

**ARKANSAS BUDGET SYSTEM  
AGENCY PROGRAM COMMENTARY  
1997 - 1999**

The Commissioner of State Lands office is responsible for the disposition of tax delinquent real property which has been forfeited to the state from the counties following. After the land has been forfeited to the state, parcels not redeemed by the record owner are sold by the State Land Commissioner. The object of the program is to get the taxes collected prior to sale. The approach has been successful over the past twelve years, as the office has collected a total of over \$46.7 million dollars, with less than \$6.5 million of that total amount originating from land sales.

The threat of the sale of property is a strong impetus for tax collection. During the last legislative session, a law was passed which shortens the length of time tax delinquent parcels are held at the county before being certified to the State from two years to one year. As a result of this change we will receive two years' worth of delinquent parcels during 1997. After the first year's drastic increase, we anticipate that the number of parcel certified will be approximately 165% of previous totals. We have learned over the years that the amount of research we can do prior to sale has a direct and proportional impact on the number of parcels redeemed and the dollars collected. We are asking for two additional field personnel for research and sales, as well as a new clerical position to support those field staff people so that we can continue to collect a higher percentage of delinquent taxes prior to sale.

Satisfying all the statutory requirements necessary to conduct a legitimate sale of the property generates a staggering amount of paperwork and back-up. For that reason, we are requesting another forfeited land sales technician and another research analyst.

Additional M & O appropriation is requested to defray the increased costs in postage, stationery, forms, title searches, and travel necessary to implement these changes. Those additional dollars will come from funds which are generated by the Land Office from fees, penalty and interest collected from the sale and redemption of tax delinquent lands. We are not requesting any additional M & O from general revenue tax dollars.

We are also requesting a 2.8% salary increase for each employee for each year of the biennium.

AGENCY	DIRECTOR	AGENCY PROGRAM COMMENTARY	PAGE
Office of Land Commissioner (061)	Charlie Daniels	BR21	447

ARKANSAS STATE LAND DEPARTMENT  
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 1995

Assets					Liabilities			Total Equity				
Cash and Investments	Fixed	Other	Total		Current	Long-Term	Total					
\$ 8,728,678	\$ 630,910	\$ 123,502	\$ 9,483,090		\$ 10,147	\$ 45,440	\$ 55,587	\$ 9,427,503				
Revenues					Expenditures							
Inter-governmental	Federal	Licenses and Fees	Other	Total		Salaries and Matching	Grants and Aid	Capital	Other Operating	Total		Other Source (Uses)
\$ 931,755	\$ 0	\$ 4,156,166	\$ 656,123	\$ 5,744,044		\$ 870,166	\$ 0	\$ 72,653	\$ 5,133,979	\$ 6,076,798		\$ (11,000)

Findings

1. UNAUTHORIZED DISBURSEMENTS - During the audit of the Arkansas State Land Department for the year ended June 30, 1995, we noted the following unauthorized disbursements:
  - A. Employees were reimbursed for nonbusiness telephone calls in accordance with an office policy of the Agency which allowed employees one personal phone call to their home per day while traveling on behalf of the Agency. Upon notification that these expenses were not allowable for reimbursement, the Agency identified unallowable disbursements of \$350.34 for the year ended June 30, 1995 and \$345.10 for the year ended June 30, 1996. Employees reimbursed the Agency \$680.80 on July 26, 1996 and \$14.64 on July 29, 1996.
  - B. An employee was overpaid upon termination for unused accrued annual leave due to a calculation error in the amount of \$43.72. The employee reimbursed the Agency \$43.72 on July 8, 1996.
2. CASH FUND RECONCILIATION - (We noted the Accounting Federal Grants Management (AFGM) System Fund Analysis Report for the Agency's cash funds did not agree with the Agency's true balance of cash in bank and investments. A reconciliation is necessary to provide good internal control over cash transactions and to provide for proper presentation in accordance with governmental and financial reporting standards).
3. FIDUCIARY FUNDS - (We noted the total balance of cash in bank and investments held in a fiduciary capacity for various counties and individuals was not reconciled to the Agency's subsidiary listing of monies that are due counