Authority.

Mission and Activities of the Authority:

The mission statement of the Authority, reviewed and revised in 2001, is as follows:

The Mission Statement of the Arkansas Development Finance Authority is to provide and support affordable financing for the housing, economic, agricultural and governmental needs of Arkansas. ADFA accomplishes this through a powerful network of partners dedicated to promoting greater economic opportunities and improving the general health, safety and welfare of the state and its citizens.

ADFA administers several different programs in each of these activity areas that further the cause of each goal. With the business-like flexibility afforded ADFA by its statutory charge and, under the guidance of a very active and professional Board of Directors, ADFA has added and discontinued programs from time to time, with consideration given to demands and resource availability. Almost all programs, in and of themselves, are self-sustaining from interest margins, negotiated fees or other revenues and, as stated earlier, all programs, in the aggregate, are fully funded and sustained from the self-generated revenue of the Authority.

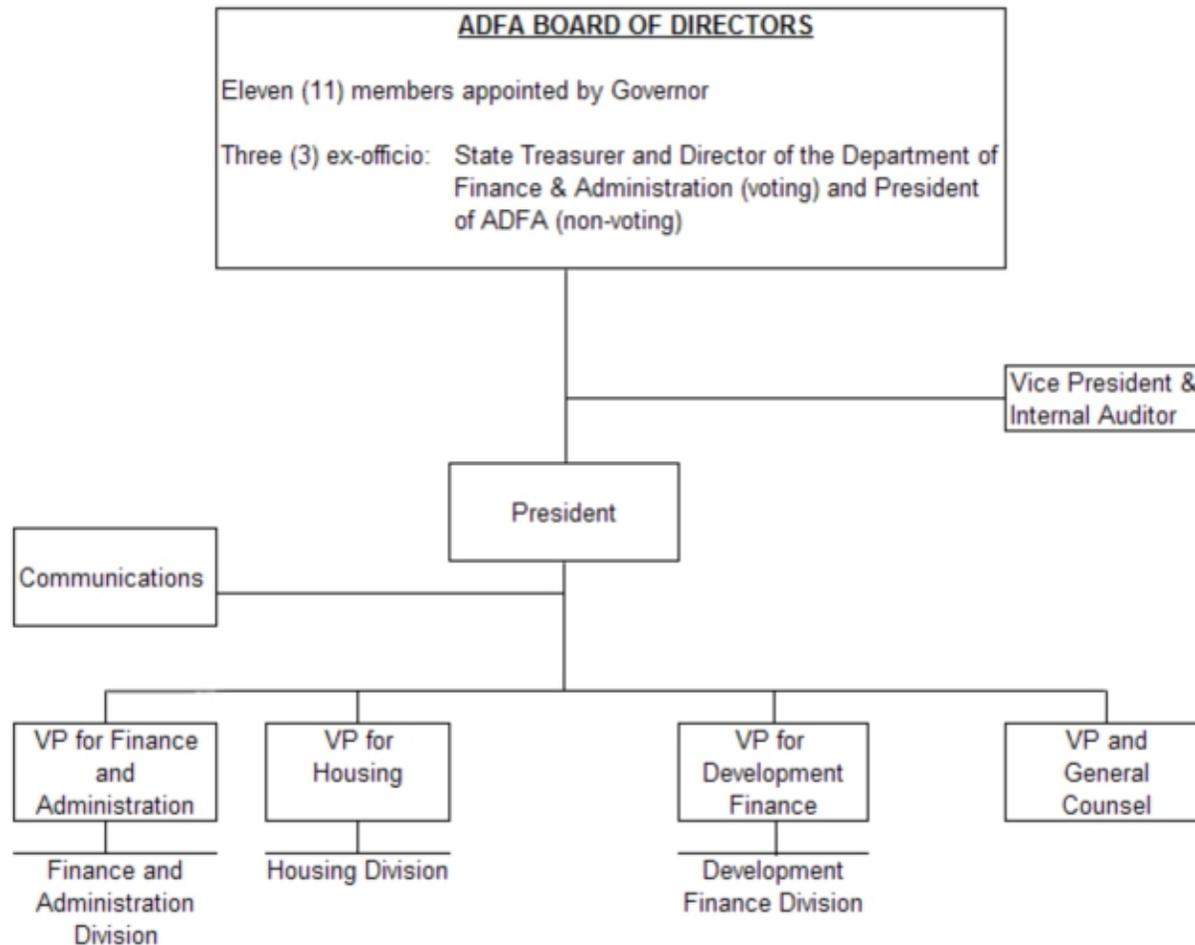
#### Oversight of the Authority:

The Authority is subject to considerable oversight both from within and outside the Agency. An internal audit division was established in 1996. This decision has made tremendous strides in strengthening ADFA in terms of compliance, internal accounting controls and the general integrity of the Agency and its programs. Along with the internal audit and compliance oversight:

1. A 14-member Board of Directors meets at least monthly and has a very active committee structure that oversees various aspects of the operations and participates in, among other things, (a) the selection of professionals who serve the Agency, (b) the decisions on the issuance of bonds and other debt instruments, (c) the decision as to whether to offer a guaranty of bonds under the Bond Guaranty Act (A.C.A. § 15-5-401 et seq.), (d) the adoption of any program or Authority rules and regulations and (e) other policy decisions affecting the Authority.
2. ADFA has an annual independent audit performed by an outside accounting firm. Currently, the firm engaged is BKD, LLP, headquartered in Springfield, Mo. Along with the regular audit report, BKD also issues to the Board a "management letter" that addresses internal control weaknesses and recommendations.
3. The loan files in the Authority's Bond Guaranty Program and Intermediary Relending Program are examined by the bank examiners from the State Bank Department. This is a measure initiated in 1998 voluntarily by ADFA with a view to (a) improving the Authority's efficiencies, (b) providing credibility and integrity to the loan files and loan reserve balances and (c) saving costs in the review required by the Authority's outside independent auditors.
4. In our housing division, ADFA administers various programs under the direction of the Federal Department of Housing and Urban Development ("HUD"). HUD officials regularly come to our offices and visit property sites for the purpose of monitoring ADFA's compliance with the federal Program rules.
5. As an issuer of bonds that are exempt from federal taxation, the Authority is always subject to audit and review from the Internal Revenue Service and has occasionally been audited in the past.
6. As with all other state agencies which are part of the executive branch, ADFA and its budget, personnel, program rules and regulations, activities and other aspects of the Authority are subject to supervision and executive orders from the Governor's office and oversight and direction of the Arkansas Legislature and its various committees and subcommittees.

A final (and very comprehensive and publicly reported) area of oversight is provided by Standard & Poors, the rating agency that rates the bonds issued by the Authority. Pursuant to an application submitted by ADFA, Standard & Poor's in May, 1999, published what is called an "Issuer Credit Rating" (comparable to the general obligation rating that is maintained by the State of Arkansas), assigning an 'A' rating to ADFA. In December 2006, the rating was upgraded to 'A+' and in March 2010, upgraded to "AA-". In assigning and maintaining this rating,

ADFA annually undergoes a thorough review of its balance sheet and general finances, as well as a comprehensive review of, among other things, (a) the expertise and experience of its management team and Board of Directors, (b) the efficiency and operation of its accounting, operating and management information systems, (c) its reputation and relationship with the legislature, the Governor's office and other political constituencies and (d) the strength of its internal accounting controls and compliance areas.



## Agency Commentary

Appropriation A57 will be used primarily to fund federal programs administered by the Arkansas Development Finance Authority (ADFA) as well as to fund the general operations of ADFA.

The Agency requests to restore \$23,000 of appropriation to the Capital Outlay line item each year. This line item is authorized in the current biennium and is needed in each year of the upcoming biennium to replace an existing vehicle due to the vehicles exceeding mileage and/or due to the age of the vehicle.

The Agency requests a reduction to Commitment 52 (ARRA) in the amount of \$61,075,000 for fiscal year 2012 and \$152,250,000 for fiscal year 2013. The reduction will allow a disbursement of \$91,175,000 for fiscal year 2012 and no disbursement for fiscal year 2013, as the program will be phased out. This is in accordance with federal guidelines.

The federal programs are the U.S. Department of Housing and Urban Development's (HUD's) Home Program, Grants and Aid Program, Neighborhood Stabilization Program (NSP), ARRA (Exchange and Tcap) Program, and the Agricultural Loan Mediation and Development Program (Mediation Program).

Funding for the HOME Program, currently budgeted at \$16,341,215 for each fiscal year, will be in the form of federal grants.

The Grants and Aid Program, budgeted at \$6,600,000 for each fiscal year, will be funded through unspecified special purpose federal grants. The Mediation Program will be funded by ADFA and from federal reimbursement (up to \$76,411 per year) for costs associated with the Loan Mediation Program.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS DEVELOPMENT FINANCE AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2009

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%	
White Employees	14	31	45	80 %	
Black Employees	4	7	11	20 %	
Other Racial Minorities	0	0	0	0 %	
			Total Minorities	11	20 %
			Total Employees	56	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1230200	\$231,508	Checking, Payroll Paying	Regions Bank, State Treasury

### Statutory/Other Restrictions on use:

A.C.A. §15-5-207(b) authorizes the Authority to issue bonds for the purpose of generating investment earnings or other income.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §15-5-207(b) authorizes the Authority to issue bonds for the charges in connection with its loans, bond guarantees, commitments, and servicing.

### Revenue Receipts Cycle:

The investment earnings or other income shall be used to finance activities or projects of the agency as outlined in the Authority's enabling legislation.

### Fund Balance Utilization:

The use of fund balances are restricted by the terms of trust indentures that pertain to the maintenance of various funds and reserves and investments of such when not needed for authorized purposes.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Audit Report	A.C.A. 15-5-210	N	Y	2	Reporting of audited agency financials.
Bond Issuance Report	Act 36 of 1989	N	Y	1	Provides summary of bond transactions when executed
Bond Issues/Outstanding Report	Act 222 of 1987	N	N	1	Provides comprehensive list of bonds issued and outstanding.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
62	57	5	62	0	8.06 %	62	55	7	62	0	11.29 %	62	56	6	62	0	9.68 %

## **Analysis of Budget Request**

**Appropriation:** A57 - ADFA-Cash Operations

**Funding Sources:** 123 - Arkansas Development Finance Authority Cash

A.C.A. §15-5-201 created the Arkansas Development Finance Authority along with a Board of Directors that was created in A.C.A. §15-5-202. The Board of Directors is composed of the Director of the Department Finance and Administration, State Treasurer, President of ADFA and eleven (11) public members appointed by the Governor with the advice and consent of the Senate. Duties and responsibilities of the Board may include but are not limited to, powers to sue; make and issue rules, regulations, and bylaws; acquire, hold, and dispose of real and personal property for corporate purposes; appoint officers, agents, and employees; borrow money; issue notes and bonds on behalf of state agencies and political subdivisions; make secured or unsecured loans; sell mortgages and security interests, collect fees and charges in connection with its loans, bond guarantees; and invest moneys of the Authority.

This appropriation reflects all operational costs of the Authority including the Federal Housing Assistance Program, HUD Home Program, American Recovery and Reinvestment Act (ARRA) Programs and other financial programs. Funding for this appropriation is derived primarily from federal funds with other funding from bond proceeds.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the unclassified position reflects the FY11 line item maximum. The Base Level request for Regular Salaries includes board member stipend payments.

The Authority's request includes Base Level appropriation totaling \$48,371,868 each year. The Authority's change level requests total \$91,206,422 in FY12 and \$31,422 in FY13, respectively. Change Level requests reflect the following:

- Reduction in Federal funded ARRA appropriation of \$61,075,000 in FY12 and \$152,250,000 in FY13 in accordance with federal disbursement guidelines. Authorized ARRA appropriation for the 2009-2011 biennium totaled \$152,250,000 each year.
- Federal funded ARRA appropriation totaling \$91,175,000 in FY12 to continue the HUD Tax Credit Assistance Program (TCAP) and the Treasury's Exchange Program, which target multi-family developments. TCAP provides federal funding to Arkansas from HUD for the express purpose of providing financing to those taxpayers "awarded" low-income housing tax credits under Section 42(h) of the Internal Revenue Code. The Treasury Exchange is a grant program whereby Arkansas can elect to receive a grant of funds in an amount up to \$.85 per tax credit for tax credits consisting of all unused and returned credits held by the Authority.
- Capital Outlay of \$23,000 each year to replace an existing vehicle due to the vehicle exceeding mileage and/or due to the age of the vehicle.

- Regular Salaries and Personal Services Matching totaling \$8,422 each year to reclassify a A080C Finance Authority Specialist to a D054C Computer Support Coordinator to provide technical support.

The Executive Recommendation provides for the Agency Request except for the reclassification of a A080C Finance Authority Specialist to a D054C Computer Support Coordinator. The replacement of an aging, high mileage vehicle each year will be determined in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** A57 - ADFA-Cash Operations  
**Funding Sources:** 123 - Arkansas Development Finance Authority Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	3,292,081	3,534,380	3,534,380	3,479,640	3,486,590	3,479,640	3,479,640	3,486,590	3,479,640
<b>#Positions</b>	<b>59</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>
Extra Help 5010001	27,717	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
<b>#Extra Help</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching 5010003	871,441	998,015	998,859	1,027,028	1,028,500	1,027,028	1,027,028	1,028,500	1,027,028
Operating Expenses 5020002	699,061	825,458	825,458	825,458	825,458	825,458	825,458	825,458	825,458
Conference & Travel Expenses 5050009	55,519	81,715	81,715	81,715	81,715	81,715	81,715	81,715	81,715
Professional Fees 5060010	107,464	112,300	112,300	112,300	112,300	112,300	112,300	112,300	112,300
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	0	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000
Capital Outlay 5120011	27,311	29,000	29,000	0	23,000	23,000	0	23,000	23,000
Data Processing Services 5900044	264,368	264,512	264,512	264,512	264,512	264,512	264,512	264,512	264,512
Hud Home Program 5900046	11,149,367	16,341,215	16,341,215	16,341,215	16,341,215	16,341,215	16,341,215	16,341,215	16,341,215
Federal Housing Programs 5900047	8,107,225	19,600,000	19,600,000	19,600,000	19,600,000	19,600,000	19,600,000	19,600,000	19,600,000
ARRA2009 5900052	27,107,785	152,250,000	152,250,000	0	91,175,000	91,175,000	0	0	0
<b>Total</b>	<b>51,709,339</b>	<b>200,676,595</b>	<b>200,677,439</b>	<b>48,371,868</b>	<b>139,578,290</b>	<b>139,569,868</b>	<b>48,371,868</b>	<b>48,403,290</b>	<b>48,394,868</b>
<b>Funding Sources</b>									
Fund Balance 4000005	237,684	231,508		231,508	231,508	231,508	231,508	231,508	239,930
Federal Revenue 4000020	19,256,592	42,541,215		42,541,215	42,541,215	42,541,215	42,541,215	42,541,215	42,541,215
Cash Fund 4000045	5,338,786	5,885,380		5,830,653	5,862,075	5,862,075	5,830,653	5,862,075	5,862,075
Federal Funds-ARRA 4000244	27,107,785	152,250,000		0	91,175,000	91,175,000	0	0	0
<b>Total Funding</b>	<b>51,940,847</b>	<b>200,908,103</b>		<b>48,603,376</b>	<b>139,809,798</b>	<b>139,809,798</b>	<b>48,603,376</b>	<b>48,634,798</b>	<b>48,643,220</b>
Excess Appropriation/(Funding)	(231,508)	(231,508)		(231,508)	(231,508)	(239,930)	(231,508)	(231,508)	(248,352)
<b>Grand Total</b>	<b>51,709,339</b>	<b>200,676,595</b>		<b>48,371,868</b>	<b>139,578,290</b>	<b>139,569,868</b>	<b>48,371,868</b>	<b>48,403,290</b>	<b>48,394,868</b>

## Change Level by Appropriation

**Appropriation:** A57 - ADFA-Cash Operations  
**Funding Sources:** 123 - Arkansas Development Finance Authority Cash

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	48,371,868	62	48,371,868	100.0	48,371,868	62	48,371,868	100.0
C01	Existing Program	23,000	0	48,394,868	100.0	23,000	0	48,394,868	100.0
C03	Discontinue Program	(61,075,000)	0	(12,680,132)	-26.2	(152,250,000)	0	(103,855,132)	-214.7
C10	Reclass	8,422	0	(12,671,710)	-26.2	8,422	0	(103,846,710)	-214.7
C16	ARRA	152,250,000	0	139,578,290	288.6	152,250,000	0	48,403,290	100.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	48,371,868	62	48,371,868	100.0	48,371,868	62	48,371,868	100.0
C01	Existing Program	23,000	0	48,394,868	100.0	23,000	0	48,394,868	100.0
C03	Discontinue Program	(61,075,000)	0	(12,680,132)	-26.2	(152,250,000)	0	(103,855,132)	-214.7
C10	Reclass	0	0	(12,680,132)	-26.2	0	0	(103,855,132)	-214.7
C16	ARRA	152,250,000	0	139,569,868	288.5	152,250,000	0	48,394,868	100.0

### Justification

C01	The agency requests a Change Level to restore \$23,000 of appropriation to the Capital Outlay line item in order to replace an existing vehicle in each fiscal year of the biennium due to the vehicle exceeding the mileage and/or due to the age of the vehicle.
C03	The agency requests a Change Level to reduce Commitment 52 (ARRA) in the amount of \$61,075,000 for fiscal year 2012 and \$152,250,000 for fiscal year 2013. This is in accordance with federal guidelines in regard to disbursements of the programs.
C10	ADFA utilizes various proprietary software to administer agency programs. The agency saves money when its own IT personnel can assist ADFA staff instead of calling on software providers for assistance. Monitoring various projects related to various software and the assistance being provided at increased levels is very time consuming, warranting a new sub-supervisory level within the department. A small increase in appropriation will be necessary as the budgeted Finance Authority Specialist C117 we would be trading in for the Computer Support Coordinator C121.
C16	ADFA's ARRA programs are HUD's Tax Credit Assistance Program ("TCAP") and Treasury's Exchange Program, both of which involve multi-family developments. TCAP provides financing to those developments awarded low-income housing tax credits under Section 42(h) of the Internal Revenue Code. The Exchange Program is a grant program whereby low income housing tax credits can be exchanged for \$.85 per credit. These programs are to build and rehabilitate affordable housing in Arkansas.

# DISABILITY DETERMINATION

## Enabling Laws

Act 21 of 2010  
A.C.A. §20-76-301 et seq.  
Titles II and XVI of the Social Security Act

## History and Organization

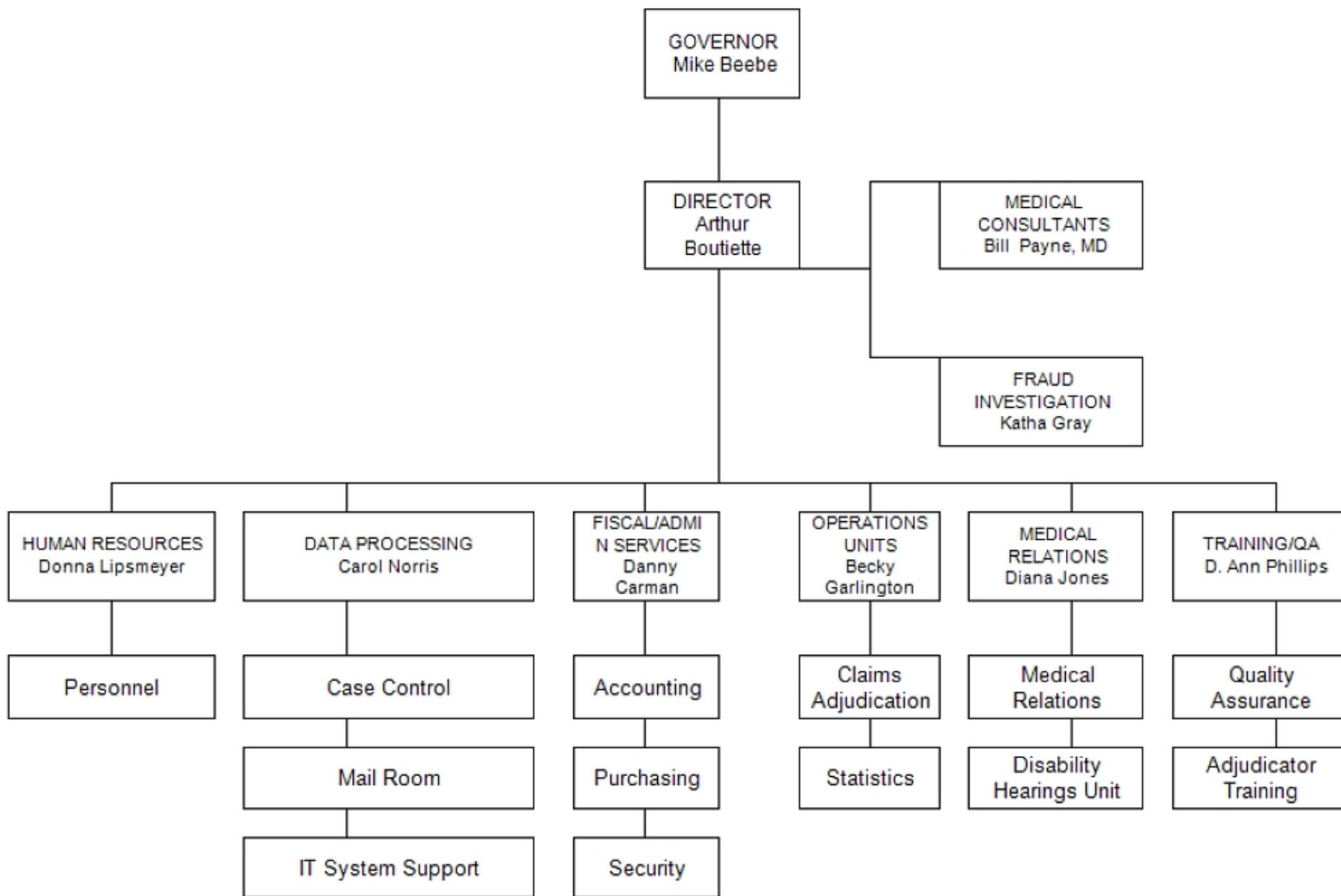
The State Department for Social Security Administration Disability Determination was created by Act 14 of the Second Extraordinary Session of the 1961 Arkansas General Assembly and codified in state law under A.C.A. §20-76-301 et seq. Act 177 of the 1965 Arkansas General Assembly changed the agency title to Disability Determination for Social Security Administration.

The Agency is a department within the executive branch, and accordingly is under the direction of the Chief Executive of the State of Arkansas. The Social Security Administration provides funds to the State of Arkansas to carry out the disability determination and hearing functions for the federal government.

The basic statutory authorities for the Social Security Disability Program are contained in Titles II (Section 221) and XVI (Section 1633) of the Social Security Act. These sections of the Social Security Act were amended by P.L. 95-265 on June 9, 1980, to provide for administration of this state agency by federal regulations rather than by agreement. On January 1, 1984, P.L. 97-445 gave all disability beneficiaries the opportunity for a face-to-face evidentiary hearing before benefits ceased.

The Disability Insurance Program includes two groups of claimants: Title II and Title XVI. Title II claimants are those who have contributed Federal Insurance Contributions Act (FICA) taxes on wages for five of the past ten years prior to the date of alleged disability. Title XVI (Supplemental Security Income) claimants are those who have low income and resources, and who are alleging disability. Title II Funds come from the Social Security Trust Fund. Title XVI Funds come from federal revenues.

In October 2010, the Arkansas Disability Determination for Social Security Administration began training disability adjudicators who will work disability claims from other states. The Social Security Administration has chosen Arkansas to work these claims because Arkansas has proven to be efficient and accurate in adjudicating disability claims.



## Agency Commentary

The mission of the Arkansas Disability Determination for Social Security Administration is to provide speedy and accurate determinations of whether or not applicants for Social Security Disability Benefits are disabled. Our mission entails procuring medical records from treating doctors and hospitals and providing medical examinations when adequate existing medical records are not available. The process of requesting and receiving medical evidence now integrates fax and electronic imaging capability. Funding for FY 2012 and 2013 includes an increase in appropriations above our Base Level to provide funds for our 100 additional employees who were hired in October 2009 and who are assigned to work claims from other states. Increases are also needed in funding for additional employees who were hired during FY 2010. These employees were hired to handle an increased claims workload following the downturn of the economy. Funding for the appropriation for the Arkansas Disability Determination for Social Security Administration is 100% federal funding.

In addition to Base Level, the Agency is requesting the following:

A continuation of 227 Miscellaneous Federal Grant (MFG) positions and supporting Regular Salaries of \$9,605,479.

A continuation of MFG appropriations for \$150,000 in the Extra Help line item with related Personal Services Matching.

A increase of \$400,000 in the Overtime line item.

A continuation of MFG appropriations of \$3,017,013 for Personal Services Matching for continuation positions and an increase of \$81,320 for Overtime Personal Services Matching.

A continuation of MFG appropriations of \$494,900 and an increase of \$478,000 in Operating Expenses appropriation. The increase is needed due to increases in the square footage of office space needed to house our additional employees and in Building and Grounds Maintenance. Telecommunication Wired is expected to increase because of increased out-of-state phone calls that are required to adjudicate claims from other states. Office Supplies costs will also increase proportionately with our increased staff.

A continuation of MFG appropriations of \$2,250,000 and an increase of \$500,000 in Professional Fees appropriation. The increased workload resulting from the current economic downturn coupled with the mission to work disability claims from other states requires the Agency to purchase more medical records.

The final request is for Capital Outlay appropriation in the amount of \$100,000 each year of the biennium for anticipated equipment expenses.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 DISABILITY DETERMINATION FOR SOCIAL SECURITY ADMINISTRATION  
 FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	104	182	286	78 %
Black Employees	13	68	81	22 %
Other Racial Minorities	2	0	2	0 %
Total Minorities			83	22 %
Total Employees			369	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Agency Position Usage Report

FY2008 - 2009					FY2009 - 2010					FY2010 - 2011							
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
284	270	0	270	14	4.93 %	284	382	0	382	-98	-34.51 %	284	372	129	501	-217	-30.99 %

FY10 and FY11 Budgeted Number of Positions exceeds Authorized due to transfers from the Miscellaneous Federal Grant Holding Account.

## **Analysis of Budget Request**

**Appropriation:** 2QQ - DDSSA-Operations

**Funding Sources:** FSD - Disability Determination - Federal

Disability Determination for Social Security Administration (DDSSA) is the Agency responsible for determining the eligibility of Arkansans for disability and other payments in accordance with federal Social Security laws, regulations and instructions. The Agency makes determinations for disability benefits under Titles II and XVI of the Social Security Act and investigates suspected cases of fraud or abuse. Title II claimants are those who have contributed FICA taxes on wages for five of the past ten years prior to the date of alleged disability. Title XVI (Supplemental Security Income) claimants are those who have established the fact that they have low income and resources and are alleging disability.

In 2009, the Arkansas DDSSA became the first of four states designated by the Social Security Administration as an "Extended Service Team" (EST) to handle claims from other states in order to address a nationwide backlog of claims. "Social Security expects to receive more than 3.3 million applications for disability benefits this fiscal year (FY [2009]), about 700,000 more than in FY 2008. In addition, more than a dozen states are furloughing federally-funded state workers who make disability decisions for Social Security. The combination of increased workloads and state furloughs has resulted in a growing backlog of initial disability applications in state DDSs." ("Social Security Helps States with Mounting Disability Claims." The Official Website of the U.S. Social Security Administration. 15 Mar. 2010. <<http://www.socialsecurity.gov/pressoffice/pr/est-pr.htm>>.)

From FY09 to FY10, Arkansas received an increase in federal funding for the DDSSA of \$9.5 million to support two hundred twenty-seven (227) miscellaneous federal grant positions, office space and associated operating costs for the EST. That amount is expected to almost double in FY11 and continue into and beyond the 2011-2013 biennium. These positions are full-time jobs ranging from \$25,000 to \$123,000 per year (Average: \$39,000) which will provide a significant impact on the local economy. The Agency has also suggested they may submit another miscellaneous federal grant request in the fall of FY11 for additional staff support, including doctors and case workers.

The increased costs for this program are 100% federally funded.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the unclassified position reflects the FY11 line item maximum.

The Agency's Change Level Request totaling \$17,076,712 each year reflects the following:

- Regular Salaries increase of \$9,605,479 each year to restore two hundred twenty-seven (227) miscellaneous federal grant positions. These positions are requested to support the Agency's increased workload due to the EST program, as well as provide additional support for a recent increase in retirees.

- Extra Help of \$150,000 each year to support the EST program.
- Overtime of \$400,000 each year to help address the nationwide backlog of outstanding claims.
- Personal Services Matching of \$3,098,333 to support requested increases for Regular Salaries, Overtime and Extra Help.
- Operating Expenses of \$972,900 each year for increased telecommunications costs associated with out-of-state phone traffic, facilities rental and building maintenance for an annex to the existing facility that was recently constructed to support additional staffing, and increased office supplies and work related travel to support the EST program.
- Professional Fees of \$2,750,000 each year for the purchase of medical records.
- Capital Outlay of \$100,000 for replacement of existing equipment as required.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 2QQ - DDSSA-Operations  
**Funding Sources:** FSD - Disability Determination - Federal

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	15,414,658	21,434,883	12,966,132	12,760,639	22,366,118	22,366,118	12,760,639	22,366,118	22,366,118
<b>#Positions</b>		<b>450</b>	<b>501</b>	<b>284</b>	<b>274</b>	<b>501</b>	<b>501</b>	<b>274</b>	<b>501</b>	<b>501</b>
Extra Help	5010001	289,152	390,000	240,000	240,000	390,000	390,000	240,000	390,000	390,000
<b>#Extra Help</b>		<b>18</b>	<b>4</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Personal Services Matching	5010003	4,483,434	6,541,061	3,971,683	3,968,699	7,067,032	7,067,032	3,968,699	7,067,032	7,067,032
Overtime	5010006	797,915	460,000	460,000	460,000	860,000	860,000	460,000	860,000	860,000
Operating Expenses	5020002	2,911,152	3,256,400	2,761,500	2,761,500	3,734,400	3,734,400	2,761,500	3,734,400	3,734,400
Conference & Travel Expenses	5050009	24,813	26,500	42,000	26,500	26,500	26,500	26,500	26,500	26,500
Professional Fees	5060010	9,271,839	10,045,200	7,795,200	7,795,200	10,545,200	10,545,200	7,795,200	10,545,200	10,545,200
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	20,845	100,000	100,000	0	100,000	100,000	0	100,000	100,000
<b>Total</b>		<b>33,213,808</b>	<b>42,254,044</b>	<b>28,336,515</b>	<b>28,012,538</b>	<b>45,089,250</b>	<b>45,089,250</b>	<b>28,012,538</b>	<b>45,089,250</b>	<b>45,089,250</b>

Funding Sources										
Federal Revenue	4000020	33,213,808	42,254,044		28,012,538	45,089,250	45,089,250	28,012,538	45,089,250	45,089,250
Total Funding		33,213,808	42,254,044		28,012,538	45,089,250	45,089,250	28,012,538	45,089,250	45,089,250
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>33,213,808</b>	<b>42,254,044</b>		<b>28,012,538</b>	<b>45,089,250</b>	<b>45,089,250</b>	<b>28,012,538</b>	<b>45,089,250</b>	<b>45,089,250</b>

The FY11 Budget exceeds Authorized Number of Positions and Appropriation in Regular Salaries, Extra Help, Personal Services Matching, Operating Expenses and Professional Fees due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 2QQ - DDSSA-Operations  
**Funding Sources:** FSD - Disability Determination - Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>28,012,538</b>	<b>274</b>	<b>28,012,538</b>	<b>100.0</b>	<b>28,012,538</b>	<b>274</b>	<b>28,012,538</b>	<b>100.0</b>
C01	Existing Program	1,559,320	0	29,571,858	105.6	1,559,320	0	29,571,858	105.6
C06	Restore Position/Approp	15,517,392	227	45,089,250	161.0	15,517,392	227	45,089,250	161.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>28,012,538</b>	<b>274</b>	<b>28,012,538</b>	<b>100.0</b>	<b>28,012,538</b>	<b>274</b>	<b>28,012,538</b>	<b>100.0</b>
C01	Existing Program	1,559,320	0	29,571,858	105.6	1,559,320	0	29,571,858	105.6
C06	Restore Position/Approp	15,517,392	227	45,089,250	161.0	15,517,392	227	45,089,250	161.0

### Justification

C01	We are requesting \$400,000 in Overtime appropriation with associated matching (\$81,320), Operating Expenses of \$478,000, Professional Fees of \$500,000 and Capital Outlay of \$100,000 to support increased workload demand due to becoming a regional social security service center (Mega DDS). These increases will support increase telecommunications costs for out-of-state phone traffic, office supplies, office space, equipment, and purchase of medical records.
C06	We are requesting restoration of Micellaneous Federal Grant appropriations as follows: 227 positions, \$9,605,479 in Regular Salaries appropriation, \$150,000 in Extra Help, associated Personal Services Matching (\$3,017,013), Operating Expenses of \$494,900, and Professional Fees of \$2,250,000 to support increased workload demand due to becoming a Mega DDS and due to a recent increase in retirees. These increases will support increases in staffing and associated costs.

# ARKANSAS FAIR HOUSING COMMISSION

## Enabling Laws

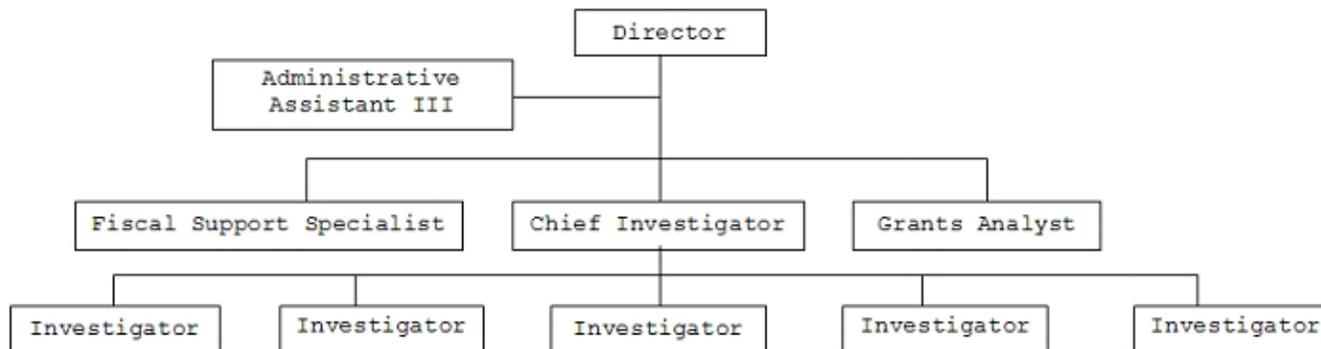
Act 114 of 2010  
A.C.A. §16-123-301 et seq.

## History and Organization

The Arkansas Legislature created the Arkansas Fair Housing Commission by Act 1785 of 2001. The Commission acts as a quasi-judicial, regulatory agency that enforces state and federal fair housing and fair lending laws with the authority to hold administrative hearings and litigate cases where discriminatory conduct is found to have occurred.

The mission of the Commission is to receive, investigate, conciliate and/or resolve complaints alleging violations of the Arkansas Fair Housing Act, which prohibits housing discrimination on the basis of race, religion, color, sex, national origin, familial status or disability; to cooperate with and provide technical and other assistance to federal, state, local and other public or private entities that are formulating or operating programs to prevent or eliminate discriminatory housing practices; and to establish an education and outreach program to prevent discriminatory housing practices.

The Commission is composed of thirteen members: seven (7) are appointed by the Governor; three (3) are appointed by the President Pro Tempore of the Senate; and three (3) are appointed by the Speaker of the House. Six (6) of the appointees are industry representatives and seven represent various consumer interests. The Governor shall appoint a Commissioner from each of the state's four (4) Congressional Districts.



## **Agency Commentary**

The Arkansas Fair Housing Commission was created in 2001 (codified at Ark. Code Ann. § 16-123-201 et seq.) for the purpose of:

- Receiving, investigating, conciliating and/or resolving complaints alleging violations of the Arkansas Fair Housing Act, which prohibits unfair housing practices in lending, appraisal, sale, rental and occupancy based on seven (7) identified prohibited bases: race, color, religion, sex, national origin, familial status and disability;
- Receiving, investigating, conciliating and/or resolving complaints alleging violations of the Arkansas Fair Housing Act relating to the design and construction of accessible housing for the disabled and housing for the elderly;
- Assisting other entities (both public and private) in the formulation and operation of programs that prevent or eliminate unfair housing practices; and
- Providing for an education and outreach program to prevent unfair housing practices.

This quasi-judicial agency is empowered with fair housing and fair lending regulatory and enforcement duties specifically relating to the responsibilities of private and public housing providers throughout the State of Arkansas. Additionally, the Agency is responsible for the administrative and judicial adjudication of complaints through either administrative or judicial hearings.

The Agency seeks an increase in federal appropriation in the amount of \$139,952 to support operation of Agency programs as required by state and federal statutes. The Agency is requesting the following new position to accomplish its goals and objectives: Administrative Analyst.

### **Fund Center: 1NH (State Operations)**

The Agency requests Base Level appropriation and general revenue - increases are supported by federal fund balance and additional supporting federal revenue.

The Agency requests Change Levels as follows:

#### 00-Regular Salaries:

Increase in appropriation in the amount of \$93,608 each year for an additional position of Administrative Analyst and to fund new classifications of Agency Director, Chief Investigator, Investigator, Fiscal Support Analyst, and Administrative Specialist III positions. Reclassifications are necessary to promote statewide equity in classification and compensation. These positions are necessary to ensure that the agency carries forth the legislative declaration that, "the right to seek housing underlies the general public's ability to secure health, safety and welfare." Ark. Code Ann. § 16-123-301.

The Arkansas Fair Housing Commission was established to support that legislative dictate to resolve fair housing issues and enforce the fair housing laws within the state. The passage of the Arkansas Fair Housing Act gained the State of Arkansas recognition as being a "substantially equivalent" agency, meaning that the state law provided substantially the same protections as the federal law - thereby granting Arkansas the avenue to enforce our own fair housing law within our borders without federal intervention.

As part of the "substantially equivalent" process, the Agency completed a three-year "capacity-building" phase during which time the Agency partnered with the U.S. Department of Housing and Urban Development via a cooperative agreement to receive, investigate and conciliate fair housing complaints within Arkansas. During this mandatory three-year "capacity-building" period, the Commission investigated a portion of the state's fair housing complaint caseload with HUD investigating the bulk of the fair housing complaints and providing technical assistance in support of our limited enforcement efforts.

The Commission has "graduated" to a "contributions agency" status with the responsibility of processing 100% of all fair housing violations within the state. In FY2010, this Agency received nearly 250 fair housing complaints for alleged infractions occurring within the state's borders and was responsible for resolving all of those complaints. Additionally, the Agency is responsible for providing technical assistance, education and outreach to housing providers and the general public, attorneys and other public and private entities.

One additional position an Administrative Analyst is necessary to assist in the preparation of cases for trial or hearing. The Administrative Analyst is responsible for performing legal research from statutes, recorded judicial decisions, legal articles, treatises, codes and constitutions; preparing and providing documentation to assist in the preparation of investigations; establishing and maintaining legal reference files; and coordinating legal support activities. This position will provide necessary legal analysis and assistance during the investigative and hearing processes. The Agency currently has only one administrative support position.

Lastly, the Agency requests reclassifications of its positions of Agency Director, Chief Investigator, five Investigators, Fiscal Support Analyst and Administrative Specialist III positions to reflect comparable classifications with similarly situated agencies and current market rates.

#### 03-Personal Services Matching:

Increase in appropriation in the amount of \$26,344 each year for Personal Services Matching for increases associated with the reclassification of current positions and for the position of Administrative Analyst.

#### 02-Operating Expenses:

Increase in appropriation in the amount of \$20,000 each year to support legal and case processing fees (to include the copying of files for hearings and trials and the copying of files for responses to discovery requests by legal counsel during the investigative and adjudicative processes); court reporting fees for administrative case processing; additional travel associated with case processing; and office supplies necessary to support the Administrative Analyst position (such as a computer, a desk/chair, additional telephone line, general office supplies and mileage allowance for necessary travel).

## **Fund Center: 53L (Arkansas Fair Housing Commission Trust Fund)**

The Agency's Change Level Requests are as follows:

### **02 - Operating Expenses:**

The Agency requests an appropriation increase of \$10,000 in fiscal year 2012 and \$20,000 in fiscal year 2013 to satisfy statutory mandates for the Commission's Education Trust Fund. The growth of the Agency is imminent due to the increase in investigative caseloads and the number of administrative hearings before the Commission. Anticipated increases in revenue are expected to fund this growth. The Commission Trust Fund was established in 2001 (Ark. Code Ann. §16-123-347) for the purpose of receiving any administrative fees, civil penalties or conciliated amounts levied and collected to be solely used for fair housing education of the public and the operational expenses of the Commission. Funding is based on receipts of administrative fees, fines and civil penalties and conciliated amounts as provided for and codified at Ark. Code Ann. §16-123-321,32. The appropriation is necessary to utilize administrative and civil penalties and fees levied and collected pursuant to the Arkansas Fair Housing Act to provide fair housing education of the public and for operational expenses of the Commission as mandated by the Legislature.

The Commission anticipates the establishment of a state-wide fair housing media campaign to include: public service announcements (audio and video); television, radio and print advertisements; posters; pamphlets and brochures. The Commission also will work with public and private service organizations and agencies to broaden and enhance its state-wide media campaign and to establish educational training programs for industry personnel and the public at large. As required by law, this training and education will be disseminated in compliance with the adaptability and accessibility guidelines. It will include expenditures in advertising, conferences and seminars and educational and promotions materials.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS FAIR HOUSING COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2007

### Findings

The Agency failed to deposit cash receipts in a timely manner. We noted instances in which receipts were held for as long as eight months before being deposited. Also, the Agency did not utilize a formalized receipting method, such as a receipt book or mail log, to ensure that all receipts were properly accounted for as recommended by the State's Financial Management Guide.

### Recommendations

The Agency establish strong controls over cash receipts to ensure that collections are recorded and deposited in a timely manner.

## Employment Summary

	Male	Female	Total	%
White Employees	2	0	2	33 %
Black Employees	1	3	4	67 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			4	67 %
Total Employees			6	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1NH State Operations	449,527	9	709,415	10	712,008	10	688,788	10	828,740	11	695,810	10	688,788	10	828,740	11	695,810	10
53L Education-Trust	1,451	0	40,000	0	40,000	0	40,000	0	50,000	0	40,000	0	40,000	0	60,000	0	40,000	0
<b>Total</b>	<b>450,978</b>	<b>9</b>	<b>749,415</b>	<b>10</b>	<b>752,008</b>	<b>10</b>	<b>728,788</b>	<b>10</b>	<b>878,740</b>	<b>11</b>	<b>735,810</b>	<b>10</b>	<b>728,788</b>	<b>10</b>	<b>888,740</b>	<b>11</b>	<b>735,810</b>	<b>10</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	473,616	40.5	718,108	52.7	612,091	46.9	612,091	46.9	612,091	46.9	576,701	45.4	426,749	38.1	569,679	45.1
General Revenue	4000010	254,000	21.7	283,398	20.8	283,398	21.7	283,398	21.7	283,398	21.7	283,398	22.3	283,398	25.3	283,398	22.4
Federal Revenue	4000020	380,473	32.5	300,000	22.0	350,000	26.8	350,000	26.8	350,000	26.8	350,000	27.6	350,000	31.2	350,000	27.7
Trust Fund	4000050	60,997	5.2	60,000	4.4	60,000	4.6	60,000	4.6	60,000	4.6	60,000	4.7	60,000	5.4	60,000	4.8
<b>Total Funds</b>		<b>1,169,086</b>	<b>100.0</b>	<b>1,361,506</b>	<b>100.0</b>	<b>1,305,489</b>	<b>100.0</b>	<b>1,305,489</b>	<b>100.0</b>	<b>1,305,489</b>	<b>100.0</b>	<b>1,270,099</b>	<b>100.0</b>	<b>1,120,147</b>	<b>100.0</b>	<b>1,263,077</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(718,108)		(612,091)		(576,701)		(426,749)		(569,679)		(541,311)		(231,407)		(527,267)	
<b>Grand Total</b>		<b>450,978</b>		<b>749,415</b>		<b>728,788</b>		<b>878,740</b>		<b>735,810</b>		<b>728,788</b>		<b>888,740</b>		<b>735,810</b>	

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
7	5	2	7	0	28.57 %	10	7	3	10	0	30.00 %	10	8	2	10	0	20.00 %

## **Analysis of Budget Request**

**Appropriation:** 1NH - State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Arkansas Fair Housing Commission (AFHC) was created by Act 1785 of 2001 to investigate housing discrimination complaints and punish violators, in cooperation with the State Attorney General. Funding for the AFHC is derived from federal reimbursements by Fair Housing Assistance Program Funds and general revenue.

The Commission has been recently upgraded to the level of a "contributions agency" by the Department of Housing & Urban Development, making them responsible for processing 100% of all fair housing violations within the State of Arkansas.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

The Commission's Change Level Request of \$139,952 each year provides only for appropriation increases for federal revenues due to the Commission's increased investigation responsibilities. The total request is comprised of the following:

- Regular Salaries of \$29,251 for one (1) additional Administrative Analyst (C115) position to assist with legal research in preparation for hearings and trials.
- Regular Salaries of \$64,357 for position upgrades/reclassifications for parity with other agencies/institutions for similar positions and due to the increased responsibilities of the Commission to conduct their own investigations for the following positions: one (1) Agency Director (C128 to N908, \$21,128); one (1) Chief Investigator (C117 to C120, \$5,083); five (5) AFHC Investigators (C115 to C119, \$31,515/\$6,303 each); one (1) Fiscal Support Analyst to Fiscal Support Officer (C115 to C119, \$4,203); and one (1) Administrative Specialist III to Administrative Analyst (C112 to C115, \$2,428).
- Personal Services Matching of \$26,344 for the new Administrative Analyst position (\$11,450) and position reclassification/upgrade requests (\$14,894).
- Operating Expenses of \$20,000 each year for mileage, telecommunications, computers & office supplies, and investigation expenses due to increased responsibility for investigations.

The Executive Recommendation provides for Base Level, with an upgrade for one (1) Agency Director (C128 to N902, \$3,931) and a reclassification for one (1) Fiscal Support Analyst (A091C/C115) to Fiscal Support Supervisor (A074C/C118, \$3,091).

# Appropriation Summary

**Appropriation:** 1NH - State Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	214,238	346,663	349,229	346,063	439,671	351,765	346,063	439,671	351,765
<b>#Positions</b>		<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>10</b>
Extra Help	5010001	5,951	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
<b>#Extra Help</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	93,190	129,206	129,233	129,179	155,523	130,499	129,179	155,523	130,499
Operating Expenses	5020002	108,505	138,647	134,647	138,647	158,647	138,647	138,647	158,647	138,647
Conference & Travel Expenses	5050009	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Professional Fees	5060010	6,744	14,000	18,000	14,000	14,000	14,000	14,000	14,000	14,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	20,000	20,000	0	0	0	0	0	0
Public Education	5900046	899	899	899	899	899	899	899	899	899
<b>Total</b>		<b>449,527</b>	<b>709,415</b>	<b>712,008</b>	<b>688,788</b>	<b>828,740</b>	<b>695,810</b>	<b>688,788</b>	<b>828,740</b>	<b>695,810</b>

Funding Sources										
Fund Balance	4000005	468,616	653,562		527,545	527,545	527,545	472,155	332,203	465,133
General Revenue	4000010	254,000	283,398		283,398	283,398	283,398	283,398	283,398	283,398
Federal Revenue	4000020	380,473	300,000		350,000	350,000	350,000	350,000	350,000	350,000
<b>Total Funding</b>		<b>1,103,089</b>	<b>1,236,960</b>		<b>1,160,943</b>	<b>1,160,943</b>	<b>1,160,943</b>	<b>1,105,553</b>	<b>965,601</b>	<b>1,098,531</b>
Excess Appropriation/(Funding)		(653,562)	(527,545)		(472,155)	(332,203)	(465,133)	(416,765)	(136,861)	(402,721)
<b>Grand Total</b>		<b>449,527</b>	<b>709,415</b>		<b>688,788</b>	<b>828,740</b>	<b>695,810</b>	<b>688,788</b>	<b>828,740</b>	<b>695,810</b>

Budget exceeds Authorized Appropriation in Operating Expenses by authority of a Budget Classification Transfer.

## Change Level by Appropriation

**Appropriation:** 1NH - State Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>688,788</b>	<b>10</b>	<b>688,788</b>	<b>100.0</b>	<b>688,788</b>	<b>10</b>	<b>688,788</b>	<b>100.0</b>
C01	Existing Program	60,701	1	749,489	108.8	60,701	1	749,489	108.8
C10	Reclass	8,165	0	757,654	110.0	8,165	0	757,654	110.0
C11	Upgrade/Downgrade	71,086	0	828,740	120.3	71,086	0	828,740	120.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>688,788</b>	<b>10</b>	<b>688,788</b>	<b>100.0</b>	<b>688,788</b>	<b>10</b>	<b>688,788</b>	<b>100.0</b>
C01	Existing Program	0	0	688,788	100.0	0	0	688,788	100.0
C10	Reclass	3,091	0	691,879	100.4	3,091	0	691,879	100.4
C11	Upgrade/Downgrade	3,931	0	695,810	101.0	3,931	0	695,810	101.0

### Justification

C01	We request Regular Salaries and associated Personal Services Matching for one (1) additional Administrative Analyst (C115) to assist with legal research in preparation for hearings and trials and \$20,000 each year in Operating Expenses for costs associated with additional investigation expenses for fair housing violations.
C10	We also request to reclassify an Administrative Specialist III to a Administrative Analyst and a Fiscal Support Analyst to a AFHC Fiscal Support Officer to better align these positions with the work being performed. The Administrative Specialist III performs legal research from statutes, judicial decisions, codes and constitutions, assists investigators and coordinates legal support activities. The Fiscal Support Analyst develops operating program policies, oversees all grant programs, supervises a Grants Analyst (C117), negotiates contracts and maintains the general ledger, provides monthly financial reports, tracks federal funds for payments, provides assistance to customers and acts as back up to Director.
C11	This request is to upgrade the following positions to reflect comparable market rates and due to demands of increased investigations: Agency Director, Chief Investigator, and five (5) Investigators.

## **Analysis of Budget Request**

**Appropriation:** 53L - Education-Trust

**Funding Sources:** TFH - Arkansas Fair Housing Commission Trust Fund

The Education - Trust Program was established by Act 1201 of 2007 and provides for fair housing education of the public and the operational expenses of the Commission, as set out in A.C.A. §§16-123-301 through 16-123-348. Funding is derived from administrative or civil penalties levied and collected pursuant to §16-123-301.

The Commission's Change Level request of \$10,000 for FY2012 and \$20,000 for FY2013 in Operating Expenses would provide for additional educational outreach and help the Commission establish a statewide fair housing media campaign to provide information and training to the public at large.

The Executive Recommendation provides for Base Level.

## Appropriation Summary

**Appropriation:** 53L - Education-Trust

**Funding Sources:** TFH - Arkansas Fair Housing Commission Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,451	40,000	40,000	40,000	50,000	40,000	40,000	60,000	40,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,451</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>50,000</b>	<b>40,000</b>	<b>40,000</b>	<b>60,000</b>	<b>40,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	5,000	64,546		84,546	84,546	84,546	104,546	94,546	104,546
Trust Fund	4000050	60,997	60,000		60,000	60,000	60,000	60,000	60,000	60,000
<b>Total Funding</b>		<b>65,997</b>	<b>124,546</b>		<b>144,546</b>	<b>144,546</b>	<b>144,546</b>	<b>164,546</b>	<b>154,546</b>	<b>164,546</b>
Excess Appropriation/(Funding)		(64,546)	(84,546)		(104,546)	(94,546)	(104,546)	(124,546)	(94,546)	(124,546)
<b>Grand Total</b>		<b>1,451</b>	<b>40,000</b>		<b>40,000</b>	<b>50,000</b>	<b>40,000</b>	<b>40,000</b>	<b>60,000</b>	<b>40,000</b>

## Change Level by Appropriation

**Appropriation:** 53L - Education-Trust  
**Funding Sources:** TFH - Arkansas Fair Housing Commission Trust Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>100.0</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>100.0</b>
C01	Existing Program	10,000	0	50,000	125.0	20,000	0	60,000	150.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>100.0</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>100.0</b>
C01	Existing Program	0	0	40,000	100.0	0	0	40,000	100.0

### Justification

C01	We request \$10,000 in FY2012 and \$20,000 in FY2013 for additional Operating Expense appropriation to support existing revenues in order that the Commission may engage in additional public outreach and establish a statewide fair housing media campaign to better inform the public.
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# ARKANSAS GEOGRAPHIC INFORMATION OFFICE

## Enabling Laws

Act 112 of 2010  
A.C.A § 15-21-501 et seq.

## History and Organization

The Arkansas Geographic Information Office (AGIO) was created in 2001 as a division of the Department of Information Services (DIS) by the passage of ACT 1250. Its purpose is to coordinate the development and maintenance of geographic information systems (GIS) data throughout the state. The AGIO coordinates with all levels of government, private and non-profit sectors to reduce duplication of effort. The office works in conjunction with the Arkansas Geographic Information Systems Board. In 2009, the AGIO became a state agency with the passage of ACT 244 (HB 1356 of 87th General Assembly).

The Office operates GeoStor, Arkansas' GIS clearinghouse, where the state's GIS data is published for users. The Office works closely with County Assessors who are mapping real estate tax parcels, County Judges and E9-1-1 coordinators who are mapping the road centerline file and with county floodplain managers in support of FEMA's Flood Map Modernization Program. The Office is also responsible for maintaining the aerial imagery program that procures aerial imagery of the state.

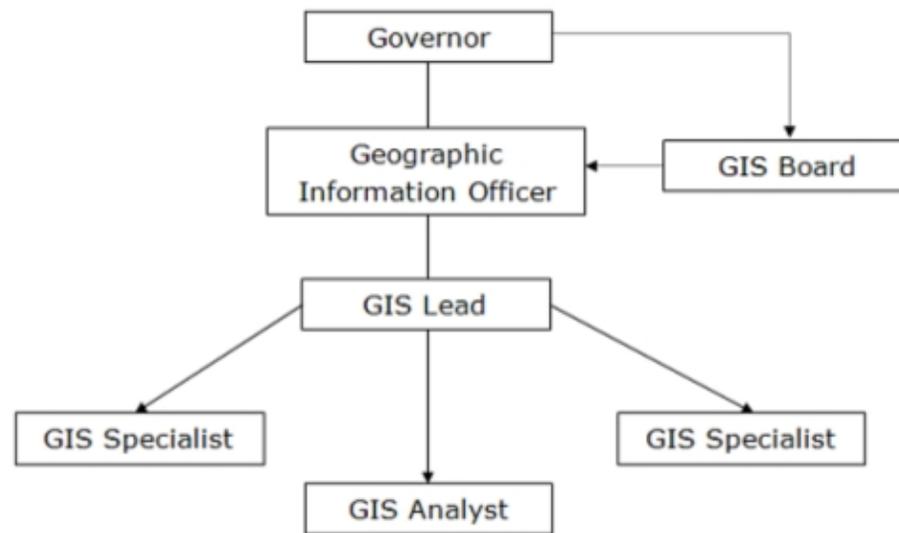
The parcel mapping focuses on the development of tax parcels that are listed in the counties' computer-assisted mass appraisal system. Parcel mapping improves the efficiency of the Assessor reappraisal process. The data aids the Assessors in discovering taxable real estate. The data is used by the banking industry, Realtors, surveyors, floodplain administrators and others to view information about properties. One of the most valuable uses of the data is for economic development where prospects can research and evaluate potential sites for development without having to conduct an initial visit.

The road centerline program compiles a standardized road centerline map layer that can be used by all levels of government, the private sector and individuals. The data is one of the most commonly needed datasets by GIS users. The AGIO helps the County E9-1-1 offices with the technical facets of creating and maintaining centerline data. The data can be used to locate people, places and events along the roads by correlating them to a physical address. The AGIO assembles a statewide version of the data by incorporating updates from individual counties as roads are changed or new roads are built. The layer is heavily used following disaster and emergency response events. This layer in combination with address point coordinates is used to drive the state's Streamlined Sales Tax database that supports collection and accurate distribution of county and city sales tax. The system added over \$7 million in sales tax revenue to the state in 2009.

The AGIO plays a supportive role in FEMA’s Flood Map Modernization Program by providing local and statewide GIS data used for the digital flood insurance rate maps. It also ensures the quality of the data based on FEMA’s guidelines and standards. The AGIO also assists county floodplain managers with GIS data requirements.

The aerial imagery is a special type of photography that is corrected for terrain distortion and encoded with the latitude and longitude coordinates. This enables the data to be used in a number of applications. Because a picture is worth a thousand words, this data is the most popular GIS data published by the agency. It is used by County Assessors to locate and discover real estate, by County E9-1-1 office to map roads, by numerous state agencies for a variety of purposes and by private sectors including real estate, land surveying, engineering, utilities, agriculture and forestry . The AGIO procured this statewide image database in 2001 and 2006 with General Improvement funding. The data is also provided to commercial Internet search engines so that GIS users worldwide can access it, and entrepreneurs can potentially make more informed business decisions.

The AGIO continues to work with Arkansas counties, state and federal agencies to ensure the accuracy and self-maintenance of GIS data about Arkansas for decision makers.



## **Agency Commentary**

The Arkansas Geographic Information Office acts as the functional arm of the Arkansas Geographic Information Systems (GIS) Board. The agency coordinates the development and maintenance of statewide GIS data with cities, counties, state agencies, the federal government, non-profit and private sectors. This activity reduces duplication of effort and ensures GIS data about Arkansas is readily available for decision makers. The data is made available through GeoStor the state's online GIS platform. The agency provides administrative and technical support to the Board.

The agency's long-range plan calls for investing in the most important GIS databases needed in Arkansas. The priorities represent the most commonly used base maps. These layers are used by multiple agencies, local government and private sector and are used for emergency response, natural resource management, regulatory oversight, allocation of streamlined sales tax revenue and generate real estate revenue. The agency uses the data to support the Department of Finance and Administration, Excise Tax Division in the Streamlined Sales and Use Tax program that collects and allocates sales tax at the delivery point. Points of delivery are determined by the GIS databases. The agency's request is for the state to invest in getting these critical layers created and maintained. Nearly every function in state government can be mapped and analyzed geographically if the data is available. This data is needed statewide to support statewide decision making.

The agency requests three (3) additional positions; one (1) Administrative Specialist and two (2) Analyst positions. This will increase Regular Salaries and Personal Services Matching to a total of \$144,136 each year of the biennium. The Administrative Specialist position is requested to support the administrative functions of the agency in conjunction with DFA-Service Bureau such as accounting, payroll processing, personnel related actions, procurement and budgeting. Two (2) analyst positions are requested to support and maintain the road centerline, parcel and city boundaries databases. There is a backlog in receiving, processing and publishing the data with the 2 positions currently staffed. This data is used to maintain the Streamlined Sales & Use Tax database. Without proper maintenance and support the Streamlined Sales Tax revenue is at risk.

The agency requests funding for the following priority GIS data layers, \$1,116,667 in each year to procure high resolution aerial imagery over one-third of the state. This will allow complete coverage of the state on a three year cycle. \$2,147,600 is requested for professional services to complete digital tax parcel mapping in the counties. This data is needed to support county real estate reappraisal cycles which fund public education. \$125,000 is requested in operating expense to assist counties in updating the E9-1-1 road centerline map; and \$9,500 requested for agency operating expenses. All of the base map layers requested for funding are used to support locating points of delivery for Streamlined Sales revenue and generating real estate reappraisal revenue for public education.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
OFFICE OF GEOGRAPHIC INFORMATION SERVICES

Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	4	1	5	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			5	100 %

## Publications

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report to Joint Committee on Advanced Communications & Information Technology	A.C.A 15-21-503 (i)	Y	Y	40	A.C.A. 15-21-503 (i)

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
56W Flood Map - Federal	112,585	0	122,500	0	122,500	0	116,500	0	122,500	0	122,500	0	116,500	0	122,500	0	122,500	0
56X GeoStor & Framework	90,745	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0
56Y Geographic Information Systems	721,294	5	734,126	5	783,929	5	732,587	5	4,275,490	8	789,199	6	732,587	5	4,275,490	8	789,199	6
<b>Total</b>	<b>924,624</b>	<b>5</b>	<b>1,106,626</b>	<b>5</b>	<b>1,156,429</b>	<b>5</b>	<b>1,099,087</b>	<b>5</b>	<b>4,647,990</b>	<b>8</b>	<b>1,161,699</b>	<b>6</b>	<b>1,099,087</b>	<b>5</b>	<b>4,647,990</b>	<b>8</b>	<b>1,161,699</b>	<b>6</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	118,093	11.4	110,115	9.0	110,115	9.1	110,115	2.3	110,115	8.7	110,115	9.1	110,115	2.3	110,115	8.7
General Revenue	4000010	721,294	69.7	734,126	60.3	732,587	60.6	4,275,490	89.9	789,199	62.1	732,587	60.6	4,275,490	89.9	789,199	62.1
Federal Revenue	4000020	60,352	5.8	122,500	10.1	116,500	9.6	122,500	2.6	122,500	9.6	116,500	9.6	122,500	2.6	122,500	9.6
Trust Fund	4000050	135,000	13.0	250,000	20.5	250,000	20.7	250,000	5.3	250,000	19.7	250,000	20.7	250,000	5.3	250,000	19.7
<b>Total Funds</b>		<b>1,034,739</b>	<b>100.0</b>	<b>1,216,741</b>	<b>100.0</b>	<b>1,209,202</b>	<b>100.0</b>	<b>4,758,105</b>	<b>100.0</b>	<b>1,271,814</b>	<b>100.0</b>	<b>1,209,202</b>	<b>100.0</b>	<b>4,758,105</b>	<b>100.0</b>	<b>1,271,814</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(110,115)		(110,115)		(110,115)		(110,115)		(110,115)		(110,115)		(110,115)		(110,115)	
<b>Grand Total</b>		<b>924,624</b>		<b>1,106,626</b>		<b>1,099,087</b>		<b>4,647,990</b>		<b>1,161,699</b>		<b>1,099,087</b>		<b>4,647,990</b>		<b>1,161,699</b>	

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
0	0	0	0	0	0.00 %	5	5	0	5	0	0.00 %	5	5	0	5	0	0.00 %

Agency was established by Legislative action based upon Executive Recommendation (Act 296 of 2009).

## **Analysis of Budget Request**

**Appropriation:** 56W - Flood Map - Federal

**Funding Sources:** FNM - Federal Funds

The Agency requests continuation of this program which provides services in support of the Federal Emergency Management Agency (FEMA) Map Modernization Management. FEMA requests each state to coordinate the geographic information system data development to support the creation of the digital flood map.

Upon the dissolution of the Office of Information Technology (OIT) by Acts 751 and 794 of 2007, this appropriation was transferred to the Department of Information Systems. In 2009, this appropriation was transferred to the Arkansas Geographic Office with the passage of Act 296 of 2009.

For FY12 and FY13 the agency requests a reallocation of resources of \$102,000 from the Data Processing line item to Operating Expenses line item due to a change in State accounting procedures for support and maintenance of the flood mapping databases. The agency requests restoration of the Capital Outlay line item of \$6,000 to upgrade computers and other related equipment associated with the Flood Map Project.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 56W - Flood Map - Federal

**Funding Sources:** FNM - Federal Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	15,190	4,300	4,300	4,300	106,300	106,300	4,300	106,300	106,300
Conference & Travel Expenses	5050009	6,679	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200
Professional Fees	5060010	41,250	0	0	0	0	0	0	0	0
Data Processing	5090012	44,367	102,000	102,000	102,000	0	0	102,000	0	0
Capital Outlay	5120011	5,099	6,000	6,000	0	6,000	6,000	0	6,000	6,000
<b>Total</b>		<b>112,585</b>	<b>122,500</b>	<b>122,500</b>	<b>116,500</b>	<b>122,500</b>	<b>122,500</b>	<b>116,500</b>	<b>122,500</b>	<b>122,500</b>
<b>Funding Sources</b>										
Fund Balance	4000005	52,258	25		25	25	25	25	25	25
Federal Revenue	4000020	60,352	122,500		116,500	122,500	122,500	116,500	122,500	122,500
<b>Total Funding</b>		<b>112,610</b>	<b>122,525</b>		<b>116,525</b>	<b>122,525</b>	<b>122,525</b>	<b>116,525</b>	<b>122,525</b>	<b>122,525</b>
Excess Appropriation/(Funding)		(25)	(25)		(25)	(25)	(25)	(25)	(25)	(25)
<b>Grand Total</b>		<b>112,585</b>	<b>122,500</b>		<b>116,500</b>	<b>122,500</b>	<b>122,500</b>	<b>116,500</b>	<b>122,500</b>	<b>122,500</b>

## Change Level by Appropriation

**Appropriation:** 56W - Flood Map - Federal  
**Funding Sources:** FNM - Federal Funds

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>116,500</b>	<b>0</b>	<b>116,500</b>	<b>100.0</b>	<b>116,500</b>	<b>0</b>	<b>116,500</b>	<b>100.0</b>
C04	Reallocation	0	0	116,500	100.0	0	0	116,500	100.0
C08	Technology	6,000	0	122,500	105.2	6,000	0	122,500	105.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>116,500</b>	<b>0</b>	<b>116,500</b>	<b>100.0</b>	<b>116,500</b>	<b>0</b>	<b>116,500</b>	<b>100.0</b>
C04	Reallocation	0	0	116,500	100.0	0	0	116,500	100.0
C08	Technology	6,000	0	122,500	105.2	6,000	0	122,500	105.2

### Justification

C04	The agency requests a reallocation of resources to properly classify \$102,000 for FY12 and FY13 from Data Processing to Operating Expenses associated with support and maintenance of the flood mapping databases.
C08	The agency requests \$6,000 in Capital Outlay from the prior biennium allocation be restored to upgrade computers and related equipment associated with the Federal Flood Map Project. Reference to this effort can be found in the agency's 2011-2013 IT Plan under Operations Hardware & Software Plan.

## **Analysis of Budget Request**

**Appropriation:** 56X - GeoStor & Framework

**Funding Sources:** TGS - Geographic Information Systems Fund

The Geographic Information Systems Fund consists of funds approved by the General Assembly, contributions, federal funds, and any other funds allowable by law. This fund is used to carry out the duties, responsibilities, and authority of the Arkansas Land Board; and create, update, and maintain GeoStor, the Arkansas Spatial Data Infrastructure.

Upon the dissolution of the Office of Information Technology (OIT) by Acts 751 and 794 of 2007, this appropriation was transferred to the Department of Information Systems. In 2009, this appropriation was transferred to the Arkansas Geographic Information Office with the passage of Act 296 of 2009.

The Agency requests Base Level appropriation for GeoStor and Framework for both years of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 56X - GeoStor & Framework

**Funding Sources:** TGS - Geographic Information Systems Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Geostor & Framework 5900047	90,745	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
<b>Total</b>	<b>90,745</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	65,835	110,090		110,090	110,090	110,090	110,090	110,090	110,090
Trust Fund 4000050	135,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000
<b>Total Funding</b>	<b>200,835</b>	<b>360,090</b>		<b>360,090</b>	<b>360,090</b>	<b>360,090</b>	<b>360,090</b>	<b>360,090</b>	<b>360,090</b>
Excess Appropriation/(Funding)	(110,090)	(110,090)		(110,090)	(110,090)	(110,090)	(110,090)	(110,090)	(110,090)
<b>Grand Total</b>	<b>90,745</b>	<b>250,000</b>		<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>

## **Analysis of Budget Request**

**Appropriation:** 56Y - Geographic Information Systems

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Office of Geographic Information Systems was established as a part of the Office of Information Technology as an integral component of the Initiative for Statewide Technology Advancement (GISTA) and Arkansas' Electronic Government to provide services and data to cities, counties, state and federal agencies, private businesses, and citizens. It provides technology transfer and educational services to all users of GeoStor and enables specific county level projects to become more integrated within GeoStor. The Arkansas Spatial Data Infrastructure (ASDI) is a public resource that provides storage and easy access to essential statewide geographically linked information such as maps, boundaries, aerial photography, facilities, and natural resources.

Upon the dissolution of the Office of Information Technology (OIT) by Acts 751 and 794 of 2007, this appropriation was transferred to the Department of Information Systems. In 2009, the Arkansas Geographic Information Office (AGIO) became a state agency with the passage of Acts 244 and 296 of 2009.

This appropriation is funded by general revenue.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency requests a change level of \$3,542,903 in FY12 and FY13. This request includes three (3) new positions, one (1) Administrative Specialist II and two (2) GIS Analyst positions. The increase in Regular Salaries and Personal Services Matching is \$144,136 each year. The Administrative Specialist position is requested to support the administrative and personnel functions of the agency in conjunction with DFA-Service Bureau including accounting, payroll processing, procurement, and budgeting. Two (2) analyst positions are requested to support and maintain the road centerline and parcel and city boundaries databases. There is a backlog in receiving, processing, and publishing the data with the 2 currently staffed positions. This data is used to maintain the Streamlined Sales & Use Tax database.

The Agency requests \$134,500 each year for the Operating Expenses line item. This includes an increase of \$9,500 for telecommunications, software licenses, and computer equipment for the three new positions. An increase of \$125,000 for Miscellaneous Technical Services is requested to assist counties with updating the road centerline database. The maps originate from the county judges or their E9-1-1 addressing authorities who use them for emergency responders. The maps are provided to the State for incorporation into GeoStor, the state's geographic information system (gis). The maps are used by a variety of state agencies for locating people, places, and assets. The maps also support the Streamlined Sales and Use Tax database by locating the source jurisdiction for sales tax collection. The Agency requests \$3,264,267 each year for the Professional Fees line item. Of the \$3,264,267, \$1,116,667 is for digital orthography. This is to procure 1 foot resolution data for one-third of the state each year. This will ensure imagery will not be over three years old for use by county assessors in real estate appraisal. At the local level it can be used by emergency responders, road and bridge maintenance, and voter redistricting. At the state level it can be used for economic development, forestry, agriculture, tourism, and other purposes. \$2,147,600 is

requested to procure digital tax parcel maps in partnership with county assessor offices. The Agency would partner with counties which do not have the resources to complete the data by providing 70% of expense. The tax parcel maps can be used by bankers, realtors, surveyors, floodplan administrators, economic developers, and others who make decisions involving real estate.

Executive Recommendation provides for Base Level and one (1) GIS Analyst position. The request for Professional Fees is recommended from the General Improvement Fund.

## Appropriation Summary

**Appropriation:** 56Y - Geographic Information Systems

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	363,436	363,843	362,596	362,543	470,804	405,760	362,543	470,804	405,760
<b>#Positions</b>		<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>6</b>	<b>5</b>	<b>8</b>	<b>6</b>
Extra Help	5010001	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
<b>#Extra Help</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	94,192	97,228	93,842	96,989	132,864	110,384	96,989	132,864	110,384
Operating Expenses	5020002	248,260	257,055	311,491	257,055	391,555	257,055	257,055	391,555	257,055
Conference & Travel Expenses	5050009	9,406	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees	5060010	0	0	0	0	3,264,267	0	0	3,264,267	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>721,294</b>	<b>734,126</b>	<b>783,929</b>	<b>732,587</b>	<b>4,275,490</b>	<b>789,199</b>	<b>732,587</b>	<b>4,275,490</b>	<b>789,199</b>
<b>Funding Sources</b>										
General Revenue	4000010	721,294	734,126		732,587	4,275,490	789,199	732,587	4,275,490	789,199
Total Funding		721,294	734,126		732,587	4,275,490	789,199	732,587	4,275,490	789,199
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>721,294</b>	<b>734,126</b>		<b>732,587</b>	<b>4,275,490</b>	<b>789,199</b>	<b>732,587</b>	<b>4,275,490</b>	<b>789,199</b>

FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 56Y - Geographic Information Systems  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>732,587</b>	<b>5</b>	<b>732,587</b>	<b>100.0</b>	<b>732,587</b>	<b>5</b>	<b>732,587</b>	<b>100.0</b>
C01	Existing Program	3,408,403	3	4,140,990	565.3	3,408,403	3	4,140,990	565.3
C08	Technology	134,500	0	4,275,490	583.6	134,500	0	4,275,490	583.6

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>732,587</b>	<b>5</b>	<b>732,587</b>	<b>100.0</b>	<b>732,587</b>	<b>5</b>	<b>732,587</b>	<b>100.0</b>
C01	Existing Program	56,612	1	789,199	107.7	56,612	1	789,199	107.7
C08	Technology	0	0	789,199	107.7	0	0	789,199	107.7

### Justification

C01	<p>The agency requests three (3) additional positions; one (1) Administrative Specialist and two (2) Analyst positions. This will increase Regular Salaries and Personal Services Matching a total of \$144,136 each year of the biennium. The Administrative Specialist position is requested to support the administrative functions of the agency in conjunction with DFA-Service Bureau such as accounting, payroll processing, personnel related actions, procurement and budgeting. Two (2) analyst positions are requested to support and maintain the road centerline, parcel and city boundaries databases. There is a backlog in receiving, processing and publishing the data with the 2 positions currently staffed. This data is used to maintain the Streamlined Sales &amp; Use Tax database. Without proper maintenance and support the Streamlined Sales Tax revenue is at risk. The agency requests \$3,264,267 for FY12 and FY13. Of the \$3,264,267, \$1,116,667 is for digital orthophotography. This is to procure 1 foot resolution data for one-third of the state each year. This will ensure imagery will not be over three years old for use by county assessors in real estate appraisal. At the local level it will be used by emergency responders, road and bridge maintenance, voter redistricting, and election administering. At the state level it will be used for economic development, forestry, agriculture, tourism, and many other purposes. \$2,147,600 is requested to procure digital tax parcel maps in partnership with County Assessor Offices. The agency would partner with counties which do not have the resources to complete the data, by providing 70% of the expense to create the data. The tax parcel map can be used by bankers, realtors, surveyors, floodplain administrators, economic developers, and others who make real estate decisions. The maps are an important tool for the reappraisal process which directly benefits public education funding.</p>
C08	<p>The agency requests an increase of \$9,500 in Operating Expenses for telecommunications, software licenses, and computer equipment for the three new positions. An increase of \$125,000 in Operating Expenses for Miscellaneous Technical Services is requested to assist counties with updating the road centerline database. The maps originate from the County Judges or their E9-1-1 addressing authorities which use them for emergency responders. Roads are realigned, renamed, and new ones built constantly throughout the state. Maintaining the map data and providing it to the State where it is incorporated into GeoStor, the state's geographic information system (gis) platform. The maps are used by a variety of state agencies for locating people, places, and assets. The maps also directly support the Streamlined Sales &amp; Use Tax initiative by locating the source jurisdiction for correct sales tax collection.</p>

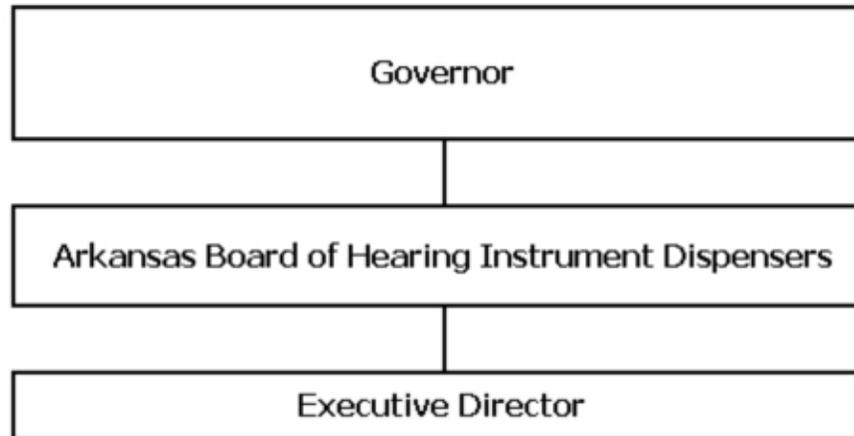
# AR BOARD OF HEARING INSTRUMENT DISPENSERS

## Enabling Laws

Act 20 of 2010  
A.C.A. §17-84-101

## History and Organization

The Board of Hearing Instrument Dispensers, authorized by A.C.A. §17-84-101 et seq., is responsible for the examination and licensure of persons engaging in the sale of hearing instruments. The Board is comprised of eight members appointed by the Governor for three-year terms. The Board is a cash agency funded from fees used for operating expenses and an extra help position.



## Agency Commentary

The Board of Hearing Instrument Dispensers is requesting to continue its operating appropriation at Base Level for the 2011-2013 biennium. Funding is provided from license renewals and fees collected by the board.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF HEARING INSTRUMENT DISPENSERS  
FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

### Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
3160000	\$19,476	Checking	Bank of Little Rock

Statutory/Other Restrictions on use:

A.C.A. §17-84-204 Fees are to be used to pay administrative expenses. Any remaining balances at year end are to be carried forward.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-84-203 Fees, Fines & Penalties as established in law.

Revenue Receipts Cycle:

Fees and penalties are collected throughout the year, with the bulk of the fees collected between 7/1 and 6/30.

Fund Balance Utilization:

Fund balance each year is carried over as the base of the following year's operating budget.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Rules & Regulations	A.C.A. §17-84-203	N	N	1	Required to distribute to licensees when changes occur.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010					FY2010 - 2011						
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** A89 - Cash Operations

**Funding Sources:** 316 - Hearing Instrument Dispensers-Cash

The Arkansas Board of Hearing Aid Dispensers was created by Act 197 of 1969 to insure the public is protected when purchasing any instrument or device designed for aiding, improving, or correcting human hearing. Act 592 of 1999 amended Arkansas Code §17-84-101 and changed the name to Arkansas Board of Hearing Instrument Dispensers. Pursuant to Arkansas Code §17-84-203, funding is derived from examination fees, license fees, and renewal fees charged to persons who practice the fitting or selling of hearing instruments. The Board utilizes these funds to finance one (1) Extra Help position and provide operating expenses for the administration of the laws governing hearing instrument dispensers.

The Agency Request is Base Level of \$23,596 each year of the biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** A89 - Cash Operations

**Funding Sources:** 316 - Hearing Instrument Dispensers-Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Extra Help 5010001	8,955	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
<b>#Extra Help</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	689	1,079	1,079	1,071	1,071	1,071	1,071	1,071	1,071
Operating Expenses 5020002	3,601	8,175	8,175	8,175	8,175	8,175	8,175	8,175	8,175
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	350	350	350	350	350	350	350	350
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13,245</b>	<b>23,604</b>	<b>23,604</b>	<b>23,596</b>	<b>23,596</b>	<b>23,596</b>	<b>23,596</b>	<b>23,596</b>	<b>23,596</b>
<b>Funding Sources</b>									
Fund Balance 4000005	14,020	19,476		11,751	11,751	11,751	4,034	4,034	4,034
Cash Fund 4000045	18,701	15,879		15,879	15,879	15,879	16,958	16,958	16,958
Total Funding	32,721	35,355		27,630	27,630	27,630	20,992	20,992	20,992
Excess Appropriation/(Funding)	(19,476)	(11,751)		(4,034)	(4,034)	(4,034)	2,604	2,604	2,604
<b>Grand Total</b>	<b>13,245</b>	<b>23,604</b>		<b>23,596</b>	<b>23,596</b>	<b>23,596</b>	<b>23,596</b>	<b>23,596</b>	<b>23,596</b>

# DEPARTMENT OF INFORMATION SYSTEMS

## Enabling Laws

Act 15 of 2010  
A.C.A. §25-4-101 et seq.

## History and Organization

The Department of Computer Services, or DCS, was created in 1977 by Act 884 (Arkansas Code Annotated, Section 25, Chapter 4), as a cabinet-level department reporting to the Governor. Its' purpose was to provide to state government a central data processing service, a statewide telephone network, and technical guidance and planning for the acquisition of related hardware, software, and training. During the 1997 session, the 81st General Assembly amended certain sections of the Arkansas Code to reestablish the Department of Computer Services as the Department of Information Systems, or DIS, and expanded the department responsibilities. Act 914 of 1997 charged DIS with various duties including but not limited to:

- 1) Providing information technology services to state agencies and other governmental entities;
- 2) Entering into contracts with state agencies and other governmental entities for the purpose of providing information technology services;
- 3) Establishing fair and reasonable schedules of rates or fees to be paid by state agencies and governmental entities provided services to enable the Department to defray the cost of delivering information technology services;
- 4) Establishing rates and fees for services provided by the Department to assure the Department is self-supporting. A billing rate plan shall be developed for a two-year period to coincide with the budgeting process. The same rate structure will apply to all agencies and entities receiving services;
- 5) Acquiring information technology on behalf of state agencies, the cost of which shall be recovered through customer billings at established rates;
- 6) Promulgating rules and regulations that are necessary for efficient administration and enforcement of the powers, functions, and duties of the Department.

Act 1401 of 2005 added - Compliance with State and Federal Regulations as follows: In order to effect compliance with the requirements of Federal OMB Circular A-87, the Director shall adjust billing rates or issue billing adjustments to be federally compliant, notwithstanding the provisions of ACA §25-4-105 and ACA §25-4-119 or funds sufficient to effect compliance shall be provided the Department from General Revenues, Special Revenues or such other fund sources as may become available.

Act 751 of 2007 dissolved the Office of the Executive Chief Information Officer and named the Director of the Department of Information Systems the Chief Technology Officer. The Act also transferred the daily operations, duties, and responsibilities of the Arkansas Geographic Information Office and the Security and Compliance Monitoring Office that resided within the organization to the Department of Information Systems.

Act 648 of 2009 amended the Arkansas Information Systems Act of 1997 to include

- 1) The Department of Information Systems shall be vested with all the powers and duties necessary to administer the department and enable it to carry out fully and effectively the regulations and laws relating to the department;
- 2) The department's powers and duties relate to information technology without limitation;
- 3) Provide information technology services to state agencies, other governmental entities, non-governmental first responder entities, and other quasi-governmental entities;
- 4) Implementing systems to ensure the security of state data and state data processing assets, to provide for disaster recovery and continuity of operations to the state agencies served, and to recover its costs from the customers benefited;
- 5) Developing the information technology policies, standards, and specifications for state agencies and ensuring agencies' compliance with those policies, procedures and standards;
- 6) Developing a state information technology plan that shall establish a state-level mission, goals, and objectives for the use of information technology;
- 7) Identifying and establishing information technology solutions that can support more than one (1) agency in providing governmental services;
- 8) Advising agencies regarding information technology contracts and agreements;
- 9) Developing policies to promote and facilitate electronic access to government information and interoperability of information systems;
- 10) Reviewing and approving agencies' information technology plans and requests.
- 11) Under ACA §25-4-114 - Contracts and agreements for information. (a) Contracts and agreements for state agencies for information technology shall adhere to the state enterprise architecture. (b) A state agency shall submit to the Director of the Department of Information Systems for review and approval a request for the state agency to enter into a technology contract or agreement that is not in compliance with the state enterprise architecture.

During the General Assembly of 2010, an Executive recommendation with Legislative approval removed the Arkansas Geographic Information Office from purview of the Department of Information Systems to create a separate stand alone agency for this function.

The Department of Information Systems has adopted a vision statement and mission statement along with values, decision drivers and goals that are the focus of the Department's statewide service efforts.

**Our Vision** - Customer satisfaction every time.

**Our Mission** - Provide technology leadership and solutions to assist our customers in their delivery of public services.

**Values** - Integrity, Customer Focus, Teamwork, Communication, Innovation, Credibility, Continuous Improvement.

**Decision Drivers** - People - Cost - Reliability - Security

**Goals - The Five E's** - Operational Excellence, e-Leadership, Customer Service Excellence, Financial Excellence, Workforce Excellence.

DIS is organized to accomplish its mission through 7 primary teams:

- (1) The Director's Office
- (2) Chief Operating Officer
- (3) Customer Relationship Management Office
- (4) Project and Enterprise Program Management Office
- (5) Chief Financial Officer
- (6) State Security Office
- (7) Enterprise Architecture and Planning

**The Director's Office** which also functions as the Chief Technology Officer for the state is the Administrative Division of DIS. It includes the Director, Deputy Director, General Counsel and support staff. This Division provides overall guidance for the Agency and works directly with the Executive Leadership Team and the legislature. The Human Resource Division (HR) also resides under the leadership of the Deputy Director's office. HR plans and implements human resource policies in accordance with DIS guidelines, DFA-Office of Personnel Management, and Federal Employment Labor Laws. This Division administers payroll, job classification/compensation, employment/recruiting, training, employee benefits enrollment, and general personnel policies.

**The Chief Operations Office includes the following Sections:**

Enterprise Systems Management (ESM) Division is responsible for designing, implementing, and maintaining solutions to meet customers' IT hosting requirements on Mainframe, UNIX, and Windows server platforms, as well as end user support and database administration. The Exchange E-mail Hosting section hosts approximately 18,000 Microsoft Exchange e-mail accounts. Systems Hosting has more than 100 state-wide applications, such as the drivers' license system, state tax systems, state-wide accounting, criminal justice, welfare eligibility, child protection, and numerous other public service applications. The applications are hosted on a vast array of Mainframe, UNIX, Linux and

Windows operating systems and are maintained in the DIS Data Center. The Database Administration in ESM provides services to many applications hosted by DIS. The services include installation, maintenance, operations, monitoring, tuning, and backup/recovery of the many database management systems in use by the State of Arkansas' applications. ESM also manages the State of Arkansas Enterprise Storage and Tape Management System environment with over 123TB of disk storage and over 500TB of tape storage under management. These services provide robust, flexible, highly available, and cost effective data storage to support continuous operations for the state's critical workloads. ESM is also central to a computing optimization effort currently underway. One of the aspects of this effort is to improve our hosting services by offering a service that increases the efficiency and availability of computing resources for applications. Through the use of new technologies, the state is implementing a virtual infrastructure that will respond dynamically to our rapidly changing business needs. With on-demand computing power, this virtual infrastructure will reduce operational costs and minimize energy demands. This effort will deliver IT resources when and where they are needed using a flexible and efficient environment for running applications created by a virtual infrastructure.

Phase two of this effort will leverage the virtual infrastructure to create the state's "internal cloud." This internal cloud will be available to Arkansas governmental entities and users to help encapsulate applications into a single unit. This will provide for more flexibility in managing applications. This will give state entities the elasticity to run applications internally or partner with external cloud and SAAS (Software as a Service) providers to be able to provide services to citizens in the most efficient manner possible.

Enterprise Network Services provides and manages the State voice, data, video, and wireless networks, including Internet access and state-wide network connectivity to state agencies, boards, commissions constitutional offices, K-12 education, and higher education institutions. The division also assists customers in accomplishing their technology goals through network engineering, provisioning, and operations. The Enterprise Network Services Division manages 1,940 network edge devices or routers, utilizing more than 2,700 circuits. Internet bandwidth capacity provided at the DIS Data Center has grown from 45 Mbps (millions of bits per second) in 1997 to 1,335 Mbps distributed over three Points of Presence. The State data network has doubled approximately every 18 months over the past 12 years. The data network also provides 10 internet content filtering servers which block about 8,000 sites per second. The Enterprise Network Services group provides operational support twenty-four hours a day, three hundred sixty five days a year to ensure uninterrupted services to state agencies, and the citizens of Arkansas. The Division also provides solutions that comply and support the business and program priorities for state government. It establishes open and common frameworks and processes to enable statewide information sharing and interoperability of services.

Enterprise Services provides Application Management, Data Warehouse, and document imaging services to customers. Application Management supports the state drivers' license system, interfacing with the Department of Finance and Administration (DFA), Arkansas State Police (ASP), Arkansas Crime Information Center (ACIC), the Office of Child Support Enforcement, and the Administrative Office of the Courts. The division manages applications in support of individual, corporate, withholding, and sales tax systems. Other applications

Administration System, which tracks 26 licenses and registration such as concealed handgun, fireworks, private business, and commissioned security officer, and the Arkansas Public Licensure System for the Arkansas Department of Education (ADE). The Division also supports the DIS Customer Notification System (CNS) which provides information to customers. The applications group implemented the Wage Reporting System (WRS)/Employer Registration System (ERS) application for the Department of Workforce Services (DWS) in FY2007. More than 1,300 employers used the ERS application to register their company with DWS, and an average of 2,000 employers use the WRS application to upload employee wages to DWS and make unemployment insurance payments on-line.

The Data Warehouse and Document Imaging section has over seven years experience designing, developing and supporting business intelligence and document imaging solutions. This section supports over 400 customers and maintains and manages over 800,000 scanned documents and published reports. The services offered are: Business Analysis, Business Process Modeling, Logical Data Modeling, Data Cleansing, Data Integration, Managed Querying and Reporting, Imaged Document Management, and Imaging Workflow, all in a secure environment. Our customer base includes Department of Finance and Administration (DFA), Department of Human Services (DHS) Department of Workforce Services (DWS), Arkansas Crime Information Center (ACIC), Arkansas Department of Education (ADE), and Department of Parks and Tourism. We assist these customer agencies by developing and supporting systems like ADE's Supplemental Education tracking and reporting and teachers' professional licensing reporting and imaging; DWS' Benefit Payment Control reporting, calculating, tracking and auditing of unemployment benefits; DHS' contracts reporting and document imaging and child care and early childhood education reporting; DFA' s filing, tracking and reporting on projects and programs for American Recovery and Reinvestment Act; and document imaging for ACIC's criminal history and sex offender records.

Enterprise Operations Division provides DIS customers a high-reliability Operations Center, customer service desk, and customer field support services. They are responsible for a 12,800 sq. ft. secure, environmentally controlled, raised floor environment that houses critical technology assets, such as an AWIN SmartZone controller, mainframe and server computers, centralized disk storage, network routing equipment, security monitoring data back-up tape systems, AC power protection, gas fire suppression system, under-floor and ceiling water leak detection, emergency generator, off-site vaulted tape backup storage, and disaster cold site capability. The Operations Center performs more than 2,000 mainframe and server-based data processing jobs per day. The division also monitors AWIN, the state's first responder system, state network and computer systems 24 hours a day, every day of the year. The division is responsible for the print production which averages 1.5 million pages per month. The Customer Service Desk (Call Center) is staffed by nine agents who receive and work 115,000 state, city, local government, and education customer trouble calls and e-mails annually. From these contacts approximately 67,000 incidents are created and managed using a new incident management system, CA Service Desk, and of these approximately 19,500 are resolved without referral to technical services. The Customer Service Desk (Call Center) also houses the State Operators who assist Arkansas citizens with 38,500 telephone number inquiries each year. The Field Support Team provides desktop, server, and local area network support for K-12 education, as well as other DIS customers as needed. Nine remote and five central office technicians serve 263 Arkansas Public School Computer Network (APSCN) customers. Technical training workshops for school technology coordinators are offered at local educational

cooperatives and Little Rock. DIS also provides precinct-level support to county election officials as coordinated through the Secretary of State's Office. The Field Support group plays a key role in DIS disaster response technical support. Examples include the February 5<sup>th</sup> tornado with technical support responses in Atkins, Clinton, Mountain View and Gassville.

**Customer Relationship Management Office** provides customer service representatives who serve as a liaison between DIS and assigned customer base. The account representatives evaluate the technology needs of our customers and present solutions. They also coordinate with internal departments to present solutions and complete projects, provide product demonstrations and presentations, and promote DIS products and services to ensure buying power for the state. The team also coordinates technology upgrades and conversions for state agencies, boards, and commissions.

This area also includes the following;

Billing Section - DIS operates as an Internal Service Fund providing telecommunications and data processing services to state agencies and other approved governmental entities on a fee-for-service basis. As prescribed in both State and Federal laws and guidelines, DIS is required to operate at or near zero profit. DIS recovers all expended cost by billing clients for service usage.

Vendor Invoice Reconciliation allows DIS to manage our expensed dollars versus dollars billed. This group tracks invoice details to authorized contract rate elements in order to validate service rendered.

Communications Section provides leadership in the Agency's efforts in planning and conducting internal and external communications. The team utilizes printed and electronic correspondence and newsletters, as well as audio and video presentations. The team is also responsible for communications efforts for programs such as the Arkansas Wireless Information Network (AWIN), state video network (VNET) and the state's participation in the E-Rate program. The division is directly responsible for the agency's communication with administration, legislators, customers, taxpayers, media and other key stakeholders.

The Contract Section is responsible for processing all contract related documentation and managing all contract processes. This includes RFP, IFB, RFQ awards and renewals, as well as maintenance contracts, leases, or inter-agency agreements. The Contract Section will review all vendor contracts for compliance with Arkansas Law and works with the Office of State Procurement, vendors, and internal stakeholders to assure a valid contract agreement is in place at all times.

**Project & Enterprise Program Management Office (PEPMO)** provides project management services for internal and external projects, as well as for multi-agency and state-wide projects and programs. PEPMO services are the management of project schedules, progress reports, life-cycle development, risk and resource management, cost and budget control, and change management. DIS project managers utilize a consistent approach based on internationally accepted methods, techniques, and best practices defined by the Project Management Institute.

In addition to project and program management, PEPMO includes:

Strategic Funding - E-RATE Program - This program provides discounts to assist schools and libraries in obtaining affordable telecommunications and internet access. It is one of the support programs funded through the Universal Service fee which is charged to companies that provide interstate telecommunications services. Through these efforts, state entities have received several million dollars by participating in this program. The team also assists state efforts in the Rural Health Care Program.

Arkansas Wireless Information Network Program Office (AWIN) provides a statewide trunk-based interoperable communications system to support the public safety/service users in Arkansas on a daily basis as well as in times of emergencies that are multi-jurisdictional or multi-disciplinary. The primary focus is to provide cost efficient/well maintained data, voice, wireless, and video services to our customers including technical stability, application of converged technology, timely response to customer's needs and, in general, creating customer satisfaction. AWIN currently serves more than 17,000 public safety personnel across the state. More than 100 tower sites provide a state-wide network that allows users in any part of the state to communicate in time of emergencies. The AWIN team provides system management, including engineering support for system monitoring, engineering design and analysis for new projects, and 24 hours a day, 365 days a year system support, monitoring, and on-call phone support. Support of the system includes monitoring of the digital trunked system, monitoring and control of the microwave backbone, monitoring site environmental alarms, monitoring sites and channels, and the monitoring of radios and talk groups. The team also provides coordination with the Association of Public Safety Communications Officials (APCO) to ensure proper frequency licensing.

**The Chief Financial Officer** is responsible for the Fiscal Administration Division which plans, develops, implements policy, and provides for the overall management of DIS Accounting functions, budgeting, funds management, financial activities, rate design, cost recovery, and internal time reporting, as well as special projects. These are the daily operational programs that enable the Department to run effectively and efficiently. The Financial Operations group provides accounts payable and receivable activities for the agency; Information Technology Asset Management (ITAM) group tracks the Department's assets and reports to the Fiscal Administration group.

**The State Cyber Security Office** offers security solutions to provide protection to public organizations on the state network and assist public organizations in developing business and disaster recovery plans. The state Security team monitors, protects, and performs vulnerability assessments for DIS hosted services by providing security monitoring of the state-wide network, including the operation and maintenance of 900 firewalls on the network. These efforts result in the denial of 10 million malicious attempts through the network firewalls daily. The network Monitoring, Analysis, and Reporting System (MARS) deployed into production in 2006, sends approximately 1,500 alerts of possible threats on the network daily. DIS security efforts result in the rejection and/or quarantine of an estimated 710,000 spam e-mails daily and provide twenty-four hours a day, seven days a week monitoring, system support and on-call phone support to ensure maximum reliability for our customers.

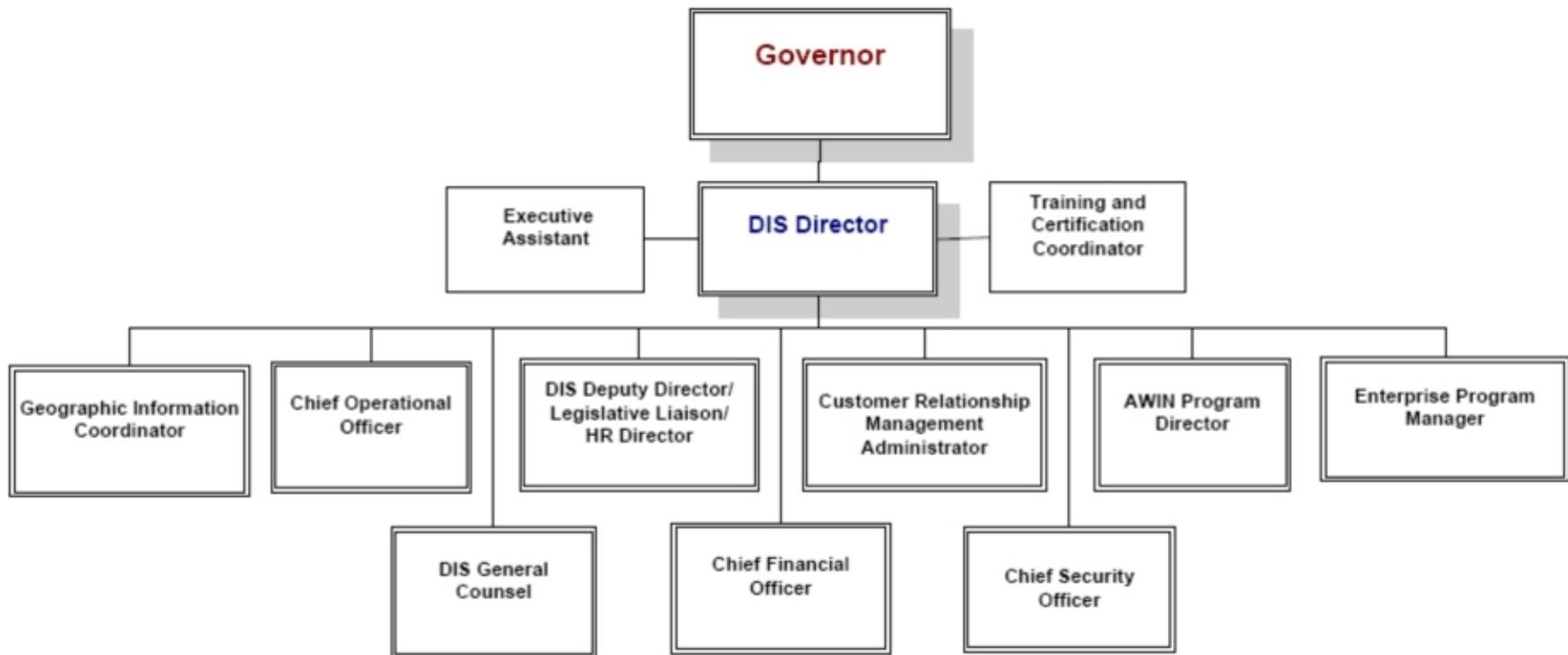
The State Cyber Security Office facilitates the state security working group to formulate policies and standards related to cyber security. The Office also works to develop state contracts for cyber security products to save the state money by taking advantage of economies of scale and to provide a more secure environment across the public sector.

The Continuity of Operations Team of professionals is also a part of the Security Office. Primary functions include planning and coordination of the development, implementation, testing, and maintenance of Continuity of Operations plans, Pandemic Flu plans and preparation for any major interruption of DIS services and operations.

**Enterprise Architecture** is responsible for the process of translating business vision and strategy into effective enterprise change by creating, communicating and improving the key requirements, principles and models that describe the enterprise's future state and enable its evolution. The scope of enterprise architecture includes the people, processes, information and technology of the enterprise, and their relationships to one another and to the external environment. The team is also responsible for technology portions of the State IT planning process that each agency, board and commission are required to submit. DIS IT planning efforts align with the responsibilities of the DFA team to manage budget and costs.

In addition to Enterprise Architecture & Planning, this section includes:

Quality Management who is responsible for the agency quality program, which is built around the Malcolm Baldrige National Quality Award criteria and has Arkansas Institute of Performance Excellence (AIPE) examiners on staff. Quality efforts also include the Customer Feedback System. DIS has twice earned the AIPE Commitment Award (2003, 2004) and twice earned the AIPE Achievement Award (2005, 2006).



## **Agency Commentary**

The Department of Information Systems (DIS) continues to pursue its leadership role in bringing Arkansas agencies and institutions of state government forward in the use of technology. DIS provides technical planning, design, services, and support for information technology and telecommunications services to the public sector of Arkansas in a reliable cost-effective manner. Every day Arkansas state agencies are becoming more involved in using electronic tools to conduct business and deliver service and information to citizens. Public expectations and business necessity are driving this trend. An electronic enterprise environment will meet that need by improving public access to government information and democratic processes as well as help government become more efficient, effective, and responsible to the public through the use of information technology. Technology is our most valuable tool in eliminating the effects of distance, time and geography in the delivery of government services. The challenges presented during the 2011 - 2013 Biennium in all these areas must be met if the State of Arkansas and state government are to stay in tune with emerging technologies, which will aid agencies and institutions in delivering the services demanded by their customers, the citizens of Arkansas.

DIS does not receive State General Revenue for daily operations. The department is funded from Non-Revenue Receipts. Non-Revenue Receipts are comprised of moneys received from our customers in payment for services provided. Consequently, DIS must stay attuned to the ever-changing needs of the agencies and institutions we serve to be able to respond to their needs.

## **2011 - 2013 Biennium Requests**

### **Appropriation Only Request:**

- A. Retention of the Unanticipated Services Appropriation
- B. Retention of Capital outlay in the DIS Operating Line Item
- C. Internal Reallocation of Resources - Data Processing

### **Appropriation Only Request:**

#### **A. Retention of Unanticipated Services Contingency - Unfunded Appropriation Only**

This request provides retention of the unanticipated services appropriation from the previous biennial budget. This contingency level was set at \$20,000,000. It allows for operating expenses incurred in the provision of unanticipated services to state agencies, unusual growth in application and/or due to uncontrollable increases in payments to public utilities necessary for the continual provision of services to our customers. Approval of this appropriation will allow DIS to continue to save money for agencies and ultimately the people of Arkansas. DIS is in a unique position to bring together and aggregate procurements and service demands from all agencies and institutions. The significant economies of scale and the ability to have more than one organization served by a single resource is a very cost effective way to implement technology services. Additionally, this aggregation and economy of scale provides the substantial benefit that organizations can have access to technologies, such as distance learning, that would otherwise have been out of their reach. This helps equalize the opportunities available to rural areas and the poorer areas of the state. It can help make government services available in areas and at times where it would not otherwise be cost-effective to provide them. Unanticipated project needs from our customers make this request necessary. We are asking that this appropriation be reinstated at \$20,000,000 each year of the biennium. This request is for appropriation only.

**Operating Budget Request:**

**B. Retention for Capital Outlay - Unfunded Appropriation Only**

The capital outlay requested for the Department of Information Systems is \$4,500,000 in appropriation only for each year of the biennium. The \$4,500,000 will allow DIS to continue purchasing, refreshing equipment, updating, and enhancing services to our state agency customers. Items such as routers, computers, servers, security hardware, software, and other equipment that fall into the capital outlay line item. The prior biennium operating budget line item for Capital Outlay was set at \$4,500,000. We are requesting retention of this amount in appropriation only.

**C. Internal Reallocation of Resource - Data Processing Appropriation Only:**

The Department is requesting a shift of \$8,406,866 of appropriation from the Data Processing line item of the DIS base level budget to the Miscellaneous Character 44 designation. This shift will accommodate the Biennium Budget instructions directing agencies to reallocate this line item appropriation due to efforts to remove this class of expense for accounting purposes.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF INFORMATION SYSTEMS  
FOR THE YEAR ENDED JUNE 30, 2008

Findings

The Agency failed to maintain proper financial documentation of disbursements. Our review of 133 disbursements totaling \$2,376,067 for the two-year period ended June 30, 2008 revealed that the Agency was unable to provide the requested original invoices for 11 or 8% of disbursements tested totaling \$394,803. The Agency did request and receive copies of the invoices from the respective vendors; however, it is the responsibility of the Agency to maintain original source documentation. Failure to retain adequate documentation could lead to misappropriation of assets.

Due to a lack of management oversight and a lack of adequate internal controls, the Agency again failed to remove assets sent to Marketing and Redistribution (M&R) from their asset inventory listing. Our review procedures revealed 15 assets on the Agency's inventory had been sent to Marketing and Redistribution. During our verification of equipment, we noted that three out of 83 items on our equipment observation sample had been sent to M&R but

Recommendations

The Agency strengthen internal controls and review policies and procedures with appropriate office personnel to ensure that original documentation is retained and filed in a manner making it readily available.

The Agency strengthen internal controls and review policies and procedures with appropriate office personnel to ensure that assets sent to Marketing and Redistribution are removed from the Agency's inventory in a timely manner.

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 DEPARTMENT OF INFORMATION SYSTEMS  
 FOR THE YEAR ENDED JUNE 30, 2008

Findings

were still on the Agency's inventory as of January 27, 2009. Additional testing of asset surplus disposal forms and other reports listing assets received by Marketing and Redistribution revealed 12 additional assets on the Agency's inventory that were retired. Failure to properly remove assets from inventory overstates the Agency's fixed asset inventory and jeopardizes the Agency's ability to properly safeguard and account for fixed assets.

Recommendations

**Employment Summary**

	Male	Female	Total	%
White Employees	127	69	196	82 %
Black Employees	12	20	32	13 %
Other Racial Minorities	7	4	11	5 %
Total Minorities			43	18 %
Total Employees			239	100 %

**Publications**

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Quarterly Report to Joint Committee on Advanced Communications and Information Technology	A.C.A. §25-33-104	Y	Y	40	A.C.A. §25-33-104

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
288 Unanticipated Services	0	0	0	0	20,000,000	0	0	0	20,000,000	0	20,000,000	0	0	0	20,000,000	0	20,000,000	0
2QX Information Systems-Operations	76,373,133	250	101,775,337	257	101,891,695	257	97,475,237	257	101,975,237	257	101,975,237	257	97,475,237	257	101,975,237	257	101,975,237	257
2QY Equipment Acquisition	272,059	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0
81Z ARRA	1,007,517	0	4,982,382	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>77,652,709</b>	<b>250</b>	<b>110,257,719</b>	<b>257</b>	<b>125,391,695</b>	<b>257</b>	<b>100,975,237</b>	<b>257</b>	<b>125,475,237</b>	<b>257</b>	<b>125,475,237</b>	<b>257</b>	<b>100,975,237</b>	<b>257</b>	<b>125,475,237</b>	<b>257</b>	<b>125,475,237</b>	<b>257</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	14,917,758	16.1	15,265,796	12.6		11,038,670	9.9	11,038,670	8.1	11,038,670	8.1	11,038,670	9.9	11,038,670	8.1	11,038,670	8.1
Federal Revenue	4000020	1,007,517	1.1	4,982,382	4.1		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Non-Revenue Receipts	4000040	76,984,664	82.9	101,048,211	83.3		100,975,237	90.1	125,475,237	91.9	125,475,237	91.9	100,975,237	90.1	125,475,237	91.9	125,475,237	91.9
Information Tech Reserve	4000295	0	0.0	1,910,312	1.6		3,500,000	3.1	3,500,000	2.6	3,500,000	2.6	3,500,000	3.1	3,500,000	2.6	3,500,000	2.6
Miscellaneous Adjustments	4000345	8,566	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer to Info Tech Reserve	4000645	0	0.0	(1,910,312)	(1.6)		(3,500,000)	(3.1)	(3,500,000)	(2.6)	(3,500,000)	(2.6)	(3,500,000)	(3.1)	(3,500,000)	(2.6)	(3,500,000)	(2.6)
<b>Total Funds</b>		<b>92,918,505</b>	<b>100.0</b>	<b>121,296,389</b>	<b>100.0</b>		<b>112,013,907</b>	<b>100.0</b>	<b>136,513,907</b>	<b>100.0</b>	<b>136,513,907</b>	<b>100.0</b>	<b>112,013,907</b>	<b>100.0</b>	<b>136,513,907</b>	<b>100.0</b>	<b>136,513,907</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(15,265,796)		(11,038,670)			(11,038,670)		(11,038,670)		(11,038,670)		(11,038,670)		(11,038,670)		(11,038,670)	
<b>Grand Total</b>		<b>77,652,709</b>		<b>110,257,719</b>			<b>100,975,237</b>		<b>125,475,237</b>		<b>125,475,237</b>		<b>100,975,237</b>		<b>125,475,237</b>		<b>125,475,237</b>	

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
263	254	9	263	0	3.42 %	257	245	12	257	0	4.67 %	257	241	16	257	0	6.23 %

## **Analysis of Budget Request**

**Appropriation:** 288 - Unanticipated Services

**Funding Sources:** MHC - Department of Information Systems Revolving Fund

This appropriation was established for the Department of Information Systems for the provision of unanticipated services to State Agencies, unusual growth in applications, or uncontrollable increases in payments to public utilities necessary for the continuous provision of services. Special language authorizes an appropriation transfer, upon approval of the Governor and prior review by the Joint Committee on Advanced Communications and Information Technology, to appropriation 2QX-Operations. This appropriation is funded by the Department of Information Systems Revolving Fund and consists of non-revenue receipts derived from services provided to various agencies of the federal, state, city, and county governments.

The Agency requests continuation of this appropriation at \$20,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 288 - Unanticipated Services

**Funding Sources:** MHC - Department of Information Systems Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Unanticipated Services 5130018	0	0	20,000,000	0	20,000,000	20,000,000	0	20,000,000	20,000,000
Total	0	0	20,000,000	0	20,000,000	20,000,000	0	20,000,000	20,000,000
<b>Funding Sources</b>									
Non-Revenue Receipts 4000040	0	0		0	20,000,000	20,000,000	0	20,000,000	20,000,000
Total Funding	0	0		0	20,000,000	20,000,000	0	20,000,000	20,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	20,000,000	20,000,000	0	20,000,000	20,000,000

## Change Level by Appropriation

**Appropriation:** 288 - Unanticipated Services  
**Funding Sources:** MHC - Department of Information Systems Revolving Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C01	Existing Program	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C01	Existing Program	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0

### Justification

C01	The Department of Informations (DIS) is requesting the continuation of appropriation for supporting operating expenses incurred in the provision of services to state agencies, unusual growth in applications, or due to uncontrollable increases in payments to public utilities necessary to prevent an interruption of service to state agencies. This appropriation will only be requested if necessary to carry out the objectives of the agency. Approval for the release of contingency appropriation will go through the Governor, the Chief Fiscal Officer of the State, review by the Joint Committee on Advanced Communications and Information Technology, and the Arkansas Legislative Council. The funds to support this appropriation will be payable from the DIS Revolving Fund. The Department of Informations (DIS) is requesting the continuation of appropriation for supporting operating expenses incurred in the provision of services to state agencies, unusual growth in applications, or due to uncontrollable increases in payments to public utilities necessary to prevent an interruption of service to state agencies. This appropriation will only be requested if necessary to carry out the objectives of the agency. Approval for the release of contingency appropriation will go through the Governor, the Chief Fiscal Officer of the State, review by the Joint Committee on Advanced Communications and Information Technology, and the Arkansas Legislative Council. The funds to support this appropriation will be payable from the DIS Revolving Fund.
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## **Analysis of Budget Request**

**Appropriation:** 2QX - Information Systems-Operations

**Funding Sources:** MHC - Department of Information Systems Revolving Fund

The Department of Information Systems (DIS) provides information technology services to state government and includes a centralized service bureau; a statewide network backbone for data, voice and video; technical guidance and planning for integration with the state architecture; procurement services; and other services for agency and community connectivity. This appropriation is funded by non-revenue receipts derived from services provided to various agencies of the federal, state, city, and county governments. In the event of unforeseen conditions, the agency may request appropriation transfer from Appropriation 288 - Unanticipated Services; after approval of the Governor and prior review by the Joint Committee on Advanced Communications and Information Technology.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflect the FY11 line item maximum.

The Agency requests a reallocation of resources of \$8,406,866 from the Data Processing line item (5090012) to Data Processing Services (5900044) due to discontinuation of the Data Processing line item (5090012). The Agency also requests Capital Outlay of \$4,500,000 to continue purchasing and updating items such as routers, computers, servers, and security hardware.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 2QX - Information Systems-Operations  
**Funding Sources:** MHC - Department of Information Systems Revolving Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	15,333,201	15,682,495	15,671,052	15,640,541	15,640,541	15,640,541	15,640,541	15,640,541	15,640,541
<b>#Positions</b>		<b>250</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>
Extra Help	5010001	106,052	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000
<b>#Extra Help</b>		<b>14</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
Personal Services Matching	5010003	3,810,509	4,139,321	4,267,122	4,381,175	4,381,175	4,381,175	4,381,175	4,381,175	4,381,175
Overtime	5010006	7,954	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000
Operating Expenses	5020002	4,064,317	9,519,905	9,519,905	9,519,905	9,519,905	9,519,905	9,519,905	9,519,905	9,519,905
Conference & Travel Expenses	5050009	162,572	214,321	214,321	214,321	214,321	214,321	214,321	214,321	214,321
Professional Fees	5060010	246,946	631,500	631,500	631,500	631,500	631,500	631,500	631,500	631,500
Data Processing	5090012	7,894,431	8,406,866	8,406,866	8,406,866	0	0	8,406,866	0	0
Capital Outlay	5120011	2,192,308	4,500,000	4,500,000	0	4,500,000	4,500,000	0	4,500,000	4,500,000
Data Processing Services	5900044	0	0	0	0	8,406,866	8,406,866	0	8,406,866	8,406,866
Telecomm/Technology Delivery	5900046	42,554,843	58,450,929	58,450,929	58,450,929	58,450,929	58,450,929	58,450,929	58,450,929	58,450,929
<b>Total</b>		<b>76,373,133</b>	<b>101,775,337</b>	<b>101,891,695</b>	<b>97,475,237</b>	<b>101,975,237</b>	<b>101,975,237</b>	<b>97,475,237</b>	<b>101,975,237</b>	<b>101,975,237</b>
<b>Funding Sources</b>										
Fund Balance	4000005	13,064,577	13,676,108		11,038,670	11,038,670	11,038,670	11,038,670	11,038,670	11,038,670
Non-Revenue Receipts	4000040	76,984,664	101,048,211		100,975,237	105,475,237	105,475,237	100,975,237	105,475,237	105,475,237
Transfer to Info Tech Reserve	4000645	0	(1,910,312)		(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)
<b>Total Funding</b>		<b>90,049,241</b>	<b>112,814,007</b>		<b>108,513,907</b>	<b>113,013,907</b>	<b>113,013,907</b>	<b>108,513,907</b>	<b>113,013,907</b>	<b>113,013,907</b>
Excess Appropriation/(Funding)		(13,676,108)	(11,038,670)		(11,038,670)	(11,038,670)	(11,038,670)	(11,038,670)	(11,038,670)	(11,038,670)
<b>Grand Total</b>		<b>76,373,133</b>	<b>101,775,337</b>		<b>97,475,237</b>	<b>101,975,237</b>	<b>101,975,237</b>	<b>97,475,237</b>	<b>101,975,237</b>	<b>101,975,237</b>

The FY11 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 2QX - Information Systems-Operations  
**Funding Sources:** MHC - Department of Information Systems Revolving Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>97,475,237</b>	<b>257</b>	<b>97,475,237</b>	<b>100.0</b>	<b>97,475,237</b>	<b>257</b>	<b>97,475,237</b>	<b>100.0</b>
C04	Reallocation	0	0	97,475,237	100.0	0	0	97,475,237	100.0
C08	Technology	4,500,000	0	101,975,237	104.6	4,500,000	0	101,975,237	104.6

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>97,475,237</b>	<b>257</b>	<b>97,475,237</b>	<b>100.0</b>	<b>97,475,237</b>	<b>257</b>	<b>97,475,237</b>	<b>100.0</b>
C04	Reallocation	0	0	97,475,237	100.0	0	0	97,475,237	100.0
C08	Technology	4,500,000	0	101,975,237	104.6	4,500,000	0	101,975,237	104.6

### Justification

C04	Due to a change in the accounting guidelines at the Department of Finance and Administration, DIS is requesting an internal reallocation of the Data Processing line item (Char 12) to be placed in Miscellaneous Charcter. This will allow DIS to meet vendor payments, customer request for service and conform to the new state classifications of General Ledger reporting.
C08	The Agency is asking to continue \$4.5 million in appropriation for the Capital Outlay line item to support the following agency and customer requirements. The Department has a four (4) year refresh one (1) year migration cycle with the following systems scheduled for the next biennium. Hardware / Software - Windows applications \$750,000 in FY2012 & \$750,000 in FY2013; Linux and AIX operating systems - \$1 million in FY2012 and \$2 million in FY2013; Main Frame - \$1 million in FY2012 only; Disk - \$500,000 in FY2013 only; Tape - \$100,000 in FY2012 only; Storage Area Network (SAN) - \$500,000 in FY2013 only. The remaining items include, Generators to keep systems up and running - \$1.5 million in FY2012; Chillers for the Data Center climate control - \$100,000 in FY2012;' Water Pipes - \$750,000 in FY2013. These items are included in the 2012 - 2013 Department of Information Systems' IT Plan, and can be found in the IT Support Cost Section of the agency Plan.

## **Analysis of Budget Request**

**Appropriation:** 2QY - Equipment Acquisition

**Funding Sources:** MHD - Department of Information Systems Reserve

The Department of Information Systems utilizes this appropriation for major equipment acquisition or information technology improvements as stated in A.C.A §25-4-122. The agency also uses appropriation authorized through their Operations appropriation (2QX) for purchase of equipment.

The Department is authorized to accumulate a reserve for equipment acquisition in an amount not to exceed the Department's depreciation expense per fiscal year. In addition, the Department is authorized to obtain, from the State Board of Finance, loans from the Budget Stabilization Trust Fund to supplement the reserve if the reserve is insufficient to handle the total cost of required equipment acquisitions. These loans and the reserve for equipment acquisition shall be used exclusively for major equipment acquisitions or information technology improvements required in order to fulfill the requirements for one (1) or more user agencies. The loans from the Budget Stabilization Trust Fund to the Information Technology Reserve Fund shall be repaid within five (5) years from revenues derived from charges to users, and the annual loan repayment amount shall be computed as a part of the total yearly expenses of the Department and shall be charged proportionately to users. The State Board of Finance, after obtaining the Governor's written approval, shall also review and may approve the loans the establish terms of repayment and a rate of interest to be paid by the Department of Information Systems Revolving Fund to the Budget Stabilization Trust Fund, which rate shall be approximately equivalent to the rate of interest the State Board of Finance is receiving on other investments at the time of approving the loan request.

It has been 9 years since the agency used this authority to receive a loan.

The Agency requests Base Level of \$3,500,000 for each year of the biennium.

Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2QY - Equipment Acquisition  
**Funding Sources:** MHD - Department of Information Systems Reserve

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Equip Acq's & IT Improvements 5900046	272,059	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
<b>Total</b>	<b>272,059</b>	<b>3,500,000</b>							
<b>Funding Sources</b>									
Fund Balance 4000005	1,853,181	1,589,688		0	0	0	0	0	0
Information Tech Reserve 4000295	0	1,910,312		3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Miscellaneous Adjustments 4000345	8,566	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>1,861,747</b>	<b>3,500,000</b>		<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>
Excess Appropriation/(Funding)	(1,589,688)	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>272,059</b>	<b>3,500,000</b>		<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>

Miscellaneous Adjustments line amount is Sales Tax Rebate.

## **Analysis of Budget Request**

**Appropriation:** 81Z - ARRA

**Funding Sources:** FIS - Federal Funds-ARRA

This appropriation was established through the authority of the Miscellaneous Federal Grant Holding Account during the 2009-2011 biennium. The agency received three (3) grants under the American Recovery and Reinvestment Act (ARRA) for the Arkansas Wireless Information Network (AWIN). The grants provided for installation of a 'Smart' Zone Controller at the Arkansas Department of Emergency Management to provide redundancy and ensure continuity of operations of AWIN during emergencies; an upgrade of the AWIN operating system software and related component hardware of 78 sites across the state including the 'Smart' Zone controllers; and an expansion of AWIN channels in the Little Rock metropolitan area.

Funding for these programs will end in the fall of FY2011.

This appropriation is not requested for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 81Z - ARRA

**Funding Sources:** FIS - Federal Funds-ARRA

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Federal ARRA Project 5900052	1,007,517	4,982,382	0	0	0	0	0	0	0
<b>Total</b>	<b>1,007,517</b>	<b>4,982,382</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Fund Balance 4000005	0	0		0	0	0	0	0	0
Federal Revenue 4000020	1,007,517	4,982,382		0	0	0	0	0	0
<b>Total Funding</b>	<b>1,007,517</b>	<b>4,982,382</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>1,007,517</b>	<b>4,982,382</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

## Change Level by Appropriation

**Appropriation:** 81Z - ARRA  
**Funding Sources:** FIS - Federal Funds-ARRA

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C03	Discontinue Program	(4,982,382)	0	(4,982,382)	100.0	(4,982,382)	0	(4,982,382)	100.0
C16	ARRA	4,982,382	0	0	0.0	4,982,382	0	0	0.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C03	Discontinue Program	(4,982,382)	0	(4,982,382)	100.0	(4,982,382)	0	(4,982,382)	100.0
C16	ARRA	4,982,382	0	0	0.0	4,982,382	0	0	0.0

### Justification

C03	Federal funding for these programs will end in the fall of FY2011. Therefore appropriation will not be needed in the next biennium.
C16	The agency received three (3) grants under the American Recovery and Reinvestment Act (ARRA) for the Arkansas Wireless Information Network (AWIN). The first grant is for the installation of a 'Smart' Zone Controller at the Arkansas Department of Emergency Management to provide redundancy and ensure continuity of operations of AWIN during emergencies. The second grant provided for an upgrade of the system operating system software and related component hardware of 78 sites across the state including the Smart Zoned Controllers. The third grant provided for an increase in AWIN capacity through channel expansion in the Little Rock Metropolitan area.

# STATE INSURANCE DEPARTMENT

## Enabling Laws

Act 26 of 2010

A.C.A. §21-2-701 et seq.

A.C.A. §21-5-601 et seq.

A.C.A. §23-60-101---23-101-114

A.C.A. §26-57-601---26-57-616

A.C.A. §24-11-301; 24-11-809

A.C.A. §23-102-105---23-102-119

A.C.A. §11-9-301---11-9-307

A.C.A. §21-14-101(d)(2)

A.C.A. §23-40-101 et seq.

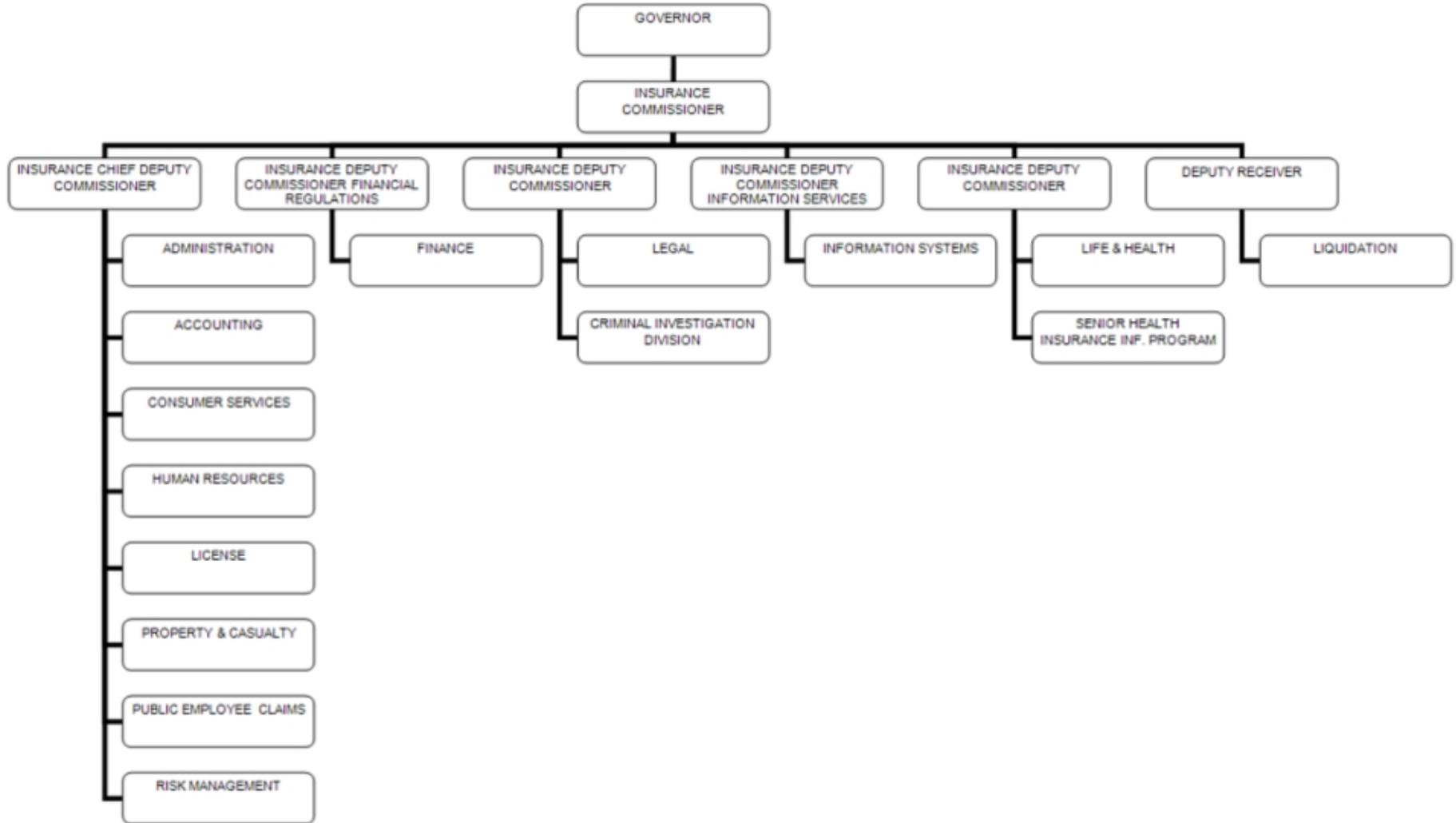
## History and Organization

The purpose of the Arkansas Insurance Department is to serve and protect the public interest by the equitable enforcement of the State's laws and regulations affecting the insurance industry. The primary mission of the Department is consumer protection through insurer solvency, market conduct regulation, and fraud prevention and deterrence.

It is the responsibility of the State Insurance Department to regulate all persons conducting the business of insurance in the State of Arkansas. This includes the review and licensing of insurance companies desiring to be admitted, and the review and approval of companies wishing to do business on a non-admitted or surplus lines basis, the examination of the affairs and financial condition of each domestic insurer every three to five years and foreign insurers when necessary, testing and licensing of all persons applying to become insurance agents, title agents, reviewing and analyzing policy forms and rate filings, and the collection of applicable premium taxes and fees. In addition, regulate and license limited surety agents, automobile clubs, health maintenance organizations, pre-paid legal insurers and hospital and medical service corporations. Registration requirements have been established for third party administrators. The Department has responsibility for the collection of funds for the Firemen's and Police Officers' Pension Funds. It assists state agencies, institutions and schools in the establishment of appropriate insurance programs and procurement of coverage. The Department receives and investigates complaints from citizens concerning persons engaging in any of the areas regulated, and provides information to the public with regard to these entities. Legislation is prepared and rules are promulgated to effectively carry out duties. The Department administers domiciliary and ancillary receivership proceedings for companies placed in rehabilitation or liquidation. The State Insurance Department operates with a trust fund. Legislation

established the Workers' Compensation Fraud Investigation Unit, the Insurance Fraud Investigation Division, and PrePaid Funeral Benefits Division; all operating with trust funds.

The Public Employee Claims Division was created within the State Insurance Department. The Division is designated as the unit of State government primarily responsible for the administration of Public Employee Workers' Compensation claims in the state of Arkansas.



## **Agency Commentary**

It is the responsibility of the State Insurance Department to regulate all persons conducting the business of insurance in the State of Arkansas. This includes the review and licensing of insurance companies desiring to be admitted, and the review and approval of companies wishing to do business on a non-admitted or surplus lines basis, the examination of the affairs and financial condition of each domestic insurer every three to five years and foreign insurers when necessary, testing and licensing of all persons applying to become insurance agents, reviewing and analyzing policy forms and rate filings, and the collection of applicable premium taxes and fees. In addition, regulate and license limited surety agents, automobile clubs, health maintenance organizations, pre-paid legal insurers and hospital and medical service corporations. Registration requirements have been established for third party administrators. The Department has responsibility for the collection of funds for the Firemen's and Police Officers' Pension Funds. Another duty is assisting State agencies, institutions, and schools in the establishment of appropriate insurance programs and procurement of coverage. The Department receives and investigates complaints from citizens concerning persons engaging in any of the areas regulated, and for providing information to the public with regard to these entities. Legislation is prepared and rules and regulations are promulgated to effectively carry out these duties. The Department administers domiciliary and ancillary receivership proceedings for companies placed in rehabilitation or liquidation. Legislation has added the Workers' Compensation Fraud Investigation Unit, the Insurance Fraud Investigation Division and the Prepaid Funeral Benefits Division. The Public Employee Claims Division was also created within the State Insurance Department. This Division is designated as the unit of state government primarily responsible for the administration of Public Employee Workers' Compensation claims in the State of Arkansas.

The Department is requesting Base Level for its programs, with the following exceptions:

In the State Operations Program, the addition of \$20,000 each year in Capital Outlay is requested for replacement of Non-IT equipment. Another \$135,000 each year in Capital Outlay is for continuation of scheduled replacement and upgrading of technology equipment indicated in the Department's IT plan that has been submitted to the DFA - Office of State Technology Planning.

Reallocation of \$150,000 each year from the Data Processing line item to Operating Expenses. These resources are used to reimburse the Department of Information Systems for support and assistance with this program's IT operations. The Office of Accounting has determined that these expenditures should properly be made from the Operating Expenses line item.

Restoration of three positions that were provided from the OPM central growth pool and approved by the ALC Personnel Committee in April, 2010, to establish a Market Conduct Program.

The reclassification of four positions and upgrading of four others is also requested.

In the Department's Criminal Investigation Division, the addition of \$7,000 each year in Operating Expenses is requested for this program's share of costs to continue scheduled replacement and upgrading of low value information technology equipment as part of the Department's IT plan.

Reallocation of \$1,000 each year from Data Processing to Operating Expenses as recommended by the Office of Accounting for support received from the Department of Information Systems.

In the Prepaid Funeral Benefits Division, reallocation of \$2,000 each year is requested from Data Processing to Operating Expenses as recommended by the Office of Accounting for support received from the Department of Information Systems.

In the Public Employee Claims Section, reallocation of \$4,000 each year is requested from Data Processing to Operating Expenses as recommended by the Office of Accounting for support received from the Department of Information Systems.

The addition of \$10,000 each year in Capital Outlay is requested for replacement of Non-IT equipment.

The addition of \$5,000 each year in Operating Expenses is requested for this program's share of costs to continue scheduled replacement and upgrading of low value information technology equipment as part of the Department's IT plan.

Reclassification of a Workers' Comp Claims Specialist to a Workers' Comp Program Manager is also requested.

In the Health Information Counseling Program, reallocation of \$1,600 each year is requested from Data Processing to Operating Expenses as recommended by the Office of Accounting for support received from the Department of Information Systems.

Also requested is upgrading of the Senior Health Insurance Information Program Manager position from Grade C124 to C130.

In the appropriation for State Employee Claims, an additional \$1,000,000 each year is requested to assure sufficient resources are available to process all workers' compensation claims for State employees.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE INSURANCE DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2008

### Findings

An accounting determination was made during the year, which required the Agency to add 13 receivership bank accounts totaling \$4,720,202 to AASIS that had not been reported in previous years. These accounts were not reflected on the Agency's June 30, 2008 trial balance.

Failure to properly record required financial information may result in inaccurate and unreliable financial reports that could affect management's ability to make quality decisions.

### Recommendations

Controls be implemented to ensure that all information pertinent to the Agency's financial statements are recorded properly and in a timely manner.

## Employment Summary

	Male	Female	Total	%
White Employees	54	80	134	78 %
Black Employees	4	29	33	19 %
Other Racial Minorities	1	3	4	3 %
Total Minorities			37	22 %
Total Employees			171	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report	A.C.A. 23-61-112	Y	N	120	Required for the Governor and provided to others upon request.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1QA AMAIT - Operations	5,100,982	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0
2SW Insurance-State Operations	10,367,596	129	11,905,831	138	11,678,229	135	11,590,931	135	11,973,879	138	11,784,079	138	11,590,931	135	11,973,879	138	11,784,079	138
2SX Fraud Investigation Unit	274,601	4	356,638	4	340,874	4	353,208	4	353,208	4	353,208	4	353,208	4	353,208	4	353,208	4
2SY St Ins Dept Criminal Investigation Division	653,845	11	969,645	11	1,034,423	11	955,512	11	962,512	11	954,512	11	955,512	11	962,512	11	954,512	11
2SZ Prepaid Funeral Benefits Division	268,274	4	356,193	4	356,565	4	361,914	4	361,914	4	361,914	4	361,914	4	361,914	4	361,914	4
2TA Continuing Education Program	35,008	1	35,506	1	35,865	1	35,514	1	35,514	1	35,514	1	35,514	1	35,514	1	35,514	1
2TB State Employee Claims	11,589,653	0	14,000,000	0	14,000,000	0	14,000,000	0	15,000,000	0	15,000,000	0	14,000,000	0	15,000,000	0	15,000,000	0
2TC Governmental Bonding Board Operations	194,605	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0
2TD Public Employees Claims Section	1,377,211	23	1,516,246	24	1,553,578	24	1,502,863	24	1,517,863	24	1,498,863	24	1,502,863	24	1,517,863	24	1,498,863	24
2TE Health Information Counseling	526,270	5	853,580	5	850,601	5	853,627	5	868,823	5	853,627	5	853,627	5	868,823	5	853,627	5
2TF Refunds of Overpayments	4,688,729	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0
2TG Public School Employees Claims	237,644	0	450,000	0	450,000	0	450,000	0	450,000	0	450,000	0	450,000	0	450,000	0	450,000	0
2TH County Employee Claims	23,258	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0
2TJ City Employee Claims	19,786	0	600,000	0	600,000	0	600,000	0	600,000	0	600,000	0	600,000	0	600,000	0	600,000	0
2TK Consumer Info System - Cash	21,446	0	132,029	0	166,425	0	130,166	0	130,166	0	130,166	0	130,166	0	130,166	0	130,166	0
2TM Travel & Subsistence-Cash	76,837	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
2TN Prepaid Funeral Contracts Recovery	16,874	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
4HH Criminal Background Checks-Cash	84,194	0	125,000	0	125,000	0	125,000	0	125,000	0	125,000	0	125,000	0	125,000	0	125,000	0
56A Public School Insurance Program	5,378,777	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0
<b>Total</b>	<b>40,935,590</b>	<b>177</b>	<b>69,205,523</b>	<b>187</b>	<b>69,096,415</b>	<b>184</b>	<b>68,863,590</b>	<b>184</b>	<b>70,283,734</b>	<b>187</b>	<b>70,051,738</b>	<b>187</b>	<b>68,863,590</b>	<b>184</b>	<b>70,283,734</b>	<b>187</b>	<b>70,051,738</b>	<b>187</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	68,304,143	59.1	74,693,094	51.0	61,738,006	46.2	61,738,006	45.8	61,738,006	45.8	64,929,135	47.4	64,539,187	46.9	64,736,987	47.0	
Federal Revenue	4000020	526,270	0.5	853,580	0.6	853,627	0.6	868,823	0.6	853,627	0.6	853,627	0.6	868,823	0.6	853,627	0.6	
Special Revenue	4000030	18,763,630	16.2	18,269,362	12.5	18,491,071	13.8	18,506,071	13.7	18,487,071	13.7	18,491,071	13.5	18,506,071	13.5	18,487,071	13.4	
Cash Fund	4000045	163,203	0.1	212,371	0.1	225,000	0.2	225,000	0.2	225,000	0.2	225,000	0.2	225,000	0.2	225,000	0.2	
Trust Fund	4000050	11,312,368	9.8	26,104,855	17.8	26,104,855	19.5	26,104,855	19.4	26,104,855	19.4	26,104,855	19.1	26,104,855	19.0	26,104,855	19.0	
Miscellaneous Revolving	4000350	4,969,417	4.3	12,250,000	8.4	12,250,000	9.2	12,250,000	9.1	12,250,000	9.1	12,250,000	9.0	12,250,000	8.9	12,250,000	8.9	
Workers' Comp Revolving	4000735	11,589,653	10.0	14,000,000	9.6	14,000,000	10.5	15,000,000	11.1	15,000,000	11.1	14,000,000	10.2	15,000,000	10.9	15,000,000	10.9	
<b>Total Funds</b>		<b>115,628,684</b>	<b>100.0</b>	<b>146,383,262</b>	<b>100.0</b>	<b>133,662,559</b>	<b>100.0</b>	<b>134,692,755</b>	<b>100.0</b>	<b>134,658,559</b>	<b>100.0</b>	<b>136,853,688</b>	<b>100.0</b>	<b>137,493,936</b>	<b>100.0</b>	<b>137,657,540</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		(74,693,094)		(77,177,739)		(64,798,969)		(64,409,021)		(64,606,821)		(67,990,098)		(67,210,202)		(67,605,802)		
<b>Grand Total</b>		<b>40,935,590</b>		<b>69,205,523</b>		<b>68,863,590</b>		<b>70,283,734</b>		<b>70,051,738</b>		<b>68,863,590</b>		<b>70,283,734</b>		<b>70,051,738</b>		

The FY11 Budget amounts for the Insurance-State Operations Program (2SW), the Fraud Investigation Unit (2SX), and the Health Information Counseling Program (2TE) exceed the Authorized amounts due to salary adjustments and matching rate adjustments during the 2009-2011 Biennium. Beginning Fund Balance for 2011-2012 is reduced by \$15,439,733 in accordance with adjustment specified in A.C.A. 23-61-710(c). Variance in 2012-2013 fund balances is due to unfunded appropriation in the Consumer Information System Program (2TK).

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
184	173	11	184	0	5.98 %	184	170	14	184	0	7.61 %	184	169	18	187	-3	8.15 %

Total Budgeted positions in FY2010-2011 include 3 positions provided from the OPM Central Growth Pool.

## **Analysis of Budget Request**

**Appropriation:** 1QA - AMAIT - Operations

**Funding Sources:** TMI - Arkansas Multi-Agency Insurance Trust Fund

The Arkansas Multi-Agency Insurance Trust Fund Program was established by Act 1762 of 2003 to reduce the costs of insurance coverage for state agencies by combining their premium dollars in purchasing broader coverage for property and vehicle insurance with higher deductibles. The program is also designed to build a growing reserve to self-insure ever larger deductible amounts allowing further reductions in policy prices.

Base Level is \$10,000,000 each year and is the Department's request.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 1QA - AMAIT - Operations  
**Funding Sources:** TMI - Arkansas Multi-Agency Insurance Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AMAIT 5900046	5,100,982	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
<b>Total</b>	<b>5,100,982</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	11,129,205	10,877,599		10,877,599	10,877,599	10,877,599	10,877,599	10,877,599	10,877,599
Trust Fund 4000050	4,849,376	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
<b>Total Funding</b>	<b>15,978,581</b>	<b>20,877,599</b>		<b>20,877,599</b>	<b>20,877,599</b>	<b>20,877,599</b>	<b>20,877,599</b>	<b>20,877,599</b>	<b>20,877,599</b>
<b>Excess Appropriation/(Funding)</b>	<b>(10,877,599)</b>	<b>(10,877,599)</b>		<b>(10,877,599)</b>	<b>(10,877,599)</b>	<b>(10,877,599)</b>	<b>(10,877,599)</b>	<b>(10,877,599)</b>	<b>(10,877,599)</b>
<b>Grand Total</b>	<b>5,100,982</b>	<b>10,000,000</b>		<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>

## **Analysis of Budget Request**

**Appropriation:** 2SW - Insurance-State Operations

**Funding Sources:** TSI - State Insurance Department Trust Fund

The State Insurance Department's State Operations appropriation is funded by special revenues that are authorized in Arkansas Code §19-5-922. Base Level for this program is \$11,590,931 each year, with 135 positions authorized and budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salaries of unclassified positions reflect the FY11 line item maximum.

Changes are requested as follows:

The addition of \$20,000 each year in Capital Outlay is requested for replacement of Non-IT equipment. Another \$135,000 each year in Capital Outlay is for continuation of scheduled replacement and upgrading of technology equipment indicated in the Department's IT plan that has been submitted to the DFA - Office of State Technology Planning.

Reallocation of \$150,000 each year from the Data Processing line item to Operating Expenses. These resources are used to reimburse the Department of Information Systems for support and assistance with this program's IT operations. The Office of Accounting has determined that these expenditures should properly be made from the Operating Expenses line item.

Restoration of three positions that were provided from the OPM central growth pool and approved by the ALC Personnel Committee in April, 2010, to establish a Market Conduct Program. These are an Attorney Specialist and two Insurance Senior Examiners. Total salary and matching costs are \$173,148 each year.

The reclassification of four positions and upgrading of four others is also requested. Total costs of these changes are \$54,800 each year.

The Executive Recommendation provides for the Agency Request, with Capital Outlay recommended at \$20,000 each year and the position upgrades and reclassifications not recommended.

# Appropriation Summary

**Appropriation:** 2SW - Insurance-State Operations  
**Funding Sources:** TSI - State Insurance Department Trust Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	6,187,537	6,776,409	6,576,583	6,614,705	6,792,635	6,747,052	6,614,705	6,792,635	6,747,052
<b>#Positions</b>	<b>129</b>	<b>138</b>	<b>135</b>	<b>135</b>	<b>138</b>	<b>138</b>	<b>135</b>	<b>138</b>	<b>138</b>
Extra Help 5010001	98,422	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
<b>#Extra Help</b>	<b>15</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>
Personal Services Matching 5010003	1,780,237	1,975,422	1,947,646	1,982,226	2,032,244	2,023,027	1,982,226	2,032,244	2,023,027
Overtime 5010006	233	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Operating Expenses 5020002	1,780,110	2,035,000	2,035,000	2,035,000	2,185,000	2,185,000	2,035,000	2,185,000	2,185,000
Conference & Travel Expenses 5050009	126,255	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000
Professional Fees 5060010	21,016	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Data Processing 5090012	86,674	150,000	150,000	150,000	0	0	150,000	0	0
Capital Outlay 5120011	155,889	160,000	160,000	0	155,000	20,000	0	155,000	20,000
Special Maintenance 5120032	1,529	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Services 5900043	129,694	386,000	386,000	386,000	386,000	386,000	386,000	386,000	386,000
<b>Total</b>	<b>10,367,596</b>	<b>11,905,831</b>	<b>11,678,229</b>	<b>11,590,931</b>	<b>11,973,879</b>	<b>11,784,079</b>	<b>11,590,931</b>	<b>11,973,879</b>	<b>11,784,079</b>
<b>Funding Sources</b>									
Fund Balance 4000005	42,165,318	47,306,484		34,959,057	34,959,057	34,959,057	38,368,126	37,985,178	38,174,978
Special Revenue 4000030	15,508,762	15,000,000		15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
<b>Total Funding</b>	<b>57,674,080</b>	<b>62,306,484</b>		<b>49,959,057</b>	<b>49,959,057</b>	<b>49,959,057</b>	<b>53,368,126</b>	<b>52,985,178</b>	<b>53,174,978</b>
Excess Appropriation/(Funding)	(47,306,484)	(50,400,653)		(38,368,126)	(37,985,178)	(38,174,978)	(41,777,195)	(41,011,299)	(41,390,899)
<b>Grand Total</b>	<b>10,367,596</b>	<b>11,905,831</b>		<b>11,590,931</b>	<b>11,973,879</b>	<b>11,784,079</b>	<b>11,590,931</b>	<b>11,973,879</b>	<b>11,784,079</b>

The FY11 Budget amounts for Regular Salaries and Personal Services Matching exceed Authorized due to salary adjustments and matching rate adjustments during the 2009-2011 biennium. Beginning Fund Balance for 2011-2012 is reduced to \$34,959,057, which is the total of 3 previous years' budgets, as specified in A.C.A. 23-61-710(c). The FY11 Budget includes 3 positions provided from the OPM Central Growth Pool.

## Change Level by Appropriation

**Appropriation:** 2SW - Insurance-State Operations  
**Funding Sources:** TSI - State Insurance Department Trust Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	11,590,931	135	11,590,931	100.0	11,590,931	135	11,590,931	100.0
C01	Existing Program	20,000	0	11,610,931	100.2	20,000	0	11,610,931	100.2
C04	Reallocation	0	0	11,610,931	100.2	0	0	11,610,931	100.2
C06	Restore Position/Approp	173,148	3	11,784,079	101.7	173,148	3	11,784,079	101.7
C08	Technology	135,000	0	11,919,079	102.8	135,000	0	11,919,079	102.8
C10	Reclass	5,279	0	11,924,358	102.9	5,279	0	11,924,358	102.9
C11	Upgrade/Downgrade	49,521	0	11,973,879	103.3	49,521	0	11,973,879	103.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	11,590,931	135	11,590,931	100.0	11,590,931	135	11,590,931	100.0
C01	Existing Program	20,000	0	11,610,931	100.2	20,000	0	11,610,931	100.2
C04	Reallocation	0	0	11,610,931	100.2	0	0	11,610,931	100.2
C06	Restore Position/Approp	173,148	3	11,784,079	101.7	173,148	3	11,784,079	101.7
C08	Technology	0	0	11,784,079	101.7	0	0	11,784,079	101.7
C10	Reclass	0	0	11,784,079	101.7	0	0	11,784,079	101.7
C11	Upgrade/Downgrade	0	0	11,784,079	101.7	0	0	11,784,079	101.7

### Justification

C01	Capital Outlay of \$20,000 each year is requested for replacement of non-IT equipment.
C04	A Base Level of \$150,000 each year is contained in the Data Processing line item for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item.
C06	Restoration is requested for 3 positions that were provided from the OPM central growth pool and approved by the ALC Personnel Committee in April, 2010. These are an Attorney Specialist and 2 Insurance Senior Examiners to establish a Market Conduct Program as recommended for all states by the National Association of Insurance Commissioners.
C08	Requesting \$135,000 in Capital Outlay each year to continue scheduled replacement and upgrading of information technology equipment in accordance with the Department's IT Plan as submitted to the DFA - Office of State Technology Planning. All items referenced in this request are listed under the Hardware tab in the IT Plan.
C10	Reclassification is requested for 4 positions as follows: An Insurance Senior Examiner, Grade C122, to Certified Financial Examiner, Grade C130; two Insurance Examiners, Grade C119, to Insurance Senior Examiner, Grade C122; and an Administrative Specialist III, Grade C112, to Administrative Analyst, Grade C115.
C11	Upgrading is requested for 4 positions as follows: Property & Casualty Manager from Grade C128 to Grade N906; Insurance Licensing Manager from C124 to C130; Insurance Consumer Protection Manager from C124 to C130; and Personnel Manager from C121 to C130.

## **Analysis of Budget Request**

**Appropriation:** 2SX - Fraud Investigation Unit

**Funding Sources:** TSI - State Insurance Department Trust Fund

The Fraud Investigation Unit was created with the passage of Act 1136 of 1993 to investigate allegations of fraud in workers' compensation cases. Funding is provided by special revenues collected by the Insurance Department and earmarked for this purpose.

Base Level salaries and matching provide for the continuation of four positions and do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

Base Level for this program is \$353,208 each year and is the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SX - Fraud Investigation Unit

**Funding Sources:** TSI - State Insurance Department Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	175,698	186,798	173,978	183,898	183,898	183,898	183,898	183,898	183,898
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	52,427	56,434	53,490	55,904	55,904	55,904	55,904	55,904	55,904
Operating Expenses	5020002	46,476	90,406	90,406	90,406	90,406	90,406	90,406	90,406	90,406
Conference & Travel Expenses	5050009	0	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Professional Fees	5060010	0	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>274,601</b>	<b>356,638</b>	<b>340,874</b>	<b>353,208</b>	<b>353,208</b>	<b>353,208</b>	<b>353,208</b>	<b>353,208</b>	<b>353,208</b>
<b>Funding Sources</b>										
Fund Balance	4000005	113,165	238,522		0	0	0	0	0	0
Special Revenue	4000030	399,958	118,116		353,208	353,208	353,208	353,208	353,208	353,208
<b>Total Funding</b>		<b>513,123</b>	<b>356,638</b>		<b>353,208</b>	<b>353,208</b>	<b>353,208</b>	<b>353,208</b>	<b>353,208</b>	<b>353,208</b>
Excess Appropriation/(Funding)		(238,522)	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>274,601</b>	<b>356,638</b>		<b>353,208</b>	<b>353,208</b>	<b>353,208</b>	<b>353,208</b>	<b>353,208</b>	<b>353,208</b>

The FY11 Budget amounts for Regular Salaries and Personal Services Matching exceed Authorized due to salary adjustments and matching rate adjustments during the 2009-2011 Biennium.

## **Analysis of Budget Request**

**Appropriation:** 2SY - St Ins Dept Criminal Investigation Division

**Funding Sources:** TIF - Insurance Fraud Investigation Division Trust Fund

Act 337 of 1997 (A.C.A. §23-100-101 et seq.) provides for funding of an Insurance Fraud Investigation Division in the State Insurance Department to investigate suspected cases of fraud over a broad range of activities in the insurance industry in Arkansas. An annual administrative and regulatory fee exclusively to support fraud investigation efforts is collected annually from each company under the Department's jurisdiction.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

Base Level for this program is \$955,512 each year, with 11 positions budgeted. Changes are requested as follows:

Reallocation of resources that provide for assistance by the Department of Information Systems in the amounts of \$1,000 each year from Data Processing to the Operating Expenses line item.

Additional Operating Expenses of \$7,000 each year for this program's share of information technology equipment replacement costs.

The Executive Recommendation provides for the reduction in the Data Processing line item and for Base Level in all other line items.

## Appropriation Summary

**Appropriation:** 2SY - St Ins Dept Criminal Investigation Division

**Funding Sources:** TIF - Insurance Fraud Investigation Division Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	426,910	576,196	628,120	571,796	571,796	571,796	571,796	571,796	571,796
<b>#Positions</b>		<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>
Personal Services Matching	5010003	138,374	167,814	180,668	165,081	165,081	165,081	165,081	165,081	165,081
Operating Expenses	5020002	82,761	171,635	171,635	171,635	179,635	171,635	171,635	179,635	171,635
Conference & Travel Expenses	5050009	5,800	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Professional Fees	5060010	0	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Data Processing	5090012	0	1,000	1,000	1,000	0	0	1,000	0	0
Capital Outlay	5120011	0	7,000	7,000	0	0	0	0	0	0
<b>Total</b>		<b>653,845</b>	<b>969,645</b>	<b>1,034,423</b>	<b>955,512</b>	<b>962,512</b>	<b>954,512</b>	<b>955,512</b>	<b>962,512</b>	<b>954,512</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,084,017	1,463,228		1,243,583	1,243,583	1,243,583	1,038,071	1,031,071	1,039,071
Special Revenue	4000030	1,033,056	750,000		750,000	750,000	750,000	750,000	750,000	750,000
<b>Total Funding</b>		<b>2,117,073</b>	<b>2,213,228</b>		<b>1,993,583</b>	<b>1,993,583</b>	<b>1,993,583</b>	<b>1,788,071</b>	<b>1,781,071</b>	<b>1,789,071</b>
Excess Appropriation/(Funding)		(1,463,228)	(1,243,583)		(1,038,071)	(1,031,071)	(1,039,071)	(832,559)	(818,559)	(834,559)
<b>Grand Total</b>		<b>653,845</b>	<b>969,645</b>		<b>955,512</b>	<b>962,512</b>	<b>954,512</b>	<b>955,512</b>	<b>962,512</b>	<b>954,512</b>

## Change Level by Appropriation

**Appropriation:** 2SY - St Ins Dept Criminal Investigation Division  
**Funding Sources:** TIF - Insurance Fraud Investigation Division Trust Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>955,512</b>	<b>11</b>	<b>955,512</b>	<b>100.0</b>	<b>955,512</b>	<b>11</b>	<b>955,512</b>	<b>100.0</b>
C04	Reallocation	0	0	955,512	100.0	0	0	955,512	100.0
C08	Technology	7,000	0	962,512	100.7	7,000	0	962,512	100.7

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>955,512</b>	<b>11</b>	<b>955,512</b>	<b>100.0</b>	<b>955,512</b>	<b>11</b>	<b>955,512</b>	<b>100.0</b>
C04	Reallocation	(1,000)	0	954,512	99.9	(1,000)	0	954,512	99.9
C08	Technology	0	0	954,512	99.9	0	0	954,512	99.9

### Justification

C04	A Base Level of \$1,000 each year is contained in the Data Processing line item for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item.
C08	Requesting \$7,000 in Operating Expenses each year for this program's share of costs to continue scheduled replacement and upgrading of low value information technology equipment in accordance with the Department's IT Plan as submitted to the DFA - Office of State Technology Planning. Items referenced in this request can be found under the Hardware tab in the IT Plan.

## **Analysis of Budget Request**

**Appropriation:** 2SZ - Prepaid Funeral Benefits Division

**Funding Sources:** TIP - State Insurance Department Prepaid Trust Fund

Act 372 of 1997 (Arkansas Code §23-40-107 et seq.) provides for administration of prepaid funeral benefit plans in the State of Arkansas and established the Division of Prepaid Funeral Benefits within the State Insurance Department for this purpose. Funding is derived from initial application or renewal fees for annual permits to sell prepaid funeral benefits.

Base Level is \$361,914 each year, with 4 positions budgeted. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The only change requested is reallocation of \$2,000 in the Data Processing line item for assistance and support by the Department of Information Systems to the Operating Expenses line item, as determined by the Office of Accounting.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SZ - Prepaid Funeral Benefits Division

**Funding Sources:** TIP - State Insurance Department Prepaid Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	201,147	203,203	196,417	200,303	200,303	200,303	200,303	200,303	200,303
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	55,315	50,600	57,758	59,221	59,221	59,221	59,221	59,221	59,221
Operating Expenses	5020002	11,812	69,390	69,390	69,390	71,390	71,390	69,390	71,390	71,390
Conference & Travel Expenses	5050009	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	0	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Data Processing	5090012	0	2,000	2,000	2,000	0	0	2,000	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>268,274</b>	<b>356,193</b>	<b>356,565</b>	<b>361,914</b>	<b>361,914</b>	<b>361,914</b>	<b>361,914</b>	<b>361,914</b>	<b>361,914</b>
<b>Funding Sources</b>										
Fund Balance	4000005	742,464	779,263		688,070	688,070	688,070	591,156	591,156	591,156
Special Revenue	4000030	305,073	265,000		265,000	265,000	265,000	265,000	265,000	265,000
Total Funding		1,047,537	1,044,263		953,070	953,070	953,070	856,156	856,156	856,156
Excess Appropriation/(Funding)		(779,263)	(688,070)		(591,156)	(591,156)	(591,156)	(494,242)	(494,242)	(494,242)
<b>Grand Total</b>		<b>268,274</b>	<b>356,193</b>		<b>361,914</b>	<b>361,914</b>	<b>361,914</b>	<b>361,914</b>	<b>361,914</b>	<b>361,914</b>

The FY11 Budget amount for Regular Salaries exceeds Authorized due to salary adjustments during the 2009-2011 Biennium.

## Change Level by Appropriation

**Appropriation:** 2SZ - Prepaid Funeral Benefits Division  
**Funding Sources:** TIP - State Insurance Department Prepaid Trust Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>361,914</b>	<b>4</b>	<b>361,914</b>	<b>100.0</b>	<b>361,914</b>	<b>4</b>	<b>361,914</b>	<b>100.0</b>
C04	Reallocation	0	0	361,914	100.0	0	0	361,914	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>361,914</b>	<b>4</b>	<b>361,914</b>	<b>100.0</b>	<b>361,914</b>	<b>4</b>	<b>361,914</b>	<b>100.0</b>
C04	Reallocation	0	0	361,914	100.0	0	0	361,914	100.0

### Justification

C04	A Base Level of \$2,000 each year is contained in the Data Processing line item for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item.								
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## **Analysis of Budget Request**

**Appropriation:** 2TA - Continuing Education Program

**Funding Sources:** TIE - Insurance Continuing Education Trust Fund

The Insurance Department's Continuing Education Program has one position budgeted to process continuing education records that are required for agent license renewals. Funding is provided from continuing education application fees, as authorized in Arkansas Code §23-64-308.

Base Level salaries and matching provide for the continuation of one position and do not include appropriation for a Cost of Living Adjustment or a Career Service Payment.

The Department is requesting continuation at the Base Level of \$35,514 each year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TA - Continuing Education Program  
**Funding Sources:** TIE - Insurance Continuing Education Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	25,440	25,647	25,849	25,647	25,647	25,647	25,647	25,647	25,647
<b>#Positions</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	9,568	9,859	10,016	9,867	9,867	9,867	9,867	9,867	9,867
<b>Total</b>		<b>35,008</b>	<b>35,506</b>	<b>35,865</b>	<b>35,514</b>	<b>35,514</b>	<b>35,514</b>	<b>35,514</b>	<b>35,514</b>	<b>35,514</b>
<b>Funding Sources</b>										
Fund Balance	4000005	809,777	897,465		981,959	981,959	981,959	1,066,445	1,066,445	1,066,445
Special Revenue	4000030	122,696	120,000		120,000	120,000	120,000	120,000	120,000	120,000
<b>Total Funding</b>		<b>932,473</b>	<b>1,017,465</b>		<b>1,101,959</b>	<b>1,101,959</b>	<b>1,101,959</b>	<b>1,186,445</b>	<b>1,186,445</b>	<b>1,186,445</b>
Excess Appropriation/(Funding)		(897,465)	(981,959)		(1,066,445)	(1,066,445)	(1,066,445)	(1,150,931)	(1,150,931)	(1,150,931)
<b>Grand Total</b>		<b>35,008</b>	<b>35,506</b>		<b>35,514</b>	<b>35,514</b>	<b>35,514</b>	<b>35,514</b>	<b>35,514</b>	<b>35,514</b>

## **Analysis of Budget Request**

**Appropriation:** 2TB - State Employee Claims

**Funding Sources:** TUW - Workers' Compensation Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of workers' compensation claims payments for employees of the State. Revolving funds derived from agency workers' compensation benefits contributions are the revenue sources for this appropriation, as authorized in Arkansas Code §19-5-805. Base Level is \$14,000,000 each year. The Department is requesting the addition of \$1,000,000 each year to assure sufficient appropriation to cover the growing level of expenses for claims.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TB - State Employee Claims

**Funding Sources:** TUW - Workers' Compensation Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	11,589,653	14,000,000	14,000,000	14,000,000	15,000,000	15,000,000	14,000,000	15,000,000	15,000,000
<b>Total</b>	<b>11,589,653</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>14,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>
<b>Funding Sources</b>									
Workers' Comp Revolving 4000735	11,589,653	14,000,000		14,000,000	15,000,000	15,000,000	14,000,000	15,000,000	15,000,000
<b>Total Funding</b>	<b>11,589,653</b>	<b>14,000,000</b>		<b>14,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>14,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>11,589,653</b>	<b>14,000,000</b>		<b>14,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>14,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>

## Change Level by Appropriation

**Appropriation:** 2TB - State Employee Claims  
**Funding Sources:** TUV - Workers' Compensation Revolving Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>14,000,000</b>	<b>0</b>	<b>14,000,000</b>	<b>100.0</b>	<b>14,000,000</b>	<b>0</b>	<b>14,000,000</b>	<b>100.0</b>
C01	Existing Program	1,000,000	0	15,000,000	107.1	1,000,000	0	15,000,000	107.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>14,000,000</b>	<b>0</b>	<b>14,000,000</b>	<b>100.0</b>	<b>14,000,000</b>	<b>0</b>	<b>14,000,000</b>	<b>100.0</b>
C01	Existing Program	1,000,000	0	15,000,000	107.1	1,000,000	0	15,000,000	107.1

### Justification

C01	Requesting an additional \$1,000,000 each year to process Workers' Compensation State Employee Claims payments.
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## **Analysis of Budget Request**

**Appropriation:** 2TC - Governmental Bonding Board Operations

**Funding Sources:** TFB - Fidelity Bond Trust Fund

The State Insurance Department is the managing agency for the appropriation through which the Governmental Bonding Board administers the Self-Insured Fidelity Bond Program on behalf of officials and public employees of counties, municipalities, public schools, and the State of Arkansas. Funding is authorized in A.C.A. §21-2-711 and is derived from bond premiums withheld from the County Aid, Municipal Aid, and Public School funds and from premiums transferred from the fund accounts of State agencies. The Department requests that the current level of \$2,104,855 each year be continued for this appropriation.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TC - Governmental Bonding Board Operations

**Funding Sources:** TFB - Fidelity Bond Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	311	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements 5110014	1,414	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Claims 5110015	192,880	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Investments 5120013	0	760,637	760,637	760,637	760,637	760,637	760,637	760,637	760,637
Professional Services 5900043	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Reinsurance 5900046	0	139,218	139,218	139,218	139,218	139,218	139,218	139,218	139,218
<b>Total</b>	<b>194,605</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>
<b>Funding Sources</b>									
Fund Balance 4000005	3,635,465	3,919,803		3,919,803	3,919,803	3,919,803	3,919,803	3,919,803	3,919,803
Trust Fund 4000050	478,943	2,104,855		2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855
<b>Total Funding</b>	<b>4,114,408</b>	<b>6,024,658</b>		<b>6,024,658</b>	<b>6,024,658</b>	<b>6,024,658</b>	<b>6,024,658</b>	<b>6,024,658</b>	<b>6,024,658</b>
<b>Excess Appropriation/(Funding)</b>	<b>(3,919,803)</b>	<b>(3,919,803)</b>		<b>(3,919,803)</b>	<b>(3,919,803)</b>	<b>(3,919,803)</b>	<b>(3,919,803)</b>	<b>(3,919,803)</b>	<b>(3,919,803)</b>
<b>Grand Total</b>	<b>194,605</b>	<b>2,104,855</b>		<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>

## **Analysis of Budget Request**

**Appropriation:** 2TD - Public Employees Claims Section

**Funding Sources:** HUA - Miscellaneous Agencies Fund

This program is funded by transfers from the Public School Fund, the County Aid Fund, the Municipal Aid Fund, and the fund accounts of State agencies for which workers' compensation claims are administered by this Section, as authorized in Arkansas Code §11-9-307.

Base Level is \$1,502,863 each year, with 24 positions budgeted. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. Requested changes are as follows:

Reclassification of one position, WCC CLaims Specialist to WCC Program Manager. Each of these titles has the same grade, C121, so no additional costs are involved.

The Data Processing line item contains \$4,000 each year for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item.

Operating Expenses of \$15,000 each year for equipment replacement, of which \$5,000 each year is earmarked as this program's share of information technology equipment costs.

The Executive Recommendation provides for Base Level, but also includes the reduction of \$4,000 in the Data Processing line item.

## Appropriation Summary

**Appropriation:** 2TD - Public Employees Claims Section

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	925,990	949,718	978,800	947,708	947,708	947,708	947,708	947,708	947,708
<b>#Positions</b>		<b>23</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
Personal Services Matching	5010003	282,185	300,319	308,569	303,946	303,946	303,946	303,946	303,946	303,946
Operating Expenses	5020002	161,035	233,209	233,209	233,209	252,209	233,209	233,209	252,209	233,209
Conference & Travel Expenses	5050009	8,001	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Professional Fees	5060010	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Data Processing	5090012	0	4,000	4,000	4,000	0	0	4,000	0	0
Capital Outlay	5120011	0	15,000	15,000	0	0	0	0	0	0
<b>Total</b>		<b>1,377,211</b>	<b>1,516,246</b>	<b>1,553,578</b>	<b>1,502,863</b>	<b>1,517,863</b>	<b>1,498,863</b>	<b>1,502,863</b>	<b>1,517,863</b>	<b>1,498,863</b>
<b>Funding Sources</b>										
Special Revenue	4000030	1,377,211	1,516,246		1,502,863	1,517,863	1,498,863	1,502,863	1,517,863	1,498,863
Total Funding		1,377,211	1,516,246		1,502,863	1,517,863	1,498,863	1,502,863	1,517,863	1,498,863
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,377,211</b>	<b>1,516,246</b>		<b>1,502,863</b>	<b>1,517,863</b>	<b>1,498,863</b>	<b>1,502,863</b>	<b>1,517,863</b>	<b>1,498,863</b>

## Change Level by Appropriation

**Appropriation:** 2TD - Public Employees Claims Section  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,502,863</b>	<b>24</b>	<b>1,502,863</b>	<b>100.0</b>	<b>1,502,863</b>	<b>24</b>	<b>1,502,863</b>	<b>100.0</b>
C01	Existing Program	10,000	0	1,512,863	100.7	10,000	0	1,512,863	100.7
C04	Reallocation	0	0	1,512,863	100.7	0	0	1,512,863	100.7
C08	Technology	5,000	0	1,517,863	101.0	5,000	0	1,517,863	101.0
C10	Reclass	0	0	1,517,863	101.0	0	0	1,517,863	101.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,502,863</b>	<b>24</b>	<b>1,502,863</b>	<b>100.0</b>	<b>1,502,863</b>	<b>24</b>	<b>1,502,863</b>	<b>100.0</b>
C01	Existing Program	0	0	1,502,863	100.0	0	0	1,502,863	100.0
C04	Reallocation	(4,000)	0	1,498,863	99.7	(4,000)	0	1,498,863	99.7
C08	Technology	0	0	1,498,863	99.7	0	0	1,498,863	99.7
C10	Reclass	0	0	1,498,863	99.7	0	0	1,498,863	99.7

### Justification

C01	Requesting \$10,000 each year in Operating Expenses for replacement of low value non-IT equipment.
C04	A Base Level of \$4,000 each year is contained in the Data Processing line item for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item.
C08	Requesting \$5,000 in Operating Expenses each year for this program's share of costs to continue scheduled replacement and upgrading of low value information technology equipment in accordance with the Department's IT Plan as submitted to the DFA - Office of State Technology Planning. Items referenced in this request are listed under the Hardware tab in the IT Plan.
C10	Reclassification of a WCC Claims Specialist to a WCC Program Manager is requested. The grades of both titles are the same (C121), so no change would occur in Base Level costs.

## **Analysis of Budget Request**

**Appropriation:** 2TE - Health Information Counseling

**Funding Sources:** FID - Insurance Department - Federal

The Insurance Department's Health Information Counseling Program is 100% federally funded by the U.S. Department of Health and Human Services. Its purpose is to develop and maintain a network of local volunteers to dispense information and assist senior citizens with their insurance needs.

Base Level for this program is \$853,627 each year. Salaries and matching contained in Base Level do not include appropriation for a Cost of Living Adjustment or Career Service Payments for the five continuing positions.

Requested changes are upgrading of the position of Senior Health Insurance Information Program Manager from Grade C124 to C130 at salary and matching costs of \$15,196 each year and reallocation of resources that provide for assistance by the Department of Information Systems in the amounts of \$1,600 each year from Data Processing to the Operating Expenses line item.

The Executive Recommendation provides for the Agency Request, with the position upgrade not recommended.

## Appropriation Summary

**Appropriation:** 2TE - Health Information Counseling

**Funding Sources:** FID - Insurance Department - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	145,328	157,840	155,125	157,840	170,480	157,840	157,840	170,480	157,840
<b>#Positions</b>		<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching	5010003	46,669	55,268	55,004	55,315	57,871	55,315	55,315	57,871	55,315
Operating Expenses	5020002	125,101	282,463	282,463	282,463	284,063	284,063	282,463	284,063	284,063
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	209,172	356,409	356,409	356,409	356,409	356,409	356,409	356,409	356,409
Data Processing	5090012	0	1,600	1,600	1,600	0	0	1,600	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>526,270</b>	<b>853,580</b>	<b>850,601</b>	<b>853,627</b>	<b>868,823</b>	<b>853,627</b>	<b>853,627</b>	<b>868,823</b>	<b>853,627</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	526,270	853,580		853,627	868,823	853,627	853,627	868,823	853,627
Total Funding		526,270	853,580		853,627	868,823	853,627	853,627	868,823	853,627
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>526,270</b>	<b>853,580</b>		<b>853,627</b>	<b>868,823</b>	<b>853,627</b>	<b>853,627</b>	<b>868,823</b>	<b>853,627</b>

The FY11 Budget amounts for Regular Salaries and Personal Services Matching exceed Authorized due to salary adjustments and matching rate adjustments during the 2009-2011 Biennium.

## Change Level by Appropriation

**Appropriation:** 2TE - Health Information Counseling  
**Funding Sources:** FID - Insurance Department - Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>853,627</b>	<b>5</b>	<b>853,627</b>	<b>100.0</b>	<b>853,627</b>	<b>5</b>	<b>853,627</b>	<b>100.0</b>
C04	Reallocation	0	0	853,627	100.0	0	0	853,627	100.0
C11	Upgrade/Downgrade	15,196	0	868,823	101.8	15,196	0	868,823	101.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>853,627</b>	<b>5</b>	<b>853,627</b>	<b>100.0</b>	<b>853,627</b>	<b>5</b>	<b>853,627</b>	<b>100.0</b>
C04	Reallocation	0	0	853,627	100.0	0	0	853,627	100.0
C11	Upgrade/Downgrade	0	0	853,627	100.0	0	0	853,627	100.0

### Justification

C04	A Base Level of \$1,600 each year is contained in the Data Processing line item for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item.
C11	Requesting an upgrade of the Senior Health Insurance Information Program Manager position from Grade C124 to Grade C130. Total additional salary and matching costs are \$15,196 each year.

## **Analysis of Budget Request**

**Appropriation:** 2TF - Refunds of Overpayments

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Insurance Department requests that its Refunds of Overpayments appropriation be approved to continue at the current level of \$11,000,000 each year. This account is used to return premium taxes paid to this State in error and to return amounts that are overpaid.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TF - Refunds of Overpayments  
**Funding Sources:** MTA - Miscellaneous Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	4,688,729	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
<b>Total</b>	<b>4,688,729</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	4,688,729	11,000,000		11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
<b>Total Funding</b>	<b>4,688,729</b>	<b>11,000,000</b>		<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>4,688,729</b>	<b>11,000,000</b>		<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>

## **Analysis of Budget Request**

**Appropriation:** 2TG - Public School Employees Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of payments for long-term workers' compensation claims filed prior to July 1, 1994, by public school employees. Revolving funds derived from employer workers' compensation benefits contributions are the revenue sources for the appropriation through which claims payments are made, as authorized in A.C.A. §19-5-1009.

The Department is requesting continuation of the Base Level of \$450,000 each year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TG - Public School Employees Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	237,644	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Total	237,644	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	237,644	450,000		450,000	450,000	450,000	450,000	450,000	450,000
Total Funding	237,644	450,000		450,000	450,000	450,000	450,000	450,000	450,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	237,644	450,000		450,000	450,000	450,000	450,000	450,000	450,000

## **Analysis of Budget Request**

**Appropriation:** 2TH - County Employee Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of payments for long-term workers' compensation claims filed prior to January 1, 1985, by county employees. Revolving funds derived from employer workers' compensation benefits contributions are the revenue sources for the appropriation through which claims payments are made, as authorized in Arkansas Code §19-5-1009.

The Department is requesting continuation of the Base Level of \$200,000 each year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TH - County Employee Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	23,258	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total	23,258	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	23,258	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding	23,258	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	23,258	200,000		200,000	200,000	200,000	200,000	200,000	200,000

## **Analysis of Budget Request**

**Appropriation:** 2TJ - City Employee Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of payments for long-term workers' compensation claims filed prior to January 1, 1985, by city employees. Revolving funds derived from employer workers' compensation benefits contributions are the revenue sources for the appropriation through which claims payments are made, as authorized in Arkansas Code §19-5-1009.

The Department is requesting continuation of the Base Level of \$600,000 each year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TJ - City Employee Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	19,786	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Total	19,786	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	19,786	600,000		600,000	600,000	600,000	600,000	600,000	600,000
Total Funding	19,786	600,000		600,000	600,000	600,000	600,000	600,000	600,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	19,786	600,000		600,000	600,000	600,000	600,000	600,000	600,000

## **Analysis of Budget Request**

**Appropriation:** 2TK - Consumer Info System - Cash

**Funding Sources:** NDD - Insurance Department - Cash in Treasury

The Department's Consumer Information System Cash Fund is used to dispense information to the public concerning the various policy types, coverages, and purchasing options offered by the insurance industry. Base Level for this program is \$130,166 each year and is the request for 2011-2013.

The current Cash in Treasury balance and previous funding support for this program were derived from a \$100 annual assessment levied on each licensed insurer, as authorized in Arkansas Code §23-63-108. This assessment is no longer collected and support of consumer information through this appropriation will end when the current fund balance and earned interest have been depleted.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 2TK - Consumer Info System - Cash  
**Funding Sources:** NDD - Insurance Department - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	21,446	132,029	166,425	130,166	130,166	130,166	130,166	130,166	130,166
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>21,446</b>	<b>132,029</b>	<b>166,425</b>	<b>130,166</b>	<b>130,166</b>	<b>130,166</b>	<b>130,166</b>	<b>130,166</b>	<b>130,166</b>
<b>Funding Sources</b>									
Fund Balance 4000005	148,980	130,166		0	0	0	0	0	0
Cash Fund 4000045	2,632	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>151,612</b>	<b>130,166</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	(130,166)	1,863		130,166	130,166	130,166	130,166	130,166	130,166
<b>Grand Total</b>	<b>21,446</b>	<b>132,029</b>		<b>130,166</b>	<b>130,166</b>	<b>130,166</b>	<b>130,166</b>	<b>130,166</b>	<b>130,166</b>

## **Analysis of Budget Request**

**Appropriation:** 2TM - Travel & Subsistence-Cash

**Funding Sources:** NDD - Travel and Subsistence - Cash in Treasury

The Insurance Department's Travel and Subsistence Cash Fund is currently authorized at \$100,000 each year. Arkansas Code §23-67-220 provides for recovery of reasonable costs incurred by the Department in conducting financial examinations of entities under its jurisdiction. Part of the recovered costs are passed through this account to reimburse individual examiners for their personal expenses incurred during the examination process. The Department is requesting continuation at the Base Level of \$100,000 each year.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 2TM - Travel & Subsistence-Cash

**Funding Sources:** NDD - Travel and Subsistence - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Travel & Subsistence Expenses 5900046	76,837	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>Total</b>	<b>76,837</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	1,000	1,035		0	0	0	0	0	0
Cash Fund 4000045	76,872	98,965		100,000	100,000	100,000	100,000	100,000	100,000
<b>Total Funding</b>	<b>77,872</b>	<b>100,000</b>		<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
Excess Appropriation/(Funding)	(1,035)	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>76,837</b>	<b>100,000</b>		<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>

## **Analysis of Budget Request**

**Appropriation:** 2TN - Prepaid Funeral Contracts Recovery

**Funding Sources:** TIP - Prepaid Funeral Contracts Program Recovery Fund

Act 1043 of 2001 established the Prepaid Funeral Contracts Recovery Program to reimburse purchasers of pre-need funeral contracts who suffer financial loss due to impairment, insolvency, business interruption, or improper inactivity of a licensed prepaid funeral organization. Funding is authorized from one-time fees of not less than \$5 per contract, up to a maximum set by the State Insurance Commissioner. Such fees collected are to be deposited into the State Insurance Department Prepaid Trust Fund. A portion of these collections may be designated by the State Insurance Commissioner for transfer to the Prepaid Funeral Contracts Recovery Program Fund to pay expenses and claims incurred.

The Department is requesting continuation of the Base Level amount of \$500,000 each year for this program.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TN - Prepaid Funeral Contracts Recovery

**Funding Sources:** TIP - Prepaid Funeral Contracts Program Recovery Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses & Claims 5900046	16,874	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	16,874	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Funding Sources</b>									
Special Revenue 4000030	16,874	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding	16,874	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	16,874	500,000		500,000	500,000	500,000	500,000	500,000	500,000

## **Analysis of Budget Request**

**Appropriation:** 4HH - Criminal Background Checks-Cash

**Funding Sources:** NDD - Criminal Background Checks - Cash in Treasury

The Insurance Department's appropriation for conducting criminal background checks was established by requests from the Cash Fund Holding Account during FY06 and FY07. Funding is provided through a \$22 fee charged to each first-time license applicant and is used to obtain criminal background data from the Arkansas State Police.

This program was appropriated by the General Assembly for the 2009-2011 biennium in the amounts of \$125,000 each year. The Department is requesting continuation at the Base Level of \$125,000.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 4HH - Criminal Background Checks-Cash

**Funding Sources:** NDD - Criminal Background Checks - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	84,194	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>84,194</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	12,089	11,594		0	0	0	0	0	0
Cash Fund	4000045	83,699	113,406		125,000	125,000	125,000	125,000	125,000	125,000
<b>Total Funding</b>		<b>95,788</b>	<b>125,000</b>		<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>
Excess Appropriation/(Funding)		(11,594)	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>84,194</b>	<b>125,000</b>		<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>

## **Analysis of Budget Request**

**Appropriation:** 56A - Public School Insurance Program

**Funding Sources:** TPS - Public School Insurance Trust Fund

Act 738 of 2007 combined the School Motor Vehicle Operations Program and the Public Elementary and Secondary School Insurance Operations Program into the Public School Insurance Program to more efficiently and more economically provide coverage for the vehicles and property of participating school districts. Authorization for the combined program is \$14,000,000, which is also the Base Level and the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 56A - Public School Insurance Program

**Funding Sources:** TPS - Public School Insurance Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses and Claims	5900046	5,378,777	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Total		5,378,777	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
<b>Funding Sources</b>										
Fund Balance	4000005	8,462,663	9,067,935		9,067,935	9,067,935	9,067,935	9,067,935	9,067,935	9,067,935
Trust Fund	4000050	5,984,049	14,000,000		14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Total Funding		14,446,712	23,067,935		23,067,935	23,067,935	23,067,935	23,067,935	23,067,935	23,067,935
Excess Appropriation/(Funding)		(9,067,935)	(9,067,935)		(9,067,935)	(9,067,935)	(9,067,935)	(9,067,935)	(9,067,935)	(9,067,935)
Grand Total		5,378,777	14,000,000		14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000

# LIQUEFIED PETROLEUM GAS BOARD

## Enabling Laws

Act 154 of 2010  
A.C.A. §15-75-101

## History and Organization

The mission of the Liquefied Petroleum Gas Board is to protect the interests and welfare of the general public by providing enforcement of safety requirements contained in the laws and codes that regulate the manufacture, sale, installation, and use of containers and equipment in the storage, transportation, dispensing, and utilization of liquefied petroleum gases.

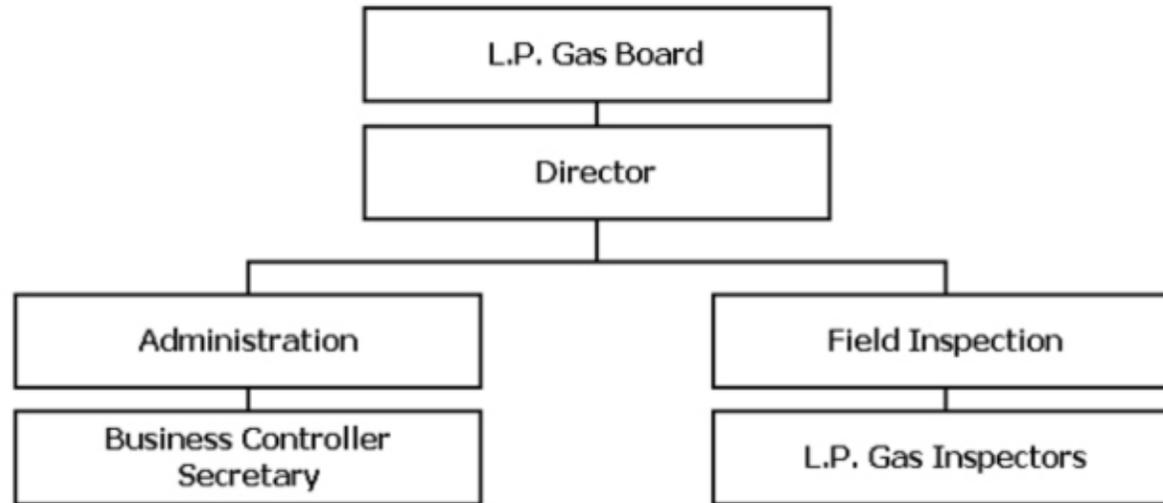
Act 204 of 1939 provided the initial authority for regulation of these activities. These duties were first assigned to a section of the Boiler Inspection Division of the State Department of Labor.

Act 18 of 1957 created a separate agency known as the State Liquefied Petroleum Gas Board that became responsible for enforcement and administration of the rules, regulations, and laws governing the Liquefied Petroleum Gas industry. A seven (7) member Liquefied Petroleum Gas Board was also created by this Act to make judgments concerning permit awards and adjudicate service and territorial disputes. The current structure of fees for permits, licenses, inspections, and registrations provides special revenue funding for Agency operations. The Agency receives no general revenue support.

Act 31 of 1965 is the present authority under which the Agency operates. This Act replaces all the previous acts and amendments and authorizes a fee for inspections of piping in domestic, commercial, industrial, and other types of buildings in which Liquefied Petroleum Gas is utilized.

The Agency's staff consists of seven (7) positions split between an Administrative Section and a Field Inspection Section. The Administrative Section provides the necessary administration, supervision, and clerical support for efficient operations. The Field Inspection Section conducts all inspections required for containers, systems, appliances, and equipment utilized in the storage, transportation, delivery, and usage of Liquefied Petroleum Gas in this State. The Field Section is also responsible for presentation of safety and educational programs on a continuing basis.

Special accomplishments and programs initiated since the formation of the current Board organizational structure in 1957 include the aforementioned safety programs among dealers, their employees, and members of various fire departments throughout the State; setting up of qualifications for a general safety supervisor for each Liquefied Petroleum Gas dealer; strict enforcement of the Liquefied Petroleum Gas Code and the rules and regulations contained therein; improvements in installation methods and placement of large numbers of bulk and commercial storage containers; and periodic spot inspections of existing domestic installations.



### **Agency Commentary**

The Liquefied Petroleum Gas Board staff consists of seven (7) positions which are charged with the responsibility of regulating the Liquefied Petroleum Gas industry in the State, according to the mandates in the Liquefied Petroleum Gas Code. In order for the agency to continue in the efficient performance of its duties, this budget is predicated on each year's Base Level plus the restoration of Capital Outlay to replace two (2) vehicles in FY2012 and three (3) vehicles FY2013. Vehicles will be replaced as needed due to high mileage and/or maintenance costs. These vehicles will be used by LP Gas Inspectors to conduct inspections and investigate complaints statewide.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 LIQUEFIED PETROLEUM GAS BOARD  
 FOR THE YEAR ENDED JUNE 30, 2008

Findings

Recommendations

None

None

## Employment Summary

	Male	Female	Total	%
White Employees	3	3	6	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			6	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
L.P. Code	A.C.A. 15-75-207	N	N	5,000	Rules and Regulation Changes

## Agency Position Usage Report

FY2008 - 2009					FY2009 - 2010					FY2010 - 2011							
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
7	7	0	7	0	0.00 %	7	6	1	7	0	14.29 %	7	6	1	7	0	14.29 %

## **Analysis of Budget Request**

**Appropriation:** 050 - Liquefied Petroleum Gas Board-Operations

**Funding Sources:** SIL - Liquefied Petroleum Gas Fund

The Liquefied Petroleum Gas Board is funded by inspection, permit, and license fees that are enumerated in A.C.A. § 19-6-407. These fees are deposited as special revenues in the Liquefied Petroleum Gas Board Fund.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

In addition to Base Level of \$563,899 each fiscal year, the Board is requesting Capital Outlay of \$40,000 in FY12 to replace two (2) vehicles and \$60,000 in FY13 to replace three (3) vehicles. Vehicles will be replaced as needed due to high mileage and/or maintenance costs. These vehicles will be used by LP Gas Inspectors to conduct inspections and investigate complaints statewide.

The Executive Recommendation provides for the Agency Request for Capital Outlay to replace aging, high mileage vehicles in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

## Appropriation Summary

**Appropriation:** 050 - Liquefied Petroleum Gas Board-Operations

**Funding Sources:** SIL - Liquefied Petroleum Gas Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	288,063	278,406	284,718	272,623	272,623	272,623	272,623	272,623	272,623
<b>#Positions</b>		<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Extra Help	5010001	0	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300
<b>#Extra Help</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	85,947	89,320	89,584	88,326	88,326	88,326	88,326	88,326	88,326
Operating Expenses	5020002	108,529	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Conference & Travel Expenses	5050009	1,238	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Professional Fees	5060010	20,710	38,650	38,650	38,650	38,650	38,650	38,650	38,650	38,650
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	60,000	60,000	0	40,000	40,000	0	60,000	60,000
<b>Total</b>		<b>504,487</b>	<b>630,676</b>	<b>637,252</b>	<b>563,899</b>	<b>603,899</b>	<b>603,899</b>	<b>563,899</b>	<b>623,899</b>	<b>623,899</b>
<b>Funding Sources</b>										
Fund Balance	4000005	837,300	897,824		817,148	817,148	817,148	773,249	773,249	773,249
Special Revenue	4000030	565,011	550,000		520,000	560,000	560,000	500,000	560,000	560,000
<b>Total Funding</b>		<b>1,402,311</b>	<b>1,447,824</b>		<b>1,337,148</b>	<b>1,377,148</b>	<b>1,377,148</b>	<b>1,273,249</b>	<b>1,333,249</b>	<b>1,333,249</b>
Excess Appropriation/(Funding)		(897,824)	(817,148)		(773,249)	(773,249)	(773,249)	(709,350)	(709,350)	(709,350)
<b>Grand Total</b>		<b>504,487</b>	<b>630,676</b>		<b>563,899</b>	<b>603,899</b>	<b>603,899</b>	<b>563,899</b>	<b>623,899</b>	<b>623,899</b>

## Change Level by Appropriation

**Appropriation:** 050 - Liquefied Petroleum Gas Board-Operations  
**Funding Sources:** SIL - Liquefied Petroleum Gas Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>563,899</b>	<b>7</b>	<b>563,899</b>	<b>100.0</b>	<b>563,899</b>	<b>7</b>	<b>563,899</b>	<b>100.0</b>
C01	Existing Program	40,000	0	603,899	107.1	60,000	0	623,899	110.6

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>563,899</b>	<b>7</b>	<b>563,899</b>	<b>100.0</b>	<b>563,899</b>	<b>7</b>	<b>563,899</b>	<b>100.0</b>
C01	Existing Program	40,000	0	603,899	107.1	60,000	0	623,899	110.6

### Justification

C01	Restoration of Capital Outlay appropriation is requested to replace as needed (2) vehicles in FY2012 and (3) vehicles in FY2013, respectively. Vehicles will be replaced as needed due to high mileage and/or maintenance costs. These vehicles will be used by LP Gas Inspectors to conduct inspections and investigate complaints statewide.
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# AR MINORITY HEALTH COMMISSION

## Enabling Laws

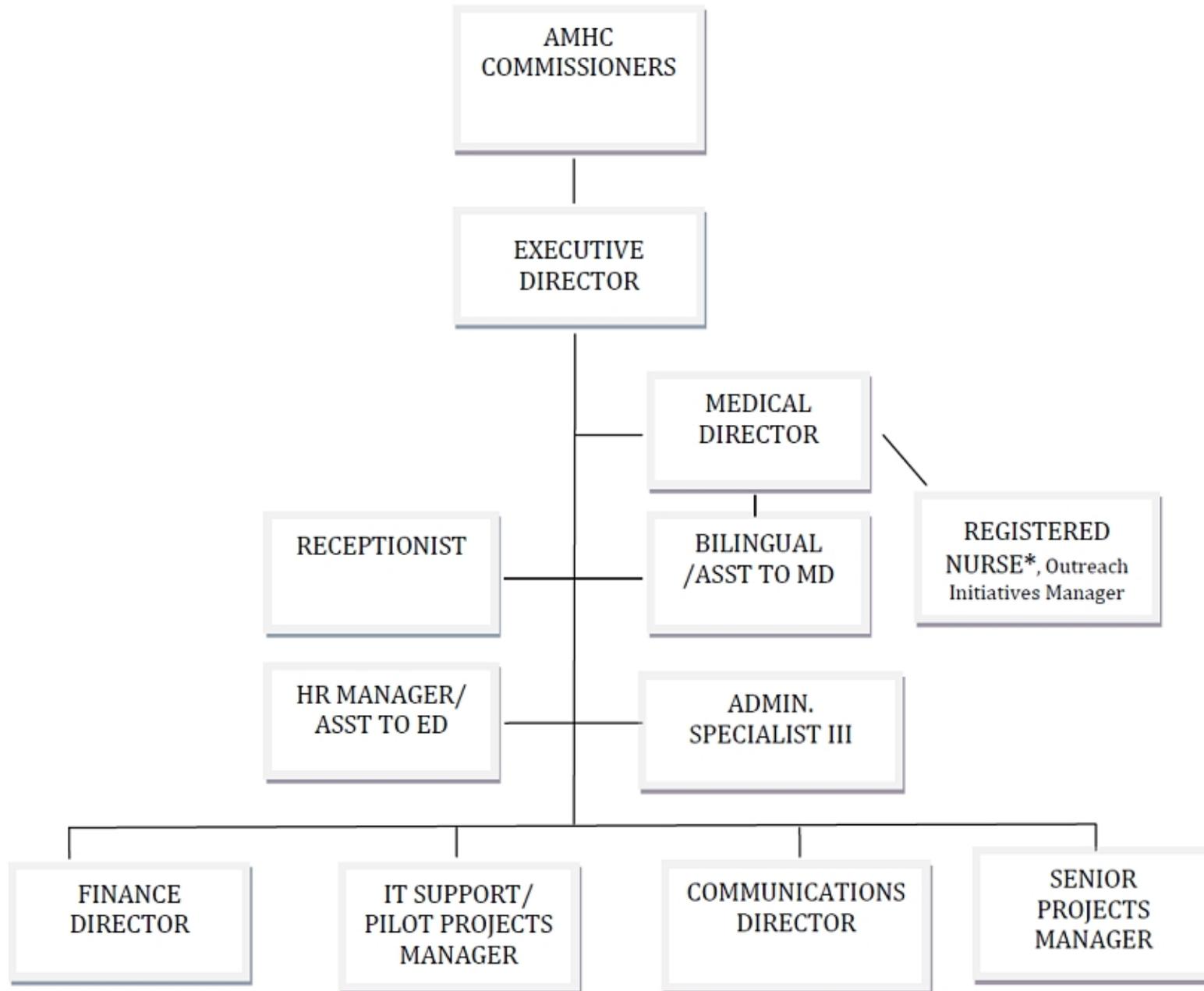
Acts 279 and 227 of 2010  
A.C.A. §20-2-101 et seq.  
A.C.A. §19-12-101 et seq.

## History and Organization

The Arkansas Minority Health Commission was created by Act 912 of 1991 to: 1) study the issues relating to the delivery of access to health services for minorities in the State; 2) identify any gaps in the health system delivery that particularly affect minorities; 3) make recommendations to the relevant agencies for minorities and implement programs that impact the health status of minorities; and 4) study and make recommendations as to whether adequate services are available to ensure future minority health needs will be met.

Initiated Act I of 2000 provides that the Arkansas Minority Health Commission shall establish and administer the Arkansas Minority Initiatives for screening, monitoring, and treating hypertension, strokes, and other disorders disproportionately critical to minority groups in Arkansas. The program is designed to: 1) increase awareness of hypertension, strokes, and other disorders disproportionately critical to minorities by utilizing different approaches that include but are not limited to the following: advertisements, distribution of educational materials and providing medications for high risk minority populations; 2) provide screenings or access to screenings for hypertension, strokes, and other disorders disproportionately critical to minorities but will also provide this service to any citizen within the State regardless of racial/ethnic group; 3) develop intervention strategies to decrease hypertension, strokes, and other disorders noted above, as well as associated complications, including: educational programs, modification of risk factors by smoking cessations programs, weight loss, promoting healthy lifestyles, and treatment of hypertension with cost-effective, well-tolerated medications, as well as case management for patients in these programs; and 4) develop and maintain a database.

Act 358 of 2009 charges the AMHC with developing, implementing, maintaining, and disseminating a comprehensive survey of racial and ethnic minority disparities in health and health care. The Act specifies that the study is to be repeated every five years and that the commission will subsequently publish evidence-based data, define state goals and objectives, and develop pilot projects for decreasing disparities. In addition, Act 574 of 2009 modified the governance structure for the Commission and expanded and clarified its duties.



## Agency Commentary

The mission of the Arkansas Minority Health Commission is to assure that all minority Arkansan access to health care is equal to the care received by other citizens of the State. The Agency also seeks ways to address and treat diseases and conditions that are prevalent among minority populations. Funding for appropriation for the Arkansas Minority Health Commission is state general revenue, tobacco settlement funds, and cash funds from donations, grants, and reimbursements.

In addition to Base Level, the agency requests; 1) an increase in unfunded cash appropriation of \$58,000 in each year of the biennium to maintain budget as authorized in the Act. 2) Increase in Tobacco Settlement funded appropriation of \$525,000 in each year of the biennium to support expanded outreach/screening/monitoring of programs in disparate minority communities; professional services to provide expertise for new piloted projects; and upgrades to data/computer systems.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
AR MINORITY HEALTH COMMISSION

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### Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

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### Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	0	1	1	14 %
Black Employees	0	4	4	57 %
Other Racial Minorities	0	2	2	29 %
Total Minorities			6	86 %
Total Employees			7	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
AMHC Yearly Magazine - Bridge	A.C.A. §19-12-114 (Initiated Act 1 of 2000)	N	N	5,000	Requests by the Public and Commissioners
Arkansas Racial & Ethnic Health Disparity Study Report	A.C.A. §20-2-101 (Act 912 of 1991)	N	Y	100	Requests by the Public, Institutions, and Agencies
Executive Director's Quarterly Update	A.C.A. §19-12-114 (Initiated Act 1 of 2000)	N	N	100	Requests by the Public, Commissioners and Legislators

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2MF Treasury Cash	46,149	0	42,000	0	100,000	0	42,000	0	100,000	0	100,000	0	42,000	0	100,000	0	100,000	0
463 Minority Health Initiative	1,613,505	6	1,985,300	6	2,133,669	6	1,635,300	6	2,160,300	6	1,635,300	6	1,635,300	6	2,160,300	6	1,635,300	6
815 Minority Health Operations	169,748	3	186,383	3	186,383	3	186,469	3	186,469	3	186,469	3	186,469	3	186,469	3	186,469	3
<b>Total</b>	<b>1,829,402</b>	<b>9</b>	<b>2,213,683</b>	<b>9</b>	<b>2,420,052</b>	<b>9</b>	<b>1,863,769</b>	<b>9</b>	<b>2,446,769</b>	<b>9</b>	<b>1,921,769</b>	<b>9</b>	<b>1,863,769</b>	<b>9</b>	<b>2,446,769</b>	<b>9</b>	<b>1,921,769</b>	<b>9</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	49,099	2.0	621,507	25.2			464	0.0	464	0.0	464	0.0	464	0.0	0	0.0	0	0.0
General Revenue	4000010	169,748	6.9	186,383	7.6			186,469	10.0	186,469	10.0	186,469	10.0	186,469	10.0	186,469	10.0	186,469	10.0
Cash Fund	4000045	17,514	0.7	22,000	0.9			42,000	2.3	42,000	2.3	42,000	2.3	42,000	2.3	42,000	2.3	42,000	2.3
M & R Sales	4000340	140	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Tobacco Settlement	4000495	2,214,408	90.4	1,635,300	66.3			1,635,300	87.7	1,635,300	87.7	1,635,300	87.7	1,635,300	87.7	1,635,300	87.7	1,635,300	87.7
<b>Total Funds</b>		<b>2,450,909</b>	<b>100.0</b>	<b>2,465,190</b>	<b>100.0</b>			<b>1,864,233</b>	<b>100.0</b>	<b>1,864,233</b>	<b>100.0</b>	<b>1,864,233</b>	<b>100.0</b>	<b>1,864,233</b>	<b>100.0</b>	<b>1,863,769</b>	<b>100.0</b>	<b>1,863,769</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(621,507)		(251,507)				(464)		582,536		57,536		(464)		583,000		58,000	
<b>Grand Total</b>		<b>1,829,402</b>		<b>2,213,683</b>				<b>1,863,769</b>		<b>2,446,769</b>		<b>1,921,769</b>		<b>1,863,769</b>		<b>2,446,769</b>		<b>1,921,769</b>	

Variances in the fund balances are due to unfunded appropriation in (2MF) Treasury Cash and (463) Tobacco Settlement. Tobacco Settlement fund balances are recouped at the end of the biennium and redistributed in the same proportion as the original distribution.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
9	9	0	9	0	0.00 %	9	9	0	9	0	0.00 %	9	8	1	9	0	11.11 %

## **Analysis of Budget Request**

**Appropriation:** 2MF - Treasury Cash

**Funding Sources:** NMH - Cash in Treasury

This cash fund appropriation allows the Agency to expense any grants, donations, or reimbursements that it may receive on reimbursements for expenses of providing seminars or educational activities.

The Base Level for this appropriation is \$42,000 each year of the biennium.

The Agency Request is for Base level and \$58,000 in unfunded appropriation to restore appropriation levels to previously authorized amounts.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

# Appropriation Summary

**Appropriation:** 2MF - Treasury Cash  
**Funding Sources:** NMH - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Svcs & Oprs Exp 5900046	46,149	42,000	100,000	42,000	100,000	100,000	42,000	100,000	100,000
<b>Total</b>	<b>46,149</b>	<b>42,000</b>	<b>100,000</b>	<b>42,000</b>	<b>100,000</b>	<b>100,000</b>	<b>42,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	49,099	20,464		464	464	464	464	0	0
Cash Fund 4000045	17,514	22,000		42,000	42,000	42,000	42,000	42,000	42,000
<b>Total Funding</b>	<b>66,613</b>	<b>42,464</b>		<b>42,464</b>	<b>42,464</b>	<b>42,464</b>	<b>42,464</b>	<b>42,000</b>	<b>42,000</b>
Excess Appropriation/(Funding)	(20,464)	(464)		(464)	57,536	57,536	(464)	58,000	58,000
<b>Grand Total</b>	<b>46,149</b>	<b>42,000</b>		<b>42,000</b>	<b>100,000</b>	<b>100,000</b>	<b>42,000</b>	<b>100,000</b>	<b>100,000</b>

Variances in the fund balances are due to unfunded appropriation.

## Change Level by Appropriation

**Appropriation:** 2MF - Treasury Cash  
**Funding Sources:** NMH - Cash in Treasury

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>42,000</b>	<b>0</b>	<b>42,000</b>	<b>100.0</b>	<b>42,000</b>	<b>0</b>	<b>42,000</b>	<b>100.0</b>
C05	Unfunded Appropriation	58,000	0	100,000	238.1	58,000	0	100,000	238.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>42,000</b>	<b>0</b>	<b>42,000</b>	<b>100.0</b>	<b>42,000</b>	<b>0</b>	<b>42,000</b>	<b>100.0</b>
C05	Unfunded Appropriation	58,000	0	100,000	238.1	58,000	0	100,000	238.1

### Justification

C05	The agency is requesting \$58,000 in unfunded appropriation to restore appropriation to previously authorized amount.
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## **Analysis of Budget Request**

**Appropriation:** 463 - Minority Health Initiative

**Funding Sources:** TSE - Targeted State Needs Program Account

The Tobacco Settlement Funded Minority Health Initiative is one of four targeted state needs programs established by Initiated Act 1 of 2000. This Initiative was established and is administered by the Agency to provide screening, monitoring, and treatment of hypertension, stroke, and other disorders disproportionately critical to the State's minorities.

Special Language allows the Agency to transfer from its Operating Expenses and/or Screening, Monitoring, Treating and Outreach appropriation and funds to be used in the acquisition of promotional items.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Request is for a Base Level of \$1,635,300 each year of the biennium with a Change Level of \$525,000 in unfunded appropriation of which \$500,000 is requested on the Screen/Monitor/Treat & Outreach Commitment Item for services and \$25,000 on the Capital Outlay Commitment Item to allow for a database system upgrade if funding becomes available.

The Executive Recommendation provides for Base Level and the transfer of \$200,000 of Base Level appropriation each year from Professional Fees to the Screen/Monitor/Treat & Outreach commitment item to better align appropriation needs.

## Appropriation Summary

**Appropriation:** 463 - Minority Health Initiative  
**Funding Sources:** TSE - Targeted State Needs Program Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	172,551	201,295	177,710	200,095	200,095	200,095	200,095	200,095	200,095
<b>#Positions</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Personal Services Matching	5010003	53,570	68,561	63,869	68,442	68,442	68,442	68,442	68,442	68,442
Operating Expenses	5020002	474,917	339,650	416,643	339,650	339,650	339,650	339,650	339,650	339,650
Conference & Travel Expenses	5050009	9,968	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Professional Fees	5060010	446,270	648,559	648,559	648,559	648,559	448,559	648,559	648,559	448,559
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	7,769	0	10,000	0	25,000	0	0	25,000	0
Promotional Items	5900028	0	0	0	0	0	0	0	0	0
Screen/Monitor/Treat & Outreach	5900046	448,460	707,235	796,888	358,554	858,554	558,554	358,554	858,554	558,554
<b>Total</b>		<b>1,613,505</b>	<b>1,985,300</b>	<b>2,133,669</b>	<b>1,635,300</b>	<b>2,160,300</b>	<b>1,635,300</b>	<b>1,635,300</b>	<b>2,160,300</b>	<b>1,635,300</b>

Funding Sources										
Fund Balance	4000005	0	601,043		0	0	0	0	0	0
M & R Sales	4000340	140	0		0	0	0	0	0	0
Tobacco Settlement	4000495	2,214,408	1,635,300		1,635,300	1,635,300	1,635,300	1,635,300	1,635,300	1,635,300
Total Funding		2,214,548	2,236,343		1,635,300	1,635,300	1,635,300	1,635,300	1,635,300	1,635,300
Excess Appropriation/(Funding)		(601,043)	(251,043)		0	525,000	0	0	525,000	0
<b>Grand Total</b>		<b>1,613,505</b>	<b>1,985,300</b>		<b>1,635,300</b>	<b>2,160,300</b>	<b>1,635,300</b>	<b>1,635,300</b>	<b>2,160,300</b>	<b>1,635,300</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium. Tobacco Settlement fund balances are recouped at the end of the biennium and redistributed in the same proportion as the original distribution.

## Change Level by Appropriation

**Appropriation:** 463 - Minority Health Initiative  
**Funding Sources:** TSE - Targeted State Needs Program Account

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,635,300</b>	<b>6</b>	<b>1,635,300</b>	<b>100.0</b>	<b>1,635,300</b>	<b>6</b>	<b>1,635,300</b>	<b>100.0</b>
C05	Unfunded Appropriation	525,000	0	2,160,300	132.1	525,000	0	2,160,300	132.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,635,300</b>	<b>6</b>	<b>1,635,300</b>	<b>100.0</b>	<b>1,635,300</b>	<b>6</b>	<b>1,635,300</b>	<b>100.0</b>
C05	Unfunded Appropriation	0	0	1,635,300	100.0	0	0	1,635,300	100.0
C19	Executive Changes	0	0	1,635,300	100.0	0	0	1,635,300	100.0

### Justification

C05	The agency is requesting unfunded appropriation in the amount of \$500,000 Screen/Monitor/ Treatment & Outreach requested to expand outreach in minority communities and \$25,000 Capital Outlay towards database system upgrade.
C19	The Executive Recommendation provides for a transfer of \$200,000 of Base Level appropriation each year from Professional Fees to the Screen/Monitor/Treat & Outreach commitment item for better alignment of appropriation needs.

## **Analysis of Budget Request**

**Appropriation:** 815 - Minority Health Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The general revenue funded Minority Health Operations appropriation is used to assure equal access of the State's minorities to health care, provide disease education, treatment, screening, and prevention, study health delivery issues, increase awareness, and make agency and legislative recommendations concerning these issues.

Special Language allows the Agency to transfer from its Operating Expenses appropriation and funds to be used in the acquisition of promotional items.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Request is for Base Level funding and appropriation of \$186,469 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 815 - Minority Health Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	130,237	142,048	141,969	142,048	142,048	142,048	142,048	142,048	142,048
<b>#Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching 5010003	39,011	42,606	41,875	42,692	42,692	42,692	42,692	42,692	42,692
Operating Expenses 5020002	100	1,229	1,789	1,229	1,229	1,229	1,229	1,229	1,229
Conference & Travel Expenses 5050009	150	500	500	500	500	500	500	500	500
Professional Fees 5060010	250	0	250	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Promotional Items 5900028	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>169,748</b>	<b>186,383</b>	<b>186,383</b>	<b>186,469</b>	<b>186,469</b>	<b>186,469</b>	<b>186,469</b>	<b>186,469</b>	<b>186,469</b>
<b>Funding Sources</b>									
General Revenue 4000010	169,748	186,383		186,469	186,469	186,469	186,469	186,469	186,469
Total Funding	169,748	186,383		186,469	186,469	186,469	186,469	186,469	186,469
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	169,748	186,383		186,469	186,469	186,469	186,469	186,469	186,469

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

# OIL AND GAS COMMISSION

## **Enabling Laws**

Act 53 of 2010

A.C.A. §15-71-101 et seq.

A.C.A. §15-72-101 et seq.

A.C.A. §15-76-301 et seq.

## **History and Organization**

The purpose and mission of the Arkansas Oil and Gas Commission is to serve the public regarding oil and gas matters, to protect the correlative rights and interests of mineral owners through orderly resource development and to regulate the oil, gas and brine production industries to insure compliance with state and federal laws regarding protection of the environment and waters of the state.

The Commission maintains administrative offices in Little Rock and district offices in El Dorado and Ft. Smith. Approximately 40,000 permits to drill have been issued by the Arkansas Oil and Gas Commission since creation of the Commission in 1939. Well records for these wells are maintained at the Commission district offices in El Dorado and Ft. Smith and are available to the public during normal office hours. The Commission maintains a web page containing information pertinent to the general public and regulated community regarding the oil and gas industry in Arkansas.

Act 105 of 1939, repealed existing oil and gas laws and regulations and created the Oil and Gas Commission to oversee the oil and gas conservation and production requirements contained in Act 105. The Commission consisted of seven members with industry knowledge, appointed by the Governor to serve staggered six year terms. Compensation was also authorized for each day Commissioners attended a meeting or hearing, along with reimbursement of all necessary travel expenses. Act 680 of 1985 added two members to the Commission and specified that industry knowledge would not be a requirement of service by individuals holding these two positions. The Director of Production and Conservation serves as the ex-officio Secretary of the Commission and serves as the Director of the Commission staff. Act 472 of 1949, as amended by Act 232 of 1953, stipulates that the Director shall also serve as a member of the Pollution Control and Ecology Commission.

Act 111 of 1969 amended Paragraph M of Section 11 of Act 105 of 1939 and empowered the Oil and Gas Commission to regulate the drilling for and production of salt water for the bromine industry.

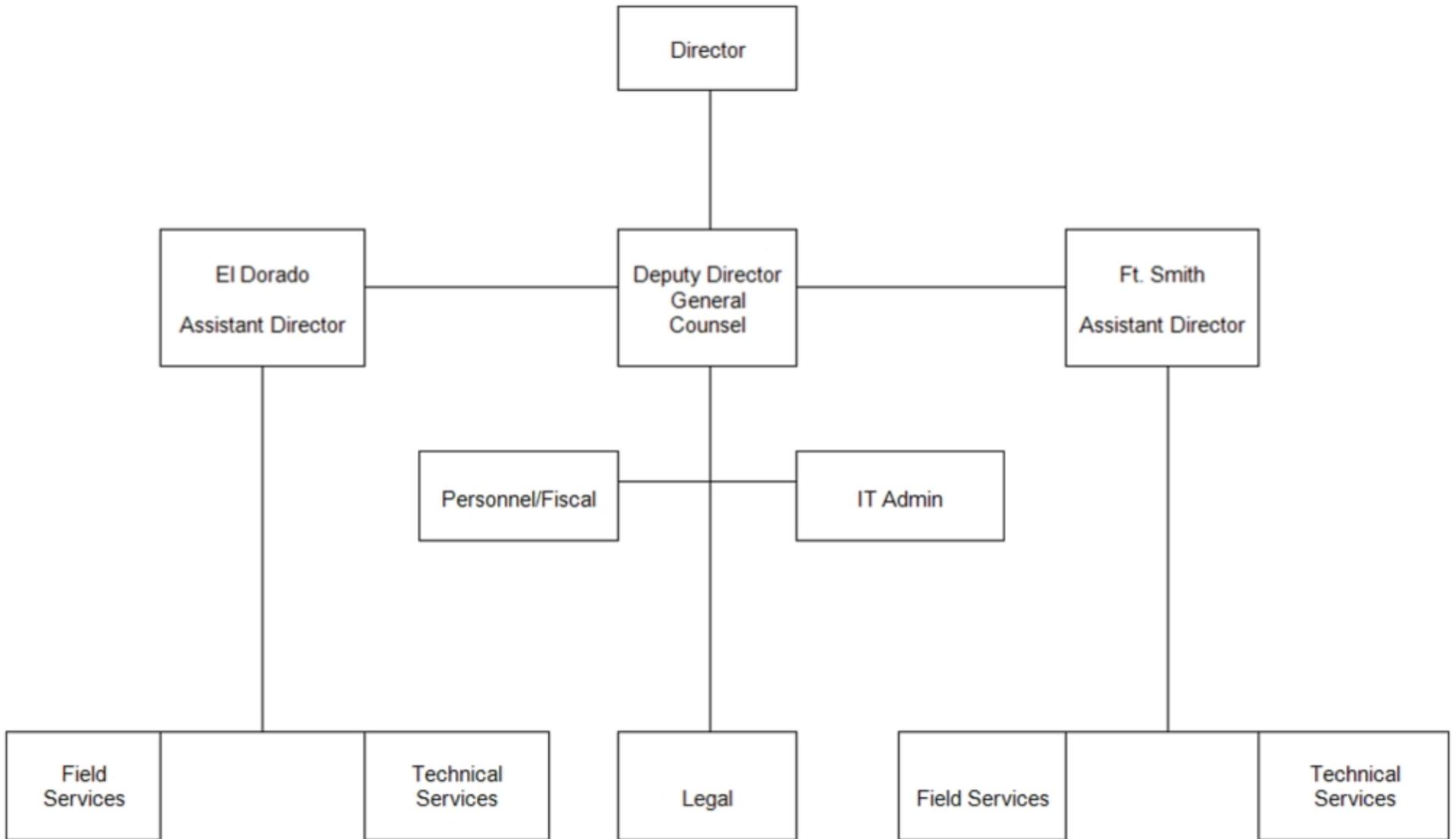
In 1978, the U.S. Congress passed the Natural Gas Policy Act, and the Arkansas Department of Energy determined that the Oil and Gas Commission should serve as the jurisdictional agency for status determination under the provisions of that Act.

Act 937 of 1979 provided additional authorities to the Commission to regulate drilling for and extraction of bromine from produced brine.

In March 1984, the Oil and Gas Commission assumed primacy for the Underground Injection Control Program from the U.S. Environmental Protection Agency for Class II injection wells and Class V bromine-related brine disposal wells. Additional staff personnel were authorized for assimilation of this program into the Agency's regular duties.

Act 5 of 1991 required persons and entities conducting or proposing to conduct field seismic operations in the State to obtain a permit from and post a bond with the Oil and Gas Commission.

Acts 1265, 1266, and 1267 of 2005 created an Abandoned and Orphan Well Plugging Fund to plug abandoned oil and gas wells for which a responsible party no longer existed or could not be located. The Fund and associated plugging program is administered by the Oil and Gas Commission and is funded by an annually assessed fee paid by oil and gas production companies operating in Arkansas.



## **Agency Commentary**

The Oil and Gas Commission is charged by state statute to administer and enforce state and federal laws dealing with the regulatory oversight of the oil, natural gas and brine production industries in Arkansas. These laws are designed to protect the correlative rights of mineral owners, protect the oil, natural gas and brine resources of the state, and to protect the environment and waters of the state during the production of these resources. The Oil and Gas Commission regulatory programs also include administration of the USEPA Underground Injection Control Program for operation of deep injection disposal wells, the U.S. Department of Transportation (USDOT) Pipeline Safety Program for natural gas gathering lines and Arkansas Abandoned and Orphaned Well Plugging Program used to plug old abandoned oil and gas wells for which the operators no longer are in existence.

The Fayetteville Shale development continues to expand in the north central part of the state and over the last 5 years has resulted in a three (3) fold increase in the State's total natural gas production. The Fayetteville Shale development is also occurring in an area of the State which had not previously experienced oil and natural gas development, which has resulted in increased field inspections to ensure compliance with Commission regulations. The Commission began to address this need during the last two (2) budget cycles and received additional staff and appropriations to meet the growing regulatory program. The Commission is continuing to address the demands of the Fayetteville Shale development and has requested in the FY12 budget an additional Senior Petroleum Geologist position to address the growing permit review process dealing with drilling, fracture stimulation and citizen inquires dealing with water issues. The Commission is requesting a reallocation of existing appropriation from the Construction line to Salaries and Personnel Services line items to cover the cost of the new position.

In addition, to continue to enhance the states' oil and gas regulatory program and in view of the increasing demands on the Commission, the Commission is requesting additional reallocations of existing appropriation from the Construction line to: 1) UIC (Underground Injection Control), to address the increased need for deep disposal well permit review and compliance inspections; 2) Professional Services, to retain the services of specialized royalty accounting services for investigation of royalty owner complaints and to conduct water analysis resulting from citizen complaints and staff investigations; 3) Conference and Travel Expenses for increased staff technical training dealing with required courses in administration of the DOT Pipeline Program and enhanced petroleum engineering and geology courses, conferences and seminars dealing with groundwater issues, fracture stimulation and unconventional resource development; 4) Operating Expenses to cover increases in the over-all operations of the Commission necessary to maintain and enhance the regulatory program; and 5) Data Processing Services to scan all historical well information to a data base , so that all information is available electronically to industry and the public. Data processing request is in accordance with Agency IT plan. (page 10 - scanning costs)

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS OIL AND GAS COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2007

### Findings

A review of disbursements indicated that the Agency did not always document approval of travel expenditures as required by the State Financial Management Guide. Through a review of 16 travel reimbursements, totaling \$3,667, it was noted that eight of the payments, totaling \$1,809, did not indicate approval by a travel supervisor.

### Recommendations

The Agency document approval of travel expenditures on prescribed travel reimbursement forms.

## Employment Summary

	Male	Female	Total	%
White Employees	20	16	36	97 %
Black Employees	0	1	1	3 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	3 %
Total Employees			37	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
3010000	\$576,942	Checking	BanCorp South, El Dorado

Statutory/Other Restrictions on use:

n/a

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 15-71-110 Gives the Commission authority to oversee production of oil and gas and collect fees and fines to fund operations.

Revenue Receipts Cycle:

Fees and Penalties are collected throughout the year.

Fund Balance Utilization:

Refunds/Transfers - Funds are collected on a daily basis. Appropriation is used to make refunds for overpayments and to reimburse posted bonds. The remaining balance at the end of each month is transferred to the State Treasury.

**Publications**

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Rules and Regulations	15-71-111	N	N	0	Required by industry to inform them of Agency rules and regulations. Also included are forms required to be filed for drilling and required production reporting in Arkansas. Available on agency web site.
Weekly Permit and Completion Report	None	N	N	0	Weekly status report of current oil and gas well drilling and completion. Provided to all parties via agency webpage and also available to the general public in Oil & Gas Commission offices.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
204 Oil & Gas Commission-Operations	3,880,001	38	4,378,200	39	4,323,171	39	4,260,823	39	4,260,823	40	4,260,823	40	4,260,823	39	4,260,823	40	4,260,823	40
2XV Well Plugging Program	209,144	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
A20 Refunds/Reimbursements	132,100	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
<b>Total</b>	<b>4,221,245</b>	<b>38</b>	<b>6,378,200</b>	<b>39</b>	<b>6,323,171</b>	<b>39</b>	<b>6,260,823</b>	<b>39</b>	<b>6,260,823</b>	<b>40</b>	<b>6,260,823</b>	<b>40</b>	<b>6,260,823</b>	<b>39</b>	<b>6,260,823</b>	<b>40</b>	<b>6,260,823</b>	<b>40</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	9,406,744	51.5	14,029,218	63.3	15,801,018	65.9	15,801,018	65.9	15,801,018	65.9	17,713,253	68.2	17,713,253	68.2	17,713,253	68.2	
Special Revenue	4000030	8,743,279	47.9	7,750,000	34.9	7,750,000	32.3	7,750,000	32.3	7,750,000	32.3	7,750,000	29.8	7,750,000	29.8	7,750,000	29.8	
Cash Fund	4000045	2,012,257	11.0	400,000	1.8	423,058	1.8	423,058	1.8	423,058	1.8	500,000	1.9	500,000	1.9	500,000	1.9	
Transfer from Special Revenue	4000565	750,000	4.1	750,000	3.4	750,000	3.1	750,000	3.1	750,000	3.1	750,000	2.9	750,000	2.9	750,000	2.9	
Transfer to Treasury	4000680	(1,911,817)	(10.5)	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Transfers / Adjustments	4000683	(750,000)	(4.1)	(750,000)	(3.4)	(750,000)	(3.1)	(750,000)	(3.1)	(750,000)	(3.1)	(750,000)	(2.9)	(750,000)	(2.9)	(750,000)	(2.9)	
<b>Total Funds</b>		<b>18,250,463</b>	<b>100.0</b>	<b>22,179,218</b>	<b>100.0</b>	<b>23,974,076</b>	<b>100.0</b>	<b>23,974,076</b>	<b>100.0</b>	<b>23,974,076</b>	<b>100.0</b>	<b>25,963,253</b>	<b>100.0</b>	<b>25,963,253</b>	<b>100.0</b>	<b>25,963,253</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		(14,029,218)		(15,801,018)		(17,713,253)		(17,713,253)		(17,713,253)		(19,702,430)		(19,702,430)		(19,702,430)		
<b>Grand Total</b>		<b>4,221,245</b>		<b>6,378,200</b>		<b>6,260,823</b>												

The FY11 Budget amount for Oil & Gas Commission-Operations (204) exceeds authorized due to salary and matching rate adjustments during the 2009-2011 biennium.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
32	32	0	32	0	0.00 %	39	37	2	39	0	5.13 %	39	38	1	39	0	2.56 %

## **Analysis of Budget Request**

**Appropriation:** 204 - Oil & Gas Commission-Operations

**Funding Sources:** SDO - Oil and Gas Commission Fund

The Oil & Gas Commission's operating appropriation is funded by special revenues, as authorized in A.C.A §19-6-410.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum. The Base Level request for Regular Salaries includes board member stipend payments.

The Commission's request includes Base Level appropriation of \$4,260,823 each year. Change Level requests of \$400,000 each year and includes reallocation requests of \$400,000 of Base Level appropriation to maintain a flat budget. Change Level requests reflect the following:

- Increase of \$83,286 each year in Regular Salaries and Personal Services Matching to support a new Senior Petroleum Geologist position needed to address the increase in permit applications, fracture stimulation and water issues associated with the Fayetteville Shale Development.
- Increase of \$153,497 each year in Operating Expenses to address increases in the over-all operations of the Commission necessary to maintain and enhance operations.
- Increase of \$25,000 in Conference Fees & Travel to provide staff required technical training in the administration of Department of Transportation (DOT) Pipeline Program, enhance petroleum engineering and geology courses, conferences and seminars dealing with ground water issues, fracture stimulation and unconventional resource development.
- Increase of \$50,000 each year in Professional Fees to retain specialized royalty accounting services to investigate royalty owner complaints and conduct water analysis stemming from citizen complaints and staff investigations.
- Increase of \$48,217 each year in Data Processing Services to scan all historical well information to a data base, so that all information is available electronically to industry and the public. Request is compliant with agency's Information Technology Plan.
- Increase of \$40,000 each year in Underground Injection Control to address the increased need for deep disposal well permit review and compliance inspections.
- Reallocation of \$400,000 each year from Construction to offset Commission requests.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 204 - Oil & Gas Commission-Operations

**Funding Sources:** SDO - Oil and Gas Commission Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,574,238	1,761,427	1,734,180	1,763,138	1,828,138	1,828,138	1,763,138	1,828,138	1,828,138
<b>#Positions</b>		<b>38</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>40</b>	<b>40</b>	<b>39</b>	<b>40</b>	<b>40</b>
Extra Help	5010001	57,396	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>#Extra Help</b>		<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	486,250	560,473	532,691	561,385	579,671	579,671	561,385	579,671	579,671
Operating Expenses	5020002	756,804	834,300	834,300	834,300	987,797	987,797	834,300	987,797	987,797
Conference & Travel Expenses	5050009	14,906	15,000	15,000	15,000	40,000	40,000	15,000	40,000	40,000
Professional Fees	5060010	19,093	2,000	2,000	2,000	52,000	52,000	2,000	52,000	52,000
Construction	5090005	0	500,000	500,000	500,000	100,000	100,000	500,000	100,000	100,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Refunds/Reimbursements	5110014	950	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capital Outlay	5120011	604,408	120,000	120,000	0	0	0	0	0	0
Data Processing Services	5900044	288,206	300,000	300,000	300,000	348,217	348,217	300,000	348,217	348,217
Interstate Oil Compact	5900046	8,200	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Underground Injection Control	5900048	54,550	60,000	60,000	60,000	100,000	100,000	60,000	100,000	100,000
Groundwater Protection	5900049	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Total</b>		<b>3,880,001</b>	<b>4,378,200</b>	<b>4,323,171</b>	<b>4,260,823</b>	<b>4,260,823</b>	<b>4,260,823</b>	<b>4,260,823</b>	<b>4,260,823</b>	<b>4,260,823</b>
<b>Funding Sources</b>										
Fund Balance	4000005	7,588,839	11,458,281		13,830,081	13,830,081	13,830,081	16,319,258	16,319,258	16,319,258
Special Revenue	4000030	8,499,443	7,500,000		7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Transfers / Adjustments	4000683	(750,000)	(750,000)		(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
<b>Total Funding</b>		<b>15,338,282</b>	<b>18,208,281</b>		<b>20,580,081</b>	<b>20,580,081</b>	<b>20,580,081</b>	<b>23,069,258</b>	<b>23,069,258</b>	<b>23,069,258</b>
Excess Appropriation/(Funding)		(11,458,281)	(13,830,081)		(16,319,258)	(16,319,258)	(16,319,258)	(18,808,435)	(18,808,435)	(18,808,435)
<b>Grand Total</b>		<b>3,880,001</b>	<b>4,378,200</b>		<b>4,260,823</b>	<b>4,260,823</b>	<b>4,260,823</b>	<b>4,260,823</b>	<b>4,260,823</b>	<b>4,260,823</b>

The FY11 Budget amount for Regular Salaries and Personal Services Matching exceeds authorized due to salary and matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 204 - Oil & Gas Commission-Operations  
**Funding Sources:** SDO - Oil and Gas Commission Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,260,823</b>	<b>39</b>	<b>4,260,823</b>	<b>100.0</b>	<b>4,260,823</b>	<b>39</b>	<b>4,260,823</b>	<b>100.0</b>
C01	Existing Program	83,286	1	4,344,109	102.0	83,286	1	4,344,109	102.0
C04	Reallocation	(131,503)	0	4,212,606	98.9	(131,503)	0	4,212,606	98.9
C08	Technology	48,217	0	4,260,823	100.0	48,217	0	4,260,823	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,260,823</b>	<b>39</b>	<b>4,260,823</b>	<b>100.0</b>	<b>4,260,823</b>	<b>39</b>	<b>4,260,823</b>	<b>100.0</b>
C01	Existing Program	83,286	1	4,344,109	102.0	83,286	1	4,344,109	102.0
C04	Reallocation	(131,503)	0	4,212,606	98.9	(131,503)	0	4,212,606	98.9
C08	Technology	48,217	0	4,260,823	100.0	48,217	0	4,260,823	100.0

### Justification

C01	Salaries and Personal Services Matching is requested to reflect the addition of one new Senior Petroleum Geologist position for our El Dorado Office. This position is needed to address the increase permit demands associated with the Fayetteville Shale Development. To offset the request, I am requesting a reduction in the Construction line of budget.
C04	The requested increase in UIC (Underground Injection Control) is to address the increased need for deep disposal well permit review and compliance inspections. The requested increase in Professional Services is to retain the services of specialized royalty accounting services for investigation of royalty owner complaints and to conduct water analysis resulting from citizen complaints and staff investigations. The requested increase in Conference and Travel Expenses is for increased staff technical training. The requested increase in Operating Expenses are necessary to cover increases in the over all operations of the Commission to maintain and enhance the regulatory program. To offset the request, I am requesting a reduction in the Construction Line of budget.
C08	An increase in the Data Processing Services is requested to complete an ongoing project to scan all historical well information to a data base so that all information is available to the public and industry electronically. Data processing request is in accordance with Agency IT plan. (page 10 - scanning costs) To offset the request, I am requesting a reduction in the Construction Line of budget.

## **Analysis of Budget Request**

**Appropriation:** 2XV - Well Plugging Program

**Funding Sources:** SAW - Abandoned and Orphan Well Plugging Fund

This appropriation is funded by special revenue derived from fees, forfeited bonds, proceeds from the sale of hydrocarbons, and grants or gifts from the public. In addition, upon review of the Chief Fiscal Officer of the State and the Legislative Council, special language allows a transfer up to \$750,000 per year from the Oil and Gas Fund to the Abandoned and Orphan Well Plugging Fund. The Oil & Gas Commission's Abandoned and Orphan Well Plugging Fund was established by Acts 1265 and 1267 of 2005 (A.C.A. §15-71-115). The fund is utilized for well plugging program expenses. The Commission specifically utilizes the funds to plug abandoned and orphaned wells by means of contracts, grants to landowners, or for the payment of other plugging costs or corrective work.

The Commission is requesting Base Level of \$1,500,000 each year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2XV - Well Plugging Program

**Funding Sources:** SAW - Abandoned and Orphan Well Plugging Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Well Plugging Expenses	5900046	209,144	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Total</b>		<b>209,144</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,209,303	1,993,995		1,493,995	1,493,995	1,493,995	993,995	993,995	993,995
Special Revenue	4000030	243,836	250,000		250,000	250,000	250,000	250,000	250,000	250,000
Transfer from Special Revenue	4000565	750,000	750,000		750,000	750,000	750,000	750,000	750,000	750,000
<b>Total Funding</b>		<b>2,203,139</b>	<b>2,993,995</b>		<b>2,493,995</b>	<b>2,493,995</b>	<b>2,493,995</b>	<b>1,993,995</b>	<b>1,993,995</b>	<b>1,993,995</b>
Excess Appropriation/(Funding)		(1,993,995)	(1,493,995)		(993,995)	(993,995)	(993,995)	(493,995)	(493,995)	(493,995)
<b>Grand Total</b>		<b>209,144</b>	<b>1,500,000</b>		<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>

## **Analysis of Budget Request**

**Appropriation:** A20 - Refunds/Reimbursements

**Funding Sources:** 301 - Oil and Gas Commission Cash

The Oil & Gas Commission's cash fund is used for deposit of special revenue fees collected by the Commission and to hold bonds posted by companies engaged in seismographic exploration in the State. This account provides checks with which to make transfers to the State Treasury and eliminates the necessity of sending cash through the mail. The Commission then transfers collected funds to the Oil and Gas Commission Fund to be utilized for Regular Salaries and Operating Expenses.

The Commission is requesting Base Level of \$500,000 each year.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** A20 - Refunds/Reimbursements  
**Funding Sources:** 301 - Oil and Gas Commission Cash

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	132,100	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Total</b>	<b>132,100</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	608,602	576,942		476,942	476,942	476,942	400,000	400,000	400,000
Cash Fund 4000045	2,012,257	400,000		423,058	423,058	423,058	500,000	500,000	500,000
Transfer to Treasury 4000680	(1,911,817)	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>709,042</b>	<b>976,942</b>		<b>900,000</b>	<b>900,000</b>	<b>900,000</b>	<b>900,000</b>	<b>900,000</b>	<b>900,000</b>
<b>Excess Appropriation/(Funding)</b>	<b>(576,942)</b>	<b>(476,942)</b>		<b>(400,000)</b>	<b>(400,000)</b>	<b>(400,000)</b>	<b>(400,000)</b>	<b>(400,000)</b>	<b>(400,000)</b>
<b>Grand Total</b>	<b>132,100</b>	<b>500,000</b>		<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

# DEPARTMENT OF PARKS AND TOURISM

## **Enabling Laws**

Appropriation Acts: Act 181, 222, and 292 of 2010.

Arkansas Code: §25-13-101 to 104, §15-11-201 to 211, §13-9-101 to 105, §19-4-801-802, §13-3-101 to 109, §13-3-201 to 206, §15-11-601 to 604, §8-6-404, §19-6-484, §13-5-201 to 202;206 to 207, §13-5-401 to 404, §13-5-505, §22-4-112, §13-5-601 to 604, §14-54-106, §14-270-201 to 203, §18-11-301 to 307, §19-5-1051, §22-4-101, §22-4-302,305,307, §22-4-201 to 203, §22-4-312-313, §22-4-401 to 411, §22-4-501 to 504, §27-67-204, §15-11-101-102, §15-11-401 to 410, §15-11-301 to 306, §27-69-201 to 207, §25-13-102, §26-52-1006.

## **History and Organization**

The mission of the Department of Parks and Tourism is to enhance the quality of life in Arkansas by promoting, protecting, interpreting and managing the State's natural and cultural resources.

The reorganization of State government, as affected by Act 38 of 1971, gave considerable emphasis to Arkansas' travel and recreation industry. This was emphasized by the creation of the Department of Parks and Tourism and by the expansion of the overall effort of the Agency. The Executive Director is appointed by the Governor and is responsible for personnel and administration; policy is set by various commissions. Within the department itself, organization of the staff functions and delivery of services are divided into six defined areas with each managed by a division director. The Executive Director's office coordinates the overall operations of the department and also directs the personnel, internal audit and public information functions.

The Personnel Section of the Department of Parks and Tourism works directly for the Executive Director. The primary functions of this section include human resources management, the personnel process, policy, affirmative action, training, human resources management, personnel records, performance evaluation, job classification and the application/interview process. It works with all divisions of the department to provide technical assistance, employee counseling and career planning.

The Administration Division provides administrative support for all department divisions in the accounting, auditing, purchasing and payroll areas, as well as the mailroom, printing reproduction, warehouse functions, and data processing service. All department budgetary funding responsibilities are coordinated, verified, and monitored by the Administration Division.

The Arkansas State Parks, Recreation and Travel Commission, the policy board of the Parks and Tourism divisions of the department, has fourteen members appointed by the Governor. One is a commissioner emeritus (lifetime) and one represents the retirement age sector of our population. The remaining twelve members include representatives of the newspaper, radio, television, news media, recreation, and hospitality industries. Each of the four Congressional Districts of the State is represented on this commission.

The Parks Division is the largest in the department. It is charged with conserving and protecting the State resources, providing recreation and educational opportunities to the State's citizens and visitors, and enhancing the economy through tourism. The State Parks Division, founded in 1937, four years after the initial development of the first State parks in 1933 by the National Parks Service advisors and the Civilian Conservation Corps (CCC), is responsible for the development, maintenance, and operation of over 53,238 acres of land, consisting of 52 State parks and museums that offer a variety of natural, cultural, historical, educational, and recreational experiences. Characterized by 865 buildings (including 183 historic structures), six national historic and one natural landmark, 1,780 campsites, five lodges, 283 miles of trails, hundreds of miles of utilities, and over 9 million visitors annually, the State parks are like running small cities.

The Parks Division handles the Outdoor Recreation Grants Program from the U.S. Department of Interior, the Natural and Cultural Resources Fund for cities, the Statewide Comprehensive Outdoor Recreation Plan (SCORP), and provides technical assistance in park development and operation for cities and counties. The staff participates in statewide trail programs, environmental reviews, and conservation, recreation and environmental committees on behalf of the department. The Arkansas Outdoor Recreation Grants Advisory Committee is organized under provisions of the Land and Water Conservation Fund Act of 1965 and the Arkansas Open Project Selection Process as approved by the National Park Service. The Committee shall consist of five members appointed by the Governor.

In 1996, Amendment 75 was passed by the voters establishing a 1/8 cent conservation tax to repair, renovate and improve the State parks. In 1999, ArkansasStateParks.com web site was developed to enhance marketing, educational and informational efforts.

The State Parks Division works with the Prairie Grove Battlefield Commission, which is composed of five members appointed by the Governor, and charged with the duties and responsibilities deemed appropriate by the Commission for the preservation and development of the park commemorating those that fought the Battle of Prairie Grove.

The Arkansas Museum of Natural Resources Advisory Committee, consisting of fifteen members, appointed by the Governor, serves in an advisory capacity to the Agency. At least half of the members are residents of oil and brine producing counties of south Arkansas. The Advisory Committee advises in the establishment of policies and procedures for the development of the Arkansas Museum of Natural Resources and coordinates efforts to encourage gifts or donations to the museum.

The Plantation Agriculture Review Committee is a five-member group appointed by the Governor to advise the Agency in the establishment of policies and procedures for the development of the Plantation Agriculture Museum and develops and coordinates efforts to encourage gifts or donations to the Plantation Agriculture Museum.

The Arkansas Post Museum was operated by Arkansas County until January 1997, when it became part of the Arkansas State Parks system. The Arkansas Post Museum Advisory Committee will consist of not less than seven and no more than nine members as determined by the Governor. At least one member of the committee is required to be a historian by profession.

The Ozark Folk Cultural Center Commission members are selected by the seated Commission members and must be approved by the City Council of Mountain View. The nine (9) member board was created by legislation for the purpose of construction and operation of the Ozark Folk Center. The OFCCC serves as an advisory board and approves Capital Improvements/Major Maintenance Expenditures Reserve Account projects.

The overall purpose of the Tourism Division is to enrich the quality of life and improve the economy of Arkansas by generating travel and enhancing the image of the State. The division's out-of-state efforts are to: (1) generate travel and tourism to Arkansas by utilizing sophisticated marketing techniques; (2) enhance the image of the State via advertising messages, the internet, and editorial efforts with national media; (3) encourage investment in Arkansas' tourism industry by providing an environment of cooperation and incentive where possible; and (4) encourage retirement and relocation to the State. The division's in-state objectives are to: (1) encourage travel and tourism in Arkansas by Arkansas people; (2) build pride by image enhancement and educational efforts; (3) be a leader and advocate to build understanding and support for the important role tourism plays in the Arkansas economy; (4) work to present and enhance the image of Arkansas. In 1998, arkansas.com web site was developed to expand the State's marketing and promotional efforts.

The Tourism Division has four in-house sections: Communications, Tourism Development, Group Travel, and Research & Information Services. The Communications Section generates articles and photos (which are made available to the public and the media), arranges and hosts "familiarization" tours for visiting journalists and writers, and also has Internet responsibilities. The Tourism Development Section conducts hospitality training seminars, provides technical assistance to city and county governments, assists communities and businesses with tourism development plans, promotes and assists in the development of retirement and relocation to the state, and aids in the planning and promotion of local festivals. It also administers the Division's matching fund program which makes grant monies available to recognized regional tourism promotion associations. The Group Travel Section markets the state to increase visitor expenditures made by motor coach tours, conventions, and other group travelers and assists the Arkansas tourism industry in its group travel and convention marketing efforts. The Research & Information Services Section compiles and analyzes statistical data and handles fulfillment operations for the Division's inquiries from the traveling public. It also operates the State's system of 13 Welcome Centers located at major entry points into Arkansas. Trained staff at these facilities, which are a cooperative venture with the Arkansas State Highway & Transportation Department, provide that critical "first impression" to our visitors, encouraging them to get off the main highways and explore all corners of the Natural State.

In addition, the Tourism Division works with two outside organizations, an advertising agency and an internet agency, which provide professional services to augment the Division's promotional efforts. The ad agency produces an annual marketing plan, creates and places media campaigns, conducts research, and assists in a variety of public relations efforts. The internet agency keeps the arkansas.com web site current, conducts research, places key-word buys, and coordinates search engine optimization efforts. During FY2008, traffic on arkansas.com totaled 5,603,005 visitors - which led to 2,462,935 industry referrals for additional information or making reservations.

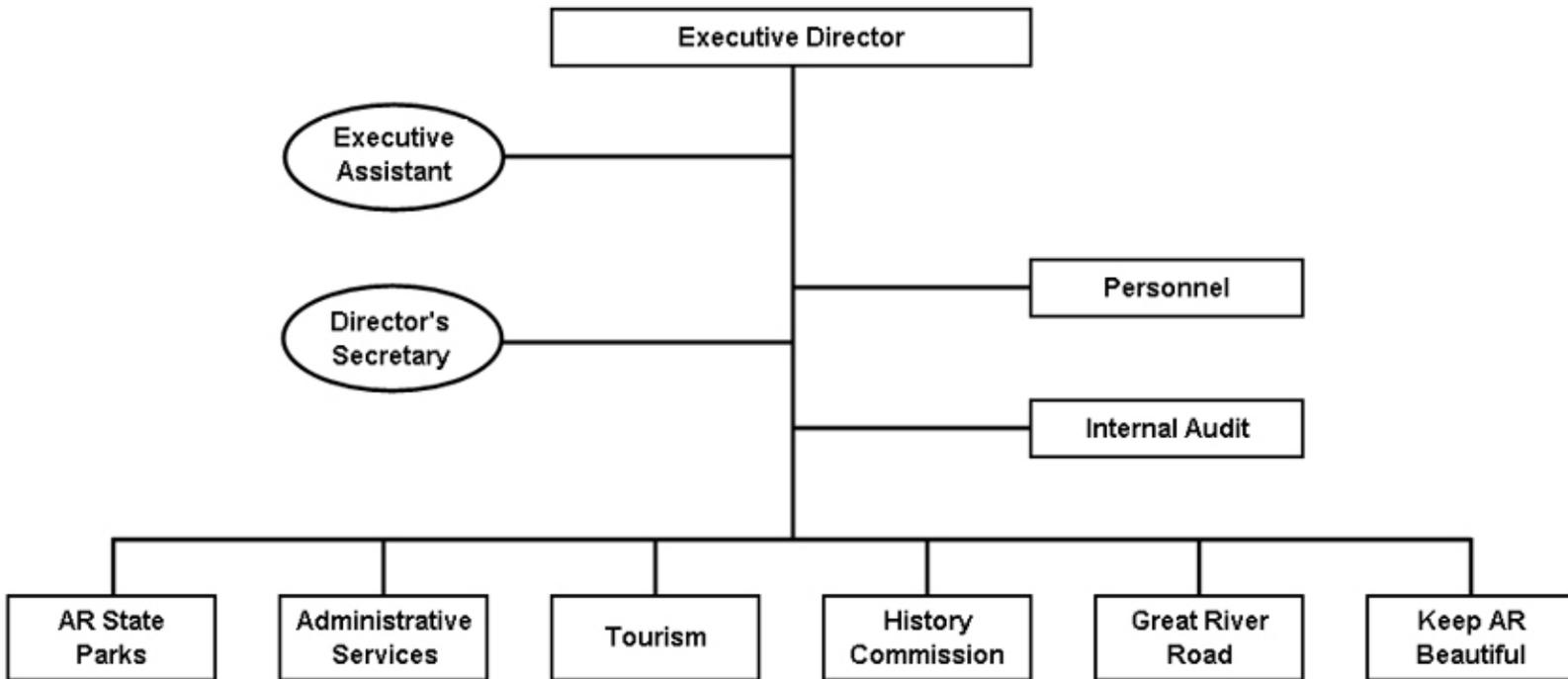
The Great River Road was reorganized under the Tourism Division, for administrative purposes. The Great River Road has a policy board, the Arkansas Mississippi River Parkway Commission, composed of ten members appointed by the Governor. The members represent the ten counties bordering the Mississippi River. The Great River Road Section is charged with preserving and promoting all tourism and historic aspects of the ten counties. The Section also works with the other states of the International Mississippi River Parkway Commission to secure National Scenic Byway status for all states in cooperation with the Federal Highway Administration. This International Parkway provides a unique route for tourists from Canada to the Gulf of Mexico.

The History Commission was created by Act 215 of 1905, but its existence as a functioning State agency was uncertain until after the passage of Act 355 by the General Assembly of 1911. The latter Act, as amended by Act 207 of 1963, is the basic law under which the Commission operates. This fundamental Act charges the History Commission with the responsibility of keeping and caring for the official archives of the State, collecting materials relating to Arkansas history, and encouraging the use of historical source materials such as documents, newspaper files, maps and photographs. A documents restoration laboratory and a microfilm section assist with preservation. In 1996, the ark-ives.com web site was developed to enhance educational and informational efforts.

The History Commission itself is composed of seven members appointed by the Governor with the approval of the Senate. Since the passage of Act 38 of 1971, the Commission has operated within the Department of Parks and Tourism. The Arkansas Black History Commission of Arkansas was created by Act 1233 of 1991 (name changed from Black History Advisory Commission by Act 1601 of 2007). It operates in connection with the History Commission.

The Keep Arkansas Beautiful Commission (KArB) was established in 1989 by Executive Order of the Governor. Since 1993, the Keep Arkansas Beautiful Commission has been a division of the Department of Parks and Tourism. In 1996, Amendment 75 the Conservation Amendment created funding for the Keep Arkansas Beautiful Commission. Act 1278 of 1997 superseded the Executive order and re-created the KArB Commission and a new Commission was appointed by the Governor, consisting of nine Commissioners appointed to six-year terms. Two members are appointed from each of the four Congressional Districts and one from the state at-large. In 2000, KeepArkansasBeautiful.com web site was developed to enhance marketing, educational and informational efforts.

Keep Arkansas Beautiful is charged with: (1) raising public awareness of our litter problem; (2) educating the general public of the economics and ecological impact of litter; (3) encouraging litter prevention; (4) increasing awareness of litter laws and enforcement; (5) promoting recycling and recycling benefits to consumers; (6) generating interest in beautification projects; (7) supporting communities statewide in establishing litter prevention programs, ongoing recycling campaigns, and beautification projects.



## Agency Commentary

The Administration Division provides centralized management and administrative services for the Department. These services include internal audit, personnel, accounting, purchasing, budgeting, computer technology services, printing and warehousing. In addition, overall department coordination, direction and liaison with the Governor, Legislature and various Commissions are responsibilities of this division. The budget request includes changes in the maintenance and operation cost elements to cover activities relating to the normal cost of doing business. These changes are necessary to reflect the current level of operations and support of agency staff. Also included in the change is the Administration Division's share of the Department's Technology Plan, which covers normal equipment replacement of computers, software updates, network services charges, and training.

The Department's Tourism Division has an over-riding mission: to contribute to improving the economy of the State of Arkansas. It does this via several objectives: enhancing the image of the state, generating travels to Arkansas, and encouraging retirement/relocation to the Natural

State. Given the quick and lucrative returns possible in the tourism industry, most state governments have made it a priority in their overall economic development plans. States that compete with Arkansas are certainly no exception, each devoting extensive resources to attracting the next season's visitors. They're improving their websites, purchasing more television exposure, and buying more newspaper and magazine ads - all aimed at getting into the mindsets of potential visitors and influencing their travel decisions. For Arkansas to maintain and increase its market share, the state's tourism promotion efforts must be expanded. The Tourism Division's request for additional authorization in Appropriation 504 (the State's 2% tourism tax), increases are requested for advertising, regional matching fund grants, and capital expenditures (for replacement vehicles and photographic equipment).

The State Parks Division operates 52 state parks and museums covering 54,162 acres of forest, wetlands, fish and wildlife habitat, outdoor recreation facilities and unique historic and cultural resources. The system includes over 877 buildings (including 183 historic structures) in its inventory with the buildings and contents insured for over \$308 million. Our state parks have over 1,810 campsites, over 963 picnic sites, 119 cabins, four lodges (218 guest rooms), eight restaurants, nine marinas, 341 miles of hiking trails, over 120 miles of roads, and hundreds of miles of utilities. The parks have over 8 million visitors each year who come from all regions of the country. In fiscal year 09, the state parks generated over \$22.9 million in revenue. Each park is similar to a small city, except the population changes every week. There are constant maintenance needs with buildings, recreational facilities, roads and utility systems. There are customer service, law enforcement, fire protection, financial management, recreational and educational programs, supervision, visitor safety and security responsibilities to be concerned with on a daily basis. Personnel Request - The State Parks Division requests 1 new and 10 restored positions. A park interpreter is needed for expanded facilities and programs at the Mississippi River State Park. Parks General Revenue (Appropriation 499) - The general revenue request for the Parks Division is "continuing level". Parks Cash Fund (Appropriation 986) - Generated from the numerous retail facilities and services provided at the state parks and museums, this is the major operating fund for their day to day operations and maintenance. 13 Restored positions are requested to support operations and to meet the demand for full-time positions at revenue facilities. We are requesting 10 new Extra Help positions along with funding of \$135,000 for each year of the biennium to operate the 27 hole golf course at Village Creek State Park. An increase of \$781,390 in M&O for FY12 (\$281,390 for Village Creek Golf Course and \$500,000 for the purchase of a point of sale system for the merchandise sales to include bar-coding scanning, inventory management for purchases, sales and vendor order tracking and physical inventories at state park gift shops, stores, marinas and golf pro shops) and \$281,390 for FY13 is needed to provide M&O related to the operation of the golf course. An additional \$100,000 in Operating Expenses is needed each year of the biennium for the changes in the capital outlay threshold. An increase of \$10,855 in Resale each year of the biennium is needed to provide funding for the Pro Shop at the Village Creek Golf course. In order to replace deteriorated equipment and vehicles, our request is to establish Capital Outlay in the amount of \$525,000 each year of the biennium for the Central Office and Regional Offices. A decrease of (\$477,771) each year of the biennium in Debt Service to reflect the proper payments for principal and interest for the Mt. Magazine Bonds and the Village Creek loan. Amendment 75 - 1/8¢ Conservation Tax (Appropriation 500) - This request is to continue the long-term plan to repair, renovate, improve, expand and properly equip the 52 state parks. One new and six restored positions are requested to support operations and to meet the demand at new facilities. We are requesting an increase of \$189,339 each year of the biennium in regular salaries to cover 1 new position at the Mississippi River State Park, 6 restored and 4 re-classed positions to be used to operate the new golf course at Village Creek, Delta

Heritage Trail, Jacksonport and one at the Central Office. Establish Capital Outlay each year of the biennium for \$1,528,000 in order to meet the parks and museums needs to replace worn out and deteriorated equipment, vehicles and to provide the necessary equipment to maintain the new Golf Course at Village Creek State Park.

Outdoor Recreation Grants Program: Federal Land & Water Conservation Fund (LWCF) - (Appropriation 2JJ) - Restore 1 position and Regular Salaries of \$29,251 each year of the biennium in the event funding is received for the Conservation and Reinvestment Act grant program of LWCF.

The Keep Arkansas Beautiful Program is predominantly funded by the 1/8¢ Conservation Amendment, but also receives some revenue from litter law enforcement fines. It is responsible for the coordination of anti-litter efforts, the encouraging of recycling, and promotion of scenic beautification. Program growth has resulted in the establishment of an active network of local affiliated communities which undertake environmental improvements within their local areas as well as participating in statewide activities. The program utilizes the voluntary efforts of citizens working with governmental organizations to accomplish these programs, contributing more than \$9.00 in cost avoidance benefit value to each program dollar. To sustain this relationship, we maintain public communications, educational and training opportunities offered by the program.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF PARKS AND TOURISM  
FOR THE YEAR ENDED JUNE 30, 2009

Findings

Review of 150 procurement (p-card) transactions revealed 42 instances in which the purchase had no supervisor approval. Lack of supervisor review could lead to unauthorized disbursements. This issue was also reported in the previous audit.

The Agency again failed to establish procedures to adequately monitor resale inventory. The Agency relied on ending inventory balances to compute sales, and did not track sales in a manner to ensure that items removed from inventory were actually sold instead of stolen or removed due to spoilage.

Recommendations

Continue efforts to properly review and approve all p-card transactions.

Establish and maintain internal controls over resale inventory to improve management oversight of these assets.

## Employment Summary

	Male	Female	Total	%
White Employees	342	316	658	90 %
Black Employees	18	31	49	7 %
Other Racial Minorities	12	10	22	3 %
Total Minorities			71	10 %
Total Employees			729	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1MH Trails for Life Grants	140,543	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0
21J SCORP Program-Federal	141,786	2	6,701,204	2	6,724,150	3	6,700,353	2	6,740,647	3	6,740,647	3	6,700,353	2	6,740,647	3	6,740,647	3
433 Museum Natural Res-Spec Rev	44,793	1	132,724	3	281,741	2	83,782	2	66,522	2	66,522	2	83,782	2	66,522	2	66,522	2
499 State Operations	19,773,959	406	20,652,266	418	22,141,454	418	20,732,783	418	20,732,783	418	20,732,783	418	20,732,783	418	20,732,783	418	20,732,783	418
500 Conservation Tax	27,049,008	140	34,375,568	140	34,371,417	146	32,952,032	140	33,384,606	147	33,384,606	147	32,952,032	140	35,251,291	147	35,251,291	147
502 Keep Arkansas Beautiful-ConsTax	634,065	3	716,661	3	710,858	3	715,199	3	684,899	3	684,899	3	715,199	3	684,899	3	684,899	3
504 Tourism Promotion-Special Rev	12,111,840	7	11,425,049	7	14,147,355	7	11,392,306	7	12,405,881	7	12,405,881	7	11,392,306	7	12,938,887	7	12,938,887	7
54L Wildlife Observation Trails	0	0	1,050,557	1	1,050,998	1	1,050,557	1	1,050,557	1	1,050,557	1	1,050,557	1	1,050,557	1	1,050,557	1
579 Outdoor Recreation Grants Prg	1,468,177	4	4,446,360	4	4,469,874	4	4,454,029	4	3,454,029	4	3,454,029	4	4,454,029	4	3,454,029	4	3,454,029	4
986 Operations & Construction-Cash in Treasury	23,593,430	194	27,255,076	187	25,829,888	189	26,766,286	187	36,056,221	200	36,056,221	200	26,766,286	187	32,056,221	200	32,056,221	200
994 Retirement & Relocation Program	228,278	0	228,278	0	500,000	0	228,278	0	228,278	0	228,278	0	228,278	0	228,278	0	228,278	0
995 Tourism - Cash in Treasury	8,007	0	65,200	0	65,200	0	65,200	0	65,200	0	65,200	0	65,200	0	65,200	0	65,200	0
996 Entertainers Hall of Fame-Treas	1,094	0	49,633	0	49,633	0	49,633	0	49,633	0	49,633	0	49,633	0	49,633	0	49,633	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
83L Davidsonville State Park	0	0	0	0	50,000	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>85,194,980</b>	<b>757</b>	<b>107,358,576</b>	<b>765</b>	<b>110,652,568</b>	<b>773</b>	<b>105,450,438</b>	<b>764</b>	<b>115,179,256</b>	<b>785</b>	<b>115,179,256</b>	<b>785</b>	<b>105,450,438</b>	<b>764</b>	<b>113,578,947</b>	<b>785</b>	<b>113,578,947</b>	<b>785</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	34,249,082	29.1	32,300,635	25.5	19,496,751	16.7	19,496,751	16.7	19,496,751	16.7	16,684,175	14.3	7,374,379	6.9	7,374,379	6.9	
General Revenue	4000010	20,002,237	17.0	20,880,544	16.5	20,961,061	18.0	20,961,061	18.0	20,961,061	18.0	20,961,061	18.0	20,961,061	19.5	20,961,061	19.5	
Federal Revenue	4000020	46,594	0.0	6,581,995	5.2	6,673,815	5.7	6,673,815	5.7	6,673,815	5.7	6,521,780	5.6	6,521,780	6.1	6,521,780	6.1	
Special Revenue	4000030	39,401,603	33.5	40,702,617	32.1	42,437,073	36.3	42,437,073	36.3	42,437,073	36.3	44,485,358	38.1	44,485,358	41.4	44,485,358	41.4	
Cash Fund	4000045	23,787,376	20.2	25,301,279	19.9	26,057,317	22.3	26,057,317	22.3	26,057,317	22.3	26,836,037	23.0	26,836,037	25.0	26,836,037	25.0	
Fees	4000245	774	0.0	10,000	0.0	44,557	0.0	44,557	0.0	44,557	0.0	49,633	0.0	49,633	0.0	49,633	0.0	
Interest	4000300	0	0.0	6,200	0.0	9,000	0.0	9,000	0.0	9,000	0.0	8,000	0.0	8,000	0.0	8,000	0.0	
Investments	4000315	7,949	0.0	21,500	0.0	35,000	0.0	35,000	0.0	35,000	0.0	64,232	0.1	64,232	0.1	64,232	0.1	
Transfers from Agencies	4000690	0	0.0	1,050,557	0.8	1,050,557	0.9	1,050,557	0.9	1,050,557	0.9	1,050,557	0.9	1,050,557	1.0	1,050,557	1.0	
<b>Total Funds</b>		<b>117,495,615</b>	<b>100.0</b>	<b>126,855,327</b>	<b>100.0</b>	<b>116,765,131</b>	<b>100.0</b>	<b>116,765,131</b>	<b>100.0</b>	<b>116,765,131</b>	<b>100.0</b>	<b>116,660,833</b>	<b>100.0</b>	<b>107,351,037</b>	<b>100.0</b>	<b>107,351,037</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		(32,300,635)		(19,496,751)		(11,314,693)		(1,585,875)		(1,585,875)		(11,210,395)		6,227,910		6,227,910		
<b>Grand Total</b>		<b>85,194,980</b>		<b>107,358,576</b>		<b>105,450,438</b>		<b>115,179,256</b>		<b>115,179,256</b>		<b>105,450,438</b>		<b>113,578,947</b>		<b>113,578,947</b>		

Variance in Fund Balance is due to unfunded appropriation. The FY11 Budget amount in Conservation Tax (Appropriation 500), Keep Arkansas Beautiful (Appropriation 502) and Operations & Construction Cash (Appropriation 986) exceeds the Authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium. The Budget Number of Positions exceeds the Authorized Number of Positions in Museum Natural Resources (Appropriation 433) due to single salary section in appropriation act.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
766	718	30	748	18	6.27 %	773	728	37	765	8	5.82 %	774	729	35	764	10	5.81 %

## **Analysis of Budget Request**

**Appropriation:** 1MH - Trails for Life Grants

**Funding Sources:** NPT - Parks Treasury Fund

This appropriation is funded by proceeds derived from the Health Department - Tobacco Settlement Proceeds Act for grants to cities and counties for the purpose of constructing health and fitness trails and other related facilities that target public health and fitness improvements in their communities.

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 1MH - Trails for Life Grants

**Funding Sources:** NPT - Parks Treasury Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	140,543	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Total		140,543	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
<b>Funding Sources</b>										
Fund Balance	4000005	368,879	486,867		329,867	329,867	329,867	171,867	171,867	171,867
Cash Fund	4000045	258,531	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Interest	4000300	0	3,000		2,000	2,000	2,000	1,000	1,000	1,000
Total Funding		627,410	589,867		431,867	431,867	431,867	272,867	272,867	272,867
Excess Appropriation/(Funding)		(486,867)	(329,867)		(171,867)	(171,867)	(171,867)	(12,867)	(12,867)	(12,867)
Grand Total		140,543	260,000		260,000	260,000	260,000	260,000	260,000	260,000

## **Analysis of Budget Request**

**Appropriation:** 2JJ - SCORP Program-Federal

**Funding Sources:** FPT - Parks & Tourism Federal

The Department utilizes this appropriation to provide for the Outdoor Recreation Grant Program and the Development of the Statewide Comprehensive Outdoor Recreation Plan. This appropriation is funded by the Federal Land and Water Conservation Fund Program (LWCF).

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Change Level Request of \$40,294 in each year of the biennium in Regular Salaries & Personal Services Matching provides for the restoration of one (1) Administrative Analyst position should the Conservation and Reinvestment Act Grant Program of LWCF be funded.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2JJ - SCORP Program-Federal

**Funding Sources:** FPT - Parks & Tourism Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	64,141	65,256	80,647	64,556	93,807	93,807	64,556	93,807	93,807
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	22,709	23,553	31,108	23,402	34,445	34,445	23,402	34,445	34,445
Operating Expenses	5020002	11,233	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800
Conference & Travel Expenses	5050009	0	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	43,703	6,581,995	6,581,995	6,581,995	6,581,995	6,581,995	6,581,995	6,581,995	6,581,995
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>141,786</b>	<b>6,701,204</b>	<b>6,724,150</b>	<b>6,700,353</b>	<b>6,740,647</b>	<b>6,740,647</b>	<b>6,700,353</b>	<b>6,740,647</b>	<b>6,740,647</b>
<b>Funding Sources</b>										
Fund Balance	4000005	512,978	417,786		298,577	298,577	298,577	272,039	231,745	231,745
Federal Revenue	4000020	46,594	6,581,995		6,673,815	6,673,815	6,673,815	6,521,780	6,521,780	6,521,780
Total Funding		559,572	6,999,781		6,972,392	6,972,392	6,972,392	6,793,819	6,753,525	6,753,525
Excess Appropriation/(Funding)		(417,786)	(298,577)		(272,039)	(231,745)	(231,745)	(93,466)	(12,878)	(12,878)
<b>Grand Total</b>		<b>141,786</b>	<b>6,701,204</b>		<b>6,700,353</b>	<b>6,740,647</b>	<b>6,740,647</b>	<b>6,700,353</b>	<b>6,740,647</b>	<b>6,740,647</b>

## Change Level by Appropriation

**Appropriation:** 2JJ - SCORP Program-Federal  
**Funding Sources:** FPT - Parks & Tourism Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,700,353</b>	<b>2</b>	<b>6,700,353</b>	<b>100.0</b>	<b>6,700,353</b>	<b>2</b>	<b>6,700,353</b>	<b>100.0</b>
C01	Existing Program	40,294	1	6,740,647	100.6	40,294	1	6,740,647	100.6

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,700,353</b>	<b>2</b>	<b>6,700,353</b>	<b>100.0</b>	<b>6,700,353</b>	<b>2</b>	<b>6,700,353</b>	<b>100.0</b>
C01	Existing Program	40,294	1	6,740,647	100.6	40,294	1	6,740,647	100.6

### Justification

C01	Restore - Administrative Analyst for the Outdoor Recreation Grants program in the event the Conservation and Reinvestment Act grant program of LWCF be funded.
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## **Analysis of Budget Request**

**Appropriation:** 433 - Museum Natural Res-Spec Rev

**Funding Sources:** SAH - Arkansas Oil Museum Fund

The Department utilizes this appropriation to provide operating expenses for the Museum of Natural Resources (formerly the Oil and Brine Museum). Pursuant to Arkansas Code §25-58-301, this appropriation receives its income from the 1/2 Cent Tax on each barrel of oil produced in the State.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Change Level Request provides for a decrease in Operating Expenses of (\$17,260) to reduce appropriation in line with available revenue.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 433 - Museum Natural Res-Spec Rev

**Funding Sources:** SAH - Arkansas Oil Museum Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	23,278	81,389	187,833	45,035	45,035	45,035	45,035	45,035	45,035
<b>#Positions</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Extra Help 5010001	0	2,043	13,107	2,043	2,043	2,043	2,043	2,043	2,043
<b>#Extra Help</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching 5010003	4,452	31,932	63,441	19,344	19,344	19,344	19,344	19,344	19,344
Operating Expenses 5020002	17,063	17,360	17,360	17,360	100	100	17,360	100	100
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>44,793</b>	<b>132,724</b>	<b>281,741</b>	<b>83,782</b>	<b>66,522</b>	<b>66,522</b>	<b>83,782</b>	<b>66,522</b>	<b>66,522</b>
<b>Funding Sources</b>									
Fund Balance 4000005	4,809	34,251		27	27	27	0	14,505	14,505
Special Revenue 4000030	74,235	98,500		81,000	81,000	81,000	81,000	81,000	81,000
Total Funding	79,044	132,751		81,027	81,027	81,027	81,000	95,505	95,505
Excess Appropriation/(Funding)	(34,251)	(27)		2,755	(14,505)	(14,505)	2,782	(28,983)	(28,983)
<b>Grand Total</b>	<b>44,793</b>	<b>132,724</b>		<b>83,782</b>	<b>66,522</b>	<b>66,522</b>	<b>83,782</b>	<b>66,522</b>	<b>66,522</b>

Budget Number of Positions exceed the Authorized Number due to the flexibility inherent in the authorization of all positions through one salary section in appropriation acts

## Change Level by Appropriation

**Appropriation:** 433 - Museum Natural Res-Spec Rev  
**Funding Sources:** SAH - Arkansas Oil Museum Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>83,782</b>	<b>2</b>	<b>83,782</b>	<b>100.0</b>	<b>83,782</b>	<b>2</b>	<b>83,782</b>	<b>100.0</b>
C03	Discontinue Program	(17,260)	0	66,522	79.4	(17,260)	0	66,522	79.4

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>83,782</b>	<b>2</b>	<b>83,782</b>	<b>100.0</b>	<b>83,782</b>	<b>2</b>	<b>83,782</b>	<b>100.0</b>
C03	Discontinue Program	(17,260)	0	66,522	79.4	(17,260)	0	66,522	79.4

### Justification

C03	Reduction in M&O as a result of the Base Level being in excess of the anticipated funding levels.
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## **Analysis of Budget Request**

**Appropriation:** 499 - State Operations

**Funding Sources:** HGA - Parks & Tourism Account

This appropriation provides for the personal services and operating expenses of the Central Administration, Tourism (including Great River Road), and Parks (including Museum Services) Divisions of the Department of Parks and Tourism. The funding source for this appropriation is general revenue.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salaries of unclassified positions reflects the FY11 line item maximum. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency Request is for Base Level for the 2011-13 biennium, with reallocations of \$29,070 in FY12 and \$28,233 in Operating Expenses to cover routine computer replacement and software licensing costs.

The Executive Recommendation provides for the Agency Request, as well as one (1) position reclassification and five (5) title changes to properly align positions with work being performed.

## Appropriation Summary

**Appropriation:** 499 - State Operations  
**Funding Sources:** HGA - Parks & Tourism Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	13,681,092	14,272,000	15,282,218	14,162,214	14,162,214	14,162,214	14,162,214	14,162,214	14,162,214
<b>#Positions</b>		<b>406</b>	<b>418</b>	<b>418</b>	<b>418</b>	<b>418</b>	<b>418</b>	<b>418</b>	<b>418</b>	<b>418</b>
Extra Help	5010001	22,517	23,032	23,032	23,032	23,032	23,032	23,032	23,032	23,032
<b>#Extra Help</b>		<b>3</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	4,769,324	4,845,552	5,259,520	5,035,855	5,035,855	5,035,855	5,035,855	5,035,855	5,035,855
Operating Expenses	5020002	508,474	549,893	549,893	549,893	549,893	549,893	549,893	549,893	549,893
Conference & Travel Expenses	5050009	3,665	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Tourism Promotion	5900046	316,263	316,263	316,263	316,263	316,263	316,263	316,263	316,263	316,263
Advertising Expense	5900047	449,936	617,888	682,890	617,888	617,888	617,888	617,888	617,888	617,888
Conference-DAC	5900048	100	100	100	100	100	100	100	100	100
<b>Total</b>		<b>19,773,959</b>	<b>20,652,266</b>	<b>22,141,454</b>	<b>20,732,783</b>	<b>20,732,783</b>	<b>20,732,783</b>	<b>20,732,783</b>	<b>20,732,783</b>	<b>20,732,783</b>
<b>Funding Sources</b>										
General Revenue	4000010	19,773,959	20,652,266		20,732,783	20,732,783	20,732,783	20,732,783	20,732,783	20,732,783
Total Funding		19,773,959	20,652,266		20,732,783	20,732,783	20,732,783	20,732,783	20,732,783	20,732,783
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>19,773,959</b>	<b>20,652,266</b>		<b>20,732,783</b>	<b>20,732,783</b>	<b>20,732,783</b>	<b>20,732,783</b>	<b>20,732,783</b>	<b>20,732,783</b>

## Change Level by Appropriation

**Appropriation:** 499 - State Operations  
**Funding Sources:** HGA - Parks & Tourism Account

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,732,783</b>	<b>418</b>	<b>20,732,783</b>	<b>100.0</b>	<b>20,732,783</b>	<b>418</b>	<b>20,732,783</b>	<b>100.0</b>
C04	Reallocation	0	0	20,732,783	100.0	0	0	20,732,783	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,732,783</b>	<b>418</b>	<b>20,732,783</b>	<b>100.0</b>	<b>20,732,783</b>	<b>418</b>	<b>20,732,783</b>	<b>100.0</b>
C04	Reallocation	0	0	20,732,783	100.0	0	0	20,732,783	100.0
C10	Reclass	0	0	20,732,783	100.0	0	0	20,732,783	100.0
C14	Title Change	0	0	20,732,783	100.0	0	0	20,732,783	100.0

### Justification

C04	A reallocation of \$29,070 in FY2012 and \$28,233 in FY2013 is required to cover the normal replacement of computers, Low Value Equipment and due to the reduction in IT expenses for the annual Microsoft EA cost, patch management licensing cost and training software costs.
C10	The Executive Recommendation provides to reclassify one (1) position, a Public School Program Advisor (C122) to the corrected grade and title Education and Instruction Coordinator (C120) to align the position with work being performed.
C14	The Executive Recommendation provides for title changes for five (5) positions from Park Housekeeper Supervisor to Housekeeper Supervisor to eliminate the agency specific designation in the position title.

## **Analysis of Budget Request**

**Appropriation:** 500 - Conservation Tax

**Funding Sources:** SPT - Dept. of Parks & Tourism Treasury Fund

This appropriation provides for the special revenue funding from the 1/8 Cent Sales Tax levied by Amendment 75 (A.C.A.19-6-484). The Department utilizes these funds to supplement existing funding for State Parks and to provide for their repair and further development, consistent with the referendum presented to and approved by the citizens of Arkansas in 1996.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Change Level Requests totaling \$432,574 in FY12 and \$2,299,259 in FY13 reflect the following:

- Regular Salaries & Personal Services Matching increases totaling \$263,280 in each year of the biennium to support seven (7) positions, including: 1) New positions - One (1) Park Interpreter at Mississippi River State Park scheduled to open in 2012 and 2) Six (6) Restored positions - Park Superintendent II at Jacksonport State Park, two (2) Housekeepers and one (1) Fiscal Support Technician at Village Creek Golf Course, one (1) Museum Manager at the Central Office and one (1) Maintenance Technician at Delta Heritage Trail. The reclassification of four positions are to be used at the new Village Creek golf course as Landscape Technicians.
- Operating Expenses decrease of (\$5,200,000) in FY12 and (\$4,200,000) in FY13 for expenses that will be moved to the Parks Cash Fund due to a lack of available funding.
- Construction totaling \$3,841,294 in FY12 and \$4,707,979 in FY13 for scheduled design and construction as part of a long-term plan for the Conservation Amendment.
- Capital Outlay of \$1,528,000 in each year of the biennium for replacing worn out and deteriorated equipment system-wide. \$280,000 of the Capital Outlay request is to replace aging, high mileage vehicles in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

The Executive Recommendation provides for the Agency Request, as well as one (1) title change to properly align a position with work being performed.

## Appropriation Summary

**Appropriation:** 500 - Conservation Tax

**Funding Sources:** SPT - Dept. of Parks & Tourism Treasury Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	4,066,155	4,273,218	4,274,737	4,269,317	4,458,656	4,458,656	4,269,317	4,458,656	4,458,656
<b>#Positions</b>		<b>140</b>	<b>140</b>	<b>146</b>	<b>140</b>	<b>147</b>	<b>147</b>	<b>140</b>	<b>147</b>	<b>147</b>
Extra Help	5010001	817,755	1,102,852	1,102,852	1,102,852	1,102,852	1,102,852	1,102,852	1,102,852	1,102,852
<b>#Extra Help</b>		<b>98</b>	<b>152</b>	<b>152</b>	<b>152</b>	<b>152</b>	<b>152</b>	<b>152</b>	<b>152</b>	<b>152</b>
Personal Services Matching	5010003	1,638,172	1,677,751	1,672,081	1,686,222	1,760,163	1,760,163	1,686,222	1,760,163	1,760,163
Operating Expenses	5020002	11,695,832	11,861,973	11,861,973	11,861,973	6,661,973	6,661,973	11,861,973	7,661,973	7,661,973
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	198,153	296,760	296,760	296,760	296,760	296,760	296,760	296,760	296,760
Construction	5090005	6,211,929	11,916,293	11,916,293	11,916,293	15,757,587	15,757,587	11,916,293	16,624,272	16,624,272
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	1,523,193	1,428,106	1,428,106	0	1,528,000	1,528,000	0	1,528,000	1,528,000
Special Maintenance	5120032	897,819	1,818,615	1,818,615	1,818,615	1,818,615	1,818,615	1,818,615	1,818,615	1,818,615
<b>Total</b>		<b>27,049,008</b>	<b>34,375,568</b>	<b>34,371,417</b>	<b>32,952,032</b>	<b>33,384,606</b>	<b>33,384,606</b>	<b>32,952,032</b>	<b>35,251,291</b>	<b>35,251,291</b>
<b>Funding Sources</b>										
Fund Balance	4000005	8,733,520	7,509,794		86,126	86,126	86,126	0	0	0
Special Revenue	4000030	25,825,282	26,951,900		27,509,976	27,509,976	27,509,976	28,693,312	28,693,312	28,693,312
<b>Total Funding</b>		<b>34,558,802</b>	<b>34,461,694</b>		<b>27,596,102</b>	<b>27,596,102</b>	<b>27,596,102</b>	<b>28,693,312</b>	<b>28,693,312</b>	<b>28,693,312</b>
Excess Appropriation/(Funding)		(7,509,794)	(86,126)		5,355,930	5,788,504	5,788,504	4,258,720	6,557,979	6,557,979
<b>Grand Total</b>		<b>27,049,008</b>	<b>34,375,568</b>		<b>32,952,032</b>	<b>33,384,606</b>	<b>33,384,606</b>	<b>32,952,032</b>	<b>35,251,291</b>	<b>35,251,291</b>

The FY11 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 500 - Conservation Tax  
**Funding Sources:** SPT - Dept. of Parks & Tourism Treasury Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>32,952,032</b>	<b>140</b>	<b>32,952,032</b>	<b>100.0</b>	<b>32,952,032</b>	<b>140</b>	<b>32,952,032</b>	<b>100.0</b>
C01	Existing Program	5,708,816	7	38,660,848	117.3	6,575,501	7	39,527,533	120.0
C03	Discontinue Program	(5,300,000)	0	33,360,848	101.2	(4,300,000)	0	35,227,533	106.9
C10	Reclass	23,758	0	33,384,606	101.3	23,758	0	35,251,291	107.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>32,952,032</b>	<b>140</b>	<b>32,952,032</b>	<b>100.0</b>	<b>32,952,032</b>	<b>140</b>	<b>32,952,032</b>	<b>100.0</b>
C01	Existing Program	5,708,816	7	38,660,848	117.3	6,575,501	7	39,527,533	120.0
C03	Discontinue Program	(5,300,000)	0	33,360,848	101.2	(4,300,000)	0	35,227,533	106.9
C10	Reclass	23,758	0	33,384,606	101.3	23,758	0	35,251,291	107.0
C14	Title Change	0	0	33,384,606	101.3	0	0	35,251,291	107.0

### Justification

C01	– New Position – Park Interpreter for Mississippi River State Park. With the design underway for the addition of a Visitor Center, a renovated campground open to the public and increased visitation, a Park Interpreter will be needed. Regular Salary - An increase of \$29,251 each year of the biennium will be needed. M&O – An increase of \$100,000 each year of the biennium due to the change in the Capital Outlay threshold. Capital Outlay – Establish Capital Outlay for \$1,528,000 each year of the biennium to meet the parks needs to replace worn out and deteriorated equipment. Restore – Park Superintendent II for Jacksonport State Park to be used as an Assistant Superintendent. With the addition of Collection Management Facility and a new Visitor Center ready for construction, the Assistant is needed to assist with increased administrative, supervisory, security needs, expanded visitor programs and meet the needs of the public. Restore a Maintenance Technician at the Delta Heritage Trail, two Housekeepers, one Fiscal Support Technician to be reclassified and used at the Village Creek Golf Course, one housekeeper to be reclassified and used in the Central Office as a Museum Manager. This will add \$210,271 in Regular Salaries and Personal Services Matching. Construction - Increase by \$3,841,294 in FY12 and \$4,707,979 in FY13 for scheduled design and construction as a part of the long term plan for the Conservation Amendment.
C03	Decrease M&O by \$5,300,000 in FY12 and \$4,300,000 in FY13 and move these expenses to fund center 986 as a result of the anticipated decrease in the total funding for fund center 500.
C10	Reclass – Two housekeepers and a Fiscal Support Technician to a Landscape Technician to be used at the Village Creek Golf Course and one Housekeeper to a Museum Manager to provide support and direction to all of the museums in the State Park system.
C14	The Executive Recommendation provides for title changes for one (1) position from Park Housekeeper Supervisor to Housekeeper Supervisor to eliminate the agency specific designation in the position title.

## **Analysis of Budget Request**

**Appropriation:** 502 - Keep Arkansas Beautiful-ConsTax

**Funding Sources:** SBA - Keep Arkansas Beautiful

Act 1278 of 1997 (A.C.A. 15-11-603) established the Keep Arkansas Beautiful Commission to implement a statewide litter prevention program through the voluntary actions of local communities. This appropriation provides for the special revenue funding from the 1/8<sup>th</sup> Cent Sales Tax levied by Amendment 75 (A.C.A. 19-6-484). This funding will be utilized to support the Keep Arkansas Beautiful Commission and its activities.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Change Level Requests provides for decreases of (\$30,300) in each year of the biennium for Operating Expenses (\$12,300), Professional Fees (\$5,000) and Advertising Expense (\$13,000) to reduce appropriation to match available funding.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 502 - Keep Arkansas Beautiful-ConsTax

**Funding Sources:** SBA - Keep Arkansas Beautiful

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	115,446	118,588	114,743	117,388	117,388	117,388	117,388	117,388	117,388
<b>#Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Extra Help 5010001	2,010	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
<b>#Extra Help</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	38,252	39,394	37,436	39,132	39,132	39,132	39,132	39,132	39,132
Operating Expenses 5020002	63,109	102,228	102,228	102,228	89,928	89,928	102,228	89,928	89,928
Conference & Travel Expenses 5050009	45	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Professional Fees 5060010	36,103	40,400	40,400	40,400	35,400	35,400	40,400	35,400	35,400
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	0	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Advertising Expense 5900047	379,100	392,051	392,051	392,051	379,051	379,051	392,051	379,051	379,051
<b>Total</b>	<b>634,065</b>	<b>716,661</b>	<b>710,858</b>	<b>715,199</b>	<b>684,899</b>	<b>684,899</b>	<b>715,199</b>	<b>684,899</b>	<b>684,899</b>
<b>Funding Sources</b>									
Fund Balance 4000005	270,129	204,954		77,313	77,313	77,313	0	19,503	19,503
Special Revenue 4000030	568,890	587,820		623,089	623,089	623,089	660,475	660,475	660,475
Interest 4000300	0	1,200		4,000	4,000	4,000	5,000	5,000	5,000
<b>Total Funding</b>	<b>839,019</b>	<b>793,974</b>		<b>704,402</b>	<b>704,402</b>	<b>704,402</b>	<b>665,475</b>	<b>684,978</b>	<b>684,978</b>
Excess Appropriation/(Funding)	(204,954)	(77,313)		10,797	(19,503)	(19,503)	49,724	(79)	(79)
<b>Grand Total</b>	<b>634,065</b>	<b>716,661</b>		<b>715,199</b>	<b>684,899</b>	<b>684,899</b>	<b>715,199</b>	<b>684,899</b>	<b>684,899</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 502 - Keep Arkansas Beautiful-Constax  
**Funding Sources:** SBA - Keep Arkansas Beautiful

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>715,199</b>	<b>3</b>	<b>715,199</b>	<b>100.0</b>	<b>715,199</b>	<b>3</b>	<b>715,199</b>	<b>100.0</b>
C03	Discontinue Program	(30,300)	0	684,899	95.8	(30,300)	0	684,899	95.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>715,199</b>	<b>3</b>	<b>715,199</b>	<b>100.0</b>	<b>715,199</b>	<b>3</b>	<b>715,199</b>	<b>100.0</b>
C03	Discontinue Program	(30,300)	0	684,899	95.8	(30,300)	0	684,899	95.8

### Justification

C03	A reduction in base level of \$30,300 for FY2012 and FY2013 is required due to base level exceeding anticipated funding level.
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## **Analysis of Budget Request**

**Appropriation:** 504 - Tourism Promotion-Special Rev

**Funding Sources:** TDT - Tourism Development Trust

Act 629 of 1989 (A.C.A. §19-5-956) established the Tourism Development Trust Fund to promote tourism in Arkansas. Pursuant to A.C.A. § 26-52-1006, funding is derived from a 2% Gross Receipts Tax on tourist-related business. The Department utilizes this appropriation for operating expenses to promote Arkansas tourism through advertising and website promotion, grassroots campaigns, and printed materials.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Change Level Requests total \$1,013,575 in FY12 and \$1,546,581 in FY13 and reflect the following:

- Capital Outlay of \$35,000 each year of the biennium is to replace an aging, high mileage vehicle in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.
- Tourism Promotion totaling \$36,000 in FY12 and \$72,000 in FY13 to increase the regional matching fund program which serves grassroots promotions across the state.
- Advertising Expense in the amount of \$942,575 in FY12 and \$1,439,581 in FY13 for print, broadcast, and internet mass media advertising to promote tourism in Arkansas.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 504 - Tourism Promotion-Special Rev

**Funding Sources:** TDT - Tourism Development Trust

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	215,779	217,492	220,262	215,392	215,392	215,392	215,392	215,392	215,392
<b>#Positions</b>		<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Extra Help	5010001	14,245	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
<b>#Extra Help</b>		<b>3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching	5010003	79,170	82,016	80,504	81,373	81,373	81,373	81,373	81,373	81,373
Operating Expenses	5020002	881,649	1,434,250	1,557,270	1,434,250	1,434,250	1,434,250	1,434,250	1,434,250	1,434,250
Conference & Travel Expenses	5050009	417	3,860	3,860	3,860	3,860	3,860	3,860	3,860	3,860
Professional Fees	5060010	786	20,000	50,000	20,000	20,000	20,000	20,000	20,000	20,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	2,793	30,000	42,000	0	35,000	35,000	0	35,000	35,000
Tourist Promotion	5900046	868,936	883,737	986,490	883,737	919,737	919,737	883,737	955,737	955,737
Advertising Expense	5900047	10,048,065	8,734,694	11,187,969	8,734,694	9,677,269	9,677,269	8,734,694	10,174,275	10,174,275
<b>Total</b>		<b>12,111,840</b>	<b>11,425,049</b>	<b>14,147,355</b>	<b>11,392,306</b>	<b>12,405,881</b>	<b>12,405,881</b>	<b>11,392,306</b>	<b>12,938,887</b>	<b>12,938,887</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,610,168	732,548		644,425	644,425	644,425	1,214,576	201,001	201,001
Special Revenue	4000030	11,234,220	11,336,926		11,960,457	11,960,457	11,960,457	12,737,887	12,737,887	12,737,887
Interest	4000300	0	0		2,000	2,000	2,000	2,000	2,000	2,000
<b>Total Funding</b>		<b>12,844,388</b>	<b>12,069,474</b>		<b>12,606,882</b>	<b>12,606,882</b>	<b>12,606,882</b>	<b>13,954,463</b>	<b>12,940,888</b>	<b>12,940,888</b>
Excess Appropriation/(Funding)		(732,548)	(644,425)		(1,214,576)	(201,001)	(201,001)	(2,562,157)	(2,001)	(2,001)
<b>Grand Total</b>		<b>12,111,840</b>	<b>11,425,049</b>		<b>11,392,306</b>	<b>12,405,881</b>	<b>12,405,881</b>	<b>11,392,306</b>	<b>12,938,887</b>	<b>12,938,887</b>

The FY11 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 504 - Tourism Promotion-Special Rev  
**Funding Sources:** TDT - Tourism Development Trust

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>11,392,306</b>	<b>7</b>	<b>11,392,306</b>	<b>100.0</b>	<b>11,392,306</b>	<b>7</b>	<b>11,392,306</b>	<b>100.0</b>
C01	Existing Program	1,013,575	0	12,405,881	108.9	1,546,581	0	12,938,887	113.6

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>11,427,306</b>	<b>7</b>	<b>11,427,306</b>	<b>100.0</b>	<b>11,427,306</b>	<b>7</b>	<b>11,427,306</b>	<b>100.0</b>
C01	Existing Program	978,575	0	12,405,881	108.6	1,511,581	0	12,938,887	113.2

### Justification

C01	This request is to replace vehicles as needed. An increase is also needed to allow a boost in our advertising investments. As the tourism industry becomes increasingly competitive, Arkansas must maintain an active presence in the marketplace, getting our message in front of prospective travelers. The additional funds will allow us to expand our Internet campaigns and to purchase additional print and broadcast media. An increase is needed in the Regional Matching Funds program, which supports grassroots promotion of local tourism attractions. The state's 12 regions work hand-in-hand with the state, focusing consumer attentions on local destinations and events. The additional funding will allow the regions to maintain and expand their advertising campaigns, reaching more travelers with their unique marketing messages. An increase in low value equipment is needed each year to allow for the replacement of photographic equipment.
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## **Analysis of Budget Request**

**Appropriation:** 54L - Wildlife Observation Trails

**Funding Sources:** SWO - Operations

Act 686 of 2009 established that the Arkansas Game and Fish Commission make available \$1,000,000 each year for the Wildlife Observation Trails Pilot Program. Wildlife Observation Trail means a trail route designed to promote conservation and management of wildlife resources of the state and to promote tourism and economic development through the enjoyment, use, protection and improvement of the natural resources of Arkansas.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 54L - Wildlife Observation Trails

**Funding Sources:** SWO - Operations

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	Historical Data		2011-2012			2012-2013		
		2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	32,249	32,991	32,249	32,249	32,249	32,249	32,249	32,249
<b>#Positions</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	0	11,694	11,393	11,694	11,694	11,694	11,694	11,694	11,694
Operating Expenses 5020002	0	6,614	6,614	6,614	6,614	6,614	6,614	6,614	6,614
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1,050,557</b>	<b>1,050,998</b>	<b>1,050,557</b>	<b>1,050,557</b>	<b>1,050,557</b>	<b>1,050,557</b>	<b>1,050,557</b>	<b>1,050,557</b>
<b>Funding Sources</b>									
Transfers from Agencies 4000690	0	1,050,557		1,050,557	1,050,557	1,050,557	1,050,557	1,050,557	1,050,557
Total Funding	0	1,050,557		1,050,557	1,050,557	1,050,557	1,050,557	1,050,557	1,050,557
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>0</b>	<b>1,050,557</b>		<b>1,050,557</b>	<b>1,050,557</b>	<b>1,050,557</b>	<b>1,050,557</b>	<b>1,050,557</b>	<b>1,050,557</b>

The FY11 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2009-2011 biennium.

## **Analysis of Budget Request**

**Appropriation:** 579 - Outdoor Recreation Grants Prg

**Funding Sources:** MPT - Parks & Tourism Outdoor Recreation

The Department utilizes this appropriation for operating expenses and outdoor recreational grants to cities and counties. Funding is derived from the State Parks' portion of the proceeds of the Real Estate Transfer Tax increase levied by Act 729 of 1987, and further increased by Act 1181 of 1993 (A.C.A. 26-60-105).

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Request is for Base Level, with the exception of a reduction in the Grants and Aid line item of \$1,000,000 in both years due to the inability to certify funding to fully support the Base Level.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 579 - Outdoor Recreation Grants Prg  
**Funding Sources:** MPT - Parks & Tourism Outdoor Recreation

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	160,190	167,808	181,230	166,308	166,308	166,308	166,308	166,308	166,308
<b>#Positions</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Extra Help 5010001	0	15,210	15,210	15,210	15,210	15,210	15,210	15,210	15,210
<b>#Extra Help</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	44,277	47,136	57,228	56,305	56,305	56,305	56,305	56,305	56,305
Operating Expenses 5020002	36,612	37,020	37,020	37,020	37,020	37,020	37,020	37,020	37,020
Conference & Travel Expenses 5050009	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	1,227,098	4,177,686	4,177,686	4,177,686	3,177,686	3,177,686	4,177,686	3,177,686	3,177,686
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,468,177</b>	<b>4,446,360</b>	<b>4,469,874</b>	<b>4,454,029</b>	<b>3,454,029</b>	<b>3,454,029</b>	<b>4,454,029</b>	<b>3,454,029</b>	<b>3,454,029</b>
<b>Funding Sources</b>									
Fund Balance 4000005	5,009,423	5,240,222		2,521,333	2,521,333	2,521,333	329,855	1,329,855	1,329,855
Special Revenue 4000030	1,698,976	1,727,471		2,262,551	2,262,551	2,262,551	2,312,684	2,312,684	2,312,684
<b>Total Funding</b>	<b>6,708,399</b>	<b>6,967,693</b>		<b>4,783,884</b>	<b>4,783,884</b>	<b>4,783,884</b>	<b>2,642,539</b>	<b>3,642,539</b>	<b>3,642,539</b>
Excess Appropriation/(Funding)	(5,240,222)	(2,521,333)		(329,855)	(1,329,855)	(1,329,855)	1,811,490	(188,510)	(188,510)
<b>Grand Total</b>	<b>1,468,177</b>	<b>4,446,360</b>		<b>4,454,029</b>	<b>3,454,029</b>	<b>3,454,029</b>	<b>4,454,029</b>	<b>3,454,029</b>	<b>3,454,029</b>

## Change Level by Appropriation

**Appropriation:** 579 - Outdoor Recreation Grants Prg  
**Funding Sources:** MPT - Parks & Tourism Outdoor Recreation

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,454,029</b>	<b>4</b>	<b>4,454,029</b>	<b>100.0</b>	<b>4,454,029</b>	<b>4</b>	<b>4,454,029</b>	<b>100.0</b>
C03	Discontinue Program	(1,000,000)	0	3,454,029	77.5	(1,000,000)	0	3,454,029	77.5

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,454,029</b>	<b>4</b>	<b>4,454,029</b>	<b>100.0</b>	<b>4,454,029</b>	<b>4</b>	<b>4,454,029</b>	<b>100.0</b>
C03	Discontinue Program	(1,000,000)	0	3,454,029	77.5	(1,000,000)	0	3,454,029	77.5

### Justification

C03	Decrease Grants and Aids of \$1,000,000 for each year of the biennium as a result of the base level being in excess of the anticipated funding levels.
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## **Analysis of Budget Request**

**Appropriation:** 986 - Operations & Construction-Cash in Treasury

**Funding Sources:** NPT - Parks Fund

This appropriation is financed by cash receipts and interest income generated by the State Park System. Cash receipts include the fees charged for park facility usage and/or property rentals, the sale of items purchased from gift shops, restaurant operations, and other miscellaneous receipts. The Department utilizes this appropriation to provide staff and operational support to park and museum activities.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Change Level requests total \$9,289,935 in FY12 and \$5,289,935 in FY13 and reflect the following:

- Regular Salaries & Personal Services Matching totaling \$502,919 in each year of the biennium to restore thirteen (13) positions, - One (1) Specialty Operations Manager, one (1) Facility Manager II, one (1) Maintenance Manager, one (1) Maintenance Coordinator, one (1) Landscape Supervisor, five (5) Landscape Specialists, one (1) Maintenance Technician, one (1) Equipment Mechanic and one (1) Skilled Tradesman all at Village Creek Golf Course.
- Extra Help and Personal Services Matching increases of \$147,542 each year for ten (10) new positions at Village Creek.
- Operating Expenses of \$6,081,390 in FY12 and \$4,581,390 in FY13 for implementation of a Microsoft Enterprise Point of Sale System for merchandise & fuel sales at gift shops, stores, marinas, and golf pro shops system-wide, in order to integrate them with AASIS and the park reservation system, and to improve sales reporting and inventory tracking. It also includes the reallocation of Operating Expenses in the amount of \$5,200,000 in FY12 and \$4,200,000 in FY13 from Conservation Tax (Appropriation 500.)
- Construction Expense of \$2,500,000 in FY12 for the design and construction of club house, cart barn, restrooms and pro shop at Village Creek Golf Course.
- Resale Items of \$10,855 each year of the biennium to supply new park facilities due to open in 2012 and 2013.
- Capital Outlay in the amount of \$525,000 each year for vehicle replacement and equipment needs at park facilities. Capital Outlay related to vehicles is to replace aging, high mileage vehicles in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.
- Debt Service decrease totaling (\$477,771) in each year to reflect the proper payments for principal and interest for bond payments for Mount Magazine Bonds and Village Creek Bonds.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent on available funding.

## Appropriation Summary

**Appropriation:** 986 - Operations & Construction-Cash in Treasury

**Funding Sources:** NPT - Parks Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,849,062	5,829,017	4,772,116	5,834,806	6,197,910	6,197,910	5,834,806	6,197,910	6,197,910
<b>#Positions</b>		<b>194</b>	<b>187</b>	<b>189</b>	<b>187</b>	<b>200</b>	<b>200</b>	<b>187</b>	<b>200</b>	<b>200</b>
Extra Help	5010001	3,660,606	4,085,186	4,085,186	4,085,186	4,220,186	4,220,186	4,085,186	4,220,186	4,220,186
<b>#Extra Help</b>		<b>555</b>	<b>620</b>	<b>622</b>	<b>620</b>	<b>630</b>	<b>630</b>	<b>620</b>	<b>630</b>	<b>630</b>
Personal Services Matching	5010003	2,709,650	2,480,738	2,112,451	2,511,159	2,663,516	2,663,516	2,511,159	2,663,516	2,663,516
Operating Expenses	5020002	2,359,995	4,007,406	4,007,406	4,007,406	10,088,796	10,088,796	4,007,406	8,588,796	8,588,796
Conference & Travel Expenses	5050009	21,505	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500
Professional Fees	5060010	657,630	802,700	802,700	802,700	802,700	802,700	802,700	802,700	802,700
Construction	5090005	609	0	0	0	2,500,000	2,500,000	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	3,740,229	4,619,582	4,619,582	4,619,582	4,630,437	4,630,437	4,619,582	4,630,437	4,630,437
Capital Outlay	5120011	324,692	525,000	525,000	0	525,000	525,000	0	525,000	525,000
Debt Service	5120019	4,003,343	4,528,770	4,528,770	4,528,770	4,050,999	4,050,999	4,528,770	4,050,999	4,050,999
Contractual Services	5900043	266,109	336,177	336,177	336,177	336,177	336,177	336,177	336,177	336,177
<b>Total</b>		<b>23,593,430</b>	<b>27,255,076</b>	<b>25,829,888</b>	<b>26,766,286</b>	<b>36,056,221</b>	<b>36,056,221</b>	<b>26,766,286</b>	<b>32,056,221</b>	<b>32,056,221</b>
<b>Funding Sources</b>										
Fund Balance	4000005	17,622,152	17,557,567		15,503,770	15,503,770	15,503,770	14,694,801	5,404,866	5,404,866
Cash Fund	4000045	23,528,845	25,201,279		25,957,317	25,957,317	25,957,317	26,736,037	26,736,037	26,736,037
<b>Total Funding</b>		<b>41,150,997</b>	<b>42,758,846</b>		<b>41,461,087</b>	<b>41,461,087</b>	<b>41,461,087</b>	<b>41,430,838</b>	<b>32,140,903</b>	<b>32,140,903</b>
Excess Appropriation/(Funding)		(17,557,567)	(15,503,770)		(14,694,801)	(5,404,866)	(5,404,866)	(14,664,552)	(84,682)	(84,682)
<b>Grand Total</b>		<b>23,593,430</b>	<b>27,255,076</b>		<b>26,766,286</b>	<b>36,056,221</b>	<b>36,056,221</b>	<b>26,766,286</b>	<b>32,056,221</b>	<b>32,056,221</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 986 - Operations & Construction-Cash in Treasury  
**Funding Sources:** NPT - Parks Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	26,766,286	187	26,766,286	100.0	26,766,286	187	26,766,286	100.0
C01	Existing Program	8,980,540	3	35,746,826	133.6	5,480,540	3	32,246,826	120.5
C03	Discontinue Program	(477,771)	0	35,269,055	131.8	(477,771)	0	31,769,055	118.7
C06	Restore Position/Approp	271,703	10	35,540,758	132.8	271,703	10	32,040,758	119.7
C08	Technology	500,000	0	36,040,758	134.6	0	0	32,040,758	119.7
C10	Reclass	15,463	0	36,056,221	134.7	15,463	0	32,056,221	119.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	26,766,286	187	26,766,286	100.0	26,766,286	187	26,766,286	100.0
C01	Existing Program	8,980,540	3	35,746,826	133.6	5,480,540	3	32,246,826	120.5
C03	Discontinue Program	(477,771)	0	35,269,055	131.8	(477,771)	0	31,769,055	118.7
C06	Restore Position/Approp	271,703	10	35,540,758	132.8	271,703	10	32,040,758	119.7
C08	Technology	500,000	0	36,040,758	134.6	0	0	32,040,758	119.7
C10	Reclass	15,463	0	36,056,221	134.7	15,463	0	32,056,221	119.8

### Justification

C01	For 10 new positions in Extra Help of \$135,000, an increase in M&O of \$281,390 and an increase in Resale of \$10,855 each year of the biennium all for the operation of the Village Creek Golf Course. Increase in M&O of \$5,528,295 in FY12 and \$4,528,295 in FY13 due to moving expenses from Conservation Tax (Appropriation 500) to this appropriation as a result of the anticipated decrease in total Conservation Tax funding. Capital Outlay – To establish Capital Outlay each year of the biennium of \$525,000 for the purchase of vehicles and other equipment needs in the parks system, Central Office and Regional Offices. Restore – Maintenance Technician, Equipment Mechanic and Skill Tradesman. Construction – Increase of \$2,500,000 for FY12 for the design and construction of restrooms, pro-shop, cart barn and infrastructure for the Village Creek golf course.
C03	– Discontinue Program – To reduce the Debt Service Appropriation by (\$477,771) each year of the biennium to reflect the proper payments for principal and interest for the Mt. Magazine Bonds and the Village Creek Bonds.
C06	ADPT Specialty Operations Manager, Facility Manager II, Maintenance Manager, Maintenance Coordinator, Landscape Supervisor and 5 Landscape Specialists, all for the Village Creek Golf Course which will increase Regular Salaries by \$271,703 each year of the biennium.
C08	Technology – M&O – An increase of \$500,000 in FY12 to purchase a point of sale system for the merchandise sales to include bar-coding scanning, inventory management for purchases, sales and vendor order tracking and physical inventories at state park gift shops, stores, marinas and golf pro shops. This is referenced in the Department's IT plan under "Projects."
C10	Reclass – Housekeeper position to a Landscape Technician for the Village Creek Golf Course and a Facility Manager I to a Park Interpreter at Village Creek State Park.

## **Analysis of Budget Request**

**Appropriation:** 994 - Retirement & Relocation Program

**Funding Sources:** HGA - Parks & Tourism Account

Act 609 of 1997 (A.C.A. §25-13-301) created the Retirement and Relocation Program to promote economic development of the State by encouraging retirees to relocate to Arkansas. Funding is derived from general revenues. The Department utilizes the appropriation for advertising expenses to encourage retirees to relocate to Arkansas.

The Agency Request is for Base Level in each year of the biennium.

The Executive Recommendation provides the Agency Request.

## Appropriation Summary

**Appropriation:** 994 - Retirement & Relocation Program

**Funding Sources:** HGA - Parks & Tourism Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	26,659	26,659	30,000	26,659	26,659	26,659	26,659	26,659	26,659
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	3,000	3,000	10,000	3,000	3,000	3,000	3,000	3,000	3,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Advertising Expense	5900047	198,619	198,619	460,000	198,619	198,619	198,619	198,619	198,619	198,619
<b>Total</b>		<b>228,278</b>	<b>228,278</b>	<b>500,000</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>
<b>Funding Sources</b>										
General Revenue	4000010	228,278	228,278		228,278	228,278	228,278	228,278	228,278	228,278
<b>Total Funding</b>		<b>228,278</b>	<b>228,278</b>		<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>228,278</b>	<b>228,278</b>		<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>

## **Analysis of Budget Request**

**Appropriation:** 995 - Tourism - Cash in Treasury

**Funding Sources:** NPT - Tourism Operations

This appropriation provides for the operation of the Gift Shop in the Central Office. Funding is derived from the sale of merchandise from the Gift Shop. Items for resale are purchased in bulk as necessary. Since 1999, this appropriation has typically averaged in excess of \$60,000 in fund balances.

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 995 - Tourism - Cash in Treasury

**Funding Sources:** NPT - Tourism Operations

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	3,744	40,200	40,200	40,200	40,200	40,200	40,200	40,200	40,200
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	4,263	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>8,007</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>
<b>Funding Sources</b>										
Fund Balance	4000005	74,995	74,937		31,237	31,237	31,237	1,037	1,037	1,037
Investments	4000315	7,949	21,500		35,000	35,000	35,000	64,232	64,232	64,232
<b>Total Funding</b>		<b>82,944</b>	<b>96,437</b>		<b>66,237</b>	<b>66,237</b>	<b>66,237</b>	<b>65,269</b>	<b>65,269</b>	<b>65,269</b>
Excess Appropriation/(Funding)		(74,937)	(31,237)		(1,037)	(1,037)	(1,037)	(69)	(69)	(69)
<b>Grand Total</b>		<b>8,007</b>	<b>65,200</b>		<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>

## **Analysis of Budget Request**

**Appropriation:** 996 - Entertainers Hall of Fame-Treas

**Funding Sources:** NPT - Parks & Tourism Hall of Fame

Act 671 of 1985 (A.C.A. 13-9-101) as amended created the Arkansas Entertainers Hall of Fame Board to honor individuals who by achievement or service have made outstanding and lasting contributions in entertainment. During the 81<sup>st</sup> General Assembly, Act 255 of 1997 transferred the authority and responsibility for the administration of the Arkansas Hall of Fame to the Arkansas Department of Parks and Tourism. Additional funding is provided by donations from private sources and the City of Pine Bluff, where the Agency is located. This appropriation provides for the operation of the Arkansas Entertainers Hall of Fame.

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 996 - Entertainers Hall of Fame-Treas

**Funding Sources:** NPT - Parks & Tourism Hall of Fame

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Various Exp. - Entertainers Hall 5900046	1,094	49,633	49,633	49,633	49,633	49,633	49,633	49,633	49,633
<b>Total</b>	<b>1,094</b>	<b>49,633</b>							
<b>Funding Sources</b>									
Fund Balance 4000005	42,029	41,709		4,076	4,076	4,076	0	0	0
Fees 4000245	774	10,000		44,557	44,557	44,557	49,633	49,633	49,633
Interest 4000300	0	2,000		1,000	1,000	1,000	0	0	0
<b>Total Funding</b>	<b>42,803</b>	<b>53,709</b>		<b>49,633</b>	<b>49,633</b>	<b>49,633</b>	<b>49,633</b>	<b>49,633</b>	<b>49,633</b>
Excess Appropriation/(Funding)	(41,709)	(4,076)		0	0	0	0	0	0
<b>Grand Total</b>	<b>1,094</b>	<b>49,633</b>		<b>49,633</b>	<b>49,633</b>	<b>49,633</b>	<b>49,633</b>	<b>49,633</b>	<b>49,633</b>

## Appropriation Summary

**Appropriation:** 83L - Davidsonville State Park

**Funding Sources:** HGA - Parks & Tourism Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Davidsonville Feasibility Study 5900046	0	0	50,000	0	0	0	0	0	0
Total	0	0	50,000	0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM

# DEPT OF PARKS & TOURISM - HISTORY COMMISSION

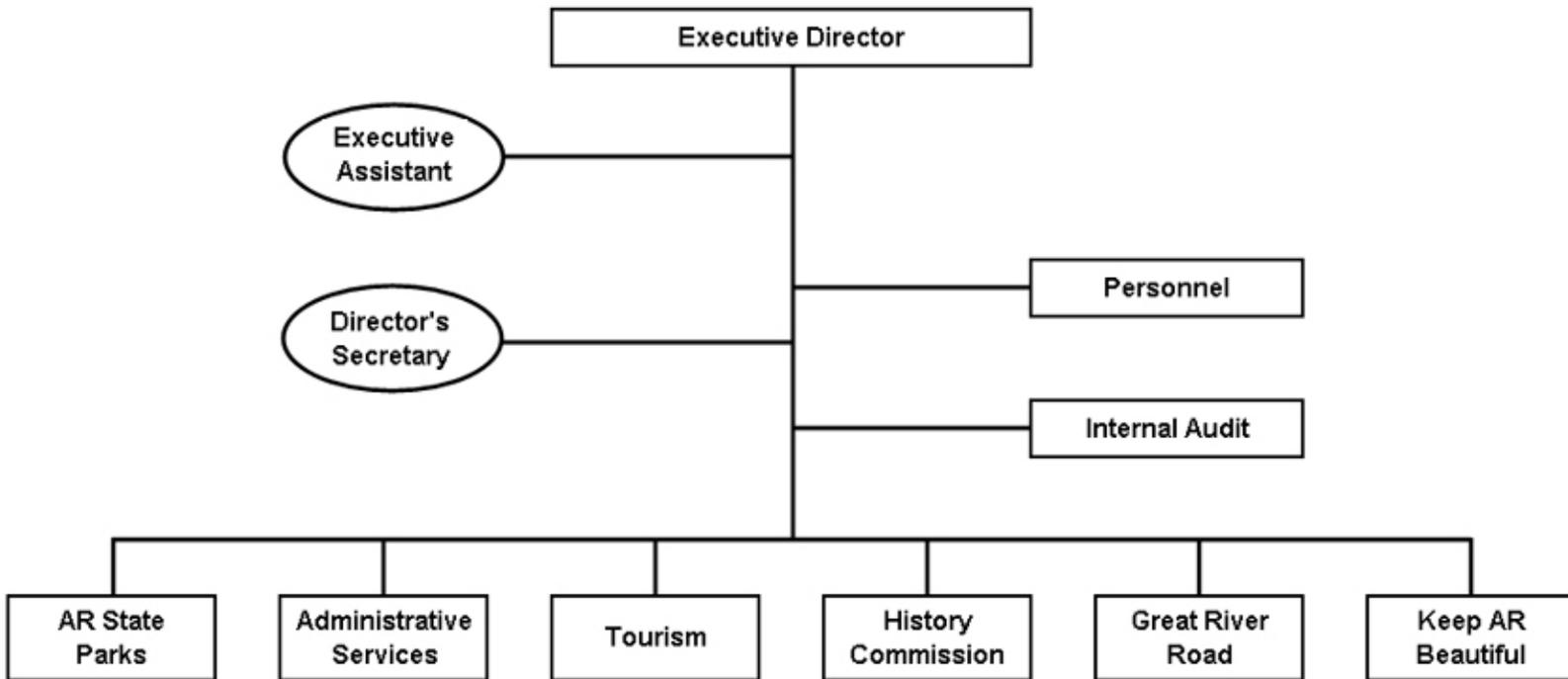
## Enabling Laws

Acts 142 and 196 of 2010  
A.C.A. 13-3-101 to 109; 13-3-201 to 206

## History and Organization

The History Commission was created by Act 215 of 1905, but its existence as a functioning state agency was uncertain until after the passage of Act 355 by the General Assembly of 1911. The latter Act, as amended by Act 207 of 1963, is the basic law under which the Commission operates. This fundamental Act charges the History Commission with the responsibility of keeping and caring for the official archives of the state, collecting materials relating to Arkansas history, and encouraging the use of historical source materials such as documents, newspapers, maps, and photographs. Public research rooms in Little Rock, Washington, and Powhatan (opening January 2011), serve thousands of scholars, students, genealogists, local historians, and other researchers each year. A documents restoration laboratory and a microphotography section assist with preservation, and the [www.ark-ives.com](http://www.ark-ives.com) website enhances educational and informational efforts.

The History Commission itself is composed of seven members appointed by the Governor with the approval of the Senate. Since the passage of Act 38 of 1971, the Commission has operated within the Department of Parks and Tourism. The Black History Commission of Arkansas was created by Act 1233 of 1991 (name changed from Black History Advisory Committee by Act 1601 of 2007). It operates in connection with the History Commission.



## Agency Commentary

The Arkansas History Commission (AHC) serves as the State Archives and is the state's largest archival institution and keeper of Arkansas' documentary heritage. The AHC's primary goals are to collect historical material pertaining to Arkansas, encourage research in Arkansas history, broaden knowledge of the state's origins, and manage and maintain stewardship of historical objects and archival material important to the overall understanding of Arkansas history and culture. Funding for the Agency is through general revenue, occasional grants, and cash funds received from copying and reproduction charges.

The Agency is requesting Base Level plus \$32,000 for additional leased space at the Multi-Agency Complex (MAC) to enable the State Archives to meet preservation, processing, and storage needs for the ever-increasing amount of historical material in its care. The AHC moved into the building at One Capitol Mall thirty years ago, and this is the Agency's first--and possibly its only--opportunity to obtain significant new area with which to expand the public research room and processing area for archival material and historical objects. All funds

from the budget increase would stay within state government, since the money will go to Arkansas Building Authority, the state agency which owns the building.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF PARKS AND TOURISM  
FOR THE YEAR ENDED JUNE 30, 2008

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	3	14	17	81 %
Black Employees	0	4	4	19 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			4	19 %
Total Employees			21	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
NONE	N/A	N	N	0	N/A

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
226 History Commission-State Operations	1,543,805	23	1,643,886	25	1,669,102	25	1,646,376	25	1,678,376	25	1,678,376	25	1,646,376	25	1,678,376	25	1,678,376	25
955 History Commission-Cash in Treasury	42,936	0	79,000	0	79,000	0	79,000	0	79,000	0	79,000	0	79,000	0	79,000	0	79,000	0
<b>Total</b>	<b>1,586,741</b>	<b>23</b>	<b>1,722,886</b>	<b>25</b>	<b>1,748,102</b>	<b>25</b>	<b>1,725,376</b>	<b>25</b>	<b>1,757,376</b>	<b>25</b>	<b>1,757,376</b>	<b>25</b>	<b>1,725,376</b>	<b>25</b>	<b>1,757,376</b>	<b>25</b>	<b>1,757,376</b>	<b>25</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance 4000005	49,016	3.0	35,961	2.1			961	0.1	961	0.1	961	0.1	961	0.1	961	0.1	961	0.1
General Revenue 4000010	1,543,805	95.1	1,643,886	95.4			1,646,376	95.4	1,678,376	95.5	1,646,376	95.4	1,646,376	95.4	1,678,376	95.5	1,614,376	95.3
Cash Fund 4000045	29,881	1.8	44,000	2.6			79,000	4.6	79,000	4.5	79,000	4.6	79,000	4.6	79,000	4.5	79,000	4.7
<b>Total Funds</b>	<b>1,622,702</b>	<b>100.0</b>	<b>1,723,847</b>	<b>100.0</b>			<b>1,726,337</b>	<b>100.0</b>	<b>1,758,337</b>	<b>100.0</b>	<b>1,726,337</b>	<b>100.0</b>	<b>1,726,337</b>	<b>100.0</b>	<b>1,758,337</b>	<b>100.0</b>	<b>1,694,337</b>	<b>100.0</b>
Excess Appropriation/(Funding)	(35,961)		(961)				(961)		(961)		31,039		(961)		(961)		63,039	
<b>Grand Total</b>	<b>1,586,741</b>		<b>1,722,886</b>				<b>1,725,376</b>		<b>1,757,376</b>		<b>1,757,376</b>		<b>1,725,376</b>		<b>1,757,376</b>		<b>1,757,376</b>	

Variances in fund balances due to unfunded appropriation in appropriation (226) History Commission-State Operations.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
23	22	1	23	0	4.35 %	25	21	2	23	2	16.00 %	25	21	4	25	0	16.00 %

## **Analysis of Budget Request**

**Appropriation:** 226 - History Commission-State Operations

**Funding Sources:** HGA - Parks & Tourism-History Commission Account

This appropriation provides for the personal services and operating expenses of the History Commission. As stated in Arkansas Code Annotated §13-3-101, the History Commission maintains official archives of the state, collects historical materials, and encourages historic research. Funding is provided by general revenue.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the unclassified position reflects the FY11 line item maximum.

The Agency's Change Level request includes an increase of \$32,000 each year in Operating Expenses for increased rent for additional storage space in the Multi-Agency Complex (MAC) building.

The Executive Recommendation provides for the Agency Request for appropriation with no additional general revenue funding.

## Appropriation Summary

**Appropriation:** 226 - History Commission-State Operations

**Funding Sources:** HGA - Parks & Tourism-History Commission Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	822,408	909,255	923,299	902,019	902,019	902,019	902,019	902,019	902,019
<b>#Positions</b>		<b>23</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>
Extra Help	5010001	7,065	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300
<b>#Extra Help</b>		<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	252,298	289,645	300,817	299,371	299,371	299,371	299,371	299,371	299,371
Operating Expenses	5020002	441,562	424,110	424,110	424,110	456,110	456,110	424,110	456,110	456,110
Conference & Travel Expenses	5050009	395	396	396	396	396	396	396	396	396
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	10,427	0	0	0	0	0	0	0	0
Black History Advisory Cmte	5900041	9,650	10,180	10,180	10,180	10,180	10,180	10,180	10,180	10,180
<b>Total</b>		<b>1,543,805</b>	<b>1,643,886</b>	<b>1,669,102</b>	<b>1,646,376</b>	<b>1,678,376</b>	<b>1,678,376</b>	<b>1,646,376</b>	<b>1,678,376</b>	<b>1,678,376</b>
<b>Funding Sources</b>										
General Revenue	4000010	1,543,805	1,643,886		1,646,376	1,678,376	1,646,376	1,646,376	1,678,376	1,614,376
Total Funding		1,543,805	1,643,886		1,646,376	1,678,376	1,646,376	1,646,376	1,678,376	1,614,376
Excess Appropriation/(Funding)		0	0		0	0	32,000	0	0	64,000
<b>Grand Total</b>		<b>1,543,805</b>	<b>1,643,886</b>		<b>1,646,376</b>	<b>1,678,376</b>	<b>1,678,376</b>	<b>1,646,376</b>	<b>1,678,376</b>	<b>1,678,376</b>

## Change Level by Appropriation

**Appropriation:** 226 - History Commission-State Operations  
**Funding Sources:** HGA - Parks & Tourism-History Commission Account

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,646,376</b>	<b>25</b>	<b>1,646,376</b>	<b>100.0</b>	<b>1,646,376</b>	<b>25</b>	<b>1,646,376</b>	<b>100.0</b>
C01	Existing Program	32,000	0	1,678,376	101.9	32,000	0	1,678,376	101.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,646,376</b>	<b>25</b>	<b>1,646,376</b>	<b>100.0</b>	<b>1,646,376</b>	<b>25</b>	<b>1,646,376</b>	<b>100.0</b>
C01	Existing Program	32,000	0	1,678,376	101.9	32,000	0	1,678,376	101.9

### Justification

C01	This request includes an increase of \$32,000 to pay for additional leased space in the MAC (Multi-Agency Complex), owned/managed by Arkansas Building Authority, another state agency. The Arkansas History Commission moved into the building at One Capitol Mall thirty years ago, and has a unique opportunity to obtain new area (approximately 3,000 square feet) with which to expand the public research room and processing area for archival material and historical objects. All funds from the budget increase would stay within state government, since the money will go to Arkansas Building Authority.
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## **Analysis of Budget Request**

**Appropriation:** 955 - History Commission-Cash in Treasury

**Funding Sources:** NPT - History Commission-Cash in Treasury

This appropriation is utilized to provide for the operating expenses of the History Commission. Funding is derived from cash receipts generated from sales of microfilm, photographs, and photocopies.

The Agency's Request is for Base Level.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 955 - History Commission-Cash in Treasury

**Funding Sources:** NPT - History Commission-Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	42,936	79,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>42,936</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	49,016	35,961		961	961	961	961	961	961
Cash Fund	4000045	29,881	44,000		79,000	79,000	79,000	79,000	79,000	79,000
<b>Total Funding</b>		<b>78,897</b>	<b>79,961</b>		<b>79,961</b>	<b>79,961</b>	<b>79,961</b>	<b>79,961</b>	<b>79,961</b>	<b>79,961</b>
Excess Appropriation/(Funding)		(35,961)	(961)		(961)	(961)	(961)	(961)	(961)	(961)
<b>Grand Total</b>		<b>42,936</b>	<b>79,000</b>		<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>

# ARKANSAS STATE BOARD OF PHYSICAL THERAPY

## Enabling Laws

Act 158 of 2010  
A.C.A. §17-93-201

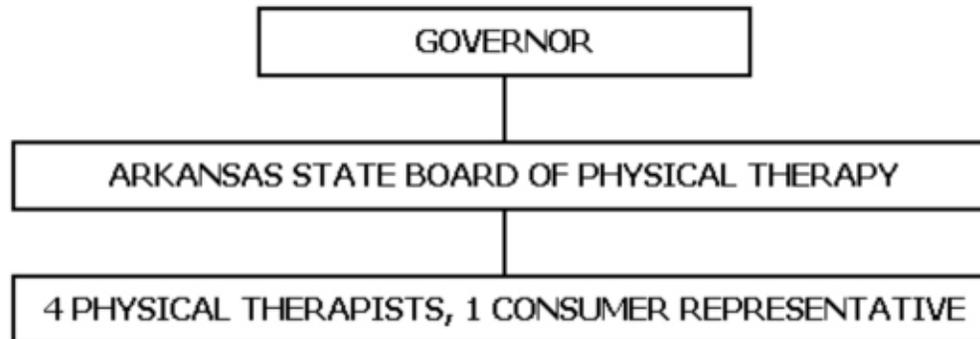
## History and Organization

History: A.C.A. §17-93-201 established the Arkansas State Board of Physical Therapy. It authorized a five member Board that is made up of four Physical Therapists and a consumer representative.

Mission: To administer the statute with the highest degree of integrity, competence, and efficiency commensurate with the professional standards of physical therapy providers.

Statutory Responsibility: To see that persons attesting to provide physical therapy services have met all requirements and by doing so protect the public.

Primary Activities: 1) Grant a license to those who meet all requirements, including verification of eligibility to take the national examination and otherwise qualify; 2) Oversee examination which tests for minimum level competency; 3) Determine whether those who apply for a license to practice qualify; 4) Annually register and issue an annual license to practice; and 5) Investigate violations of the Act and take disciplinary action where appropriate after conducting a hearing.



## **Agency Commentary**

Statutory Responsibility: To see that persons attesting to provide physical therapy services have met all requirements and by doing so protect the public.

Primary Activities: 1) Grant a license to those who meet all requirements, including verification of eligibility to take the national examination and otherwise qualify; 2) Oversee examination which tests for minimum level competency; 3) Determine whether those who apply for a license to practice qualify; 4) Annually register and issue an annual license to practice; and 5) Investigate violations of the Act and take disciplinary action where appropriate after conducting a hearing.

The Arkansas State Board of Physical Therapy is requesting Base Level in each year of the 2011-13 biennium.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF PHYSICAL THERAPY

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Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

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Recommendations

## Employment Summary

	Male	Female	Total	%	
White Employees	0	2	2	100 %	
Black Employees	0	0	0	0 %	
Other Racial Minorities	0	0	0	0 %	
			Total Minorities	0 %	
			Total Employees	2	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
3460000	\$123,622	Checking/Treasury	Metropolitan/State Treasury

### Statutory/Other Restrictions on use:

A.C.A. 17-93-203 Provides for the deposit of funds.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-93-203 Authorizes the agency to collect fees.

### Revenue Receipts Cycle:

Annual renewal fees are due by March of each year. Other funds are collected on an irregular basis.

### Fund Balance Utilization:

Funds are expended for the purpose of regulating, licensing and examining physical therapists and physical therapists assistants.

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Fund Account	Balance	Type	Location
3460000	\$525,373	Investment-Certificate of Deposit	Metropolitan/State Treasury

Statutory/Other Restrictions on use:

A.C.A. 17-93-203 Provides for the deposit of funds.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-93-203 Authorizes the agency to collect fees.

Revenue Receipts Cycle:

Annual renewal fees are due by March of each year. Other funds are collected on an irregular basis.

Fund Balance Utilization:

Funds are expended for the purpose of regulating, licensing and examining physical therapists and physical therapists assistants.

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Fund Account	Balance	Type	Location
PTP0100	\$104	Payroll	State Treasury

Statutory/Other Restrictions on use:

A.C.A. 17-93-203 Provides for the deposit of funds.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-93-203 Authorizes the agency to collect fees.

Revenue Receipts Cycle:

Annual renewal fees are due by March of each year. Other funds are collected on an irregular basis.

Fund Balance Utilization:

Funds are expended for the purpose of the board payroll.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report	A.C.A. §17-93-203 (c)	Y	N	1	Report receipts and disbursements
Directory	A.C.A. §17-93-202 (4)(A)	N	N	2,700	Communication with Licensees
Newsletter	None	N	N	2,600	Practice Changes:Suspension

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** B47 - Cash Operations

**Funding Sources:** 346 - Physical Therapy Cash Operations

The Arkansas State Board of Physical Therapy was created by A.C.A. §17-93-201. The primary duties of the Board include the licensure of Physical Therapists and Physical Therapy Assistants through examination. The Board is a cash agency funded from licensure and renewal fees charged pursuant to A.C.A. §17-93-202. The Board utilizes these funds to finance two Regular Salary positions and provide operating expenses for the administration of the laws governing individuals who provide physical therapy services.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency is requesting Base Level of \$250,305 in each year of the biennium. This will provide appropriation for existing staff and operating costs necessary to conduct the business of the Physical Therapy Board.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** B47 - Cash Operations  
**Funding Sources:** 346 - Physical Therapy Cash Operations

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	82,995	85,054	100,711	84,454	84,454	84,454	84,454	84,454	84,454
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Extra Help	5010001	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>#Extra Help</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	24,744	26,598	29,217	26,529	26,529	26,529	26,529	26,529	26,529
Operating Expenses	5020002	48,149	89,833	89,833	89,833	89,833	89,833	89,833	89,833	89,833
Conference & Travel Expenses	5050009	2,039	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489
Professional Fees	5060010	4,413	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>162,340</b>	<b>250,974</b>	<b>269,250</b>	<b>250,305</b>	<b>250,305</b>	<b>250,305</b>	<b>250,305</b>	<b>250,305</b>	<b>250,305</b>
<b>Funding Sources</b>										
Fund Balance	4000005	605,421	649,099		573,125	573,125	573,125	497,820	497,820	497,820
Cash Fund	4000045	206,018	175,000		175,000	175,000	175,000	175,000	175,000	175,000
<b>Total Funding</b>		<b>811,439</b>	<b>824,099</b>		<b>748,125</b>	<b>748,125</b>	<b>748,125</b>	<b>672,820</b>	<b>672,820</b>	<b>672,820</b>
Excess Appropriation/(Funding)		(649,099)	(573,125)		(497,820)	(497,820)	(497,820)	(422,515)	(422,515)	(422,515)
<b>Grand Total</b>		<b>162,340</b>	<b>250,974</b>		<b>250,305</b>	<b>250,305</b>	<b>250,305</b>	<b>250,305</b>	<b>250,305</b>	<b>250,305</b>

# STATE BOARD OF PRIVATE CAREER EDUCATION

## Enabling Laws

Act 215 of 2010  
A.C.A. § 6-51-601 through 623

## History and Organization

**MISSION:** The Arkansas State Board of Private Career Education (SBPCE) was established to provide consumer protection for Arkansas residents by licensing and monitoring organizations that offer training that leads to or enhances a career. The Board's authority extends to organizations that offer education in Arkansas or that recruit students to attend a school located in another state.

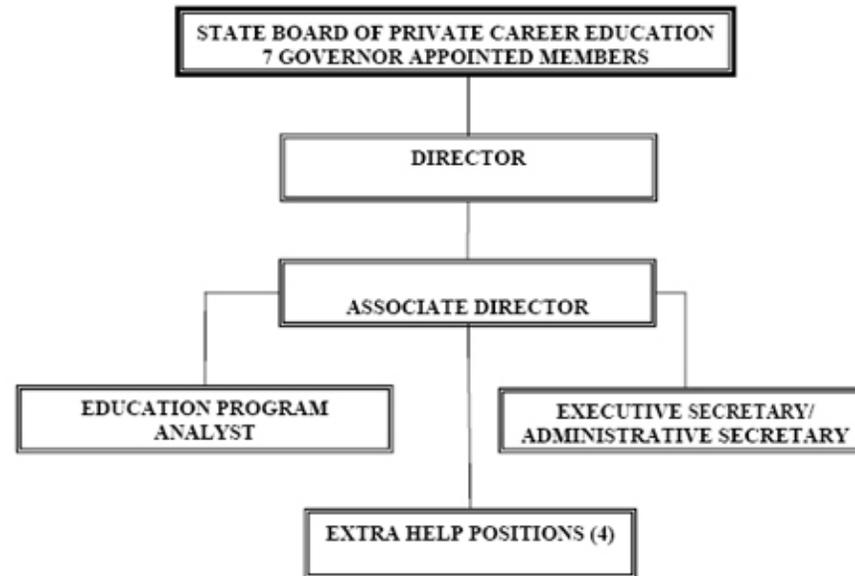
The Board was established in 1989 with responsibilities and authority as set forth in Arkansas Code Annotated 6-51-601 et. seq. The Governor appointed Board consists of seven members; four (4) members from the general public and three (3) members from the education industry, as well as ex officio members representing the Department of Higher Education and Workforce Education.

Currently 247 schools and 153 admissions representatives are licensed. The original licensure process includes review and approval of items such as program content and goals, facilities, equipment, instructor qualifications, etc. Continued monitoring requires review of financial stability, advertising practices, record maintenance, transcripts, placement records, catalogs, processing student complaints, etc. Review of student complaints can include the convening of the SBPCE Arbitration Panel, if requested by either party.

When a school ceases to operate and students are enrolled, it is the responsibility of the SBPCE Director to attempt to place each student of the school in another private career school. When a school closes, the Board receives the academic transcripts that are then scanned, maintained and serviced as long as the computer equipment available will allow for retrieval. Financial aid records from closed schools are maintained in one of two ways: (A) Records for schools participating in the Federal Financial Aid Program are received from the previous three (3) years and will be maintained for three (3) years or (B) Records for schools not participating in the Federal Financial Aid programs are received from the previous year and are maintained for one (1) year. We currently have over 50,000 student transcripts available from closed schools. In the past year, we have implemented online transcript request for former students of closed schools. This has allowed us to cut from a three to four week process to a seven to ten day process.

The Student Protection Trust Fund (SPF) is funded by an annual assessment to each licensed school. On May 30, 2004 for the first time since the establishment of the Board, the SPF had a balance in excess of \$500,000. Schools originally licensed anytime during 1989-1991 and

maintained their licensure for fifteen (15) years will not be assessed additional fees unless the fund has a balance of less than \$500,000 on May 30 of any year. Schools that were not licensed in 1989 will continue to be assessed the fee until they have paid into the fund for fifteen (15) years. The primary purpose of the SPF is to cover the expenses associated with providing the remaining education, known as a teach out, to students enrolled in a closed school or to pay claims filed by students when a teach out cannot be arranged.



## **Agency Commentary**

General Operations of the State Board of Private Career Education are funded primarily from special revenue derived from annual license fees, admissions representative fees, and school amendment fees for changes such as program offerings, location, etc. A Change Level increase of \$5,000 each year is requested. The increase in Operating Expenses is being requested to cover the increase in costs related to the agency's opportunity to rent additional space for a conference room and training facility. The available space is adjacent to the current office space and has a connecting door.

A Change Level increase of \$8,486 is being requested for the reclassification of a position. The Board is requesting the position reclassification to transfer the day-to-day financial responsibilities from the Director. The position will also assist the Director in working with legislators, human resources, budgeting, other states, other state agencies, vendors and asset management.

A Change Level increase of \$2,500 is being requested for each year of the 2011-2013 biennium for Stipends. In order to better serve the public the Board is now having monthly meetings.

For the Student Protection Trust Fund appropriation, funded from special revenues received from annual assessment fees charged to applicable schools, continuation of Base Level for each year of the biennium is requested. This appropriation will be used for the Student Protection Fund to:

- 1 pay claims filed by students when a school becomes insolvent or ceases to operate without offering a complete program of study;
- 2 pay expenses incurred by a school that are directly related to educating a student placed in the school for teach out purposes;
- 3 reimburse the Private Career Education Fund for expenses directly associated with the storage and maintenance of student academic and financial aid records; and
- 4 reimburse the Private Career Education Fund for administrative costs incurred due to school closings.

Any amounts in the fund above the required five hundred thousand dollars (\$500,000) may be used with the approval of the board to:

- Fund educational seminars and other forms of educational projects for the use and benefit of licensed school administrators, faculty, staff, or admissions representatives;
- Provide for travel expenses and registration fees to send staff or board members to accreditation meetings, seminars, or meetings relating to the school sector; or
- Provide staff assistance.

For Cash Operations funded through cash fees, grants, and proceeds received from school surety bonds for students, the request is for continuation of Base Level for each year of the 2011-2013 biennium.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE BOARD OF PRIVATE CAREER EDUCATION

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Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

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Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	1	2	3	75 %
Black Employees	0	1	1	25 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	25 %
Total Employees			4	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
505 Private Career Education-Operations	373,302	4	386,329	4	378,704	4	384,549	4	403,027	4	392,240	4	384,549	4	403,027	4	392,240	4
506 Student Protection Trust	995	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
834 Private Career Ed-Cash in Treasury	0	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0
<b>Total</b>	<b>374,297</b>	<b>4</b>	<b>986,829</b>	<b>4</b>	<b>979,204</b>	<b>4</b>	<b>985,049</b>	<b>4</b>	<b>1,003,527</b>	<b>4</b>	<b>992,740</b>	<b>4</b>	<b>985,049</b>	<b>4</b>	<b>1,003,527</b>	<b>4</b>	<b>992,740</b>	<b>4</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	1,450,148	77.0	1,508,611	76.4	988,032	68.8	988,032	67.9	988,032	67.9	489,083	52.2	489,083	51.2	489,083	51.2
Special Revenue	4000030	336,564	17.9	335,000	17.0	316,522	22.0	335,000	23.0	335,000	23.0	316,522	33.8	335,000	35.1	335,000	35.1
Cash Fund	4000045	370	0.0	56,250	2.8	56,250	3.9	56,250	3.9	56,250	3.9	56,250	6.0	56,250	5.9	56,250	5.9
Trust Fund	4000050	95,826	5.1	75,000	3.8	75,000	5.2	75,000	5.2	75,000	5.2	75,000	8.0	75,000	7.9	75,000	7.9
<b>Total Funds</b>		<b>1,882,908</b>	<b>100.0</b>	<b>1,974,861</b>	<b>100.0</b>	<b>1,435,804</b>	<b>100.0</b>	<b>1,454,282</b>	<b>100.0</b>	<b>1,454,282</b>	<b>100.0</b>	<b>936,855</b>	<b>100.0</b>	<b>955,333</b>	<b>100.0</b>	<b>955,333</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(1,508,611)		(988,032)		(450,755)		(450,755)		(461,542)		48,194		48,194		37,407	
<b>Grand Total</b>		<b>374,297</b>		<b>986,829</b>		<b>985,049</b>		<b>1,003,527</b>		<b>992,740</b>		<b>985,049</b>		<b>1,003,527</b>		<b>992,740</b>	

FY11 Budget amounts in appropriation (505) Private Career Education-Operations exceed authorized levels due to salary and matching rate adjustments made during the 2009-2011 biennium. Variances in fund balance due to unfunded appropriation in appropriation (834) Private Career Ed-Cash in Treasury.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 505 - Private Career Education-Operations

**Funding Sources:** SCS - Private Career Education Fund

The State Board of Private Career Education was created by Act 906 of 1989 and is responsible for annual licensure and monitoring of private career schools and admissions representatives in Arkansas. The State Operations appropriation is funded by special revenue derived primarily from annual license and admissions representative fees paid by the schools to the Board.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

For the 2011 - 2013 biennium, the Board is requesting \$2,691 additional appropriation for each year of the biennium in Regular Salaries and Personal Services Matching for Stipend payments. Beginning in April of 2010, the Board began meeting on a monthly basis in order to better serve its member schools. Increases in requests, as well as increases in lag-times associated with State Police and Federal Bureau of Investigation background checks, necessitated more frequent meetings in order to limit delays in approvals for licensing, program changes, and other business that requires Board involvement and approval.

The Board also requests \$10,787 additional appropriation for each year of the biennium in Regular Salaries and Personal Services Matching for the reclassification of its Program Audit Specialist to Agency Fiscal Manager. This position will transfer daily financial responsibilities from the Director, as well as assist the Director in working with legislators, other state agencies, and other states. This will allow the Director more time for direct contact in assisting member schools as their needs arise.

The Agency is also requesting \$5,000 additional appropriation for each year of the biennium in Operating Expenses. This request will cover the necessary costs associated with the Board's leasing of an additional 1,000 sq. ft. space adjacent to their current location. This space will provide a conference and training facility for the Board to use to better meet the needs of member schools. Such needs include required training and licensing requirements. Currently, the Board teleconferences with its agencies or borrows space from ABA on an as-needed basis.

The Executive Recommendation provides the Agency Request except for the reclassification of its Program Audit Specialist to Agency Fiscal Manager.

## Appropriation Summary

**Appropriation:** 505 - Private Career Education-Operations

**Funding Sources:** SCS - Private Career Education Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	205,120	207,229	204,399	205,829	216,815	208,329	205,829	216,815	208,329
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Extra Help	5010001	31,701	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500
<b>#Extra Help</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	75,406	78,600	73,805	78,220	80,712	78,411	78,220	80,712	78,411
Operating Expenses	5020002	57,889	58,000	58,000	58,000	63,000	63,000	58,000	63,000	63,000
Conference & Travel Expenses	5050009	2,349	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	837	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>373,302</b>	<b>386,329</b>	<b>378,704</b>	<b>384,549</b>	<b>403,027</b>	<b>392,240</b>	<b>384,549</b>	<b>403,027</b>	<b>392,240</b>
<b>Funding Sources</b>										
Fund Balance	4000005	598,629	561,891		510,562	510,562	510,562	442,535	442,535	442,535
Special Revenue	4000030	336,564	335,000		316,522	335,000	335,000	316,522	335,000	335,000
<b>Total Funding</b>		<b>935,193</b>	<b>896,891</b>		<b>827,084</b>	<b>845,562</b>	<b>845,562</b>	<b>759,057</b>	<b>777,535</b>	<b>777,535</b>
Excess Appropriation/(Funding)		(561,891)	(510,562)		(442,535)	(442,535)	(453,322)	(374,508)	(374,508)	(385,295)
<b>Grand Total</b>		<b>373,302</b>	<b>386,329</b>		<b>384,549</b>	<b>403,027</b>	<b>392,240</b>	<b>384,549</b>	<b>403,027</b>	<b>392,240</b>

FY11 Budget amounts in Regular Salaries and Personal Services Matching exceed the authorized amounts due to salary and matching rate adjustments made during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 505 - Private Career Education-Operations  
**Funding Sources:** SCS - Private Career Education Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>384,549</b>	<b>4</b>	<b>384,549</b>	<b>100.0</b>	<b>384,549</b>	<b>4</b>	<b>384,549</b>	<b>100.0</b>
C01	Existing Program	7,691	0	392,240	102.0	7,691	0	392,240	102.0
C10	Reclass	10,787	0	403,027	104.8	10,787	0	403,027	104.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>384,549</b>	<b>4</b>	<b>384,549</b>	<b>100.0</b>	<b>384,549</b>	<b>4</b>	<b>384,549</b>	<b>100.0</b>
C01	Existing Program	7,691	0	392,240	102.0	7,691	0	392,240	102.0
C10	Reclass	0	0	392,240	102.0	0	0	392,240	102.0

### Justification

C01	A Change Level increase of \$2,500, plus Matching, is being requested for each year of the 2011-2013 Biennium for Stipends. In order to better serve the public the Board is now conducting monthly meetings. A Change Level increase of \$5,000 each year is requested in Operating Expenses to cover the increase in costs related to the Agency's opportunity to rent additional space for a conference room and training facility.
C10	The Board is requesting the reclassification of one position to transfer day-to-day financial responsibilities from the Director. The position will also assist the Director in working with legislators, human resources, budgeting, other states, other state agencies, vendors, and asset management.

## **Analysis of Budget Request**

**Appropriation:** 506 - Student Protection Trust

**Funding Sources:** TCS - Private Career School Student Protection Trust Fund

The State Board of Private Career Education requests the continuation of the \$500,000 Base Level for each year of the 2011-2013 biennium for the Student Protection Trust Fund Program.

Revenues deposited into this fund consists of annual certification fees paid by participating schools to the Board and are primarily used to cover expenses associated with providing for a student's continuing education in the event a school closes or to pay student claims when this arrangement is not feasible. Schools originally licensed during the 1989-91 biennium and have maintained their licensure for fifteen (15) years will not be assessed additional fees unless the fund balance totals less than \$500,000 on May 30th of any fiscal year. Regardless of the fund balance, schools that have not paid licensure fees for fifteen (15) years will continue being charged until they have paid fees for a minimum of fifteen (15) years.

The requested appropriation will enable the Student Protection Trust Fund to carry forward the following functions:

- pay claims filed by students when a school becomes insolvent or ceases to operate without offering a complete program of study;
- pay expenses incurred by a school that are directly related to educating a student placed in the school for teach out purposes;
- reimburse the Private Career Education Board Fund for expenses directly associated with the storage and maintenance of student academic and financial aid records; and
- reimburse the Private Career Education Board Fund for administrative costs incurred due to school closings.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 506 - Student Protection Trust

**Funding Sources:** TCS - Private Career School Student Protection Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses/Claims/Fees 5900046	995	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	995	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Funding Sources</b>									
Fund Balance 4000005	801,717	896,548		471,548	471,548	471,548	46,548	46,548	46,548
Trust Fund 4000050	95,826	75,000		75,000	75,000	75,000	75,000	75,000	75,000
Total Funding	897,543	971,548		546,548	546,548	546,548	121,548	121,548	121,548
Excess Appropriation/(Funding)	(896,548)	(471,548)		(46,548)	(46,548)	(46,548)	378,452	378,452	378,452
Grand Total	995	500,000		500,000	500,000	500,000	500,000	500,000	500,000

## **Analysis of Budget Request**

**Appropriation:** 834 - Private Career Ed-Cash in Treasury

**Funding Sources:** NPC - Cash in Treasury

Funds for the Cash Operations appropriation are received through grants from the Real Estate Foundation and the Winthrop Rockefeller Foundation, investments, and from surety bond receipts paid to the Board to be used for payment of tuition refunds to students or potential students. These funds are used to supplement funding for regular operation costs of the Arkansas Private Career Education Board.

The Agency Request provides for Base Level.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 834 - Private Career Ed-Cash in Treasury

**Funding Sources:** NPC - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	81,602	81,602	81,602	81,602	81,602	81,602	81,602	81,602
Conference & Travel Expenses	5050009	0	8,898	8,898	8,898	8,898	8,898	8,898	8,898	8,898
Professional Fees	5060010	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>0</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>
<b>Funding Sources</b>										
Fund Balance	4000005	49,802	50,172		5,922	5,922	5,922	0	0	0
Cash Fund	4000045	370	56,250		56,250	56,250	56,250	56,250	56,250	56,250
<b>Total Funding</b>		<b>50,172</b>	<b>106,422</b>		<b>62,172</b>	<b>62,172</b>	<b>62,172</b>	<b>56,250</b>	<b>56,250</b>	<b>56,250</b>
<b>Excess Appropriation/(Funding)</b>		<b>(50,172)</b>	<b>(5,922)</b>		<b>38,328</b>	<b>38,328</b>	<b>38,328</b>	<b>44,250</b>	<b>44,250</b>	<b>44,250</b>
<b>Grand Total</b>		<b>0</b>	<b>100,500</b>		<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>

# ARKANSAS PSYCHOLOGY BOARD

## Enabling Laws

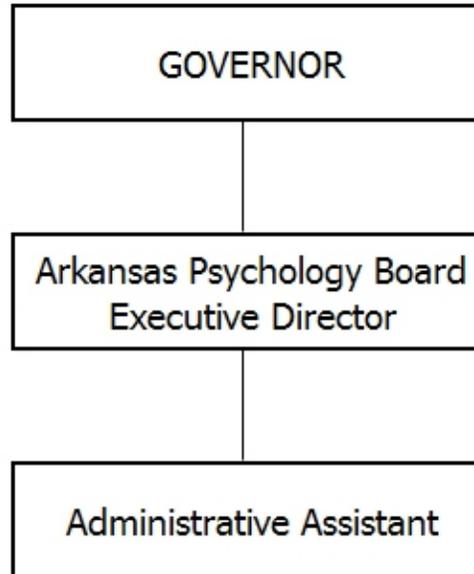
Act 153 of 2010  
A.C.A. §17-97-101, et seq.

## History and Organization

The Arkansas Board of Examiners in Psychology was created by Act 129 of 1955 to regulate the practice of Psychology. The original Act has been amended several times. Act 113 of 1977 added a Consumer Representative to the Board; Act 939 of 1979 added another professional to the Board specifying one member to be a Psychological Examiner; Act 131 of 1983 added a Senior Citizen Representative to the Board; Act 955 of 1995 replaced one academic Psychologist with an additional Psychological Examiner; Act 1482 of 2003 added another academic Psychologist and also renamed the Board to the Arkansas Psychology Board; and most recently Act 1262 of 2005 added the registration of Psychological Technicians.

The major responsibility of the Arkansas Psychology Board is to ensure the citizens of Arkansas are protected from misrepresentation, unethical practice, and/or incompetence in the practice of psychology. The Board is charged by law with regulating the practice of psychology within the State of Arkansas, including, but not limited to, examining and passing upon the qualifications of applicants for the practice of psychology. The Board performs two major functions. The first involves approving the credentials of applicants and then administering both written and oral examinations. The second primary function performed by the Board involves the investigation of possible ethical violations or allegations of incompetent or fraudulent practices.

The Board is charged by law with administering its duties consistent with the Act under which it was organized and authorized to regulate the practice of psychology consistent with the Administrative Procedures Act and in the interest of the public of the State of Arkansas. The Board is now composed of nine individuals: Five Psychologists (doctoral level practitioners), two Psychological Examiners (master's level practitioners), one Consumer Representative, and one Senior Citizen Representative. All members receive reimbursement for actual expenses incurred, but no other remuneration. The Board employs two full time staff members who serve as the Board's Executive Director and Administrative Assistant.



### **Agency Commentary**

The Arkansas Psychology Board's major responsibility is to ensure that the people of the state are protected from misrepresentation, unethical practice, and/or incompetence in the practice of psychology. Funding for this appropriation consists of fees received from licensees and applicants throughout the year.

The Board requests Base Level for the 2011 - 2013 biennium.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS PSYCHOLOGY BOARD  
FOR THE YEAR ENDED JUNE 30, 2008

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	0	2	2	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			2	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
3230000	\$315,685	Investment & Checking	Treasury Money Mgmt. and US Bank

### Statutory/Other Restrictions on use:

Board operations and processing license applications and renewals.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-97-101 et seq., fees for copying and services, license application, examination, and license renewal.

Revenue Receipts Cycle:

Most license and renewal receipts occur during May through July of each year.

Fund Balance Utilization:

For administrative expenses of board operations.

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Fund Account	Balance	Type	Location
PEP0100	\$7,058	Payroll	Treasury

Statutory/Other Restrictions on use:

Board operations and processing license applications and renewals.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-97-101 et seq., fees for copying and services, license application, examination, and license renewal.

Revenue Receipts Cycle:

Most license and renewal receipts occur during May through July of each year.

Fund Balance Utilization:

For payroll.

**Publications**

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
ABEP Directory	None	N	N	1,000	Required by the Rules and Regulations Section 1.3.E(2-6).
ABEP Newsletter	None	N	N	900	Required by the Rules and Regulations Section 1.3.F

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
2	1	1	2	0	50.00 %	2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** A31 - Cash Operations

**Funding Sources:** 323 - Psychology Examiners - Cash

A.C.A. §17-97-201 established the State Board of Examiners in Psychology. The Board is a cash agency funded from the fees collected primarily for application, testing and renewal. The Board is responsible for regulating the practice of psychology in the State of Arkansas by ensuring that Arkansans are protected from misrepresentation, unethical practices, and/or incompetence in the practice of psychology. This goal is accomplished by licensing psychologists and psychological examiners, registering psychological technicians, and investigating complaints.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Board requests Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Board Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** A31 - Cash Operations

**Funding Sources:** 323 - Psychology Examiners - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	55,812	65,628	76,966	65,628	65,628	65,628	65,628	65,628	65,628
<b>#Positions</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching 5010003	20,087	22,558	24,608	22,598	22,598	22,598	22,598	22,598	22,598
Operating Expenses 5020002	52,814	60,849	60,849	60,849	60,849	60,849	60,849	60,849	60,849
Conference & Travel Expenses 5050009	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees 5060010	8,462	24,727	24,727	24,727	24,727	24,727	24,727	24,727	24,727
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>137,175</b>	<b>177,762</b>	<b>191,150</b>	<b>177,802</b>	<b>177,802</b>	<b>177,802</b>	<b>177,802</b>	<b>177,802</b>	<b>177,802</b>
<b>Funding Sources</b>									
Fund Balance 4000005	313,940	322,743		304,981	304,981	304,981	287,179	287,179	287,179
Cash Fund 4000045	145,978	160,000		160,000	160,000	160,000	160,000	160,000	160,000
Total Funding	459,918	482,743		464,981	464,981	464,981	447,179	447,179	447,179
Excess Appropriation/(Funding)	(322,743)	(304,981)		(287,179)	(287,179)	(287,179)	(269,377)	(269,377)	(269,377)
<b>Grand Total</b>	<b>137,175</b>	<b>177,762</b>		<b>177,802</b>	<b>177,802</b>	<b>177,802</b>	<b>177,802</b>	<b>177,802</b>	<b>177,802</b>

# ARKANSAS PUBLIC SERVICE COMMISSION

## Enabling Laws

Act 31 of 2010

A.C.A., Title 23, Arkansas Public Service Commission

A.C.A. §23-15-101 to 217, Pipeline Safety Program

A.C.A. §26-24-101 to 123, and 26-26-1601 to 1616, Tax Division

## History and Organization

### **Utilities Division of the Public Service Commission**

The Arkansas Public Service Commission (Commission or APSC) has general regulatory authority over electric, gas, telecommunications, water and sewer services which are provided to the public for compensation. The Commission does not have regulatory authority over municipally-owned or operated utilities. Additionally, the Commission has limited jurisdiction over small water and sewer utilities and most telecommunications utilities. More specifically, small water and sewer utilities are not subject to Commission jurisdiction unless either the utility or its customers petition the Commission to exercise its regulatory jurisdiction over that utility.

The Commission is charged with the duty of ensuring that a public utility's authorized rates will allow it the opportunity to earn a fair return on invested capital and that the customer does not pay more than necessary to produce a fair return to the utility for its service. In addition, the Commission has the responsibility to ensure that utility service is provided in a safe and adequate manner consistent with the Commission's rules and regulations.

The utilities under the Commission's jurisdiction are listed below:

Investor-Owned Electric Utilities	4
Electric Cooperatives	18
Investor-Owned Gas Utilities	4
Natural Gas Operators	22
Master Meter Gas Operators	165
Water and Sewer Utilities	4
Incumbent Local Exchange Carriers	30
Regional Transmission Organization	1

Competitive Local Exchange Carriers	91
Interexchange Carriers and Private Pay Telephone Providers	<u>172</u>
TOTAL	511

These utilities generate annual revenues in Arkansas of approximately \$5.5 billion, of which \$4.5 billion are jurisdictional revenues.

The APSC consists of three Commissioners appointed by the Governor for overlapping six-year terms. The agency has 115 regular staff positions divided into two Divisions: The Utilities Division and the Tax Division.

The Commissioners have oversight responsibility for both Divisions. The Tax Division submits a separate budget request.

The Utilities Division, including the federally reimbursed Pipeline Safety Office, has 100 authorized regular positions. This total includes the Commissioners and their immediate staff, which encompasses their Administrative Law Judges and Legal Section, Research and Policy Development Section, the Office of the Secretary of the Commission, the Administrative Services Section, the Information Technology Section, and the Executive Director including the nine General Staff Sections.

**Tax Division of the Public Service Commission**

The Tax Division of the Arkansas Public Service Commission is responsible for performing all functions and duties regarding the annual assessment, for property taxation purposes, of public utilities and carriers operating in Arkansas.

The Tax Division had its beginning in the creation, by the General Assembly, of the Board of Railroad Commissioners in 1883. Under the authority of the Arkansas Constitution, Article 16, § 5, the General Assembly vested the Board with the power of original assessment of certain railroad property for the purpose of taxation. Through the years, the Tax Division’s responsibilities have been broadened to include assessment of public utility property and the administration and enforcement of the tax laws related to public utilities and carriers. The Tax Division has been placed under the direction and supervision of the Arkansas Public Service Commission.

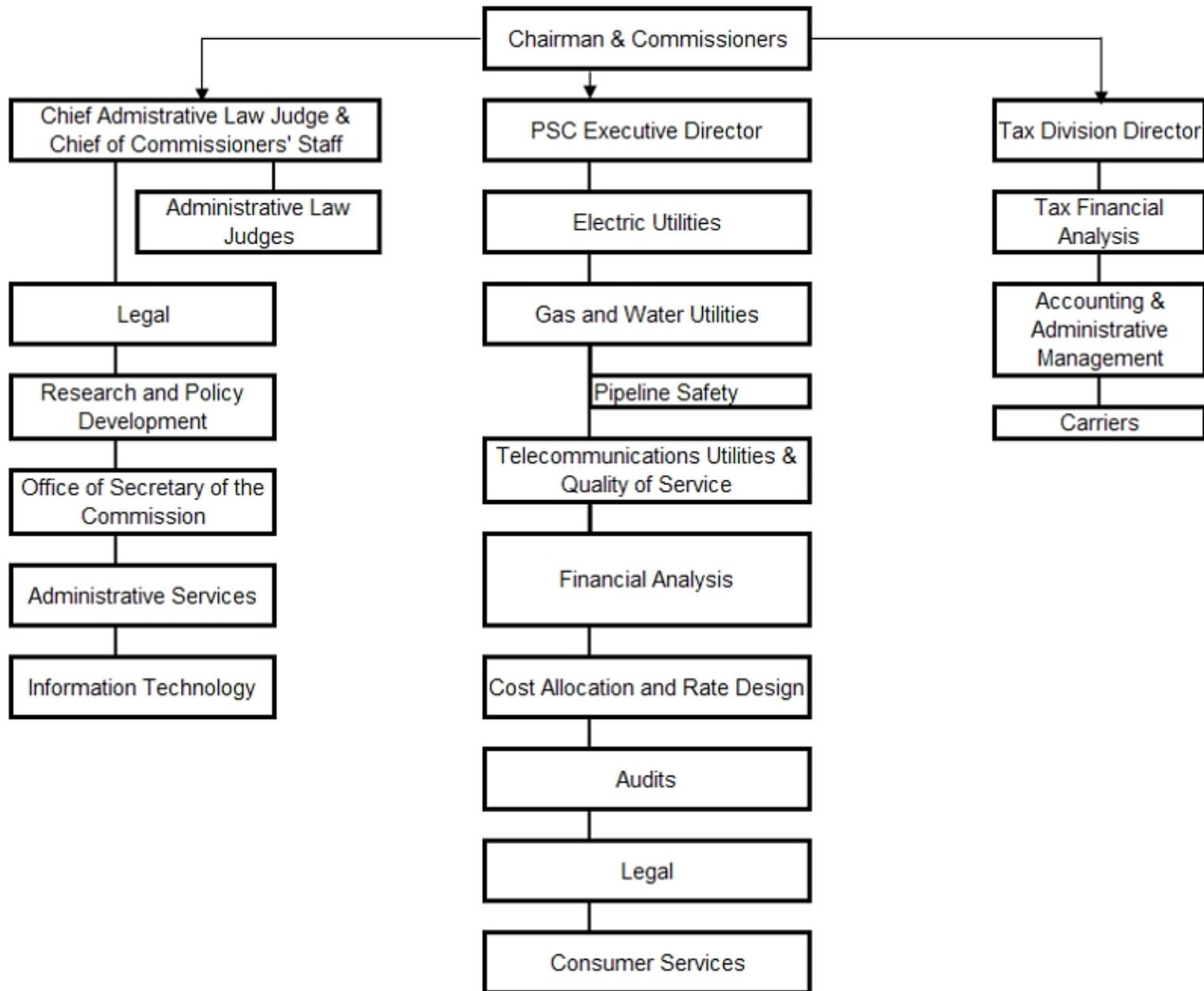
For the purpose of assessment, the Tax Division determines the fair market value of the property of all public utilities and carriers doing business in Arkansas. Once the Tax Division determines the fair market value, it calculates an assessed value which is distributed to the counties where the utility and railroad property is located for the calculation of property taxes due. The property tax revenue which results from the assessments made by the Division is a significant source of monetary support for the schools, cities, and counties of Arkansas.

Annually, the Tax Division determines the property tax assessments for public utilities and carriers in accordance with Title 26 of Arkansas Code Annotated (1997). Once determined, the assessments placed on the property of public utilities are approved by the Arkansas Public Service Commission. The assessments placed on the property of carriers are approved by the Arkansas Highway Commission.

With certain exceptions, the Tax Division certifies the approved assessments on utility and carrier property to the counties in which the property is located by the fifteenth of July each year. The various county assessors then place these assessment amounts on the property tax rolls. The exceptions are the assessments on the personal property of bus lines, motor carriers, airlines, barge lines, and private car companies, which are certified to the Department of Finance and Administration after the average state millage rate has been determined and applied to the assessments.

In 2009, the Tax Division assessed over 45,000 companies, with assessments rendered by the Tax Division totaling \$3,193,000,000. Revenue generated from these assessments provides approximately \$128,177,000 annually for the support of schools, cities, and counties. Annual tax revenue of approximately \$18,735,000 resulting from these assessments is used to partially fund the Tax Division, the Assessment Coordination Department, and the Division of Local Affairs and Audits of the Division of Legislative Audit.

The Tax Division is one of the two divisions of the Arkansas Public Service Commission, the other being the Utilities Division. The Tax Division has an authorized staff of 15 full-time positions and five Extra Help positions. The Division, for functional purposes, is organized into three smaller sections: the Tax Financial Analysis Section, which determines assessments for public utilities and carriers and determines financial inputs necessary for such assessments; the Motor Carrier Section, which determines assessments for all motor carrier companies and certain other types of carriers; and the Accounting & Administrative Management Section, which distributes and prepares the certification of the assessments, assists the other sections in determining utility and carrier assessments, and assists in Division administration.



## **Agency Commentary**

### **Utilities Division of the Public Service Commission**

The Arkansas Public Service Commission (Commission or APSC) has general regulatory authority over electric, gas, telecommunications, water and sewer services which are provided to the public for compensation. The Commission is charged with the duty of ensuring that a public utility charges rates that will allow it the opportunity to earn a fair rate of return on invested capital and that the customer does not pay more than necessary to produce a fair return to the utility for its service. Funding for the Arkansas Public Service Commission - Utilities Division comes from special revenues derived from assessments on jurisdictional utility companies' revenues.

Base Level for the Utilities Division is \$9,709,891 each year, with 90 full-time positions and 6 Extra Help positions authorized for each fiscal year. The Contingency appropriation has a Total Base Level of \$1,000,000 for each fiscal year. Utilization of the Contingency appropriation is only in the case of unforeseen events with the approval of the governor and review by the Arkansas Legislative Council.

Change levels for the Utilities Division totaling \$11,229 and \$21,000, respectively, are requested each year of the 2011-2013 Biennium for Operating Expenses and Capital Outlay. The Agency has exhausted its current Internet capacity and the Operating Expenses requests will enable the Commission to acquire additional capacity. Capital Outlay requests are for the replacement of one state vehicle in each year. The Agency also requests the reclassification of one position and title changes of two other positions.

The Pipeline Safety Office (PSO) of the Arkansas Public Service Commission has primary safety jurisdiction and authority to ensure that natural gas operators are in compliance with the Arkansas Gas Pipeline Code. Compliance is determined through periodic inspections of safety, corrosion, and leakage control which are performed on 26 intra-state natural gas operators and 165 operators covering 297 master-metered gas systems. Funding for the Pipeline Safety Office comes from special revenues derived from assessments on jurisdictional natural gas operators. In addition, the Pipeline Safety Office receives a partial federal reimbursement. The federal Department of Transportation - Office of Pipeline Safety provides reimbursement funding up to fifty percent of actual expenditures for salaries, equipment and related pipeline safety expenses.

The Pipeline Safety Office Base Level is \$873,916 in each year of the 2011-2013 biennium, with ten positions authorized for each fiscal year.

Change level requests for the Pipeline Safety Office include Capital Outlay of \$24,000 each year for replacement of a four wheel drive vehicle in each fiscal year.

The Commission is also requesting continuation of 3 positions and \$822,779 in appropriation to employ ARRA federal funds that were originally approved by a miscellaneous federal grant in January, 2010.

## Tax Division of the Public Service Commission

The Tax Division of the Arkansas Public Service Commission is responsible for performing all functions and duties regarding the annual assessment, for property taxation purposes, of public utilities and carriers operating in Arkansas. The property tax revenue which results from the assessments made by the Tax Division is a significant source of monetary support for the schools, cities, and counties of Arkansas. In 2009, the Tax Division assessed over 45,000 companies. Revenue generated from these assessments provides approximately \$128,177,000 annually for the support of schools, cities, and counties. In addition, a portion of ad valorem revenues is used to partially fund the Tax Division, the Assessment Coordination Department and the Division of Legislative Audit.

For the 2011-2013 biennium, the Tax Division is requesting Base Level as an operating budget.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS PUBLIC SERVICE COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2008

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	45	43	88	81 %
Black Employees	2	18	20	18 %
Other Racial Minorities	1	0	1	1 %
Total Minorities			21	19 %
Total Employees			109	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
PSC Annual Report	A.C.A. 23-2-315 and A.C.A. 13-2-212	Y	N	31	Required by Statute. One copy provided to the Governor and 30 copies to the State Library.
Tax Division Biennial Report	A.C.A. 26-24-121 and A.C.A. 13-2-212	Y	N	31	Required by Statute. One copy provided to the Governor and 30 copies to the State Library.
Utility Rate Case Report	A.C.A. 23-4-420 and A.C.A. 13-2-212	Y	Y	167	Required by Statute. One copy provided to the Governor, 136 copies to the General Assembly, and 30 copies to the State Library.

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
255 Utilities Division-Operations	8,158,275	89	9,697,015	90	9,964,776	90	9,709,891	90	9,742,120	90	9,730,891	90	9,709,891	90	9,742,120	90	9,730,891	90
256 Pipeline Safety Program	800,375	10	891,653	10	901,215	10	873,916	10	897,916	10	897,916	10	873,916	10	897,916	10	897,916	10
257 Tax Division-Operations	1,012,345	15	1,263,868	15	1,592,701	15	1,657,699	15	1,657,699	15	1,657,699	15	1,657,699	15	1,657,699	15	1,657,699	15
2KA Contingency	0	0	0	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0
82X ARRA Federal	14,909	2	822,779	3	0	0	0	0	822,779	3	822,779	3	0	0	822,779	3	822,779	3
<b>Total</b>	<b>9,985,904</b>	<b>116</b>	<b>12,675,315</b>	<b>118</b>	<b>13,458,692</b>	<b>115</b>	<b>13,241,506</b>	<b>115</b>	<b>14,120,514</b>	<b>118</b>	<b>14,109,285</b>	<b>118</b>	<b>13,241,506</b>	<b>115</b>	<b>14,120,514</b>	<b>118</b>	<b>14,109,285</b>	<b>118</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	6,380,817	39.2	6,274,652	36.4		4,539,535	26.4	4,539,535	25.1	4,539,535	25.1	3,978,525	23.4	3,978,525	22.3	3,978,525	22.3
Federal Revenue	4000020	467,052	2.9	445,826	2.6		418,000	2.4	430,000	2.4	430,000	2.4	418,000	2.5	430,000	2.4	430,000	2.4
Special Revenue	4000030	8,585,716	52.8	9,065,693	52.7		11,656,596	67.7	11,700,825	64.6	11,689,596	64.6	11,996,607	70.6	12,040,836	67.3	12,029,607	67.3
Ad Valorem Tax	4000060	812,062	5.0	605,900	3.5		605,900	3.5	605,900	3.3	605,900	3.3	605,900	3.6	605,900	3.4	605,900	3.4
Federal Funds-ARRA	4000244	14,909	0.1	822,779	4.8		0	0.0	822,779	4.5	822,779	4.5	0	0.0	822,779	4.6	822,779	4.6
<b>Total Funds</b>		<b>16,260,556</b>	<b>100.0</b>	<b>17,214,850</b>	<b>100.0</b>		<b>17,220,031</b>	<b>100.0</b>	<b>18,099,039</b>	<b>100.0</b>	<b>18,087,810</b>	<b>100.0</b>	<b>16,999,032</b>	<b>100.0</b>	<b>17,878,040</b>	<b>100.0</b>	<b>17,866,811</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(6,274,652)		(4,539,535)			(3,978,525)		(3,978,525)		(3,978,525)		(3,757,526)		(3,757,526)		(3,757,526)	
<b>Grand Total</b>		<b>9,985,904</b>		<b>12,675,315</b>			<b>13,241,506</b>		<b>14,120,514</b>		<b>14,109,285</b>		<b>13,241,506</b>		<b>14,120,514</b>		<b>14,109,285</b>	

The ARRA Federal Program (82X) was established by the authority of the Miscellaneous Federal Program Act in January, 2010.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
114	108	6	114	0	5.26 %	115	109	6	115	0	5.22 %	115	111	7	118	-3	3.48 %

Total Budgeted positions in FY2010-2011 include 3 ARRA of 2009 positions established through the authority of the Miscellaneous Federal Program Act in January, 2010.

## **Analysis of Budget Request**

**Appropriation:** 255 - Utilities Division-Operations

**Funding Sources:** SJP - Public Service Commission Fund

The Public Service Commission - Utilities Division is funded entirely by special revenues derived from assessments paid by the utility companies under its jurisdiction, as authorized in A.C.A. § 19-6-406. Base Level for the Division totals \$9,709,891, with 90 budgeted positions.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salaries of unclassified positions reflect the FY11 line item maximum.

Requested changes include Capital Outlay of \$21,000 each year for replacement of vehicles; \$11,229 each year in Operating Expenses for additional Internet capacity; reclassification of one position from PSC Senior Public Utility Auditor, Grade C122, to PSC Senior Rate Case Analyst, Grade C124; and title changes for two positions from PSC Administrative Coordinator, Grade C118, to Executive Assistant to the Commissioners.

The Executive Recommendation provides for Base Level, plus two position title changes and Capital Outlay to replace one aging, high mileage vehicle each year in accordance with A.C.A. §22-8-201 et seq., the Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

## Appropriation Summary

**Appropriation:** 255 - Utilities Division-Operations

**Funding Sources:** SJP - Public Service Commission Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,401,010	5,556,919	5,760,596	5,540,956	5,540,956	5,540,956	5,540,956	5,540,956	5,540,956
<b>#Positions</b>		<b>89</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>
Extra Help	5010001	0	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
<b>#Extra Help</b>		<b>0</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Personal Services Matching	5010003	1,377,546	1,493,427	1,557,511	1,543,266	1,543,266	1,543,266	1,543,266	1,543,266	1,543,266
Overtime	5010006	0	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Operating Expenses	5020002	913,633	1,055,997	1,055,997	1,055,997	1,067,226	1,055,997	1,055,997	1,067,226	1,055,997
Conference & Travel Expenses	5050009	53,081	68,922	68,922	68,922	68,922	68,922	68,922	68,922	68,922
Professional Fees	5060010	0	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	18,011	21,000	21,000	0	21,000	21,000	0	21,000	21,000
Special Maintenance	5120032	0	24,319	24,319	24,319	24,319	24,319	24,319	24,319	24,319
Fed Regulatory Services	5900040	216,579	290,575	290,575	290,575	290,575	290,575	290,575	290,575	290,575
Professional Services	5900043	81,663	998,000	998,000	998,000	998,000	998,000	998,000	998,000	998,000
Data Processing Services	5900044	96,752	138,856	138,856	138,856	138,856	138,856	138,856	138,856	138,856
<b>Total</b>		<b>8,158,275</b>	<b>9,697,015</b>	<b>9,964,776</b>	<b>9,709,891</b>	<b>9,742,120</b>	<b>9,730,891</b>	<b>9,709,891</b>	<b>9,742,120</b>	<b>9,730,891</b>
<b>Funding Sources</b>										
Fund Balance	4000005	2,833,871	2,572,109		1,243,454	1,243,454	1,243,454	1,243,454	1,243,454	1,243,454
Special Revenue	4000030	7,896,513	8,368,360		9,709,891	9,742,120	9,730,891	9,709,891	9,742,120	9,730,891
<b>Total Funding</b>		<b>10,730,384</b>	<b>10,940,469</b>		<b>10,953,345</b>	<b>10,985,574</b>	<b>10,974,345</b>	<b>10,953,345</b>	<b>10,985,574</b>	<b>10,974,345</b>
Excess Appropriation/(Funding)		(2,572,109)	(1,243,454)		(1,243,454)	(1,243,454)	(1,243,454)	(1,243,454)	(1,243,454)	(1,243,454)
<b>Grand Total</b>		<b>8,158,275</b>	<b>9,697,015</b>		<b>9,709,891</b>	<b>9,742,120</b>	<b>9,730,891</b>	<b>9,709,891</b>	<b>9,742,120</b>	<b>9,730,891</b>

## Change Level by Appropriation

**Appropriation:** 255 - Utilities Division-Operations  
**Funding Sources:** SJP - Public Service Commission Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>9,709,891</b>	<b>90</b>	<b>9,709,891</b>	<b>100.0</b>	<b>9,709,891</b>	<b>90</b>	<b>9,709,891</b>	<b>100.0</b>
C01	Existing Program	32,229	0	9,742,120	100.3	32,229	0	9,742,120	100.3
C10	Reclass	0	0	9,742,120	100.3	0	0	9,742,120	100.3
C14	Title Change	0	0	9,742,120	100.3	0	0	9,742,120	100.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>9,709,891</b>	<b>90</b>	<b>9,709,891</b>	<b>100.0</b>	<b>9,709,891</b>	<b>90</b>	<b>9,709,891</b>	<b>100.0</b>
C01	Existing Program	21,000	0	9,730,891	100.2	21,000	0	9,730,891	100.2
C10	Reclass	0	0	9,730,891	100.2	0	0	9,730,891	100.2
C14	Title Change	0	0	9,730,891	100.2	0	0	9,730,891	100.2

### Justification

C01	\$11,229 each year in Operating Expenses is requested to increase Internet capacity. Also requested is Capital Outlay of \$21,000 each year for replacement of one vehicle in each year.
C10	Reclassification of one position from PSC Senior Public Utility Auditor, Grade C122, to PSC Senior Rate Case Analyst, Grade C124, is requested.
C14	A title change is requested for two positions from PSC Administrative Coordinator, Grade C118, to Executive Assistant to the Commissioners, Grade C118.

## **Analysis of Budget Request**

**Appropriation:** 256 - Pipeline Safety Program

**Funding Sources:** SAD - Public Service Utility Safety Fund

The Public Service Commission's Pipeline Safety Program is funded by special revenue inspection fees charged annually to each company according to its pipeline mileage in Arkansas, as authorized in Arkansas Code § 23-15-214 et seq. The Program is also eligible for federal reimbursement for up to 50% of its expenditures. Under this program, the Commission maintains safety jurisdiction and monitors the transmission by pipeline of hazardous materials, such as gasoline, oil, and natural gas.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

Base Level for this program is \$873,916 each year. The only change requested is for Capital Outlay of \$24,000 each year for replacement of one four-wheel drive vehicle in each year.

The Executive Recommendation provides for Base Level, plus Capital Outlay to replace one aging, high mileage vehicle each year in accordance with A.C.A. §22-8-201 et seq., the Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

## Appropriation Summary

**Appropriation:** 256 - Pipeline Safety Program  
**Funding Sources:** SAD - Public Service Utility Safety Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	575,337	594,890	594,830	589,690	589,690	589,690	589,690	589,690	589,690
<b>#Positions</b>		<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	143,688	154,277	163,899	165,740	165,740	165,740	165,740	165,740	165,740
Operating Expenses	5020002	71,241	97,637	97,637	97,637	97,637	97,637	97,637	97,637	97,637
Conference & Travel Expenses	5050009	8,618	12,620	12,620	12,620	12,620	12,620	12,620	12,620	12,620
Professional Fees	5060010	1,491	8,229	8,229	8,229	8,229	8,229	8,229	8,229	8,229
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	24,000	24,000	0	24,000	24,000	0	24,000	24,000
<b>Total</b>		<b>800,375</b>	<b>891,653</b>	<b>901,215</b>	<b>873,916</b>	<b>897,916</b>	<b>897,916</b>	<b>873,916</b>	<b>897,916</b>	<b>897,916</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,138,089	1,368,201		1,451,775	1,451,775	1,451,775	1,413,859	1,413,859	1,413,859
Federal Revenue	4000020	467,052	445,826		418,000	430,000	430,000	418,000	430,000	430,000
Special Revenue	4000030	563,435	529,401		418,000	430,000	430,000	418,000	430,000	430,000
<b>Total Funding</b>		<b>2,168,576</b>	<b>2,343,428</b>		<b>2,287,775</b>	<b>2,311,775</b>	<b>2,311,775</b>	<b>2,249,859</b>	<b>2,273,859</b>	<b>2,273,859</b>
Excess Appropriation/(Funding)		(1,368,201)	(1,451,775)		(1,413,859)	(1,413,859)	(1,413,859)	(1,375,943)	(1,375,943)	(1,375,943)
<b>Grand Total</b>		<b>800,375</b>	<b>891,653</b>		<b>873,916</b>	<b>897,916</b>	<b>897,916</b>	<b>873,916</b>	<b>897,916</b>	<b>897,916</b>

The FY11 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 256 - Pipeline Safety Program  
**Funding Sources:** SAD - Public Service Utility Safety Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>873,916</b>	<b>10</b>	<b>873,916</b>	<b>100.0</b>	<b>873,916</b>	<b>10</b>	<b>873,916</b>	<b>100.0</b>
C01	Existing Program	24,000	0	897,916	102.7	24,000	0	897,916	102.7

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>873,916</b>	<b>10</b>	<b>873,916</b>	<b>100.0</b>	<b>873,916</b>	<b>10</b>	<b>873,916</b>	<b>100.0</b>
C01	Existing Program	24,000	0	897,916	102.7	24,000	0	897,916	102.7

### Justification

C01	This request is for Capital Outlay of \$24,000 each year to replace one four wheel drive vehicle in each year as they meet the mileage and time-of-service requirements.
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## **Analysis of Budget Request**

**Appropriation:** 257 - Tax Division-Operations

**Funding Sources:** HTD - Tax Division Fund

The Public Service Commission - Tax Division's appropriation is funded by special revenues transferred from the Public Service Commission Fund, the Division's share of ad valorem taxes, as authorized in Arkansas Code §19-5-1024, and general revenues, if needed. Base Level is \$1,657,699 each year, with 15 positions authorized and budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Division is requesting continuation of Base Level only and continuation of special language that governs transfers from the Contingency line item.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 257 - Tax Division-Operations

**Funding Sources:** HTD - Tax Division Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	568,672	693,231	634,650	687,731	687,731	687,731	687,731	687,731	687,731
<b>#Positions</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Extra Help 5010001	10,737	38,238	38,238	38,238	38,238	38,238	38,238	38,238	38,238
<b>#Extra Help</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching 5010003	177,643	213,540	200,954	212,871	212,871	212,871	212,871	212,871	212,871
Overtime 5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses 5020002	161,335	201,359	201,359	201,359	201,359	201,359	201,359	201,359	201,359
Conference & Travel Expenses 5050009	8,793	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Professional Fees 5060010	85,165	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Contingency 5130018	0	0	400,000	400,000	400,000	400,000	400,000	400,000	400,000
<b>Total</b>	<b>1,012,345</b>	<b>1,263,868</b>	<b>1,592,701</b>	<b>1,657,699</b>	<b>1,657,699</b>	<b>1,657,699</b>	<b>1,657,699</b>	<b>1,657,699</b>	<b>1,657,699</b>
<b>Funding Sources</b>									
Fund Balance 4000005	1,408,857	1,334,342		844,306	844,306	844,306	321,212	321,212	321,212
Special Revenue 4000030	125,768	167,932		528,705	528,705	528,705	868,716	868,716	868,716
Ad Valorem Tax 4000060	812,062	605,900		605,900	605,900	605,900	605,900	605,900	605,900
<b>Total Funding</b>	<b>2,346,687</b>	<b>2,108,174</b>		<b>1,978,911</b>	<b>1,978,911</b>	<b>1,978,911</b>	<b>1,795,828</b>	<b>1,795,828</b>	<b>1,795,828</b>
Excess Appropriation/(Funding)	(1,334,342)	(844,306)		(321,212)	(321,212)	(321,212)	(138,129)	(138,129)	(138,129)
<b>Grand Total</b>	<b>1,012,345</b>	<b>1,263,868</b>		<b>1,657,699</b>	<b>1,657,699</b>	<b>1,657,699</b>	<b>1,657,699</b>	<b>1,657,699</b>	<b>1,657,699</b>

The FY11 Budget amounts in Regular Salaries and Personal Services Matching exceed the Authorized amounts due to salary adjustments and matching rate adjustments during the 2009-2011 biennium.

## **Analysis of Budget Request**

**Appropriation:** 2KA - Contingency

**Funding Sources:** SJP - Public Service Commission Fund

The Public Service Commission - Utilities Division's Contingency appropriation provides additional spending authority that may be transferred to the Division's operating line items in emergency situations that would require additional resources. Funding for this appropriation is from Special Revenue balances held in the Public Service Commission Fund to support any transfers that may be made.

The Agency requests that this appropriation be continued at its current authorized level of \$1,000,000 each year and that special language governing transfers during emergencies and unforeseen circumstances also be continued for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 2KA - Contingency  
**Funding Sources:** SJP - Public Service Commission Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Contingency 5130018	0	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	1,000,000	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Special Revenue 4000030	0	0		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Funding</b>	<b>1,000,000</b>	<b>1,000,000</b>		<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
Excess Appropriation/(Funding)	(1,000,000)	(1,000,000)		(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
<b>Grand Total</b>	<b>0</b>	<b>0</b>		<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>

## **Analysis of Budget Request**

**Appropriation:** 82X - ARRA Federal

**Funding Sources:** FPS - Public Service Commission - Federal

This program employs ARRA federal funding for the purpose of assisting with the planning and management of electricity-related endeavors that include various approaches to conservation and energy efficiency.

The Commission is requesting continuation of 3 positions and \$822,779 in appropriation that were originally approved by a miscellaneous federal grant in January, 2010. The grant award period that makes these funds available extends to October 31, 2013.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 82X - ARRA Federal

**Funding Sources:** FPS - Public Service Commission - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
ARRA of 2009 5900052	14,909	822,779	0	0	822,779	822,779	0	822,779	822,779
Total	14,909	822,779	0	0	822,779	822,779	0	822,779	822,779
<b>Funding Sources</b>									
Federal Funds-ARRA 4000244	14,909	822,779		0	822,779	822,779	0	822,779	822,779
Total Funding	14,909	822,779		0	822,779	822,779	0	822,779	822,779
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	14,909	822,779		0	822,779	822,779	0	822,779	822,779

THIS APPROPRIATION WAS ESTABLISHED THROUGH THE AUTHORITY OF THE MISCELLANEOUS FEDERAL PROGRAM ACT AND INCLUDES THREE POSITIONS NOT SHOWN DUE TO SALARY AND MATCHING AMOUNTS INCLUDED IN THE ARRA OF 2009 SPECIAL LINE ITEM.

## Change Level by Appropriation

**Appropriation:** 82X - ARRA Federal

**Funding Sources:** FPS - Public Service Commission - Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C16	ARRA	822,779	3	822,779	100.0	822,779	3	822,779	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C16	ARRA	822,779	3	822,779	100.0	822,779	3	822,779	100.0

### Justification

C16	The Commission is requesting continuation of 3 positions and appropriation to employ ARRA federal funds that were originally approved by miscellaneous federal grant in January, 2010. The grant award period that makes this funding available continues to October 31, 2013.
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# ARKANSAS REAL ESTATE COMMISSION

## **Enabling Laws**

Act 23 of 2010

A.C.A. §17-42-101 et seq.

A.C.A. §17-42-401 et seq.

A.C.A. §17-42-501 et seq.

A.C.A. §18-14-101 et seq.

## **History and Organization**

Act 148 of 1929, as amended, created the Arkansas Real Estate Commission (AREC) for the purpose of regulating and licensing real estate brokers and salespersons in accordance with the real estate license law.

The mission of the Arkansas Real Estate Commission is to protect the public interest. That mission charges the Commission with the responsibility of administering the Real Estate License Law (A.C.A. §17-42-101 et seq.), the Real Estate Recovery Fund (A.C.A. §17-42-401 et seq.), the Continuing Education Program (A.C.A. §17-42-501 et seq.), and the Time-Share Law (A.C.A. §18-14-101 et seq.).

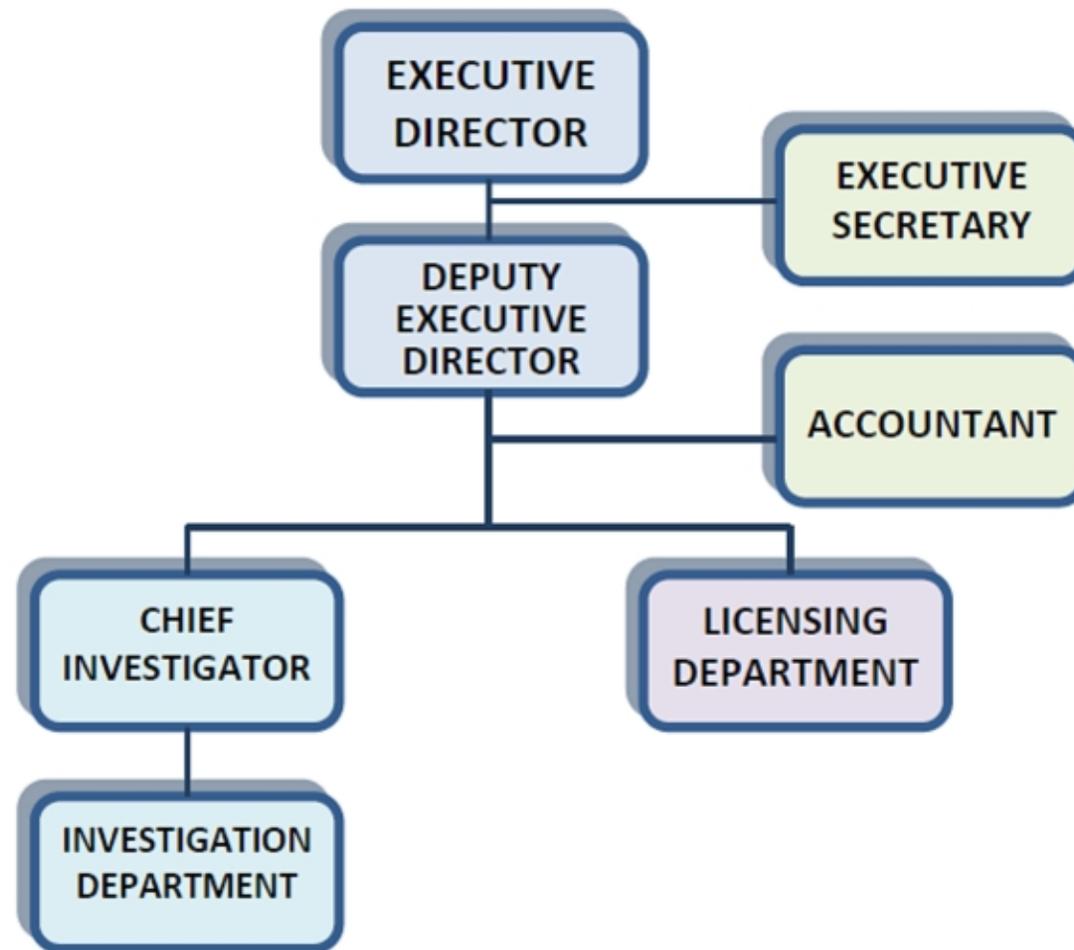
The Real Estate Commission consists of five members appointed by the Governor for three year terms. Three Commission members are from the real estate profession, one Commission member serves as a consumer representative, and one Commission member serves as an elderly representative. Responsibilities are discharged through a staff directed by an Executive Director who is employed by the Commission.

The Agency's primary activities include licensing real estate brokers and salespersons, investigating complaints about real estate transactions, conducting Disciplinary and Recovery Fund hearings, and administering the Continuing Education and Time-Share programs.

The Licensing Section is responsible for reviewing applications of individuals who are applying to take the Arkansas real estate exam, issuing licenses to persons who enter the profession, and annually renewing licenses issued to real estate brokers and salespersons.

The Investigative Section is responsible for investigating complaints received from members of the public concerning alleged violations of the Real Estate License Law or Time-Share Law. Each complaint investigated is either dismissed or scheduled for a disciplinary hearing before the Commission.

The Commission is responsible for administering the Recovery Fund, which was established to pay damage claims to members of the public who have suffered monetary loss specifically attributable to real estate brokers and/or salespersons who have been found, in disciplinary actions before the Commission, to have violated the Real Estate License Law or Regulations. The Recovery Fund is also used for real estate educational purposes.



## **Agency Commentary**

For the Arkansas Real Estate Commission, the budget requests contained herein affect each of the operating programs, Cash Operations, supported by the general cash fund, and the Real Estate Recovery Program, funded by the Recovery Fund. Funding for the biennial budget request will be provided from fund balances and fees to be collected.

Requested changes in the Cash Operations Program include a \$15,000 increase each year for additional expenses related to increase in prices for wired telephone services provided by DIS. A \$25,000 increase is requested for additional expenses for Information Network of Arkansas online renewals. 95% of all renewals are now accomplished online, which has increased the cost that INA charges this agency for credit card processing charges.

A \$45,000 increase each year is requested for the mandatory update and annual maintenance for GL Suites, our licensing database. This will be an annual recurring charge. A \$15,000 increase is requested in the second year to purchase new computers. The old XP operating format will no longer be supported by Microsoft and the new GL suites program and later model operating platform will require much greater hardware capacity that is not available on current machines. Computer speed functionality would be dramatically reduced, causing delays in work processes. These changes are listed in the Agency's Information Technology Plan submitted to DFA - Office of State Technology Planning.

A title change is also requested for one position from AREC Licensing Supervisor to AREC Chief Investigator.

Base level is the request for the Real Estate Recovery Program.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS REAL ESTATE COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2007

Findings

None

Recommendations

None

## Employment Summary

	Male	Female	Total	%
White Employees	2	9	11	79 %
Black Employees	0	3	3	21 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	21 %
Total Employees			14	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
AR Real Estate Commission Newsletter	ACA 17-42-404 & 17-42-203	N	N	48,000	Education & enforcement: Articles about real estate practice, law, regulations & hearings help licensees comply with AREC requirements, which protects the public.

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
853 Real Estate – Operations	1,136,554	15	1,211,023	15	1,181,383	15	1,206,979	15	1,291,979	15	1,291,979	15	1,206,979	15	1,306,979	15	1,306,979	15
952 Real Estate Recovery	47,738	0	352,500	0	352,500	0	352,500	0	352,500	0	352,500	0	352,500	0	352,500	0	352,500	0
<b>Total</b>	<b>1,184,292</b>	<b>15</b>	<b>1,563,523</b>	<b>15</b>	<b>1,533,883</b>	<b>15</b>	<b>1,559,479</b>	<b>15</b>	<b>1,644,479</b>	<b>15</b>	<b>1,644,479</b>	<b>15</b>	<b>1,559,479</b>	<b>15</b>	<b>1,659,479</b>	<b>15</b>	<b>1,659,479</b>	<b>15</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	2,899,974	72.4	2,823,498	71.2		2,399,975	67.8	2,399,975	67.8	2,399,975	67.8	1,980,496	63.5	1,895,496	62.4	1,895,496	62.4
Cash Fund	4000045	1,107,816	27.6	1,140,000	28.8		1,140,000	32.2	1,140,000	32.2	1,140,000	32.2	1,140,000	36.5	1,140,000	37.6	1,140,000	37.6
<b>Total Funds</b>		<b>4,007,790</b>	<b>100.0</b>	<b>3,963,498</b>	<b>100.0</b>		<b>3,539,975</b>	<b>100.0</b>	<b>3,539,975</b>	<b>100.0</b>	<b>3,539,975</b>	<b>100.0</b>	<b>3,120,496</b>	<b>100.0</b>	<b>3,035,496</b>	<b>100.0</b>	<b>3,035,496</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(2,823,498)		(2,399,975)			(1,980,496)		(1,895,496)		(1,895,496)		(1,561,017)		(1,376,017)		(1,376,017)	
<b>Grand Total</b>		<b>1,184,292</b>		<b>1,563,523</b>			<b>1,559,479</b>		<b>1,644,479</b>		<b>1,644,479</b>		<b>1,559,479</b>		<b>1,659,479</b>		<b>1,659,479</b>	

The FY11 Budget amount in the Real Estate - Operations Program (853) exceeds Authorized due to salary and matching adjustments during the 2009-2011 biennium.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
15	15	0	15	0	0.00 %	15	13	2	15	0	13.33 %	15	14	1	15	0	6.67 %

## **Analysis of Budget Request**

**Appropriation:** 853 - Real Estate – Operations

**Funding Sources:** NRE - Cash in Treasury

The Arkansas Real Estate Commission is funded from the receipt of fees it charges for originating and renewing the licenses of real estate brokers and salespersons. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salaries of unclassified positions reflect the FY11 line item maximum. The Base Level request for Regular Salaries also includes board member stipend payments.

Base Level for the Cash Operations Program is \$1,206,979 each year, with 15 positions budgeted. Requested changes for this program are as follows:

- A \$15,000 increase each year in Operating Expenses for additional line charges payable to the Department of Information Systems for wired communications support, \$25,000 each year for additional expenses for on-line renewals processed by the Information Network of Arkansas, and \$45,000 each year for the updating and maintenance of GL Suites, the Agency's licensing database.
- For the second year only, \$15,000 is requested for replacement of computers that will lack the capacity to process transactions in the enhanced GL Suites program and will no longer have Microsoft support for XP operating software.
- Also requested is a title change for the AREC Licensing Supervisor position to AREC Chief Investigator.

The Executive Recommendation provides for the Agency Request, with title of the AREC Licensing Supervisor position changed to AREC Supervisor. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 853 - Real Estate – Operations

**Funding Sources:** NRE - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	600,150	642,216	616,184	634,415	634,415	634,415	634,415	634,415	634,415
<b>#Positions</b>		<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Extra Help	5010001	1,736	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
<b>#Extra Help</b>		<b>1</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	166,823	195,442	191,834	199,199	199,199	199,199	199,199	199,199	199,199
Operating Expenses	5020002	348,837	300,774	300,774	300,774	385,774	385,774	300,774	400,774	400,774
Conference & Travel Expenses	5050009	9,733	13,662	13,662	13,662	13,662	13,662	13,662	13,662	13,662
Professional Fees	5060010	8,230	32,929	32,929	32,929	32,929	32,929	32,929	32,929	32,929
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	1,045	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,136,554</b>	<b>1,211,023</b>	<b>1,181,383</b>	<b>1,206,979</b>	<b>1,291,979</b>	<b>1,291,979</b>	<b>1,206,979</b>	<b>1,306,979</b>	<b>1,306,979</b>

Funding Sources										
Fund Balance	4000005	1,884,555	1,813,793		1,702,770	1,702,770	1,702,770	1,595,791	1,510,791	1,510,791
Cash Fund	4000045	1,065,792	1,100,000		1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
<b>Total Funding</b>		<b>2,950,347</b>	<b>2,913,793</b>		<b>2,802,770</b>	<b>2,802,770</b>	<b>2,802,770</b>	<b>2,695,791</b>	<b>2,610,791</b>	<b>2,610,791</b>
Excess Appropriation/(Funding)		(1,813,793)	(1,702,770)		(1,595,791)	(1,510,791)	(1,510,791)	(1,488,812)	(1,303,812)	(1,303,812)
<b>Grand Total</b>		<b>1,136,554</b>	<b>1,211,023</b>		<b>1,206,979</b>	<b>1,291,979</b>	<b>1,291,979</b>	<b>1,206,979</b>	<b>1,306,979</b>	<b>1,306,979</b>

The FY11 Budget amounts in Regular Salaries and Personal Services Matching exceed the Authorized amounts due to salary adjustments and matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 853 - Real Estate – Operations  
**Funding Sources:** NRE - Cash in Treasury

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,206,979</b>	<b>15</b>	<b>1,206,979</b>	<b>100.0</b>	<b>1,206,979</b>	<b>15</b>	<b>1,206,979</b>	<b>100.0</b>
C01	Existing Program	40,000	0	1,246,979	103.3	40,000	0	1,246,979	103.3
C08	Technology	45,000	0	1,291,979	107.0	60,000	0	1,306,979	108.3
C10	Reclass	0	0	1,291,979	107.0	0	0	1,306,979	108.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,206,979</b>	<b>15</b>	<b>1,206,979</b>	<b>100.0</b>	<b>1,206,979</b>	<b>15</b>	<b>1,206,979</b>	<b>100.0</b>
C01	Existing Program	40,000	0	1,246,979	103.3	40,000	0	1,246,979	103.3
C08	Technology	45,000	0	1,291,979	107.0	60,000	0	1,306,979	108.3
C10	Reclass	0	0	1,291,979	107.0	0	0	1,306,979	108.3
C14	Title Change	0	0	1,291,979	107.0	0	0	1,306,979	108.3

### Justification

C01	A \$15,000 increase is requested for additional expenses related to increase in prices for DIS telecom wired. A \$25,000 increase is requested for additional expenses for Information Network of Arkansas online renewals. Online renewals are now at approximately 95%, which increased the cost that INA charges this agency for credit card processing charges.
C08	A \$45,000 increase each year is requested for the mandatory update and annual maintenance for GL Suites, our licensing database. This will be an annual reoccurring charge. This software improvement can be found under the Major Applications tab in the Commission's IT Plan for 2011-2013. A \$15,000 increase is requested in FY2013 to purchase new computers. The old XP computers will no longer be supported by Microsoft and the new GL suites program would reduce computer speed functionality dramatically causing delay in work processes. These are referenced under the Hardware tab in the IT Plan.
C14	A title change is requested for one position from AREC Licensing Supervisor to AREC Chief Investigator.

## **Analysis of Budget Request**

**Appropriation:** 952 - Real Estate Recovery

**Funding Sources:** NRE - Cash in Treasury

The Arkansas Real Estate Commission's Recovery Fund cash appropriation is supported by a one-time fee of \$25 charged to each new license applicant and also includes interest earned from investing the Fund's balances. If damages are assessed against any licensee who is insolvent, the Commission covers the claim from fees collected in this fund. Earned interest is applied toward support of the Commission's educational efforts to keep its licensees and the general public informed of changes in regulations, market conditions, and illegal practices. Base Level is \$352,500 each year and is the Agency Request.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 952 - Real Estate Recovery

**Funding Sources:** NRE - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Damage Payment	5900046	0	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Education	5900047	47,738	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500
<b>Total</b>		<b>47,738</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,015,419	1,009,705		697,205	697,205	697,205	384,705	384,705	384,705
Cash Fund	4000045	42,024	40,000		40,000	40,000	40,000	40,000	40,000	40,000
<b>Total Funding</b>		<b>1,057,443</b>	<b>1,049,705</b>		<b>737,205</b>	<b>737,205</b>	<b>737,205</b>	<b>424,705</b>	<b>424,705</b>	<b>424,705</b>
Excess Appropriation/(Funding)		(1,009,705)	(697,205)		(384,705)	(384,705)	(384,705)	(72,205)	(72,205)	(72,205)
<b>Grand Total</b>		<b>47,738</b>	<b>352,500</b>		<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>	<b>352,500</b>

# DEPARTMENT OF RURAL SERVICES

## Enabling Laws

Act 138 of 2010  
Act 136 of 2010  
Act 46 of 2010

A.C.A. § 15-6-105 et seq.

## History and Organization

The Department of Rural Services (DRS), formerly known as the Office of Rural Advocacy, and the eleven member Arkansas Rural Development Commission (ARDC) were created by Act 302 of 1991, the Arkansas Rural Development Commission Act. The Agency was renamed the Department of Rural Services by Act 935 of 1999. Together, the Agency and the Commission strive to enhance the quality of life for rural Arkansans without sacrificing individual freedoms or responsibilities. The Agency and Commission accomplish this goal by providing rural Arkansans with the resources necessary to help themselves succeed in their community.

The Department of Rural Services serves as a single point of contact for local governments, state and federal agencies, and other public, private and nonprofit sector organizations. The DRS promotes cooperative and integrated efforts among the various entities that are designed to address our rural issues. The Agency attempts to streamline the bureaucratic process for smaller communities of less than 20,000 in population and make government more customer oriented.

The Department of Rural Services' Mission Statement is "To Enhance the Quality of Life in Rural Arkansas."

## Vision Statement

We envision an agency that will:

- Serve as the official point of contact for information on rural issues to the Governor, Legislature, and the general public
- Serve the State as the central coordinating agency for rural development
- Serve the State as a source of funding for rural development through grant / community in-kind partnerships
- Develop a human resource network across the State to assist rural communities directly
- Serve as an advocate for the rural communities of Arkansas

## Agency Scope

The Department of Rural Services and the Arkansas Rural Development Commission are charged with serving communities with a population of 20,000 or less. Of the 490 incorporated cities and towns in Arkansas, 470 (96%) have a population of 20,000 or less. However, when you speak of rural development, incorporated cities and towns are only a small part of the puzzle. The unincorporated rural areas make up the majority of our Agency's service area. The unincorporated rural areas are often the most needy of adequate fire protection, adequate water and sewer, adequate public facilities, and adequate roadways. The Agency serves these communities by providing matching grants and information on the resources available to assist rural communities.

## Agency Function

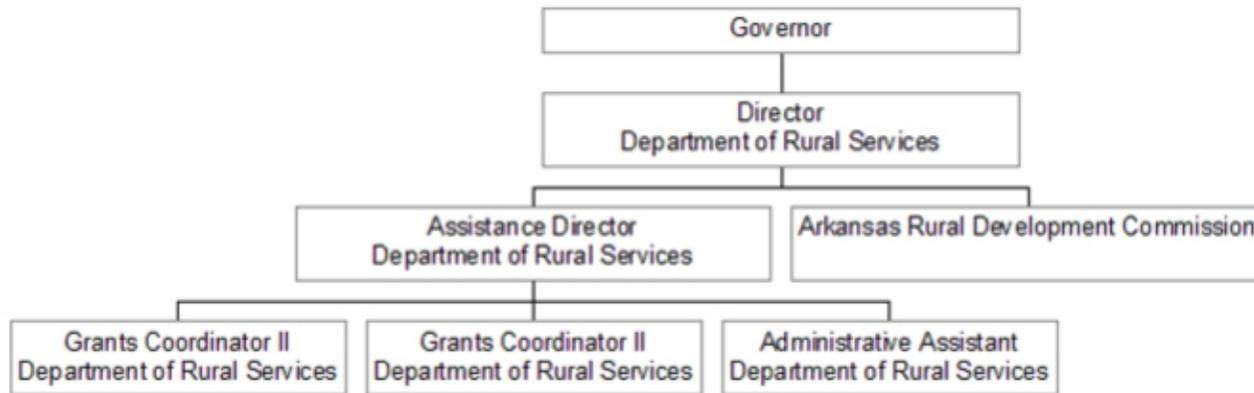
The function of the Department of Rural Services is:

- To serve as a single point of contact for rural communities needing assistance
- To provide rural communities with the assistance needed when possible
- To provide information about alternative sources for assistance when required assistance exceeds agency's means
- To gather information regarding the needs of rural citizens and communities and convey this information to the Governor and Legislature
- To serve the citizens of rural Arkansas as an advocate

## Public Benefit Provided By Agency

Words alone are inadequate to describe the benefit our rural communities derive from the services of the Department of Rural Services. Today, due to assistance through the Rural Community Fire Protection Grant Program, the citizens of many rural communities can go to work assured that their homes are better protected because of improved fire communications, new fire safety equipment, new fire trucks, the addition of a sub-station or in many instances the construction of the community's first fire station. Due to assistance through the Rural Community Development Grant Program, the citizens of rural communities are planning events in their new or renovated community center or community park. They are gathering at the community ball field to watch their children play ball, or visiting the new community health clinic or the new community library. And through assistance from the County Fair Building Grant Program, rural county fairs are beginning construction of new concession stands and livestock barns in preparation for the fall fairs.

Most importantly, rural citizens, legislators, mayors, or county judges are able to call seeking assistance and will talk to a real person who will help them get the assistance they require.



## **Agency Commentary**

To choose to reside in Arkansas is a choice to live in rural America. The Federal Government defines rural as a city, town or community with a population of 20,000 or less. Based on this definition, the State of Arkansas is over 95% rural. Even today, a choice to live in some of the more rural areas of Arkansas often means settling for poor drinking water, inadequate public facilities, inadequate or non-existent fire protection, and the absence of accessible local health care.

The Department of Rural Services (DRS) and the Arkansas Rural Development Commission (ARDC) are committed to preserving our way of life while seeking ways to combat these deficiencies. While there is no simple solution to eradicating these deficiencies, it is obvious that Federal and State aid alone will not be sufficient. Instead, some of the solutions must be generated from within our rural communities. To achieve this end, we must strengthen the ability of our citizens to participate in determining our futures. The people of rural Arkansas must be educated and provided the tools necessary to accomplish community goals and objectives. Establishing partnerships throughout the community has enabled DRS to host regional information forums on the services our agency provides. This is one step DRS has taken to reach our communities and leaders.

The philosophy developed by DRS and the ARDC is to establish partnerships with communities to assist them in achieving their goals. This philosophy is incorporated into the Agency's various grant programs through the requirement of a matching portion from the community. Unlike many grant programs which fund a project 100%, the DRS grant programs seek to motivate communities to organize and develop a system of teamwork to bring their projects to fruition. Communities are encouraged to use only the grant funds if absolutely needed to complete the project and to return any unused funds.

**BASE LEVEL**

The Agency is requesting to continue its Base Level of \$2,139,725 each year for the following:

<b><u>GR Funded Appropriation</u></b>	<b><u>FY12 &amp; FY13</u></b>
Regular Salaries for 5 positions	\$ 235,477
Personal Services Matching	\$ 70,896
Operating Expenses	\$ 67,704
Conference Fees & Travel	\$ 4,100
Rural Community Development Grants	\$ 200,000
Rural Community Fire Protection Grants	\$ 300,000
Rural County Fair Improvement Grants	\$ 24,000
Total	\$ 902,177

<b><u>Cash Funded Appropriation</u></b>	<b><u>FY12 &amp; FY13</u></b>
Conference Expenses	\$ 50,000

<b><u>Wildlife Recreation Facilities</u></b>	<b><u>FY12 &amp; FY13</u></b>
Regular Salaries for 1 position	\$ 32,249
Personal Services Matching	\$ 11,185
Operating Expenses	\$ 6,614
Grants & Aid	\$1,000,000
Total	\$1,050,048

<b><u>Animal Rescue</u></b>	<b><u>FY12 &amp; FY13</u></b>
Grants & Aid	\$ 100,000

<b><u>Administrative Fee</u></b>	<b><u>FY12 &amp; FY13</u></b>
Operating Expenses	\$ 37,500

**CHANGE LEVEL**

The Department is requesting the following Change Levels in addition to Base Level:

- Additional appropriation and general revenue funding of \$476,000 each year of the biennium for the following:

	<b><u>FY12 &amp; FY13</u></b>
Rural Community Development Grants:	\$ 200,000
Rural Community Fire Protection Grants:	\$ 200,000
Rural County Fair Improvement Grants:	<u>\$ 76,000</u>
Total	<u>\$ 476,000</u>

The \$476,000 appropriation and funding increase in Grants is requested to restore the level of grant appropriation authorized for the 2009-11 biennium. This request was approved during the 2009-11 biennium for appropriation only. The Agency is requesting to restore this (previously unfunded) appropriation along with general revenue funding.

- Additional appropriation only of \$15,000 each year of the biennium for Conference Expenses in the Cash Funded Appropriation. This additional appropriation will enable the agency to utilize available cash funds for increased costs associated with the Annual Conference.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF RURAL SERVICES

### Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

### Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	1	3	4	80 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	1	1	20 %
Total Minorities			1	20 %
Total Employees			5	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1110100	\$51,672	Checking	BancorpSouth

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Receipts are derived from the collection of conference registration fees and forum registration fees around the period events are held. Additional receipts are collected from corporate sponsors.

Fund Balance Utilization:

Collection of revenue is irregular throughout the year, centering primarily around hosted events. Revenues are not on day-to-day operations, but are reserved and expended on costs directly related to hosting conference forums.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Arkansas Rural Community Grant Program Guidelines and Application	ACA 15-6-107	N	N	6,000	To provide eligible rural communities with grant guidelines and procedures.
Arkansas Rural Development Conference Brochure	N/A	N	N	5,000	To promote the Annual Arkansas Rural Development Conference
Arkansas Rural Development Conference Program	N/A	N	N	1,000	To provide conference attendees with panel and event information.
County Fair Building Grant Program Guidelines and Application	ACA 15-6-107	N	N	1,000	To provide eligible rural communities with grant guidelines and procedures.
GIF 1 Community Enhancement Grant Program Guidelines and Application	ACA 15-6-107	N	N	1,000	To provide eligible rural communities with guidelines and procedures for General Improvement Fund grants.
GIF 2 Fire Protection Grant Program Guidelines and Application	ACA 15-6-107	N	N	1,000	To provide eligible rural communities with guidelines and procedures for General Improvement Fund grants.
GIF 3 County Fair Grant Program Guidelines and Application	ACA 15-6-107	N	N	200	To provide eligible rural communities with guidelines and procedures for General Improvement Fund grants.
Rural Services Block Grant Guidelines and Application	Act 1412 of 1999, Act 122 of 2010	N	N	500	To provide eligible rural communities with grants guidelines and procedures.
The Rural Advocate	Act 302 of 1991	N	N	12,000	To provide information to rural communities in compliance with Act 302 of 1991 establishing the agency as the one contact for rural communities of less than 20,000 in population.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
234 Rural Services-State Operations	876,107	5	896,482	5	1,371,268	5	902,177	5	1,378,177	5	1,378,177	5	902,177	5	1,378,177	5	1,378,177	5
58S Animal Rescue	0	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
58T Administrative Fee	6,962	0	37,500	0	50,000	0	37,500	0	37,500	0	37,500	0	37,500	0	37,500	0	37,500	0
58Z Wildlife Rec Facilities	0	0	1,050,000	1	1,050,880	1	1,050,048	1	1,050,048	1	1,050,048	1	1,050,048	1	1,050,048	1	1,050,048	1
B15 Rural Services - Conference	47,267	0	50,000	0	50,000	0	50,000	0	65,000	0	65,000	0	50,000	0	65,000	0	65,000	0
<b>Total</b>	<b>930,336</b>	<b>5</b>	<b>2,133,982</b>	<b>6</b>	<b>2,622,148</b>	<b>6</b>	<b>2,139,725</b>	<b>6</b>	<b>2,630,725</b>	<b>6</b>	<b>2,630,725</b>	<b>6</b>	<b>2,139,725</b>	<b>6</b>	<b>2,630,725</b>	<b>6</b>	<b>2,630,725</b>	<b>6</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	40,049	4.0	82,719	3.8	57,210	2.6	57,210	2.2	57,210	2.6	51,672	2.4	51,672	2.0	51,672	2.4
General Revenue	4000010	876,107	86.5	896,482	40.9	902,177	41.8	1,378,177	52.0	902,177	41.5	902,177	41.9	1,378,177	52.1	902,177	41.6
Special Revenue	4000030	0	0.0	1,050,000	47.9	1,050,048	48.6	1,050,048	39.6	1,050,048	48.3	1,050,048	48.8	1,050,048	39.7	1,050,048	48.4
Cash Fund	4000045	58,890	5.8	50,000	2.3	50,000	2.3	65,000	2.5	65,000	3.0	50,000	2.3	65,000	2.5	65,000	3.0
Trust Fund	4000050	509	0.1	99,491	4.5	100,000	4.6	100,000	3.8	100,000	4.6	100,000	4.6	100,000	3.8	100,000	4.6
Transfer from General Imprv	4000540	37,500	3.7	12,500	0.6	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Funds</b>		<b>1,013,055</b>	<b>100.0</b>	<b>2,191,192</b>	<b>100.0</b>	<b>2,159,435</b>	<b>100.0</b>	<b>2,650,435</b>	<b>100.0</b>	<b>2,174,435</b>	<b>100.0</b>	<b>2,153,897</b>	<b>100.0</b>	<b>2,644,897</b>	<b>100.0</b>	<b>2,168,897</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(82,719)		(57,210)		(19,710)		(19,710)		456,290		(14,172)		(14,172)		461,828	
<b>Grand Total</b>		<b>930,336</b>		<b>2,133,982</b>		<b>2,139,725</b>		<b>2,630,725</b>		<b>2,630,725</b>		<b>2,139,725</b>		<b>2,630,725</b>		<b>2,630,725</b>	

Variance in fund balances due to unfunded appropriation in 234-State Operations and 58T-Administrative Fee.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
5	5	0	5	0	0.00 %	6	4	2	6	0	33.33 %	6	4	2	6	0	33.33 %

## **Analysis of Budget Request**

**Appropriation:** 234 - Rural Services-State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Arkansas Department of Rural Services serves as a single point of contact for all organizations and individuals with a desire to enhance the quality of life for rural citizens. Working under the guidance of the Arkansas Rural Development Commission (ARDC), the Agency assists citizens of rural Arkansas by providing rural grant programs, information sharing and educational opportunities through regional forums and the annual Arkansas Rural Development Conference. This General Revenue funded appropriation provides for the operations of the agency.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the unclassified position reflects the FY11 line item maximum.

Base Level includes appropriation and general revenue funding of \$902,177 in each year of the biennium with 5 regular positions.

The Agency requests additional appropriation and general revenue funding in the amount of \$476,000 each year of the biennium for the following:

Rural Community Development Grants: Increase of \$200,000 each year to provide for an increase in the number of Community Development grant requests received from rural communities and to cover increased costs for construction and renovation. This line item provides matching grants to rural communities to use for renovations, new construction or additions to publicly owned buildings, parks and recreational facilities.

Rural Fire Protection Grants: Increase of \$200,000 each year to provide for an increase in the number of Fire Protection grant requests received from rural communities and to cover increased costs for construction, renovation and equipment. This line item provides matching grants to rural communities for renovations, new construction or additions to fire facilities, for purchasing fire protection equipment and vehicles and for rehabilitating/retrofitting newly acquired equipment and vehicles.

County Fair Improvement Grants: Increase of \$76,000 each year of the biennium to meet rising labor and material costs. This line item provides incentive matching grants to assist rural county fairs with the construction and improvement of buildings or for the purchase of items shown to directly improve the building or the services that the county fair association may provide.

The Executive Recommendation provides for unfunded appropriation of \$476,000 each year for the following:

- \$200,000 for Rural Community Development Grants
- \$200,000 for Rural Fire Protection Grants
- \$76,000 for County Fair Improvement Grants

## Appropriation Summary

**Appropriation:** 234 - Rural Services-State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	232,251	230,854	230,766	235,477	235,477	235,477	235,477	235,477	235,477
<b>#Positions</b>		<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching	5010003	71,375	69,824	68,698	70,896	70,896	70,896	70,896	70,896	70,896
Operating Expenses	5020002	56,892	67,704	67,704	67,704	67,704	67,704	67,704	67,704	67,704
Conference & Travel Expenses	5050009	1,786	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	183,325	200,000	400,000	200,000	400,000	400,000	200,000	400,000	400,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Rural Fire Protection Grants	5900046	300,000	300,000	500,000	300,000	500,000	500,000	300,000	500,000	500,000
County Fair Imprv Grants	5900048	30,478	24,000	100,000	24,000	100,000	100,000	24,000	100,000	100,000
<b>Total</b>		<b>876,107</b>	<b>896,482</b>	<b>1,371,268</b>	<b>902,177</b>	<b>1,378,177</b>	<b>1,378,177</b>	<b>902,177</b>	<b>1,378,177</b>	<b>1,378,177</b>
<b>Funding Sources</b>										
General Revenue	4000010	876,107	896,482		902,177	1,378,177	902,177	902,177	1,378,177	902,177
Total Funding		876,107	896,482		902,177	1,378,177	902,177	902,177	1,378,177	902,177
Excess Appropriation/(Funding)		0	0		0	0	476,000	0	0	476,000
Grand Total		876,107	896,482		902,177	1,378,177	1,378,177	902,177	1,378,177	1,378,177

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary and matching rate adjustments approved during the 2009-11 biennium.

## Change Level by Appropriation

**Appropriation:** 234 - Rural Services-State Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>902,177</b>	<b>5</b>	<b>902,177</b>	<b>100.0</b>	<b>902,177</b>	<b>5</b>	<b>902,177</b>	<b>100.0</b>
C01	Existing Program	476,000	0	1,378,177	152.8	476,000	0	1,378,177	152.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>902,177</b>	<b>5</b>	<b>902,177</b>	<b>100.0</b>	<b>902,177</b>	<b>5</b>	<b>902,177</b>	<b>100.0</b>
C01	Existing Program	476,000	0	1,378,177	152.8	476,000	0	1,378,177	152.8

### Justification

C01	Community Development Grants: \$200,000 requested for both appropriation and funding to restore the level of appropriation to what was authorized in the previous biennium. Fire Protection Grants: \$200,000 requested for both appropriation and funding to restore the level of appropriation to what was authorized in the previous biennium. County Fair Improvement Grants: \$76,000 requested with both appropriation and funding to restore the level of appropriation to what was authorized in the previous biennium.
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## **Analysis of Budget Request**

**Appropriation:** 58S - Animal Rescue

**Funding Sources:** TRS - Animal Rescue and Shelter Trust Fund

Act 692 of the 87th Regular Session of 2009 amended ACA 27-24-1409 to authorize the Department of Finance and Administration to issue a new special license plate with a \$25 design fee that will be remitted monthly to the Treasurer of the State for deposit into the State Treasury as special revenues for the Animal Rescue and Shelter Trust Fund. The Act further amended ACA 19-5-1136 to create the Animal Rescue and Shelter Trust Fund to be distributed as follows:

- 35% to be distributed and used by the counties for construction, maintenance or operation of registered governmentally owned animal rescue shelters
- 35% to be distributed and used by municipalities for construction, maintenance or operation of registered governmentally owned animal rescue shelters
- 30% to be distributed to the Department of Rural Services to provide grants to a county or municipality based only on the infrastructure needs for any animal rescue or animal shelter (not limited to registered governmentally owned rescue shelters.)

The Agency Base Level request includes Grants and Aid appropriation of \$100,000 in each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 58S - Animal Rescue

**Funding Sources:** TRS - Animal Rescue and Shelter Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>Funding Sources</b>									
Fund Balance 4000005	0	509		0	0	0	0	0	0
Trust Fund 4000050	509	99,491		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding	509	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Excess Appropriation/(Funding)	(509)	0		0	0	0	0	0	0
Grand Total	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000

## **Analysis of Budget Request**

**Appropriation:** 58T - Administrative Fee

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Administrative Fee Appropriation is used to provide maintenance and general operations support for the Agency's General Improvement Grant appropriations. This appropriation is funded by special language that authorizes the transfer of funds from the agency's various General Improvement sub funds to the Agency's Miscellaneous Agencies Fund.

During the 87th Regular Session of 2009, the Department of Rural Services received forty-five (45) General Improvement appropriations for Grants and Aid funded by \$5.7 million in Legislative Division General Improvement Funding. These appropriations supplemented the Department's three existing Grant Programs: Community Enhancement Grants, Fire Protection Grants and County Fair Improvement Grants.

The addition of the General Improvement Grant Appropriations increased the Agency's Funded Budget for Grants and Aid from approximately \$525,000 to over \$6.2 million. To accommodate the administrative requirements associated with this increased grant budget, Act 803 of the 87th Regular Session of 2009 established a new Administrative Fee appropriation, which authorizes Maintenance and General Operation appropriation to provide administrative support for the large number of General Improvement Grants administered by the Agency.

Special Language authorizes the Department to retain and utilize for administrative cost purposes up to 1% of the total amount of any General Improvement moneys received for projects authorized for disbursement through the department by the General Assembly. Special Language further authorizes the Chief Financial Officer of the State to transfer up to 1% of General Improvement Funds from the various General Improvement sub funds to the Miscellaneous Agencies Fund Account to be made available and utilized solely by the Department of Rural Services for maintenance and general operation costs. Finally, Special Language authorizes the carryforward of any unexpended balances of funds that were transferred from the various General Improvement sub funds to the Miscellaneous Agencies Fund to be used for the same purpose the following fiscal year.

The Agency Requests the continuation of Base Level in the amount of \$37,500 each year. Expenditure of appropriation is contingent upon the carryforward of available funding as authorized by Special Language.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 58T - Administrative Fee

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	6,962	37,500	50,000	37,500	37,500	37,500	37,500	37,500	37,500
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>6,962</b>	<b>37,500</b>	<b>50,000</b>	<b>37,500</b>	<b>37,500</b>	<b>37,500</b>	<b>37,500</b>	<b>37,500</b>	<b>37,500</b>
<b>Funding Sources</b>									
Fund Balance 4000005	0	30,538		5,538	5,538	5,538	0	0	0
Transfer from General Imprv 4000540	37,500	12,500		0	0	0	0	0	0
<b>Total Funding</b>	<b>37,500</b>	<b>43,038</b>		<b>5,538</b>	<b>5,538</b>	<b>5,538</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess Appropriation/(Funding)</b>	<b>(30,538)</b>	<b>(5,538)</b>		<b>31,962</b>	<b>31,962</b>	<b>31,962</b>	<b>37,500</b>	<b>37,500</b>	<b>37,500</b>
<b>Grand Total</b>	<b>6,962</b>	<b>37,500</b>		<b>37,500</b>	<b>37,500</b>	<b>37,500</b>	<b>37,500</b>	<b>37,500</b>	<b>37,500</b>

## **Analysis of Budget Request**

**Appropriation:** 58Z - Wildlife Rec Facilities

**Funding Sources:** SWR - Wildlife Recreation Facilities Fund

Act 687 of the 87th Regular Session of 2009 amended the Arkansas Code (ACA 15-47-101 et seq.) to establish the Wildlife Recreation Facilities Pilot Program and the related Wildlife Recreation Facilities Fund (ACA 19-6-811). This pilot program was to be administered by the Department of Rural Services and the Arkansas Rural Development Commission in conjunction with the Arkansas Game and Fish Commission for the purpose of igniting interest in the wildlife resources of Arkansas and to promote economic development in the State.

ACA 15-47-104 states that initial funding for this appropriation was to consist of moneys that the Arkansas Game and Fish Commission has received from oil and gas leases in the Fayetteville Shale. The Department of Rural Services and the commission agree to execute a memorandum of understanding every two (2) years to evaluate the effectiveness and success of the program and to reexamine the need for moneys to be made available to the department to fund the development of wildlife recreation facilities. Future funding for the Wildlife Recreation Facilities Pilot Program shall be determined by and distributed from the availability of royalties from oil and gas leases in the Fayetteville Shale that the Arkansas State Game and Fish Commission receives or from other sources that are not from the Arkansas State Game and Fish Commission.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Agency Base Level request includes appropriation of \$1,050,048 in each year of the biennium with one (1) regular position.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 58Z - Wildlife Rec Facilities  
**Funding Sources:** SWR - Wildlife Recreation Facilities Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	32,249	32,990	32,249	32,249	32,249	32,249	32,249	32,249
<b>#Positions</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	0	11,137	11,276	11,185	11,185	11,185	11,185	11,185	11,185
Operating Expenses 5020002	0	6,614	6,614	6,614	6,614	6,614	6,614	6,614	6,614
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1,050,000</b>	<b>1,050,880</b>	<b>1,050,048</b>	<b>1,050,048</b>	<b>1,050,048</b>	<b>1,050,048</b>	<b>1,050,048</b>	<b>1,050,048</b>
<b>Funding Sources</b>									
Special Revenue 4000030	0	1,050,000		1,050,048	1,050,048	1,050,048	1,050,048	1,050,048	1,050,048
Total Funding	0	1,050,000		1,050,048	1,050,048	1,050,048	1,050,048	1,050,048	1,050,048
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	1,050,000		1,050,048	1,050,048	1,050,048	1,050,048	1,050,048	1,050,048

## **Analysis of Budget Request**

**Appropriation:** B15 - Rural Services - Conference

**Funding Sources:** 111 - Department of Rural Services - Cash

This appropriation provides for an annual conference and several one-day seminars for local governments. The annual conference attendance numbers range from 400-650 each year with topics of discussion including finance, community marketing strategies, infrastructure and crime. Income is derived from fees charged to participants and donations received through corporate sponsorship.

The Agency Base Level Request includes appropriation in the amount of \$50,000 each year of the biennium.

The Agency Change Level Request includes additional appropriation in the amount of \$15,000 each year of the biennium to cover increased costs associated with the annual conference.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** B15 - Rural Services - Conference

**Funding Sources:** 111 - Department of Rural Services - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Conference Expenses 5900046	47,267	50,000	50,000	50,000	65,000	65,000	50,000	65,000	65,000
<b>Total</b>	<b>47,267</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>65,000</b>	<b>65,000</b>	<b>50,000</b>	<b>65,000</b>	<b>65,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	40,049	51,672		51,672	51,672	51,672	51,672	51,672	51,672
Cash Fund 4000045	58,890	50,000		50,000	65,000	65,000	50,000	65,000	65,000
<b>Total Funding</b>	<b>98,939</b>	<b>101,672</b>		<b>101,672</b>	<b>116,672</b>	<b>116,672</b>	<b>101,672</b>	<b>116,672</b>	<b>116,672</b>
Excess Appropriation/(Funding)	(51,672)	(51,672)		(51,672)	(51,672)	(51,672)	(51,672)	(51,672)	(51,672)
<b>Grand Total</b>	<b>47,267</b>	<b>50,000</b>		<b>50,000</b>	<b>65,000</b>	<b>65,000</b>	<b>50,000</b>	<b>65,000</b>	<b>65,000</b>

## Change Level by Appropriation

**Appropriation:** B15 - Rural Services - Conference

**Funding Sources:** 111 - Department of Rural Services - Cash

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>50,000</b>	<b>0</b>	<b>50,000</b>	<b>100.0</b>	<b>50,000</b>	<b>0</b>	<b>50,000</b>	<b>100.0</b>
C01	Existing Program	15,000	0	65,000	130.0	15,000	0	65,000	130.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>50,000</b>	<b>0</b>	<b>50,000</b>	<b>100.0</b>	<b>50,000</b>	<b>0</b>	<b>50,000</b>	<b>100.0</b>
C01	Existing Program	15,000	0	65,000	130.0	15,000	0	65,000	130.0

### Justification

C01	Additional cash appropriation of \$15,000 is requested to provide for increasing costs associated with the Agency's Annual Conference. The agency has sufficient cash funds to expend this additional appropriation.
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# STATE BOARD OF SANITARIANS

## Enabling Laws

Act 22 of 2010  
A.C.A. §17-43-101 et seq.

## History and Organization

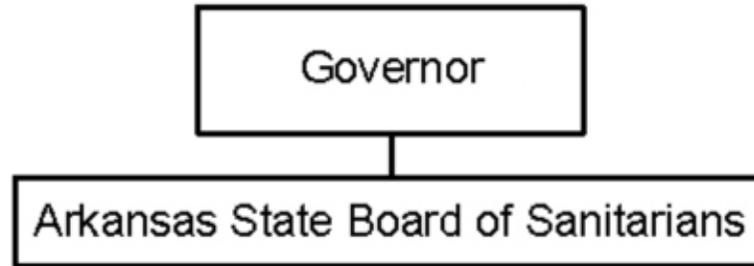
The mission of the State Board of Sanitarians is to regulate those professionals who organize, implement, or manage environmental health programs.

The State Board of Sanitarians was created by Act 281 of 1957 as amended by Act 257 of 1977. The Board consists of five (5) professional members appointed by the Governor to serve five-year terms with one member term expiring each year. In accordance with Act 113 of 1977, one consumer member sits on the Board.

Board members serve without compensation but are reimbursed for actual and necessary expenses incurred in the performance of their duties. The Board determines the eligibility of applicants for registration by examination in accordance with its Acts. One of the primary functions of the Board is to regulate its members to such a degree that effectively protects the dignity of the profession and public from the practice of such individuals who are inexperienced and unqualified. In addition, Act 582 of 1985 requires registered Sanitarians practicing in the State to complete twenty (20) hours of continuing education credits every two years for registration renewal. The Board reviews CEU's and provides registrants a list of approved courses for continuing education.

Funds for the operation of the Board are acquired by the collection of a \$20 examination fee, a \$10 application fee, and a \$20 annual renewal fee of each registrant.

A registered Sanitarian is an environmental health professional educated in the field of environmental health, physical and biological sciences and who possesses a Bachelor or a Master of Public Health degree with specialization in sanitary science from an approved school of public health, or a college graduate in one of the natural sciences (Biology, Chemistry, Physics, Math, Earth and /or Geology) or Engineering with a minimum of thirty (30) semester hours or its equivalent of the above subjects, plus one year's experience in environmental sanitation or approved training courses.



**Agency Commentary**

The State Board of Sanitarians is requesting Base Level for each year of the 2011-13 biennium. The Agency has sufficient appropriation for the request.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS STATE BOARD OF SANITARIANS  
 FOR THE YEAR ENDED JUNE 30, 2007

Findings

Our review of internal controls and financial records of the Arkansas State Board of Sanitarians disclosed the following deficiencies:

- The quarterly board meeting minutes could not be located for the board meeting held on November 4, 2005 and the board meeting minutes were not signed by the Board Chairman and Secretary/Treasurer.
- Sixteen of thirty travel reimbursement forms were not signed by the travel administrator.
- The Board did not have supporting documentation for two expenditures totaling \$1,813.
- The Board did not reconcile receipts deposited to licenses issued and did not receipt all items of income deposited.

Recommendations

The Agency strengthen internal controls related to record retention, travel authorization and receipts.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 1BN - Treasury Cash

**Funding Sources:** NSB - Cash in Treasury

The State Board of Sanitarians was created by Arkansas Code Annotated §17-43-201. The Board is a cash agency funded from registration, examination, and renewal fees according to authority in Arkansas Code Annotated §17-43-204. The Board is responsible for regulating those professionals who organize, implement, or manage environmental health programs.

The Agency is requesting Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding

## Appropriation Summary

**Appropriation:** 1BN - Treasury Cash

**Funding Sources:** NSB - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	4,510	8,647	8,647	8,647	8,647	8,647	8,647	8,647	8,647
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	250	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>4,760</b>	<b>10,847</b>	<b>10,847</b>	<b>10,847</b>	<b>10,847</b>	<b>10,847</b>	<b>10,847</b>	<b>10,847</b>	<b>10,847</b>
<b>Funding Sources</b>										
Fund Balance	4000005	17,566	17,224		11,377	11,377	11,377	6,530	6,530	6,530
Cash Fund	4000045	4,418	5,000		6,000	6,000	6,000	6,000	6,000	6,000
<b>Total Funding</b>		<b>21,984</b>	<b>22,224</b>		<b>17,377</b>	<b>17,377</b>	<b>17,377</b>	<b>12,530</b>	<b>12,530</b>	<b>12,530</b>
Excess Appropriation/(Funding)		(17,224)	(11,377)		(6,530)	(6,530)	(6,530)	(1,683)	(1,683)	(1,683)
<b>Grand Total</b>		<b>4,760</b>	<b>10,847</b>		<b>10,847</b>	<b>10,847</b>	<b>10,847</b>	<b>10,847</b>	<b>10,847</b>	<b>10,847</b>

# STATE SECURITIES DEPARTMENT

## Enabling Laws

Act 52 of 2010

A.C.A. §20-17-1001 et seq.

A.C.A. §23-35-101 et seq.

A.C.A. §23-37-101 et seq.

A.C.A. §23-39-501 et seq.

A.C.A. §23-42-101 et seq.

A.C.A. §23-55-101 et seq.

## History and Organization

The Arkansas Securities Department has legislated responsibilities to protect the monetary interests of Arkansas residents by providing administration, regulation, and enforcement of the various Acts.

Act 254 of 1959 placed responsibility for the "sale of securities" under the jurisdiction of the State Bank Department, and provided for a State Securities Commissioner. The Securities Commissioner was to be appointed by the Governor and subject to the supervision of the State Bank Commissioner, and the Securities Department was operated as a division of the State Bank Department. Act 38 of 1971 transferred both the State Bank Department and the State Securities Department to the Department of Commerce. Each division continued to function independently of the Commerce Department with regard to the prescribed statutory powers, authorities, duties, and rulemaking responsibilities they had prior to the transfer. Act 471 of 1973 amended Act 254 of 1959 to provide that the Securities Division was no longer a part of the State Bank Department and the Securities Commissioner was no longer subject to the supervision of the State Bank Commissioner. The Act further provided that the Securities Division be renamed the Arkansas Securities Department and that all Acts previously regulated by the Securities Division be transferred to the new agency effective July 1, 1973.

In early 1975 it became apparent that the special revenue fund balances transferred to the Department by the Bank Department pursuant to Act 471 of 1973 would not be sufficient to continue operation of the Department at its then current level. Act 863 of 1975 amended all Acts administered by the Department to reclassify all revenues received by the Department as general revenues. Thus, effective July 1, 1975, the Department ceased being a special revenue agency and became a general revenue agency with all expenditures paid from the general revenues of the State.

Act 691 of 1983 abolished the Department of Commerce. Section 3 of the Act directed that the State Securities Department shall function as an independent agency. The Securities Commissioner is appointed by the Governor and serves at the pleasure of the Governor.

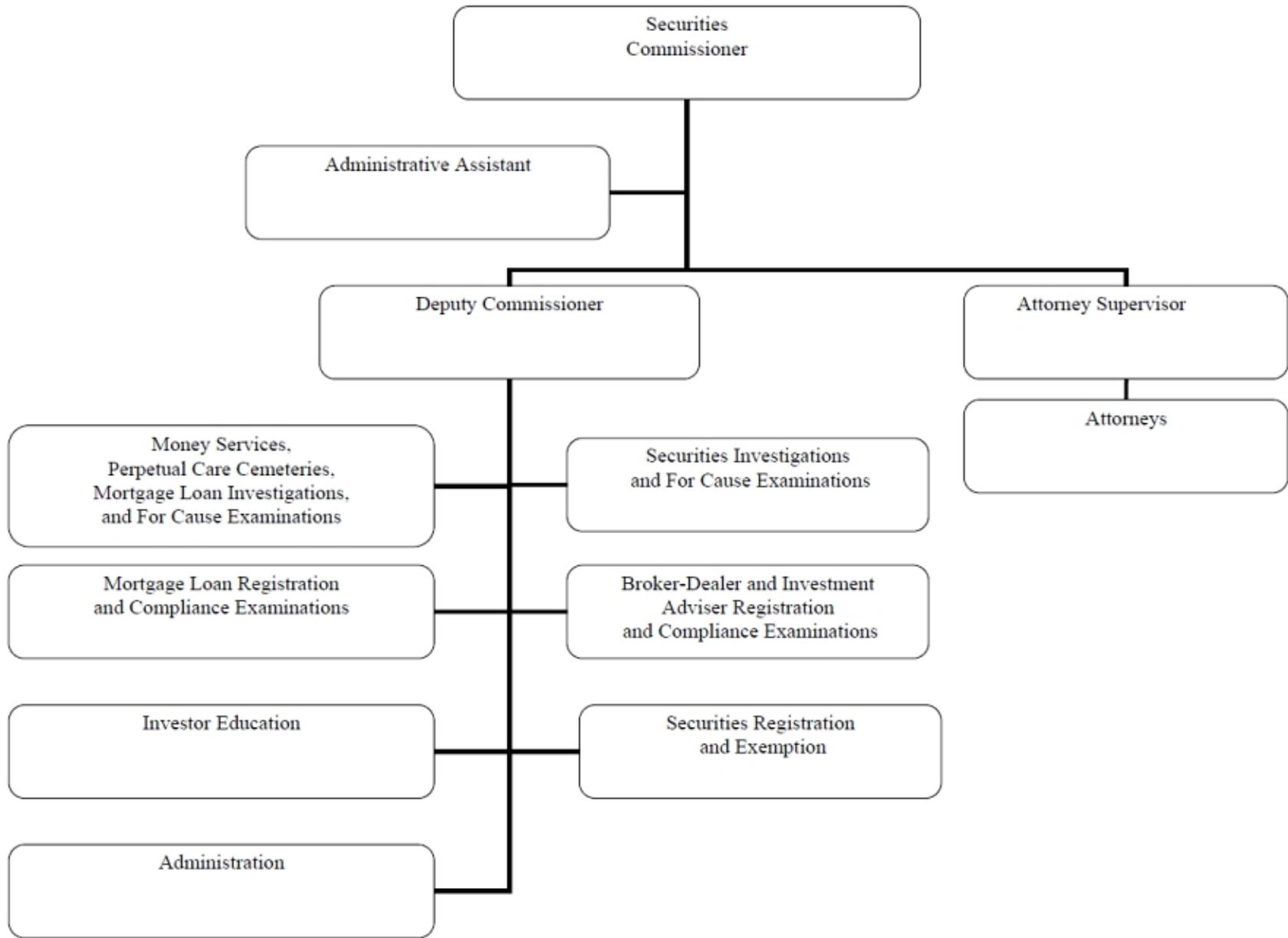
Act 42 of the First Extraordinary Session of 1989 appropriated funds to the Arkansas Securities Department, up to a maximum of \$200,000 in each fiscal year, to be used to contract for legal, accounting, and other appropriate assistance in addition to that available from the Department's regular staff, in specific cases and situations as deemed necessary by the Securities Commissioner. Act 207 of 1993 provided that all revenues received from administrative fines shall be deposited into the fund account from which the Arkansas Securities Department receives its maintenance and support as special revenues and used only for the stated purposes. Act 66 of 1997 provides in the event specific cases, situations, or programs make it necessary that the State Securities Department receives additional appropriations to carry out the objectives of the agency, the Securities Commissioner is hereby authorized to request the approval of the Governor and the Chief Fiscal Officer of the State for transfer of the appropriations provided in the Contingency line item (\$200,000). In no event shall the transfer in any fiscal year exceed the appropriations provided in the Contingency line item. The Governor may approve or modify such request for transfer of appropriations as in his judgment he deems necessary, and shall inform the Chief Fiscal Officer of the State. Upon notification, the Chief Fiscal Officer of the State shall direct the State Auditor to process said transfer upon his books.

Act 659 of 1993 created on the books of the Chief Fiscal Officer of the State and those of the State Treasurer a fund to be known as the "Securities Department Fund". Such fund is to be used for the maintenance, operation, support and improvement of the State Securities Department in carrying out its functions, powers, and duties as set out by law and by rule and regulation not inconsistent with law. Filing fees for initial or renewal registration of agent of a broker-dealer and investment adviser were increased to Seventy-five (\$75), of which twenty-five dollars (\$25) shall be designated as special revenue and shall be deposited in the Securities Department Fund. Also, the filing fee for the filing of a registration statement was increased to a maximum filing fee of no more than two thousand dollars (\$2,000). Any portion of the fee in excess of one thousand (\$1,000) shall be designated as special revenues and shall be deposited in the Securities Department Fund.

The Securities Department's operating appropriation is funded from special revenues deposited with the State Treasurer in the Securities Department Fund. The Securities Department Fund consists of portions of certain filing fees received by the Securities Department. Act 759 of 2003 created the Investor Education Fund. The Investor Education Program is funded from administrative fines received by the Department. The fines deposited into the Investor Education Fund are limited to \$150,000 each fiscal year. Fines received in excess of \$150,000 are deposited into the Securities Department Fund. The remaining fees and funds received by the Securities Department are turned over to the State Treasurer as general revenues.

Pursuant to the Savings and Loan Association Act, Act 227 of 1963, as amended, the Securities Commissioner acts as the Supervisor of savings and loan associations. In 1997 the Savings and Loan Association Act was amended to do away with the Savings and Loan Association Board and transferred the Board's power and authority to the Savings and Loan Supervisor.

Pursuant to the Cemetery Act, Act 352 of 1977, as amended, the Securities Commissioner serves as a voting member of the Cemetery Board.



## **Agency Commentary**

The Arkansas Securities Department is responsible for protecting the financial well being of Arkansas citizens and promoting an environment where the financial and capital markets function efficiently and without unnecessary regulatory impediments. The operations of the Department are funded from the receipt of fees collected by the Department. Change Level requests include the following items:

**Regular Salaries:** The Department is requesting two new positions without increasing fees charged to registrants. The Department is requesting a Securities Examiner in the Securities Registration/Exemption Section. Although there has been a downturn in the economy, the Department has not seen a downturn in the number of fraudulent securities offerings that are being marketed to Arkansas investors. If anything, the opposite is true. Investors have grown distrustful of the stock market and traditional investments, but they still have money to invest. Fraudsters create offerings with promises of no risk and guaranteed returns and prey on investor fears in selling these investments. A robust review of these offering materials by the Department is essential in protecting Arkansas investors.

The Department also requests a Senior Securities Examiner in the Broker-Dealer/Investment Adviser Registration/Examination Section. The Department has regulatory authority over all state-registered investment advisers, which are investment adviser firms with \$25 million or less under management. This level will rise to \$100 million with the passage of the Dodd-Frank Act, signed into law on July 21, 2010. This action will increase the number of investor adviser firms and representatives that will be subject to regulation by the Department. Arkansas-registered investment advisers are not regulated by any other regulatory agency other than the Department. It is imperative that the Department have sufficient qualified personnel to regularly examine state-registered investment advisers, as well as broker-dealer firms and their branches.

**Capital Outlay:** The Department is requesting \$13,500 in Capital Outlay in each fiscal year for replacement of obsolete equipment, file servers and other technology equipment as set forth in the Department's Information Technology Plan.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE SECURITIES DEPARTMENT

### Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

### Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	10	26	36	95 %
Black Employees	1	1	2	5 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	5 %
Total Employees			38	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	None	N	N	0	None

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
027 State Operations	3,124,155	38	2,985,476	38	3,195,480	38	3,210,746	38	3,325,792	40	3,325,792	40	3,210,746	38	3,325,792	40	3,325,792	40
1MV Investor Education	67,591	0	78,500	0	78,500	0	78,500	0	78,500	0	78,500	0	78,500	0	78,500	0	78,500	0
867 Refunds and Transfers	0	0	17,500,000	0	17,500,000	0	17,500,000	0	17,500,000	0	17,500,000	0	17,500,000	0	17,500,000	0	17,500,000	0
<b>Total</b>	<b>3,191,746</b>	<b>38</b>	<b>20,563,976</b>	<b>38</b>	<b>20,773,980</b>	<b>38</b>	<b>20,789,246</b>	<b>38</b>	<b>20,904,292</b>	<b>40</b>	<b>20,904,292</b>	<b>40</b>	<b>20,789,246</b>	<b>38</b>	<b>20,904,292</b>	<b>40</b>	<b>20,904,292</b>	<b>40</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	8,280,394	87.7	6,252,004	25.1	4,338,028	16.7	4,338,028	16.7	4,338,028	18.1	5,198,782	19.4	5,083,736	19.0	3,083,736	13.6
Special Revenue	4000030	1,163,356	12.3	1,150,000	4.6	4,150,000	16.0	4,150,000	16.0	2,150,000	9.0	4,150,000	15.5	4,150,000	15.5	2,150,000	9.5
Cash Fund	4000045	0	0.0	17,500,000	70.3	17,500,000	67.3	17,500,000	67.3	17,500,000	73.0	17,500,000	65.2	17,500,000	65.5	17,500,000	77.0
<b>Total Funds</b>		<b>9,443,750</b>	<b>100.0</b>	<b>24,902,004</b>	<b>100.0</b>	<b>25,988,028</b>	<b>100.0</b>	<b>25,988,028</b>	<b>100.0</b>	<b>23,988,028</b>	<b>100.0</b>	<b>26,848,782</b>	<b>100.0</b>	<b>26,733,736</b>	<b>100.0</b>	<b>22,733,736</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(6,252,004)		(4,338,028)		(5,198,782)		(5,083,736)		(3,083,736)		(6,059,536)		(5,829,444)		(1,829,444)	
<b>Grand Total</b>		<b>3,191,746</b>		<b>20,563,976</b>		<b>20,789,246</b>		<b>20,904,292</b>		<b>20,904,292</b>		<b>20,789,246</b>		<b>20,904,292</b>		<b>20,904,292</b>	

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
38	38	0	38	0	0.00 %	38	37	1	38	0	2.63 %	38	38	0	38	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 027 - State Operations

**Funding Sources:** SDH - Securities Department Fund

The State Operations appropriation is funded by special revenue fees that are authorized by A.C.A. §19-6-475. Administrative fines collected by the Agency are also designated as special revenues. Base Level is \$3,210,746 each year, with 38 positions authorized and budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the unclassified position reflects the FY11 line item maximum.

In addition to Base Level, the Department is requesting 2 new positions: A Securities Examiner to assist with the number of fraudulent offerings that are increasing along side less attractive legitimate investments available in the current market and a Senior Securities Examiner to assist with an anticipated increase in the number of state-registered investment advisors resulting from passage of the Dodd-Frank Act that raises state jurisdiction limits from \$25 million of assets under management to \$100 million. Total salary and matching costs are \$101,546 each year.

Also requested is Capital Outlay of \$13,500 each year for upgrading and replacement of technology equipment as indicated in the Department's Information Technology Plan.

The Executive Recommendation provides for the following:

Appropriation and positions recommended at Agency Request.

New special language amending Arkansas Code §19-6-475 and §23-42-211(a)(4) to provide special revenue funding of \$2,000,000 each year until July 1, 2013.

## Appropriation Summary

**Appropriation:** 027 - State Operations

**Funding Sources:** SDH - Securities Department Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,910,569	1,932,401	1,906,680	1,920,893	1,997,606	1,997,606	1,920,893	1,997,606	1,997,606
<b>#Positions</b>		<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>40</b>	<b>40</b>	<b>38</b>	<b>40</b>	<b>40</b>
Extra Help	5010001	6,806	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>#Extra Help</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	489,566	515,931	551,656	566,209	591,042	591,042	566,209	591,042	591,042
Operating Expenses	5020002	661,774	447,160	447,160	447,160	447,160	447,160	447,160	447,160	447,160
Conference & Travel Expenses	5050009	19,682	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Professional Fees	5060010	0	14,484	14,484	14,484	14,484	14,484	14,484	14,484	14,484
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	25,600	13,500	13,500	0	13,500	13,500	0	13,500	13,500
Contingency	5130018	0	0	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Examination Travel	5900046	10,158	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>Total</b>		<b>3,124,155</b>	<b>2,985,476</b>	<b>3,195,480</b>	<b>3,210,746</b>	<b>3,325,792</b>	<b>3,325,792</b>	<b>3,210,746</b>	<b>3,325,792</b>	<b>3,325,792</b>
<b>Funding Sources</b>										
Fund Balance	4000005	7,914,005	5,803,206		3,817,730	3,817,730	3,817,730	4,606,984	4,491,938	2,491,938
Special Revenue	4000030	1,013,356	1,000,000		4,000,000	4,000,000	2,000,000	4,000,000	4,000,000	2,000,000
<b>Total Funding</b>		<b>8,927,361</b>	<b>6,803,206</b>		<b>7,817,730</b>	<b>7,817,730</b>	<b>5,817,730</b>	<b>8,606,984</b>	<b>8,491,938</b>	<b>4,491,938</b>
Excess Appropriation/(Funding)		(5,803,206)	(3,817,730)		(4,606,984)	(4,491,938)	(2,491,938)	(5,396,238)	(5,166,146)	(1,166,146)
<b>Grand Total</b>		<b>3,124,155</b>	<b>2,985,476</b>		<b>3,210,746</b>	<b>3,325,792</b>	<b>3,325,792</b>	<b>3,210,746</b>	<b>3,325,792</b>	<b>3,325,792</b>

The FY11 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 027 - State Operations  
**Funding Sources:** SDH - Securities Department Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,210,746</b>	<b>38</b>	<b>3,210,746</b>	<b>100.0</b>	<b>3,210,746</b>	<b>38</b>	<b>3,210,746</b>	<b>100.0</b>
C01	Existing Program	101,546	2	3,312,292	103.2	101,546	2	3,312,292	103.2
C08	Technology	13,500	0	3,325,792	103.6	13,500	0	3,325,792	103.6

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,210,746</b>	<b>38</b>	<b>3,210,746</b>	<b>100.0</b>	<b>3,210,746</b>	<b>38</b>	<b>3,210,746</b>	<b>100.0</b>
C01	Existing Program	101,546	2	3,312,292	103.2	101,546	2	3,312,292	103.2
C08	Technology	13,500	0	3,325,792	103.6	13,500	0	3,325,792	103.6

### Justification

C01	The Department is requesting 2 new positions: A Securities Examiner, Grade C119, to assist with an increasing number of fraudulent offerings resulting from a growing mistrust of the stock market and traditional investments in the current economic climate. A Senior Securities Examiner, Grade C122, to assist with the anticipated surge in the number of state-registered investment advisers resulting from the passage of the Dodd-Frank Act, signed into law on July 21, 2010, that would raise the states' jurisdiction limit from \$25 million of assets under management to \$100 million.
C08	Capital Outlay of \$13,500 each year is requested for replacement of obsolete equipment, file servers, and other technology equipment as set forth in the Department's Information Technology Plan. Replacement items are listed under the Hardware Tab in the Plan.

## **Analysis of Budget Request**

**Appropriation:** 1MV - Investor Education

**Funding Sources:** SDH - Investor Education Fund

The Securities Department's Investor Education Program was established by Act 759 of 2003 (A.C.A. §23-42-213) and is funded by administrative fines levied by the Department. The Program is designed to work in conjunction with various non-profit economic education, religious, civic, and community groups to provide economic and financial education primarily to junior high through first year college students and senior citizen groups and to inform the investing public of investment schemes and unlawful, fraudulent conduct.

Base Level is \$78,500 each year and reflects the Department's request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 1MV - Investor Education

**Funding Sources:** SDH - Investor Education Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	60,232	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Promotional Items	5090028	7,359	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>67,591</b>	<b>78,500</b>	<b>78,500</b>	<b>78,500</b>	<b>78,500</b>	<b>78,500</b>	<b>78,500</b>	<b>78,500</b>	<b>78,500</b>
<b>Funding Sources</b>										
Fund Balance	4000005	366,389	448,798		520,298	520,298	520,298	591,798	591,798	591,798
Special Revenue	4000030	150,000	150,000		150,000	150,000	150,000	150,000	150,000	150,000
<b>Total Funding</b>		<b>516,389</b>	<b>598,798</b>		<b>670,298</b>	<b>670,298</b>	<b>670,298</b>	<b>741,798</b>	<b>741,798</b>	<b>741,798</b>
Excess Appropriation/(Funding)		(448,798)	(520,298)		(591,798)	(591,798)	(591,798)	(663,298)	(663,298)	(663,298)
<b>Grand Total</b>		<b>67,591</b>	<b>78,500</b>		<b>78,500</b>	<b>78,500</b>	<b>78,500</b>	<b>78,500</b>	<b>78,500</b>	<b>78,500</b>

## **Analysis of Budget Request**

**Appropriation:** 867 - Refunds and Transfers

**Funding Sources:** NSD - Securities Department - Cash in Treasury

The Securities Department's Overpayments/Transfer to Treasury appropriation is a Cash in Treasury account that is used for transfer of fee collections to other State Treasury fund accounts after necessary refunds have been made. The Department indicates that the current Base Level of \$17,500,000 each year will be sufficient to cover all transfers and refunds anticipated in the 2011-2013 biennium. Accordingly, the Department is requesting Base Level for this program.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 867 - Refunds and Transfers  
**Funding Sources:** NSD - Securities Department - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	0	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000
<b>Total</b>	<b>0</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>
<b>Funding Sources</b>									
Cash Fund 4000045	0	17,500,000		17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000
<b>Total Funding</b>	<b>0</b>	<b>17,500,000</b>		<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>0</b>	<b>17,500,000</b>		<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>

# ARKANSAS SPINAL CORD COMMISSION

## Enabling Laws

Act 47 of 2010  
A.C.A. §20-8-201 et seq.

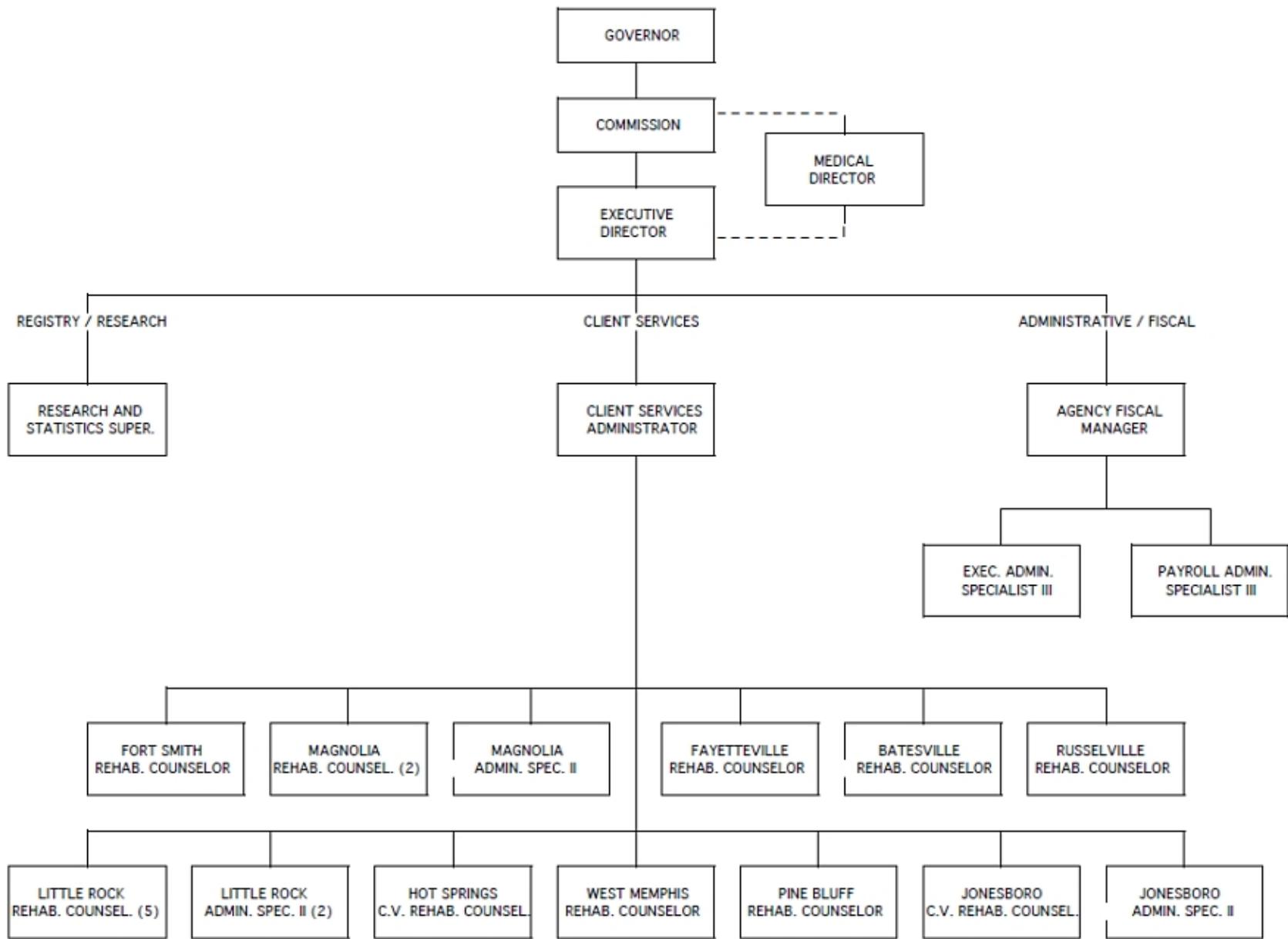
## History and Organization

**The mission of the Arkansas Spinal Cord Commission is to administer a statewide service program to identify and meet the unique and lifelong needs of Arkansans with spinal cord disabilities.**

The **Arkansas Legislature established the Arkansas Spinal Cord Commission** in 1975. An innovative concept, it was the first in the nation, dedicated to the complex, lifelong needs of citizens with spinal cord disabilities. In 1977, the Arkansas Spinal Cord Disability Registry was established to track, identify and monitor new cases. In **FY 2010**, the Commission served **2,570** Arkansans with spinal cord disabilities and accepted **228 new referrals**. The Commission is governed by a five (5) member board, appointed by the Governor and confirmed by the Senate, from the state at large for ten (10) year terms. The members must have a spinal cord disability themselves, be a member of the immediate family of one with spinal cord disability, or demonstrate special knowledge of and experience with spinal cord disabilities. In 2010, the Commission has 25 budgeted positions. Over 85% of our budget provides direct services to our clients with spinal cord disabilities. The remainder funds the legislatively mandated Arkansas Spinal Cord Disability Registry, administration and fiscal services.

The agency serves an integral role in promoting and preserving the independent functioning of Arkansans with spinal cord disabilities, allowing them to contribute to our state rather than drain its resources. Fifteen Case Managers provide **legislatively mandated services** to individuals with spinal cord disabilities, including assessing needs, developing individual independent living plans, providing lifelong follow-up, counseling, guidance and support and assisting the individual through the maze of state and federal programs to obtain the services they need. The Commission staff serves as a bridge to fill the gaps in services to this very vulnerable population. ASCC Case Managers made **6,081** client contacts in FY10, in client homes, hospitals and rehabilitation centers in all 75 Arkansas counties and leveraged over \$523,874 in services on behalf of their clients. In the absence of all other resources, the Commission **purchases medical equipment and services** for clients. These purchases made for clients who meet our financial criteria include: wheelchairs, modifications and ramping to make individuals' homes wheelchair accessible, medical supplies, braces, outpatient therapy, emergency medical supplies and medications. Our **Long Term Attendant Care** program provides funding for consumer directed personal care assistance needed to maintain 25 individuals with quadriplegia in their own homes, preventing institutionalization. The Commission serves an integral role in providing **education and training** to individuals with spinal cord disabilities and their health care providers through workshops and training sessions, educational conferences, the McCluer Education and Resource Center on Spinal Cord Injury and our web site.

Our **Arkansas Spinal Cord Disability Registry**, the oldest legislatively mandated spinal cord disability registry in the nation, is maintained on a database which includes in-depth surveillance of the causes and effects of spinal cord disabilities in Arkansas. In addition to identifying individuals who need our services, this surveillance system monitors the cause of injury, location, level of disability, age, insurance carrier, and other information on over 6,535 open and closed cases to assist in recognizing trends, predicting future needs and allocating resources.



## Agency Commentary

The **Arkansas Spinal Cord Commission** is mandated to identify and meet the needs of individuals with spinal cord disabilities in Arkansas. On July 1, 2010, the Commission was serving 2,570 clients, including 228 new referrals in FY2010. Based on this trend, by the end of the new biennium, in June of 2013 we will be serving about 2,700 severely disabled Arkansans. The Commission provides a broad range of services to these individuals to assist them in living the most independent life possible, including lifelong follow up. Only 5% of Arkansans with spinal cord disabilities live in nursing homes or institutions (compared with 11% nationally).

Our legislative mandate requires that all spinal cord disabilities be reported to the Arkansas Spinal Cord Disability Registry within 15 days of identification. Arkansans meeting medical criteria are added to the case load and receive lifelong services. Due to improved medical care, our clients are living longer, are aging and requiring additional services. This has resulted in larger case loads, with more complex needs. Clients who also meet financial criteria qualify to receive purchased services. In addition, the Commission provides information and referrals, disseminates educational materials, conducts research and provides advocacy on disability related issues. Our goal is to prevent our clients from 'falling through the cracks' in the complex system of health care and community based services and allow them to live independently in the community.

ASCC Commission members and staff have made every attempt to reallocate resources to optimize state funding. Even with our best cost saving strategies in place, we are unable to maintain our previous level of services. **Our funding level for spinal treatment funds in FY11 is 42% of our appropriation level, including a general improvement grant provided by the legislature in 2009.** At full appropriation level we are able to maintain our basic level of services, at this level we are not. We are making cuts in services from last year. Without additional funding, those will continue. This biennium budget request is submitted in keeping with the Governor's directive, but mindful of our clients' needs.

**MAINTAIN A WELL TRAINED CASE MANAGEMENT STAFF TO PROVIDE QUALITY CLIENT SERVICES AND TO OPTIMIZE STATE FUNDS IS OUR FIRST PRIORITY.** Our present budget of \$10,520 is no longer adequate to train 25 staff. We request an increase of \$14,480 (total \$25,000) in each year of the biennium to meet additional mileage, meals and lodging, meeting space and external training costs. ASCC employs 15 Case Managers in ten field offices around the state. These Case Managers provide a plethora of services to clients. Our services are only as good as our staff. We are struggling to keep our Case Managers trained on the most up to date information about spinal cord disabilities and assistive technology. The cost of training meetings has skyrocketed due to increases in travel reimbursement meals and lodging expenses and travel reimbursement. We are down to one training meeting in each of the past two years, due to cost. We provide as much training via electronic methods as possible, but there is no replacement for personal interaction and discussion in the learning process. We request additional funding to meet training needs including 2 Case Manager training meetings, two all staff training meetings, two regional Case Managers meetings, orientation in Little Rock for two new Case Managers per year and funding for staff to attend external

in-state training sessions in order to maintain a qualified staff. While this is a significant increase, our training appropriation has increased only 5% since it was instituted in 1989. This is our most significant funding need.

**MAINTAIN OUR SPINAL TREATMENT PROGRAM IS ESSENTIAL TO MEETING OUR LEGISLATIVE MANDATES.** To accomplish this, we have three significant needs. First, we request a return to **FY2011 appropriation level** for our spinal treatment line item (\$772,000 each yr). In FY11 our state funding is \$292,705 (not including GIF grant) or 39% of appropriation, and decreased 17% from FY 10 funding and 48% from FY 09 funding. Our average per client service expenditure in FY08 was \$81; in FY11 it is \$60, a 25% decrease. Without a restoration in appropriation and funding, our spinal treatment services will continue to be cut. When we have received full funding (FY09), we have been able to meet client needs and replenish our emergency loan closets. Our client case load continues to increase, as does the number of clients who meet our financial guidelines. The largest increases have been in the cost of the items we purchase. This includes 23% cost increases in durable medical equipment since 2008, especially wheelchairs, 25% in building material purchases for ramps and home modifications, and 10% in the actual cost of the Med Camps Spina Bifida Camp for children. The emergency loan wheelchairs in our Regional loan closets are becoming functionally obsolete and irreparable. In addition to the appropriation reinstatement, we are in need of additional funding allocation.

Second, we request funding to provide services to the last three (3) clients on our waiting list for the Long Term Attendant Care program. These clients are deemed most needy and at greatest risk for institutionalization. These consumer directed community based services prevent costly hospitalizations and institutionalization at a fraction of the cost of long term care. The cost of providing 4 hours per day of consumer directed personal care in the LTAC program is \$10,950 per year, \$32,950 in each of the years of the biennium.

Finally, we request funding to maintain our Case Management services. In FY10, ASCC Case Managers made 6,081 visits to clients in all 75 counties, traveling over 102,000 total miles in their personal vehicles. Travel to make home and hospital visits is integral to our services. The number of miles our Case Managers travel to client's homes continues to increase and state mileage reimbursement is anticipated to increase by 2013. Business travel/meals and lodging funding increase of 5% above base level is requested for Case Managers travel (\$2,500 in each year of the biennium). In order to optimize Case Managers' time and resources as well as protect their safety, we request funding for cellular tracphones for our 15 Case Managers and Client Services Administrator (\$9,600 in each year of biennium). Due to a change in location in our Jonesboro office with the closure of the Service Center, we will be adding Jonesboro to the office space agreement we have with Arkansas Rehabilitation Services. The cost is anticipated at \$5,000, offset by the decrease in present rent, will result in a \$2,600 increase in each fiscal year.

**MAINTAIN AGENCY INFORMATION TECHNOLOGY SYSTEM** Additional funding is needed to maintain our e-government capabilities. This request is consistent with the agency Information Technology Plan submitted to Department of Information Services. At the recommendation of Department of Information Services, we request additional funding of \$2,900 in each fiscal year to increase our level of connectivity from 384K to 768K to manage internet access, email and website maintenance and other essential tasks.

**MEET MAINTENANCE AND OPERATIONS INCREASES TO ACCOMPLISH MISSION.** We have been able to reallocate funds, make some cuts and utilize cost savings measures to meet cost increases over the past two years. Additional maintenance and operation funds are requested in each year of the biennium to meet bona fide shortfalls in the following integral areas: postage \$600, printing \$400, lease agreements \$1,600 (in FY13 only), utility increases in Magnolia office, \$200, Commission Member travel, meals and lodging \$1,500, vehicle fuel for our agency van \$200.

Our remaining change level requests add appropriation to make low value equipment purchases in both Cash (864) and Federal (187) fund accounts, should funding be available. These requests are consistent with our present base level.

This proposal reflects careful evaluation by Commission Members and staff. They represent our best assessment of the most basic needs of our agency in order to allow us to support our mission and provide quality services to our consumers, some of our state's most severely disabled citizens and their families.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS SPINAL CORD COMMISSION

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Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

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Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	8	9	17	68 %
Black Employees	3	5	8	32 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			8	32 %
Total Employees			25	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
3020200	\$84,726	Checking/CD	Bank of America, Little Rock; Delta Bank & Trust, Little Rock; State Treasury

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Variable based on donations, private grants, and conference sponsorships and receipts

Fund Balance Utilization:

(1) Emergency purchases of client equipment and rehabilitation payments; (2) purchase of books and media for Education & Resource Library and client educational packets; and (3) expenses of conducting educational conferences and workshops

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Agency Brochure	None	N	N	1,000	Client, family, & public education
Referral Poster	None	N	N	500	Health care provider, referral agency education to Leg. mandate for reporting.
Spinal Courier Newsletter	None	N	N	12,000	Client, family & health care provider education

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
096 State Operations	2,273,741	25	2,209,540	25	2,733,962	25	2,221,147	25	2,758,332	25	2,716,442	25	2,221,147	25	2,761,872	25	2,716,442	25
187 Federal Operations	10,965	0	34,500	0	34,500	0	24,500	0	34,500	0	34,500	0	24,500	0	34,500	0	34,500	0
864 Cash Operations	12,552	0	35,000	0	35,000	0	30,000	0	35,000	0	35,000	0	30,000	0	35,000	0	35,000	0
<b>Total</b>	<b>2,297,258</b>	<b>25</b>	<b>2,279,040</b>	<b>25</b>	<b>2,803,462</b>	<b>25</b>	<b>2,275,647</b>	<b>25</b>	<b>2,827,832</b>	<b>25</b>	<b>2,785,942</b>	<b>25</b>	<b>2,275,647</b>	<b>25</b>	<b>2,831,372</b>	<b>25</b>	<b>2,785,942</b>	<b>25</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	85,627	3.6	84,726	3.6	64,726	2.8	64,726	2.3	64,726	2.8	44,726	1.9	44,726	1.6	44,726	1.9
General Revenue	4000010	2,075,873	87.1	2,103,535	89.8	2,115,142	91.2	2,652,327	92.3	2,131,142	90.6	2,115,142	91.9	2,655,867	93.0	2,131,142	91.4
Federal Revenue	4000020	114,676	4.8	140,505	6.0	130,505	5.6	140,505	4.9	140,505	6.0	130,505	5.7	140,505	4.9	140,505	6.0
Cash Fund	4000045	11,651	0.5	15,000	0.6	10,000	0.4	15,000	0.5	15,000	0.6	10,000	0.4	15,000	0.5	15,000	0.6
M & R Sales	4000340	407	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other	4000370	93,750	3.9	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Funds</b>		<b>2,381,984</b>	<b>100.0</b>	<b>2,343,766</b>	<b>100.0</b>	<b>2,320,373</b>	<b>100.0</b>	<b>2,872,558</b>	<b>100.0</b>	<b>2,351,373</b>	<b>100.0</b>	<b>2,300,373</b>	<b>100.0</b>	<b>2,856,098</b>	<b>100.0</b>	<b>2,331,373</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(84,726)		(64,726)		(44,726)		(44,726)		434,569		(24,726)		(24,726)		454,569	
<b>Grand Total</b>		<b>2,297,258</b>		<b>2,279,040</b>		<b>2,275,647</b>		<b>2,827,832</b>		<b>2,785,942</b>		<b>2,275,647</b>		<b>2,831,372</b>		<b>2,785,942</b>	

Variance in fund balances due to unfunded appropriation in Appropriation 096.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
26	25	0	25	1	3.85 %	25	25	0	25	0	0.00 %	25	25	0	25	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 096 - State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Arkansas Spinal Cord Commission was created in 1975 for the establishment and integration of a statewide system of treatment, rehabilitation, counseling, and social services for persons with spinal cord injuries or spina bifida. The Commission serves an integral role in promoting and preserving the independent functioning of Arkansans with spinal cord disabilities, allowing them to contribute to our state. State General Revenue provides approximately 95% of the total funding for this appropriation. While a small portion of this appropriation is supported with Federal Social Services Block Grant funds allocated through the Department of Human Services, general revenue funding comprises the bulk of the revenue source.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum.

The Commission request is for a Base Level of \$2,221,147 each year of the biennium with a total Change Level request of \$537,185 in year one and \$540,725 in year two in both general revenue funding and appropriation. The Change Level request is comprised of the following:

- Reduction in Operating Expenses \$6,940 in FY12 and \$5,000 in FY13 due to decreased need for low value equipment purchases and other rent & leases.
- Increase in Operating Expenses \$4,900 in FY12 and \$6,500 in FY13 to meet cost increases.
- Technology related increase of \$12,500 each year in Operating Expenses to allow for the purchase of cell phones for case managers and to improve broadband connectivity to optimize website use
- Increase in Conference & Travel Expenses \$14,480 each year to meet additional costs associated with training and retaining qualified case managers.
- Increase in Grants and Aid \$32,950 each year to add clients to the Long Term Attendant Care program that are currently on the waiting list.
- Increase Spinal Treatment Program \$479,295 each year to return the appropriation to authorized levels and to maintain client services.

The Executive Recommendation provides for the Base Level and the following changes:

- \$16,000 additional appropriation and general revenue funding on the Grants and Aid Commitment Item.
- \$479,295 additional appropriation only for the Spinal Treatment Program line item should funds become available.

# Appropriation Summary

**Appropriation:** 096 - State Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,020,382	1,028,642	1,033,441	1,032,101	1,032,101	1,032,101	1,032,101	1,032,101	1,032,101
<b>#Positions</b>		<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>
Personal Services Matching	5010003	327,135	317,028	333,673	325,176	325,176	325,176	325,176	325,176	325,176
Operating Expenses	5020002	220,126	225,035	248,718	225,035	235,495	225,035	225,035	239,035	225,035
Conference & Travel Expenses	5050009	10,520	10,520	10,520	10,520	25,000	10,520	10,520	25,000	10,520
Professional Fees	5060010	81,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	230,366	245,610	245,610	245,610	278,560	261,610	245,610	278,560	261,610
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Spinal Treatment Program	5900046	384,212	292,705	772,000	292,705	772,000	772,000	292,705	772,000	772,000
<b>Total</b>		<b>2,273,741</b>	<b>2,209,540</b>	<b>2,733,962</b>	<b>2,221,147</b>	<b>2,758,332</b>	<b>2,716,442</b>	<b>2,221,147</b>	<b>2,761,872</b>	<b>2,716,442</b>

Funding Sources										
General Revenue	4000010	2,075,873	2,103,535		2,115,142	2,652,327	2,131,142	2,115,142	2,655,867	2,131,142
Federal Revenue	4000020	103,711	106,005		106,005	106,005	106,005	106,005	106,005	106,005
M & R Sales	4000340	407	0		0	0	0	0	0	0
Other	4000370	93,750	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>2,273,741</b>	<b>2,209,540</b>		<b>2,221,147</b>	<b>2,758,332</b>	<b>2,237,147</b>	<b>2,221,147</b>	<b>2,761,872</b>	<b>2,237,147</b>
Excess Appropriation/(Funding)		0	0		0	0	479,295	0	0	479,295
<b>Grand Total</b>		<b>2,273,741</b>	<b>2,209,540</b>		<b>2,221,147</b>	<b>2,758,332</b>	<b>2,716,442</b>	<b>2,221,147</b>	<b>2,761,872</b>	<b>2,716,442</b>

Other funding represents General Improvement Funding made payable from DFA to the Spinal Cord Commission per Act 1443 of 2009.

## Change Level by Appropriation

**Appropriation:** 096 - State Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,221,147</b>	<b>25</b>	<b>2,221,147</b>	<b>100.0</b>	<b>2,221,147</b>	<b>25</b>	<b>2,221,147</b>	<b>100.0</b>
C01	Existing Program	531,625	0	2,752,772	123.9	533,225	0	2,754,372	124.0
C03	Discontinue Program	(6,940)	0	2,745,832	123.6	(5,000)	0	2,749,372	123.8
C08	Technology	12,500	0	2,758,332	124.2	12,500	0	2,761,872	124.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,221,147</b>	<b>25</b>	<b>2,221,147</b>	<b>100.0</b>	<b>2,221,147</b>	<b>25</b>	<b>2,221,147</b>	<b>100.0</b>
C01	Existing Program	495,295	0	2,716,442	122.3	495,295	0	2,716,442	122.3
C03	Discontinue Program	0	0	2,716,442	122.3	0	0	2,716,442	122.3
C08	Technology	0	0	2,716,442	122.3	0	0	2,716,442	122.3

### Justification

C01	Additional appropriation and funding are requested in each year of the biennium to meet cost increases in order to support agency mission and client needs. Change levels include funding increase to meet additional costs to train and retain qualified Case Managers to assure knowledge and skills required for position, return spinal treatment funding and appropriation to FY11 levels to maintain client services, add three clients on waiting list to Long term Attendant Care program, and meet additional day to day operational increases to assure quality services and meet legislative mandates.
C03	Appropriation is not needed for the 2011-13 biennium.
C08	Technology change level increases are needed to improve broadband connectivity to optimize use of website and other electronic communications essential to agency services and will provide cell phone access to 15 Case Managers and Client Services Administrator to improve communication with clients. Under the "IT Support Issues" section of the Agency IT Plan.

## **Analysis of Budget Request**

**Appropriation:** 187 - Federal Operations

**Funding Sources:** FSK - Federal Funds

The Spinal Cord Commission's Federal Operations appropriation is utilized for various Research and Prevention Programs. This appropriation is 100% federally funded.

The Commission request is for a Base Level of \$24,500 and a Change Level increase of \$10,000 each year of the biennium. The Change Level increase would allow the agency to purchase audio visual and office equipment.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 187 - Federal Operations

**Funding Sources:** FSK - Federal Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	8,823	16,500	16,500	16,500	26,500	26,500	16,500	26,500	26,500
Conference & Travel Expenses	5050009	2,142	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	10,000	10,000	0	0	0	0	0	0
<b>Total</b>		<b>10,965</b>	<b>34,500</b>	<b>34,500</b>	<b>24,500</b>	<b>34,500</b>	<b>34,500</b>	<b>24,500</b>	<b>34,500</b>	<b>34,500</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	10,965	34,500		24,500	34,500	34,500	24,500	34,500	34,500
<b>Total Funding</b>		<b>10,965</b>	<b>34,500</b>		<b>24,500</b>	<b>34,500</b>	<b>34,500</b>	<b>24,500</b>	<b>34,500</b>	<b>34,500</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>10,965</b>	<b>34,500</b>		<b>24,500</b>	<b>34,500</b>	<b>34,500</b>	<b>24,500</b>	<b>34,500</b>	<b>34,500</b>

## Change Level by Appropriation

**Appropriation:** 187 - Federal Operations  
**Funding Sources:** FSK - Federal Funds

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>24,500</b>	<b>0</b>	<b>24,500</b>	<b>100.0</b>	<b>24,500</b>	<b>0</b>	<b>24,500</b>	<b>100.0</b>
C01	Existing Program	10,000	0	34,500	140.8	10,000	0	34,500	140.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>24,500</b>	<b>0</b>	<b>24,500</b>	<b>100.0</b>	<b>24,500</b>	<b>0</b>	<b>24,500</b>	<b>100.0</b>
C01	Existing Program	10,000	0	34,500	140.8	10,000	0	34,500	140.8

### Justification

C01	Provide appropriation for the purchase of audio visual and office equipment, should funding be available.
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## **Analysis of Budget Request**

**Appropriation:** 864 - Cash Operations

**Funding Sources:** NSC - Cash in Treasury

The Spinal Cord Commission's cash appropriation is utilized for contingency, miscellaneous, or emergency purchases and educational activities, which include conducting an annual conference. The funding sources of this cash appropriation include private donations, proceeds from educational activities and grants.

The Commission request is for a Base Level of \$30,000 and a Change Level increase of \$5,000 each year of the biennium. The Change Level increase will allow the Commission to purchase office and training equipment.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 864 - Cash Operations  
**Funding Sources:** NSC - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	11,552	20,000	20,000	20,000	25,000	25,000	20,000	25,000	25,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	1,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	5,000	5,000	0	0	0	0	0	0
<b>Total</b>		<b>12,552</b>	<b>35,000</b>	<b>35,000</b>	<b>30,000</b>	<b>35,000</b>	<b>35,000</b>	<b>30,000</b>	<b>35,000</b>	<b>35,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	85,627	84,726		64,726	64,726	64,726	44,726	44,726	44,726
Cash Fund	4000045	11,651	15,000		10,000	15,000	15,000	10,000	15,000	15,000
<b>Total Funding</b>		<b>97,278</b>	<b>99,726</b>		<b>74,726</b>	<b>79,726</b>	<b>79,726</b>	<b>54,726</b>	<b>59,726</b>	<b>59,726</b>
<b>Excess Appropriation/(Funding)</b>		<b>(84,726)</b>	<b>(64,726)</b>		<b>(44,726)</b>	<b>(44,726)</b>	<b>(44,726)</b>	<b>(24,726)</b>	<b>(24,726)</b>	<b>(24,726)</b>
<b>Grand Total</b>		<b>12,552</b>	<b>35,000</b>		<b>30,000</b>	<b>35,000</b>	<b>35,000</b>	<b>30,000</b>	<b>35,000</b>	<b>35,000</b>

## Change Level by Appropriation

**Appropriation:** 864 - Cash Operations  
**Funding Sources:** NSC - Cash in Treasury

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>30,000</b>	<b>0</b>	<b>30,000</b>	<b>100.0</b>	<b>30,000</b>	<b>0</b>	<b>30,000</b>	<b>100.0</b>
C01	Existing Program	5,000	0	35,000	116.7	5,000	0	35,000	116.7

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>30,000</b>	<b>0</b>	<b>30,000</b>	<b>100.0</b>	<b>30,000</b>	<b>0</b>	<b>30,000</b>	<b>100.0</b>
C01	Existing Program	5,000	0	35,000	116.7	5,000	0	35,000	116.7

### Justification

C01	Provide appropriation for Office and training equipment, should funding be available.
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# STUDENT LOAN AUTHORITY

## Enabling Laws

Act 141 of 2010  
A.C.A. §6-81-101 et seq.

## History and Organization

Since the Authority was created in 1977, its enabling legislation has been amended six times:

Act 633 of 1979

- delineated membership of the Authority board and
- expanded authorized investments.

Act 296 of 1981

- defined the term "obligation",
- increased the obligation "cap" from \$15 million to \$50 million,
- required repayment from the next sale of revenue bonds of any outstanding obligation(s) other than revenue bonds, and
- repealed the requirement that student loans qualify for payment of federal interest benefits.

Act 937 of 1983

- defined the term "bond",
- removed the 10% limit on bond interest rates,
- reduced the notice period for public sale of bonds to ten days, and
- expanded authorized investments.

Act 39 of the 1983 First Extraordinary Session

- increased the obligation "cap" from \$50 to \$100 million.

Act 51 of the 1983 First Extraordinary Session

- authorized negotiated sales of obligations.

Act 429 and 449 of 1985 (identical acts)--

- authorized the Authority to make and purchase PLUS (parent) loans
- re-defined the term "obligation" to authorize the Authority to issue taxable and/or non-taxable debt, and

- designated the Authority as a public body politic and corporate.

Act 705 and 631 of 1985 (identical acts)--

- authorized the Authority to make or purchase loans from any qualified guarantor of its choice,
- removed the limitation on obligations that may be issued by the Authority, and,
- permitted the issuance of obligations, the proceeds of which may be used to acquire investment contracts.

Act 377 of 1989

- authorized the Authority to sell guaranteed educational loan notes where appropriate to its operation

Arkansas Student Loan Authority (ASLA) is a state agency created to provide a comprehensive student loan program for the State's citizens. In 1977, as the number of student loan providers dwindled, the Arkansas General Assembly established ASLA to ensure an enduring source of affordable student loans to the citizens. It is ASLA's mission to make affordable educational funding available to any citizen who has the desire to attend an institution of higher learning. ASLA provides a full service student loan program for the students and parents of the State and for all participating state banks. The following services are provided by ASLA.

**Education Loans** are provided to students and parents who select an ASLA participating lender as their lender of choice. ASLA believes that a student should exhaust all avenues of college funding available before taking a student loan and then never more than they can repay. If a student loan is needed, ASLA provides interest rate and origination fee discounts to the greatest level possible. **The Arkansas EdLoan** provides teachers, nurses, paramedics, law enforcement officers, and National Guard personnel in Arkansas with a 1% to 4% reduction in their interest rates just for remaining in our State. Student loan borrowers, other than those entering the career fields listed above, are eligible for an interest rate discount up to 2% for making payments in a timely manner.

**The Student Outreach Services Program (S.O.S)** identifies and secures scholarships and grants for students and support school counselors' efforts, which help students get a positive start in college selection and career discovery. ASLA participates in over 100 college fairs and financial seminars to help families understand the federal and state financial aid application processes and to help students understand that higher education can be an affordable option for most any Arkansas citizen. ASLA has partnered with the Winthrop Rockefeller Foundation with the Fund My Future web portal which is used to identify resources to address the shortage of nurses and teachers in the state. All services are provided free of charge.

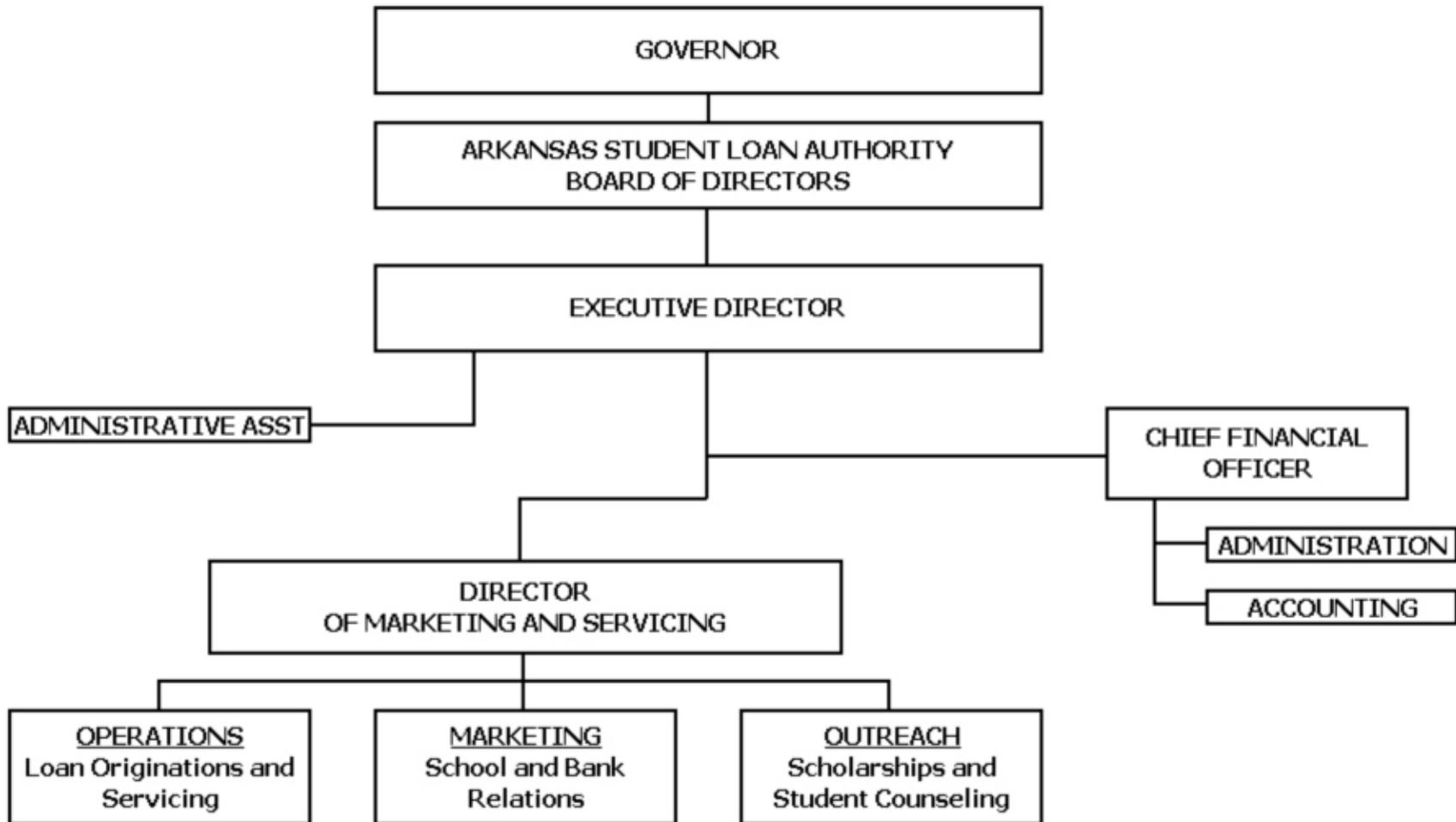
**Secondary Market Services for participating banks** provide banks a market to sell education loans which were made to their customers. Loans sales allow the banks to re-cycle their investment in new student loans. Because ASLA provides life of the loan servicing and never sells its loans to out-of-state entities, banks utilizing ASLA secondary market services ensure investments stay in the State strengthening the Arkansas economy.

**Loan Referral Programs** allow banks to provide student loans to their customers without committing to funding or servicing of the loan. ASLA originates the loan on behalf of the local bank, which creates access to college funding for students in all areas of the State.

This program has made it possible and profitable for small Arkansas banks to provide customers an important community service. ASLA provides each participating bank with informational materials and brochures to assist in promoting education loans. Presently, approximately ninety banks participate in this important state program. As with ASLA's secondary market services, the loan referral programs ensure investments stay in the State, which strengthens the Arkansas economy.

**Loan Consolidation** has been offered to student and parent loan borrowers who have loans with multiple lenders or who need to extend their repayment term for more affordable monthly payments. This refinancing tool has been in great demand recently with the tremendous rise in college education costs. ASLA suspended the loan consolidation program in April of 2008 due to yield cuts made by the College Cost Reduction and Access Act of 2007 which made originating the loans economically unfeasible.

ASLA is the designated student loan agency in the state and is authorized to issue taxable and tax-exempt revenue bonds to finance Arkansas' comprehensive student loan program specifically for the benefit of its citizens. The ASLA board of directors is committed to the support of students, the efficient management of the agency and the protection of the State's individual and corporate investment by keeping student loan funds Arkansas.



## Agency Commentary

The Arkansas Student Loan Authority (ASLA, Authority) was created to provide an enduring source of affordable higher education funding to Arkansas citizens and non-citizens who attend an Arkansas higher education institution. All funding to support ASLA programs is provided by cash funds generated from loan program operations. ASLA is a self-sufficient agency which does not receive any state revenue dollars.

The Authority is not requesting additional appropriation at this time. The Authority feels the current baseline appropriation is sufficient for the 2011-2013 biennial period.

The Authority has operated as a loan originator and secondary market in the Federal Family Education Loan Program (FFELP) for over 30 years. As of July 1, 2010, Congress eliminated FFELP and replaced it with the Federal Direct Loan Program (FDLP) through a mandate included in the Health Care and Education Reconciliation Act of 2010 (HCERA). Under HCERA, the U.S. Department of Education is the only entity authorized to originate federal student loans; however, qualified state agencies such as the Authority will be allocated 100,000 accounts per state to administer on behalf of the U.S. Department of Education. In addition administering FDLP loans in the future, the Authority will continue to administer approximately \$500 million in FFELP loans made prior to July, 1, 2010.

Volume and complexity of the federal student loan program has made technical support essential to efficient and effective control of loan operations. The Authority utilizes the Windows NT Local Area Network to facilitate operations and communication between internal workstations. Most correspondence is now available on-line, saving postage, and handling and storage of paper documents.

The Authority maintains three internet sites designed to be used by students, parents, high school guidance counselors, financial aid administrators, and investors. Financial aid forms and financial aid information can be down loaded and forms can be completed electronically in many cases. Many of ASLA's Fund My Future services, such as free scholarship searches, are provided on-line. Rating agency quarterly servicing reports, annual audit reports, and other important financial information can be obtained by investors from the Authority's investor website.

The Authority anticipates that it will manage a minimum of \$375,000,000 and up to \$495,000,000 in student loans during the biennial period. Loan servicing and administration expenses typically average approximately 1.00%-1.25% of outstanding loans per year.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STUDENT LOAN AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2009

Findings

None

Recommendations

None

## Employment Summary

	Male	Female	Total	%
White Employees	3	1	4	67 %
Black Employees	0	1	1	17 %
Other Racial Minorities	0	1	1	16 %
Total Minorities			2	33 %
Total Employees			6	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1570000	\$429,514	Checking	Regions Bank - Little Rock

### Statutory/Other Restrictions on use:

A.C.A. § 6-8-102 established the Arkansas Student Loan Authority (ASLA) to provide federal guaranteed educational loans through the process of originating, buying and selling educational loan notes. Use of cash fund balances is restricted by Bond Trust Indentures.

### Statutory Provisions for Fees, Fines, Penalties:

Proceeds from the repayment of principal and interest on guaranteed educational loans and from investments shall be used to meet necessary expenses of the ASLA in the fulfillment of its mission.

### Revenue Receipts Cycle:

Funds collected from the sale of revenue bonds are deposited monthly. Various investment strategies are used to maximize proceeds available to meet necessary costs of the ASLA.

### Fund Balance Utilization:

The use of fund balances is restricted by the terms of Trust Indentures that pertain to the maintenance of various funds and reserves, and the investment of such when not needed for authorized purposes.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Agency Position Usage Report

FY2008 - 2009					FY2009 - 2010					FY2010 - 2011							
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** A51 - Student Loan Authority - Cash Operations

**Funding Sources:** 157 - Student Loan Authority - Cash

The Arkansas Student Loan Authority was created for the purpose of originating and acquiring student loans, and providing Arkansas' students financial assistance by purchasing loans made by local lenders to higher education students. The process provides liquidity to banks so additional loans may be made to students in need. Funding is based upon Trust Indentures which allow the Authority to draw the cost of loan servicing plus 70 basis points or 0.7% of the outstanding loan balance on a monthly basis for program administration and general and administrative costs.

Funding for the Agency is derived from bond issues.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency requests Base Level appropriation for the 2011-2013 biennium.

Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** A51 - Student Loan Authority - Cash Operations

**Funding Sources:** 157 - Student Loan Authority - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	385,691	384,260	393,874	381,160	381,160	381,160	381,160	381,160	381,160
<b>#Positions</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Personal Services Matching	5010003	100,104	105,355	104,333	104,960	104,960	104,960	104,960	104,960	104,960
Operating Expenses	5020002	95,173	225,997	240,397	225,997	225,997	225,997	225,997	225,997	225,997
Conference & Travel Expenses	5050009	20,072	22,839	22,839	22,839	22,839	22,839	22,839	22,839	22,839
Professional Fees	5060010	4,697,667	7,694,289	9,354,289	7,694,289	7,694,289	7,694,289	7,694,289	7,694,289	7,694,289
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	13,500	13,500	0	0	0	0	0	0
<b>Total</b>		<b>5,298,707</b>	<b>8,446,240</b>	<b>10,129,232</b>	<b>8,429,245</b>	<b>8,429,245</b>	<b>8,429,245</b>	<b>8,429,245</b>	<b>8,429,245</b>	<b>8,429,245</b>
<b>Funding Sources</b>										
Fund Balance	4000005	703,754	429,514		429,514	429,514	429,514	900,269	900,269	900,269
Bond Proceeds	4000125	5,024,467	8,446,240		8,900,000	8,900,000	8,900,000	8,900,000	8,900,000	8,900,000
Total Funding		5,728,221	8,875,754		9,329,514	9,329,514	9,329,514	9,800,269	9,800,269	9,800,269
Excess Appropriation/(Funding)		(429,514)	(429,514)		(900,269)	(900,269)	(900,269)	(1,371,024)	(1,371,024)	(1,371,024)
<b>Grand Total</b>		<b>5,298,707</b>	<b>8,446,240</b>		<b>8,429,245</b>	<b>8,429,245</b>	<b>8,429,245</b>	<b>8,429,245</b>	<b>8,429,245</b>	<b>8,429,245</b>

The FY11 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2009-2011 biennium.

# ARKANSAS TOBACCO CONTROL

## Enabling Laws

Act 27 of 2010  
A.C.A. §26-57-255 et seq.

## History and Organization

The Arkansas Tobacco Control Board was created by Act 1337 of 1997 by the Legislature, who authorized an eight (8) member Board appointed by the Governor. The Board is constituted as follows: Two (2) members of the Board shall be tobacco products wholesalers; two (2) members shall be tobacco products retailers; and four (4) members shall be members of the public-at-large who are not public employees or officials, at least one of which shall be an African American, and two (2) of whom shall be selected from a list of at least eight (8) candidates supplied to the Governor by the Arkansas Medical Society. Our mission is to enforce the state laws and regulations pertaining to tobacco sales for the protection of the citizens of Arkansas.

The Board authorizes the issuance of permits for all retail, wholesale, and sales representatives dealing in cigarette or tobacco products in the State of Arkansas as well as ruling on applications to sell cigarettes with a lower than the statutorily presumed cost of doing business. The Board acts as a quasi-judicial body, sitting as both judge and jury in disciplinary proceedings against permit holders and other individuals who have been cited for violating Arkansas tobacco laws or regulations by the agency, Arkansas Tobacco Control (ATC). The Director of Arkansas Tobacco Control is appointed by, and serves at the pleasure of, the Governor.

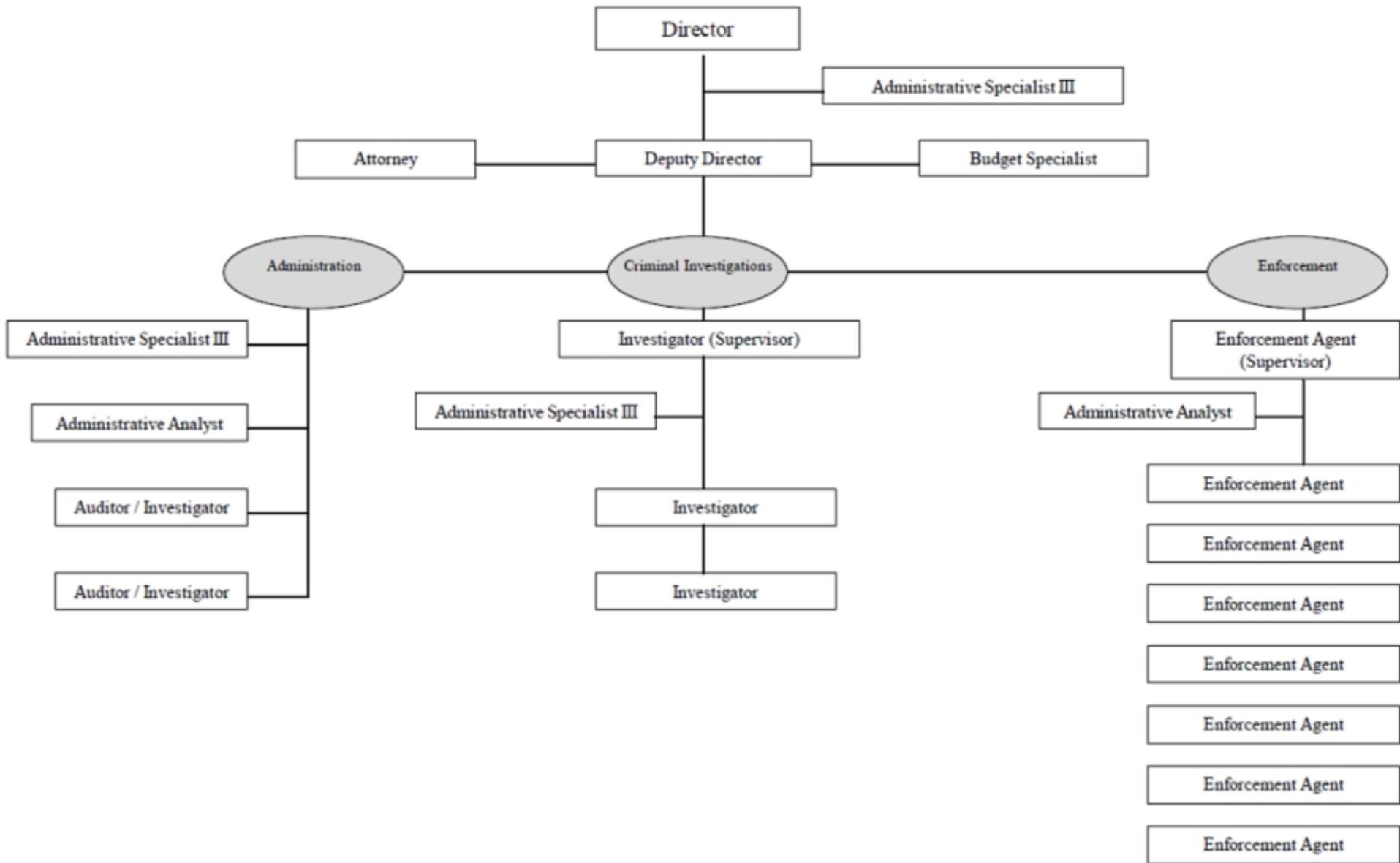
Under Act 1699 of 2001, the Director was authorized to appoint agents as specialized law enforcement officers for the purpose of conducting investigations pertaining to violations of tobacco laws in this state. On July 19, 2001, the Agency entered into a sub-recipient contractual agreement with the Arkansas Department of Health to receive monies from the Master Tobacco Settlement Fund for the enforcement of youth access laws.

ATC is tasked with enforcing the Board's regulations and all of Arkansas' tobacco laws. Designated as a law enforcement agency by Act 785 of 2009, ATC agents are law enforcement officers who can bring both administrative charges and initiate criminal investigations for violations of Arkansas' tobacco laws. Criminal offenses are then prosecuted by the local prosecuting attorney. Among the statutes enforced by ATC are: A.C.A. §26-57-213 Invoices, A.C.A. §26-57-214 Registration and licensing required prior to doing business, A.C.A. §26-57-219, Permits and licenses -- Annual privilege tax, A.C.A. §26-57-225 Failure to secure permit unlawful, A.C.A. §26-57-226 Sale, delivery, etc., without license - Penalty, A.C.A. §26-57-228 Purchases from unregistered, unlicensed dealers unlawful, A.C.A. §26-57-231 Failure to allow inspection

unlawful, A.C.A. §26-57-240 Counterfeiting of stamps unlawful - Penalty, A.C.A. §26-57-245 Unstamped products or products with unpaid taxes -- Purchase, sale, receipt, etc., a criminal offense, A.C.A. §26-57-262 Sale of export cigarettes, A.C.A. §26-57-1303 Certifications - Directory - Tax stamps, A.C.A. §26-57-1306 Penalties and other remedies, A.C.A. §5-27-227 Providing minors with tobacco products and cigarette papers - Purchase, use, or possession prohibited - Self-service displays prohibited - Placement of tobacco vending machines, A.C.A. §5-78-102 Confiscation of tobacco products authorized, A.C.A. §4-75-701 et seq. The Unfair Cigarette Sales Act. The ATC also works closely with other local, state and federal law enforcement agencies.

Act 697 of 2009, "An Act To Create The Arkansas Cigarette Fire Safety Standard Act; Concerning The Reduced Ignition Propensity Standards For Cigarettes Sold In The State Of Arkansas; To Create The Cigarette Fire Safety Standard Fund; And For Other Purposes" required that all cigarettes sold in Arkansas after January 1, 2010 to comply with the Act's reduced ignition propensity standards and added the enforcement A.C.A. §20-27-2101 et seq. The Act also placed the Cigarette Fire Safety Standard Fund under the ATC Director's control to support fire safety and prevention programs.

Act 939 of 2009, "An Act To Establish A Forfeiture Procedure For Tobacco Products; To Establish A Tobacco Control Fund; And For Other Purposes" in an effort to combat the growing problem of smuggled untaxed tobacco, created a forfeiture procedure modeled on Arkansas' drug forfeiture procedure, for use by local prosecuting attorneys and local and state law enforcement agencies to divest smugglers of property used to facilitate their illegal activities. Tobacco forfeitures are reported to the Director of Arkansas Tobacco Control who compiles same for



## **Agency Commentary**

The Arkansas Tobacco Control Board was created by Act 1337 of 1997 to regulate any individual or entity, other than a manufacturer, who deals in cigarettes or other tobacco products in the State of Arkansas by ensuring that said individual or entity is duly permitted by Arkansas Tobacco Control, and that all individuals or entities that deal in cigarettes or tobacco in Arkansas comply with all the tobacco laws and regulations of the state.

This compliance includes but is not limited to ensuring that all tobacco products are purchased according to state statute and regulation, that no tobacco products are sold to anyone under age eighteen and that all tobacco products sold in Arkansas are legitimate products that have been handled, taxed, and in the case of cigarettes, priced in accordance with Arkansas law.

It is Arkansas Tobacco Control's mandate to investigate all violations of Arkansas tobacco law and as appropriate, to either prosecute said violations administratively before the Arkansas Tobacco Control Board or refer them to the appropriate prosecuting attorney's office for criminal prosecution. Currently, Arkansas Tobacco Control receives two revenue streams, an appropriation from General Revenue and funding from the Master Settlement Agreement's Tobacco Settlement Fund that is channeled through the Department of Health to Arkansas Tobacco Control as a fund transfer.

### **Funds Center 2EH - Sales to Minors Enforcement**

Arkansas Tobacco Control - Enforcement Division requests appropriation in Char. 11, Capital Outlay, in the amount of \$86,000 in FY2012 and \$86,000 in FY2013. This appropriation will be to replace vehicles and covert camera systems.

Three (3) enforcement vehicles will need to be replaced in both years. These vehicles will range in mileage from 75,000 to 150,000 miles. Once a vehicle reaches the 75,000 mile mark or above, maintenance costs begin to rise making it cost prohibitive for the agency to retain. The sales tax costs will be \$6,000 each year for these purchases.

In addition, the Enforcement Division will need to replace two (2) covert camera systems each year to be used in undercover operations. These camera systems are used for both evidentiary purposes and officer safety. These four (4) camera systems will replace less capable systems that were purchased in FY2004.

### **Funds Center 983 - Operations**

Arkansas Tobacco Control - Criminal Investigations Division (CID) requests appropriation in Char. 11, Capital Outlay, in the amount of \$10,000 in FY2012 and \$2,000 in FY2013. This appropriation will be to replace vehicles and to purchase a computerized polygraph machine.

CID will need to replace two (2) vehicles in FY2012 and one (1) vehicle in FY2013. This appropriation will be to pay sales tax for the replacement vehicles that will range in mileage from 75,000 to 150,000 miles. Appropriation for these vehicles will be provided by DF&A, and therefore is not included in this request.

In addition, CID request plans to purchase a computerized polygraph machine in FY2012 at a cost of \$6,000. This machine will be used in criminal investigations involving tobacco smuggling and other violations of Arkansas tobacco laws.

These increases will be offset with reductions in Enforcement Investigation Expenses, resulting in no additional general revenue funding.

### **NEW Funds Center 85C - ATC Cigarette Fire Safety**

Arkansas Tobacco Control - The Arkansas Cigarette Fire Safety Standard Act (A.C.A. 20-27-2101) was established by Act 697 of 2009 to set ignition propensity standards for cigarettes sold in Arkansas to be uniform with other states that have enacted reduced cigarette ignition propensity laws. This appropriation is funded by special revenues from tri-annual cigarette certification fees paid by cigarette manufacturers as well as civil penalties. ATC requests to establish a new appropriation of \$50,000 for each year of the biennium for Fire Safety and Prevention programs pursuant to A.C.A. 19-6-811(c), which states "The fund shall be used by the Director of the Arkansas Tobacco Control to support fire safety and prevention programs."

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS TOBACCO CONTROL BOARD  
FOR THE YEAR ENDED JUNE 30, 2007

### Findings

Review of credit card transactions revealed a total of \$626 in credit card charges that were not supported by adequate documentation as required by the State's Financial Management Guide. Failure to maintain supporting documentation could place assets at risk.

### Recommendations

The Agency comply with policies and procedures set forth in the State's Financial Management Guide by maintaining supporting documentation for all credit card charges.

## Employment Summary

	Male	Female	Total	%
White Employees	9	7	16	89 %
Black Employees	0	2	2	11 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	11 %
Total Employees			18	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2EH Sales to Minors Enforcement - Cash	1,003,559	13	983,336	13	1,051,957	13	948,382	13	1,034,382	13	1,034,382	13	948,382	13	1,034,382	13	1,034,382	13
85C ATC Cigarette Fire Safety	0	0	0	0	0	0	0	0	50,000	0	50,000	0	0	0	50,000	0	50,000	0
983 Tobacco Control Board Operations	622,512	6	877,425	9	901,924	9	875,129	9	875,129	9	875,129	9	875,129	9	875,129	9	875,129	9
<b>Total</b>	<b>1,626,071</b>	<b>19</b>	<b>1,860,761</b>	<b>22</b>	<b>1,953,881</b>	<b>22</b>	<b>1,823,511</b>	<b>22</b>	<b>1,959,511</b>	<b>22</b>	<b>1,959,511</b>	<b>22</b>	<b>1,823,511</b>	<b>22</b>	<b>1,959,511</b>	<b>22</b>	<b>1,959,511</b>	<b>22</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	101,372	5.7	154,863	8.1		43,527	2.3	43,527	2.2	43,527	2.2	86,000	4.3	0	0.0	0	0.0
General Revenue	4000010	622,512	35.0	877,425	46.1		875,129	45.8	875,129	44.7	875,129	44.7	875,129	43.9	875,129	44.7	875,129	44.7
Special Revenue	4000030	0	0.0	0	0.0		0	0.0	50,000	2.6	50,000	2.6	0	0.0	50,000	2.6	50,000	2.6
Cash Fund	4000045	1,057,050	59.4	872,000	45.8		990,855	51.9	990,855	50.6	990,855	50.6	1,034,382	51.8	1,034,382	52.8	1,034,382	52.8
Total Funds		1,780,934	100.0	1,904,288	100.0		1,909,511	100.0	1,959,511	100.0	1,959,511	100.0	1,995,511	100.0	1,959,511	100.0	1,959,511	100.0
Excess Appropriation/(Funding)		(154,863)		(43,527)			(86,000)		0		0		(172,000)		0		0	
Grand Total		1,626,071		1,860,761			1,823,511		1,959,511		1,959,511		1,823,511		1,959,511		1,959,511	

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
18	18	0	18	0	0.00 %	22	18	4	22	0	18.18 %	22	18	4	22	0	18.18 %

## **Analysis of Budget Request**

**Appropriation:** 2EH - Sales to Minors Enforcement - Cash

**Funding Sources:** NTC - Cash in Treasury

Arkansas Tobacco Control administers the Sales to Minors program. This program is responsible for executing the sales to minors checks and enforcing any violations that result from these checks. Funding for this program is made available through a grant from the Arkansas Department of Health using Master Tobacco Settlement funds.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Change Level Request for \$86,000 in Capital Outlay each year will provide for replacement of three (3) vehicles each year (all over 75,000 miles) with associated sales tax and to replace two (2) covert camera systems each year which were purchased in 2004 (\$10,000 per system).

The Executive Recommendation provides for the Agency Request. Replacement of aging, high mileage vehicles will be determined in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 2EH - Sales to Minors Enforcement - Cash

**Funding Sources:** NTC - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	493,392	499,922	483,528	497,422	497,422	497,422	497,422	497,422	497,422
<b>#Positions</b>		<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>
Personal Services Matching	5010003	153,636	161,374	158,944	161,170	161,170	161,170	161,170	161,170	161,170
Operating Expenses	5020002	242,217	244,285	310,808	244,285	244,285	244,285	244,285	244,285	244,285
Conference & Travel Expenses	5050009	4,198	8,005	19,495	8,005	8,005	8,005	8,005	8,005	8,005
Professional Fees	5060010	21,120	37,500	46,932	37,500	37,500	37,500	37,500	37,500	37,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	88,996	32,250	32,250	0	86,000	86,000	0	86,000	86,000
<b>Total</b>		<b>1,003,559</b>	<b>983,336</b>	<b>1,051,957</b>	<b>948,382</b>	<b>1,034,382</b>	<b>1,034,382</b>	<b>948,382</b>	<b>1,034,382</b>	<b>1,034,382</b>
<b>Funding Sources</b>										
Fund Balance	4000005	101,372	154,863		43,527	43,527	43,527	86,000	0	0
Cash Fund	4000045	1,057,050	872,000		990,855	990,855	990,855	1,034,382	1,034,382	1,034,382
<b>Total Funding</b>		<b>1,158,422</b>	<b>1,026,863</b>		<b>1,034,382</b>	<b>1,034,382</b>	<b>1,034,382</b>	<b>1,120,382</b>	<b>1,034,382</b>	<b>1,034,382</b>
Excess Appropriation/(Funding)		(154,863)	(43,527)		(86,000)	0	0	(172,000)	0	0
<b>Grand Total</b>		<b>1,003,559</b>	<b>983,336</b>		<b>948,382</b>	<b>1,034,382</b>	<b>1,034,382</b>	<b>948,382</b>	<b>1,034,382</b>	<b>1,034,382</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 2EH - Sales to Minors Enforcement - Cash  
**Funding Sources:** NTC - Cash in Treasury

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>948,382</b>	<b>13</b>	<b>948,382</b>	<b>100.0</b>	<b>948,382</b>	<b>13</b>	<b>948,382</b>	<b>100.0</b>
C01	Existing Program	86,000	0	1,034,382	109.1	86,000	0	1,034,382	109.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>948,382</b>	<b>13</b>	<b>948,382</b>	<b>100.0</b>	<b>948,382</b>	<b>13</b>	<b>948,382</b>	<b>100.0</b>
C01	Existing Program	86,000	0	1,034,382	109.1	86,000	0	1,034,382	109.1

### Justification

C01	The Agency will have six (6) vehicles over 75,000 miles and maintenance is cost prohibitive for the Agency. We plan to replace three (3) of these vehicles in FY2012 (\$60,000 - Vehicles; \$6,000 - Sales Tax) and three (3) in FY2013 (\$60,000 - Vehicles; \$6,000 - Sales Tax) . In addition, the Agency needs to replace four (4) covert camera systems that were purchased in FY2004. We plan to replace two (2) of these camera systems in FY2012 (\$20,000) and two (2) in FY2013 (\$20,000).
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## **Analysis of Budget Request**

**Appropriation:** 85C - ATC Cigarette Fire Safety

**Funding Sources:** SFS - Cigarette Fire Safety Standard Fund

The Arkansas Cigarette Fire Safety Standard Act (A.C.A. 20-27-2101) was established by Act 697 of 2009 to set ignition propensity standards for cigarettes sold in Arkansas to be uniform with other states with enacted reduced cigarette ignition propensity laws. This appropriation is funded by special revenues from cigarette certification fees and civil penalties.

The Agency's Change Level Request provides to establish a new appropriation of \$50,000 each year for Fire Safety and Prevention programs pursuant to A.C.A. 19-6-811(c), which states "The fund shall be used by the Director of Arkansas Tobacco Control to support fire safety and prevention programs."

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 85C - ATC Cigarette Fire Safety

**Funding Sources:** SFS - Cigarette Fire Safety Standard Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Fire Safety & Prevention 5900046	0	0	0	0	50,000	50,000	0	50,000	50,000
Total	0	0	0	0	50,000	50,000	0	50,000	50,000
<b>Funding Sources</b>									
Special Revenue 4000030	0	0		0	50,000	50,000	0	50,000	50,000
Total Funding	0	0		0	50,000	50,000	0	50,000	50,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	50,000	50,000	0	50,000	50,000

## Change Level by Appropriation

**Appropriation:** 85C - ATC Cigarette Fire Safety  
**Funding Sources:** SFS - Cigarette Fire Safety Standard Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C02	New Program	50,000	0	50,000	100.0	50,000	0	50,000	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C02	New Program	50,000	0	50,000	100.0	50,000	0	50,000	100.0

### Justification

C02	The Board requests a new appropriation of \$50,000 each year for Fire Safety and Prevention programs as provided for by Act 697 of 2009.								
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## **Analysis of Budget Request**

**Appropriation:** 983 - Tobacco Control Board Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

Arkansas Tobacco Control was established by Act 1337 of 1997 to regulate and issue permits and licenses to any person (except manufacturers) handling, receiving, processing, storing, distributing, taking orders for, soliciting orders of, selling, offering for sale or dealing in, through sale, barter or exchange, any cigarettes or other tobacco products in the State of Arkansas. This appropriation is funded by general revenues.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Request provides for Base Level for the 2011-2013 biennium, with a request to reallocate \$10,000 in FY2012 and \$2,000 in FY2013 from Operating Expenses to Capital Outlay to purchase a computerized polygraph machine in FY2012 and to pay associated sales tax to replace two (2) vehicles in FY2012 and one (1) vehicle in FY2013. Since this appropriation is funded from general revenues, appropriation and funding for purchase of these vehicles, if approved, would be provided through a transfer from the DFA Motor Vehicle Transfer Account.

The Executive Recommendation provides for Base Level, with a reallocation of \$4,000 in FY2012 and \$2,000 in FY2013 from Operating Expenses to Capital Outlay for sales tax to replace aging, high mileage vehicles in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

## Appropriation Summary

**Appropriation:** 983 - Tobacco Control Board Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	266,649	378,956	376,758	376,856	376,856	376,856	376,856	376,856	376,856
<b>#Positions</b>	<b>6</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Personal Services Matching 5010003	92,228	118,328	117,569	118,132	118,132	118,132	118,132	118,132	118,132
Operating Expenses 5020002	115,829	360,141	387,597	360,141	350,141	356,141	360,141	358,141	358,141
Conference & Travel Expenses 5050009	1,972	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees 5060010	1,245	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	144,589	0	0	0	10,000	4,000	0	2,000	2,000
<b>Total</b>	<b>622,512</b>	<b>877,425</b>	<b>901,924</b>	<b>875,129</b>	<b>875,129</b>	<b>875,129</b>	<b>875,129</b>	<b>875,129</b>	<b>875,129</b>
<b>Funding Sources</b>									
General Revenue 4000010	622,512	877,425		875,129	875,129	875,129	875,129	875,129	875,129
Total Funding	622,512	877,425		875,129	875,129	875,129	875,129	875,129	875,129
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>622,512</b>	<b>877,425</b>		<b>875,129</b>	<b>875,129</b>	<b>875,129</b>	<b>875,129</b>	<b>875,129</b>	<b>875,129</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 983 - Tobacco Control Board Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>875,129</b>	<b>9</b>	<b>875,129</b>	<b>100.0</b>	<b>875,129</b>	<b>9</b>	<b>875,129</b>	<b>100.0</b>
C04	Reallocation	0	0	875,129	100.0	0	0	875,129	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>875,129</b>	<b>9</b>	<b>875,129</b>	<b>100.0</b>	<b>875,129</b>	<b>9</b>	<b>875,129</b>	<b>100.0</b>
C04	Reallocation	0	0	875,129	100.0	0	0	875,129	100.0

### Justification

C04	The Agency will have three (3) vehicles with over 75,000 miles and maintenance cost is prohibitive for the Agency. We plan to replace two (2) of these vehicles in FY2012 (\$4,000 - Sales Tax) and one (1) in FY2013 (\$2,000 - Sales Tax). In 2012 CID plans to purchase a computerized polygraph machine to be used in criminal investigations (\$6,000). These increases will be offset in Enforcement Investigation Expenses, resulting in no increase in general revenue funding.
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# ARKANSAS TOBACCO SETTLEMENT COMMISSION

## Enabling Laws

Act 200 of 2010  
A.C.A. §19-12-117

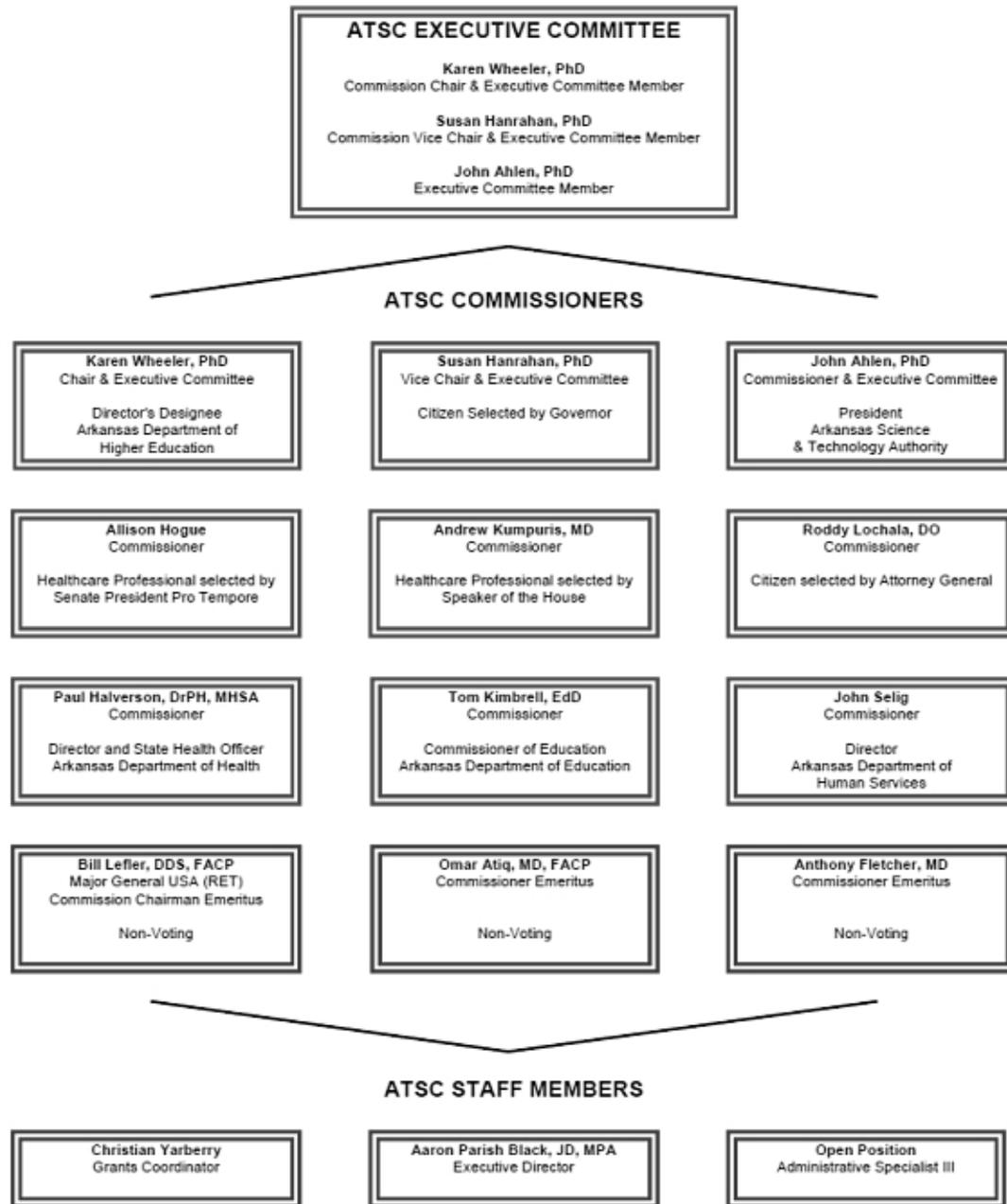
## History and Organization

In accordance with Section 17 of the Tobacco Settlement Proceeds Act of 2000, the Arkansas Tobacco Settlement Commission (ATSC) was established October 30, 2001. The purpose of the Commission is to monitor and evaluate programs established in Sections 13, 14, 15, and 16 of the Tobacco Proceeds Act. The Commission shall consist of 9 members that include two citizens (appointed by the Governor, and Attorney General), two healthcare professionals (appointed by the Speaker of the House and the President Pro Tempore of the Senate), and five state agency and division directors of the following agencies: Arkansas Department of Education, Arkansas Science and Technology Authority, Arkansas Department of Higher Education, the Arkansas Department of Health, and the Department of Human Services.

In accordance with Section 18 of the Act, The Commission was established to monitor and evaluate the program activities and expenditures from the program accounts of the Tobacco Settlement. The Tobacco Settlement Program Accounts are as follows:

- Tobacco Prevention and Cessation Programs (§13)
- Fay W. Boozman College of Public Health (§14-c)
- Delta Area Health Education Center (§14-d)
- Arkansas Aging Initiative (§14-e)
- Minority Health Initiative (§14-f)
- Arkansas Biosciences Institute (§15)
- Medicaid Expansion Program (§16)

The Commission is directed to report the progress of these programs to the Governor and General Assembly preceding a legislative session for future appropriation decisions. The Commission is also authorized to administer grants, if the funds exceed the amount necessary to conduct the above-mentioned activities, to non-profit and community-based organizations.



## **Agency Commentary**

The Arkansas Tobacco Settlement Proceeds Act of 2000 established funds and accounts for the deposit, investment and management of the State of Arkansas' portion of the Master Settlement Agreement (MSA) with tobacco manufacturers. The Arkansas Tobacco Settlement Commission (ATSC) was created pursuant to Section 17 of this act to monitor and evaluate expenditures made from the four program accounts. Those program accounts are the Prevention and Cessation Program Account, the Targeted State Needs Program Account, the Arkansas Biosciences Institute Program Account and the Medicaid Expansion Program Account.

The Commission is funded from the investment earnings of the Tobacco Settlement Program Fund and Program Accounts, which are deposited as trust funds into the Arkansas Tobacco Settlement Commission Fund. The Commission is authorized to hire an independent third-party to monitor and evaluate program account expenditures and prepare a biennial report for the General Assembly and Governor by each August 1 preceding a regular session of the General Assembly. As funding permits, the Commission is also authorized to make grants in amounts not to exceed \$50,000 to non-profit and community-based organizations.

In 2009, the ATSC entered into a contract with the Office of the Attorney General to pay up to \$500,000 in costs associated with defending the state in the MSA arbitration which was instigated by tobacco companies earlier that year. Due to the lack of appropriations, the Office of the Attorney General requires the ATSC to pay their vendors directly for services rendered to the Attorney General. The DFA Office of Accounting has informed the ATSC that these items cannot come directly from Professional Services, where they were budgeted, but instead they must come from the appropriate line item associated with the actual expense. Therefore the ATSC requested a Budget Classification Transfer in both fiscal years 2010 and 2011 in order to pay for the cost of this defense. The Office of the Attorney General felt it best that the Commission continue this funding mechanism into fiscal years 2012 and 2013. Many of these expenses are yet unknown, but the best estimate provided by the Attorney General at this time includes having \$150,000 within the Operating expenses line item (02) and \$350,000 in the Professional Services line item (10). Both these items reflect this in the Commission's budget request.

Due to significant decreases in interest income, the Commission has been forced to reduce appropriation in Operating Expenses line item (02) by \$1,000, Professional Services line item (10) by \$100,000, and the Grants and Aid line item (04) by \$1,250,000 in FY12 and \$1,063,000 in FY13. Overall the Commission has been forced to reduce its budget by 38% from \$3,551,879 in fiscal year 2011 to \$2,200,870 for fiscal year 2012.

## **Performance Audit Findings**

Tobacco Settlement Proceeds Act  
Arkansas Tobacco Settlement Commission  
(July 1, 2004 – June 30, 2009) - Issued 11-13-2009

### Findings and Conclusions:

- The UAPB Master of Science in Addiction Studies Program used only \$291,894 of their \$551,025 grant award from the Arkansas Department of Health (ADH).
- The Minority Health Commission is in the early stages of implementing an online reporting system through which grantees will submit required documentation for review.
- The Minority Health Commission had unexpended fund balances of \$1.5 million transferred back to the Tobacco Settlement Program Fund over the last 3 bienniums.
- 7 research grant recipients within the Arkansas Biosciences Institute Program did not submit annual progress reports.
- The Medicaid Expansion Program had a fund balance of \$48.7 million at June 30, 2009, which may be used to supplement the Arkansas Medicaid Program if approved by the Governor and the Chief Fiscal Officer.
- The lack of a centralized grant registry inhibits the ability of those with oversight responsibility, including the General Assembly, to monitor the use of proceeds received by the State, identify potential duplicative programs, and obtain up-to-date information in a timely manner.

### Recommendations:

- ADH continue working with UAPB to ensure grant awards are fully and effectively utilized.
- Arkansas Biosciences Institute consider implementing consequences for noncompliance with submission of annual progress reports or other grant requirements.
- The Arkansas Tobacco Settlement Commission develop a centralized financial and grant database to serve as a singular source of information for all expenditures and grants awarded by the various entities under the Tobacco Settlement Proceeds Act.

## **Employment Summary**

	Male	Female	Total	%
White Employees	2	1	3	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			3	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
ATSC Biennial Report	A.C.A. §19-12-117	Y	Y	200	Required by law
ATSC Quarterly Report	Special Language	N	Y	75	Required to keep Public Health Welfare & Labor informed of Tobacco Program activities.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010					FY2010 - 2011						
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
2	2	0	2	0	0.00 %	3	2	1	3	0	33.33 %	3	2	1	3	0	33.33 %

## **Analysis of Budget Request**

**Appropriation:** 468 - Operations

**Funding Sources:** TSC - Tobacco Settlement Commission

The Tobacco Settlement Proceeds Act (Initiated Act 1 of 2000) established funds and accounts for the deposit, investment and management of the State of Arkansas' portion of the Master Settlement Agreement with certain tobacco manufacturers. The Arkansas Tobacco Settlement Commission (ATSC) was created pursuant to Section 17 of this act to monitor and evaluate expenditures made from the four program accounts. Those program accounts are the Prevention and Cessation Program Account, the Targeted State Needs Program Account, the Arkansas Biosciences Institute Program Account and the Medicaid Expansion Program Account.

The Commission is funded from the investment earnings of the Tobacco Settlement Program Fund and Program Accounts, which are deposited as trust funds into the Arkansas Tobacco Settlement Commission Fund. The Commission is authorized to hire an independent third-party to monitor and evaluate program account expenditures and prepare a biennial report for the General Assembly and Governor by each August 1 preceding a regular session of the General Assembly. As funding permits, the Commission is also authorized to make grants in amounts not to exceed \$50,000 to non-profit and community-based organizations.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Commission's Change Level Request provides for Base Level budget reductions from Operating Expenses (\$1,000), Professional Fees (\$100,000), and Grants & Aid (FY12: \$1,250,000; FY13: \$1,063,000) due to reduced interest income on investment earnings. The Commission's request also provides for Reallocations of \$15,925 in Operating Expenses to adjust existing budget to proper expenditure classifications and to provide for expenditures of the Attorney General's Office for defending the state in Master Settlement Agreement arbitration instigated by tobacco companies.

The Executive Recommendation provides for the Commission Request.

# Appropriation Summary

**Appropriation:** 468 - Operations  
**Funding Sources:** TSC - Tobacco Settlement Commission

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	125,037	142,438	141,148	141,238	141,238	141,238	141,238	141,238	141,238
<b>#Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching 5010003	36,942	42,685	41,721	42,527	42,527	42,527	42,527	42,527	42,527
Operating Expenses 5020002	76,566	198,870	48,870	198,870	197,870	197,870	198,870	197,870	197,870
Conference & Travel Expenses 5050009	751	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees 5060010	417,794	1,100,000	1,250,000	1,100,000	1,000,000	1,000,000	1,100,000	1,000,000	1,000,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	601,571	2,250,000	2,250,000	2,250,000	1,000,000	1,000,000	2,250,000	1,187,000	1,187,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,258,661</b>	<b>3,736,993</b>	<b>3,734,739</b>	<b>3,735,635</b>	<b>2,384,635</b>	<b>2,384,635</b>	<b>3,735,635</b>	<b>2,571,635</b>	<b>2,571,635</b>
<b>Funding Sources</b>									
Fund Balance 4000005	6,751,949	6,644,922		2,957,108	2,957,108	2,957,108	221,473	1,572,473	1,572,473
Transfer from Tobacco Settlmnt 4000590	1,151,634	49,179		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Funding</b>	<b>7,903,583</b>	<b>6,694,101</b>		<b>3,957,108</b>	<b>3,957,108</b>	<b>3,957,108</b>	<b>1,221,473</b>	<b>2,572,473</b>	<b>2,572,473</b>
<b>Excess Appropriation/(Funding)</b>	<b>(6,644,922)</b>	<b>(2,957,108)</b>		<b>(221,473)</b>	<b>(1,572,473)</b>	<b>(1,572,473)</b>	<b>2,514,162</b>	<b>(838)</b>	<b>(838)</b>
<b>Grand Total</b>	<b>1,258,661</b>	<b>3,736,993</b>		<b>3,735,635</b>	<b>2,384,635</b>	<b>2,384,635</b>	<b>3,735,635</b>	<b>2,571,635</b>	<b>2,571,635</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

Budget exceeds Authorized Appropriation in Operating Expenses by authority of a Budget Classification Transfer.

## Change Level by Appropriation

**Appropriation:** 468 - Operations  
**Funding Sources:** TSC - Tobacco Settlement Commission

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,735,635</b>	<b>3</b>	<b>3,735,635</b>	<b>100.0</b>	<b>3,735,635</b>	<b>3</b>	<b>3,735,635</b>	<b>100.0</b>
C03	Discontinue Program	(1,351,000)	0	2,384,635	63.8	(1,164,000)	0	2,571,635	68.8
C04	Reallocation	0	0	2,384,635	63.8	0	0	2,571,635	68.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,735,635</b>	<b>3</b>	<b>3,735,635</b>	<b>100.0</b>	<b>3,735,635</b>	<b>3</b>	<b>3,735,635</b>	<b>100.0</b>
C03	Discontinue Program	(1,351,000)	0	2,384,635	63.8	(1,164,000)	0	2,571,635	68.8
C04	Reallocation	0	0	2,384,635	63.8	0	0	2,571,635	68.8

### Justification

C03	Due to decreases in investments & interest income, the Commission must reduce budget for Operating Expenses (\$1,000); Professional Fees (\$100,000) and Grants & Aid (FY12: \$1,250,000; FY13: \$1,063,000) in order to align budget with existing revenue. The Commission is working with the Treasurer's Office to diversify and improve on investment returns.
C04	The Commission has requested to reallocate existing Operating Expenses budget of \$15,925 from Copying, Telecommunications Wired, Office Equipment Rental, Advertising, Board Member Travel Other & Other Expenses & Services to Parking Fees, Network Services Expense (Internet), Telecommunications Wireless, Office Supplies, Postage & Board Member Travel Expenses in order to adjust existing budget to proper expenditure classifications, to align budget with historical expenditures, and to provide for expenditures of the Attorney General's Office related to defending the state in Master Settlement Agreement arbitration instigated by tobacco companies.

# WAR MEMORIAL STADIUM COMMISSION

## Enabling Laws

Act 33 of 2010  
A.C.A. § 22-3-1001

## History and Organization

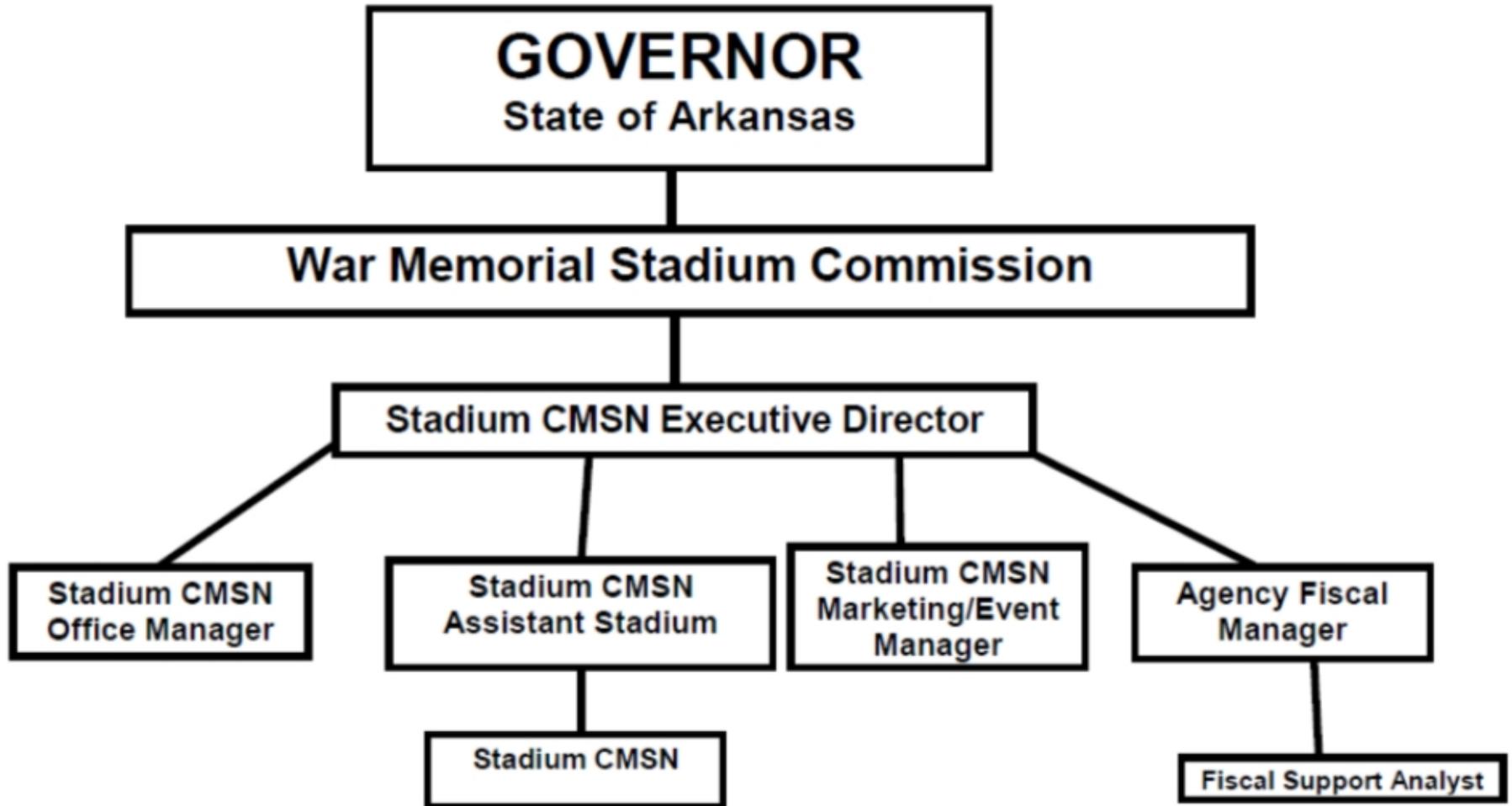
War Memorial Stadium's mission is to provide safe and adequate facilities for open-air events for schools, colleges, and universities of the State of Arkansas. In addition, the Stadium is available for use by other institutional and commercial organizations for various activities requiring a large open-air facility. The Stadium also allows various non-profit organizations to utilize the facilities for fund raising events as a community service. Beginning in Fiscal Year 2006, funding for the operation and upkeep of the Stadium came from stabilized general revenue in the Miscellaneous Agencies Fund so that cash revenue could be used to do some much needed and long over do major renovations to the Stadium. The War Memorial Stadium Commission wishes to continue to receive general revenue funding for Fiscal Years 2012, 2013 and so on. The cash revenues are generated by the use of the Stadium through rentals and profits from concession/novelty sales and are being used for operations not covered by general revenue and for major ongoing renovations to the Stadium.

The Stadium Commission consists of eight (8) members appointed by the Governor with the advice and consent of the Senate. Each Congressional District in the State is represented by membership on this commission along with four (4) members from the State at large. This commission has exclusive jurisdiction over the operation of War Memorial Stadium.

Since its inception, the Stadium Commission has overseen a steady increase in the use of the Stadium. In the last biennium the Stadium was used over sixty times; four times by the University of Arkansas at Fayetteville, four times by University of Arkansas at Pine Bluff, several special events including Burlsworth football camps, Life Champs football camps, Battle of the Bands, High School Marching Band Competitions, "Get Wild" in Arkansas watch parties and wild game cook-offs, various private events, and many more. In addition, twenty to twenty-five additional high school football games are played in the stadium including home games for Little Rock Catholic High School, the Arkansas Activities Associations State Championship games for all divisions of high school football & Salt Bowl (Bryant vs. Benton) games, and Flex 360 host the high school double header kick offs for high school football during August of each year, as well as camps and combines. It is estimated that during the last biennium over 600,000 citizens of the State of Arkansas and guests from other states have used the facility during these events. The Stadium Commission and its staff will continue to seek events to maximize the use of the facility. During the past year, we have had approximately 25 inquiries regarding the use of the Stadium for football events and events other than football.

Current renovations to the Stadium include a newly constructed press box, new visiting dressing rooms, and signage updates. War Memorial Stadium Commission is hoping the upgrade of the facility will continue in the upcoming years, including renovating the last few outdated concession stands & restrooms in the south corners. The Stadium Commission hopes the citizens of Arkansas will be proud of and have the convenience they need and require at the Stadium that has served our state so well for over 50 years.

# War Memorial Stadium Commission



## **Agency Commentary**

Act 282 of 1967 amended Sections 1, 2, and 5 of Act 249 of 1947 to create a Stadium Commission consisting of eight (8) members appointed by the Governor with the advice and consent of the Senate. Each Congressional District in the State is represented by membership of this Commission along with four (4) members from the state at large. This Commission has exclusive jurisdiction over the operation of War Memorial Stadium. The Stadium facilities are available for use by schools, colleges and universities of the state. In addition it is available for use by other institutional and commercial organizations for various activities requiring a large open-air facility. The Stadium also allows the use of its facilities to non-profit organizations for fund raising events. Funding for the operation and upkeep of the Stadium is from stabilized general revenue in the Miscellaneous Agencies Fund and cash revenues that are generated by the use of the Stadium through rentals and profits from concession/novelty sales.

The 2011 - 2013 biennial budget request seeks to provide for the maintenance and operations of the Stadium funded by general revenue, and for the cost of providing concessions and novelties for the events held at the Stadium funded by cash generated by the Stadium. In the cash appropriation, War Memorial Stadium Commission requests an increase of \$375,617 each year for the cost of providing resale items for concessions and novelty sales and an increase in Extra Help of \$25,000 for the cost of providing staff for the newly constructed press box. The Commission also requests Debt Service Principal & Interest line item for \$4,000,000 each year to pay back the bond it received to help fund the construction of the new press box. Cash generated by the Stadium will be used to pay back the bond received for the construction of the press box and to help cover the cost for major construction projects ongoing at the Stadium.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
WAR MEMORIAL STADIUM COMMISSION

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Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

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Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	2	3	5	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			5	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
3260000	\$1,524,687	Checking/Certificate of Deposit	Bank of America/First Security Bank

### Statutory/Other Restrictions on use:

A.C.A. 22-3-1002 Withdrawals are made by check and direct invoices are sent to DFA for approval and recording in AASIS. A.C.A. 22-3-1010 All transactions are reviewed by DFA-Accounting and audited by Legislative Audit.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 22-3-1002 authorizes the Commission to fix the amount of admission fees, commissions, rents and other charges to be collected by the Commission for the use of the Stadium for athletic or other.

### Revenue Receipts Cycle:

A.C.A. 22-3-1002 states that Revenues are deposited upon receipt from income sources like Stadium rent, advertising space rent, concession and novelty sales and other rental and parking fees.

### Fund Balance Utilization:

A.C.A. 22-3-1002 Funds are used to pay expenses incurred by the War Memorial Stadium Commission.

<b>Fund Account</b>	<b>Balance</b>	<b>Type</b>	<b>Location</b>
PSC0000	\$4,892	Payroll	State Treasury

**Statutory/Other Restrictions on use:**

A.C.A. 22-3-1002 Withdrawals are made by check and direct invoices are sent to DFA for approval and recording in AASIS. A.C.A. 22-3-1010 All transactions are reviewed by DFA-Accounting and audited by Legislative Audit.

**Statutory Provisions for Fees, Fines, Penalties:**

A.C.A. 22-3-1002 authorizes the Commission to fix the amount of admission fees, commissions, rents and other charges to be collected by the Commission for the use of the Stadium for athletic or other

**Revenue Receipts Cycle:**

A.C.A. 22-3-1002 states that Revenues are deposited upon receipt from income sources like Stadium rent, advertising space rent, concession and novelty sales and other rental and parking fees.

**Fund Balance Utilization:**

A.C.A. 22-3-1002 Funds are used to pay payroll of the War Memorial Stadium Commission.

**Publications**

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2VZ State Operations	892,578	6	875,066	6	882,837	6	873,298	6	873,298	6	873,298	6	873,298	6	873,298	6	873,298	6
A24 War Memorial Operations	1,008,609	0	5,929,199	1	5,556,624	1	1,553,658	1	5,954,275	1	5,954,275	1	1,553,658	1	5,954,275	1	5,954,275	1
Total	1,901,187	6	6,804,265	7	6,439,461	7	2,426,956	7	6,827,573	7	6,827,573	7	2,426,956	7	6,827,573	7	6,827,573	7

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	735,729	21.4	1,529,579	15.8			2,901,456	26.0	2,901,456	26.0	2,901,456	26.0	8,731,698	51.4	4,331,081	34.4	4,331,081	34.4
General Revenue	4000010	892,578	26.0	875,066	9.0			873,298	7.8	873,298	7.8	873,298	7.8	873,298	5.1	873,298	6.9	873,298	6.9
Cash Fund	4000045	1,802,459	52.5	1,801,076	18.6			1,883,900	16.9	1,883,900	16.9	1,883,900	16.9	1,883,900	11.1	1,883,900	15.0	1,883,900	15.0
Contribution / Bonds	4000165	0	0.0	5,500,000	56.7			5,500,000	49.3	5,500,000	49.3	5,500,000	49.3	5,500,000	32.4	5,500,000	43.7	5,500,000	43.7
Total Funds		3,430,766	100.0	9,705,721	100.0			11,158,654	100.0	11,158,654	100.0	11,158,654	100.0	16,988,896	100.0	12,588,279	100.0	12,588,279	100.0
Excess Appropriation/(Funding)		(1,529,579)		(2,901,456)				(8,731,698)		(4,331,081)		(4,331,081)		(14,561,940)		(5,760,706)		(5,760,706)	
Grand Total		1,901,187		6,804,265				2,426,956		6,827,573		6,827,573		2,426,956		6,827,573		6,827,573	

The FY11 Budget exceeds Authorized Appropriation in War Memorial Operations (Appropriation A24) due to a transfer from the Cash Fund Holding Account.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
7	5	2	7	0	28.57 %	7	5	2	7	0	28.57 %	7	5	2	7	0	28.57 %

## **Analysis of Budget Request**

**Appropriation:** 2VZ - State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The State Operations appropriation funded by general revenue provides for operations and maintenance of War Memorial Stadium. This appropriation in part replaced the general revenue the Stadium was receiving through the City and County Tourist Meeting and Entertainment Facilities Assistance Law, A.C.A. §14-171-215, from fiscal years 1996 to 2004.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Request provides for Base Level each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2VZ - State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	349,565	324,747	332,821	322,947	322,947	322,947	322,947	322,947	322,947
<b>#Positions</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Extra Help 5010001	39,702	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
<b>#Extra Help</b>	<b>10</b>	<b>102</b>	<b>102</b>	<b>102</b>	<b>102</b>	<b>102</b>	<b>102</b>	<b>102</b>	<b>102</b>
Personal Services Matching 5010003	90,288	96,572	96,269	96,604	96,604	96,604	96,604	96,604	96,604
Overtime 5010006	823	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Operating Expenses 5020002	412,200	412,247	412,247	412,247	412,247	412,247	412,247	412,247	412,247
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>892,578</b>	<b>875,066</b>	<b>882,837</b>	<b>873,298</b>	<b>873,298</b>	<b>873,298</b>	<b>873,298</b>	<b>873,298</b>	<b>873,298</b>
<b>Funding Sources</b>									
General Revenue 4000010	892,578	875,066		873,298	873,298	873,298	873,298	873,298	873,298
Total Funding	892,578	875,066		873,298	873,298	873,298	873,298	873,298	873,298
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>892,578</b>	<b>875,066</b>		<b>873,298</b>	<b>873,298</b>	<b>873,298</b>	<b>873,298</b>	<b>873,298</b>	<b>873,298</b>

The FY11 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2009-2011 biennium.

## **Analysis of Budget Request**

**Appropriation:** A24 - War Memorial Operations

**Funding Sources:** 326 - War Memorial Stadium - Cash

Created by Act 232 of 1967, the War Memorial Stadium Commission strives to keep the facility in the best possible condition for athletics, entertainment, events and community service events, which are all for the enjoyment of the citizens and visitors of our state. Funding for the cash operations of the Stadium is generated from rental of the Stadium and profits from concession/novelty sales charged pursuant to Arkansas Code Annotated §22-3-1002.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Change Level Request provides for an increase of \$4,400,617 in each year of the biennium and reflects the following:

- Extra Help increase of \$25,000 to provide extra staffing for the newly constructed press box.
- Resale (COGS) increase of \$375,617 for the cost of providing resale items for concessions and novelties sold during events held at the Stadium.
- Debt Service increase of \$4,000,000 will allow for the re-payment of the bonds that were used to finance the construction of the press box.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

# Appropriation Summary

**Appropriation:** A24 - War Memorial Operations  
**Funding Sources:** 326 - War Memorial Stadium - Cash

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	29,251	29,251	29,251	29,251	29,251	29,251	29,251	29,251
<b>#Positions</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Extra Help 5010001	58,163	90,000	65,000	90,000	115,000	115,000	90,000	115,000	115,000
<b>#Extra Help</b>	<b>8</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>
Personal Services Matching 5010003	7,537	18,855	16,897	18,931	18,931	18,931	18,931	18,931	18,931
Overtime 5010006	1,460	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Operating Expenses 5020002	304,974	572,555	572,555	572,555	572,555	572,555	572,555	572,555	572,555
Conference & Travel Expenses 5050009	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees 5060010	19,656	54,538	54,538	54,538	54,538	54,538	54,538	54,538	54,538
Construction 5090005	0	0	4,000,000	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Resale (COGS) 5090017	616,819	1,025,000	649,383	649,383	1,025,000	1,025,000	649,383	1,025,000	1,025,000
Refunds/Reimbursements 5110014	0	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Debt Service 5120019	0	4,000,000	0	0	4,000,000	4,000,000	0	4,000,000	4,000,000
Contingency 5130018	0	0	30,000	0	0	0	0	0	0
<b>Total</b>	<b>1,008,609</b>	<b>5,929,199</b>	<b>5,556,624</b>	<b>1,553,658</b>	<b>5,954,275</b>	<b>5,954,275</b>	<b>1,553,658</b>	<b>5,954,275</b>	<b>5,954,275</b>
<b>Funding Sources</b>									
Fund Balance 4000005	735,729	1,529,579		2,901,456	2,901,456	2,901,456	8,731,698	4,331,081	4,331,081
Cash Fund 4000045	1,802,459	1,801,076		1,883,900	1,883,900	1,883,900	1,883,900	1,883,900	1,883,900
Contribution / Bonds 4000165	0	5,500,000		5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
<b>Total Funding</b>	<b>2,538,188</b>	<b>8,830,655</b>		<b>10,285,356</b>	<b>10,285,356</b>	<b>10,285,356</b>	<b>16,115,598</b>	<b>11,714,981</b>	<b>11,714,981</b>
Excess Appropriation/(Funding)	(1,529,579)	(2,901,456)		(8,731,698)	(4,331,081)	(4,331,081)	(14,561,940)	(5,760,706)	(5,760,706)
<b>Grand Total</b>	<b>1,008,609</b>	<b>5,929,199</b>		<b>1,553,658</b>	<b>5,954,275</b>	<b>5,954,275</b>	<b>1,553,658</b>	<b>5,954,275</b>	<b>5,954,275</b>

The FY11 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2009-2011 biennium.

Budget exceeds Authorized Appropriation in Extra Help, Resale (COGS) and Debt Service due to a transfer from the Cash Fund Holding Account.

## Change Level by Appropriation

**Appropriation:** A24 - War Memorial Operations  
**Funding Sources:** 326 - War Memorial Stadium - Cash

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,553,658</b>	<b>1</b>	<b>1,553,658</b>	<b>100.0</b>	<b>1,553,658</b>	<b>1</b>	<b>1,553,658</b>	<b>100.0</b>
C01	Existing Program	400,617	0	1,954,275	125.8	400,617	0	1,954,275	125.8
C02	New Program	4,000,000	0	5,954,275	383.2	4,000,000	0	5,954,275	383.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,553,658</b>	<b>1</b>	<b>1,553,658</b>	<b>100.0</b>	<b>1,553,658</b>	<b>1</b>	<b>1,553,658</b>	<b>100.0</b>
C01	Existing Program	400,617	0	1,954,275	125.8	400,617	0	1,954,275	125.8
C02	New Program	4,000,000	0	5,954,275	383.2	4,000,000	0	5,954,275	383.2

### Justification

C01	An increase in the Resale (COGS) and Extra Help line items will provide for additional concession purchases and staffing for the newly constructed press box at War Memorial Stadium.
C02	The request for Debt Service Principal will allow for the re-payment of the bond that was received to fund the construction of the new press box.

# ARKANSAS WATERWAYS COMMISSION

## Enabling Laws

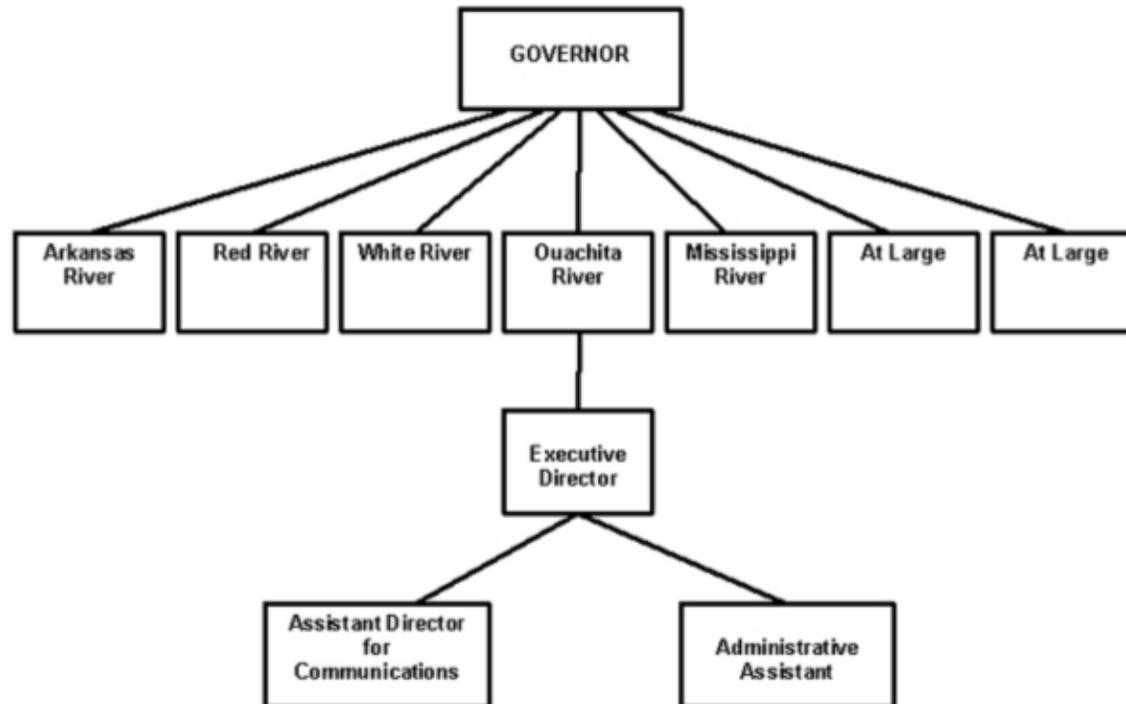
Act 73 of 2010

A.C.A. §15-23-201 et seq.

A.C.A. §15-23-901 et seq.

## History and Organization

The Arkansas Waterways Commission supports the development of the navigable waterways of Arkansas. The seven member, Governor-appointed Commission was created by Act 242 of 1967. The Commission, which is funded by general revenues, is supported by a three person staff and offers services and advice to the water transportation industry by means of correspondence, participation in seminars, serving on advisory committees and boards, and providing research on specialty subjects. The Commission also supports the efforts of the Red River Valley, Arkansas Basin Development and White River Valley Associations through its States Contribution line item. The 81<sup>st</sup> General Assembly provided an Assistant Director of Communications position for the 1997-99 biennium to create an awareness of the waterways and promote the State's waterways through multi-media communications.



## Agency Commentary

The Arkansas Waterways Commission is the sole state agency responsible for developing, promoting and protecting for waterborne transportation and economic development of the five commercially navigable rivers of the state: The Arkansas, Mississippi, Ouachita, Red, and White Rivers. These natural resources are under-developed and consequently, under-used, especially in comparison to the investments made by other states with which we share waterways and with which we compete for economic development. Opportunities lost for lack of funding include local economic development, transportation savings, international trade, and potential loss of federal construction and maintenance funding of navigable waterways. Competition for federal maintenance and construction funds is intense, putting at risk our rivers' annual \$800 million dollar contribution to the economy of Arkansas.

Two needs are within the state's ability to correct: 1) port infrastructure, and 2) marketing of existing resources. The infrastructure needs are addressed in Act 1546, the Arkansas Port Priorities Development Program of 2001, which has never been funded. The marketing efforts are included in the operating and maintenance budget of the Waterways Commission. Marketing successes will be measured by port development

and waterways utilization brought about through shipper awareness of capabilities, direct marketing to target industries, education of government leaders at local, state and federal levels, and education of general public.

Due to budget constraints the agency's position of Communication Director is vacant and the agency relies in part on salary savings from that position to meet its budget. Agency personnel now consist of the Director and one Administrative Assistant.

Regular Salaries: the agency requests restoration of the Public Information Specialist position to increase public awareness of the environmental and economic value of waterborne transportation to the state. This is an increase in Regular Salaries and Personal Services Matching of \$41,588 for FY12 and FY13.

Maintenance and Operations: The 2011-2013 budget represents an increase of \$6,325 for Operating Expenses and an increase in State's Contributions. The Operating Expenses increases of \$1,925 for FY12 and FY13 and the cost of State's Contributions increase of \$4,400 each year is requested to fulfill the Agency's obligation of Act 1585 of 2001 to its original amount of \$7,000.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS WATERWAYS COMMISSION

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Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

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Recommendations

## Employment Summary

	Male	Female	Total	%
White Employees	1	0	1	50 %
Black Employees	0	1	1	50 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	50 %
Total Employees			2	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Biennial Report	A.C.A §15-23-204	Y	N	200	To inform state elected officials, colleagues and other interested parties on activities, goals and accomplishments of the Arkansas Waterways Commission.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
3	2	1	3	0	33.33 %	3	2	0	2	1	33.33 %	3	2	0	2	1	33.33 %

## **Analysis of Budget Request**

**Appropriation:** 085 - Arkansas Waterways Commission

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Arkansas Waterways Commission supports the development of the navigable waterways of Arkansas. The seven (7) member, Governor-appointed Commission was created by Act 242 of 1967. The Commission, which is funded by general revenues, is supported by a three (3) member staff and offers services and advice to the water transportation industry by means of correspondence, participation in seminars, serving on advisory committee and boards, and providing research on specialty subjects. The Commission also supports the efforts of the Red River Valley, Arkansas Basin and White River Valley Associations through the State's Contributions line item.

This appropriation is funded by General Revenue.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency requests a change level of \$47,913 for FY12 and FY13. The Agency requests restoration of the Public Information Specialist position which is needed to increase public awareness of the environmental and economic value of waterborne transportation to the state. This will increase Regular Salaries and Personal Services Matching \$41,588 for FY12 and FY13. This position develops and maintains materials such as promotional brochures, news releases, newsletters, and educational manuals to promote and advertise the benefits of waterborne transportation for public distribution. The Agency requests an increase in the Operating Expenses line item of \$1,925 for FY12 and FY13. The increase is for network services, board member travel and the executive director's travel. The Agency requests an increase of \$4,400 for FY12 and FY13 for the State's Contributions line item to restore the appropriation to the 2001-2003 amount of \$7,000.

The Executive Recommendation provides for Base Level appropriation for the 2011-2013 biennium.

## Appropriation Summary

**Appropriation:** 085 - Arkansas Waterways Commission

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	110,374	113,066	142,960	112,166	142,879	112,166	112,166	142,879	112,166
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>
Personal Services Matching	5010003	28,243	27,138	41,939	31,714	42,589	31,714	31,714	42,589	31,714
Operating Expenses	5020002	40,315	43,879	46,185	43,879	45,804	43,879	43,879	45,804	43,879
Conference & Travel Expenses	5050009	2,847	3,151	3,151	3,151	3,151	3,151	3,151	3,151	3,151
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
State's Contributions	5900021	2,600	2,600	2,600	2,600	7,000	2,600	2,600	7,000	2,600
<b>Total</b>		<b>184,379</b>	<b>189,834</b>	<b>236,835</b>	<b>193,510</b>	<b>241,423</b>	<b>193,510</b>	<b>193,510</b>	<b>241,423</b>	<b>193,510</b>
<b>Funding Sources</b>										
General Revenue	4000010	184,308	189,834		193,510	241,423	193,510	193,510	241,423	193,510
M & R Sales	4000340	71	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>184,379</b>	<b>189,834</b>		<b>193,510</b>	<b>241,423</b>	<b>193,510</b>	<b>193,510</b>	<b>241,423</b>	<b>193,510</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>184,379</b>	<b>189,834</b>		<b>193,510</b>	<b>241,423</b>	<b>193,510</b>	<b>193,510</b>	<b>241,423</b>	<b>193,510</b>

## Change Level by Appropriation

**Appropriation:** 085 - Arkansas Waterways Commission  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>193,510</b>	<b>2</b>	<b>193,510</b>	<b>100.0</b>	<b>193,510</b>	<b>2</b>	<b>193,510</b>	<b>100.0</b>
C01	Existing Program	47,913	1	241,423	124.8	47,913	1	241,423	124.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>193,510</b>	<b>2</b>	<b>193,510</b>	<b>100.0</b>	<b>193,510</b>	<b>2</b>	<b>193,510</b>	<b>100.0</b>
C01	Existing Program	0	0	193,510	100.0	0	0	193,510	100.0

### Justification

C01	The Commission requests restoration of the Public Information Specialist position which is needed to further the public's awareness of the environmental and economic value of waterborne transportation to the state. This will increase Regular Salaries and Personal Services Matching \$41,588 for FY12 and FY13. This position keeps regular contact with community and industry leaders, port authorities, congressional delegation, the general public, and state and federal agencies. The position develops and maintains communicative materials such as promotional brochures, news releases, newsletters, and educational manuals to promote and advertise the benefits of waterborne transportation for constituent and general public distribution. The Commission requests an increase in Operating Expenses of \$1,925 for FY11 and FY13. The increase is for network services, board member travel and the executive director's travel. The Commission requests an increase of \$4,400 FY11 and FY13 for State's Contributions line item to restore the appropriation to the 2001-2003 amount of \$7,000.
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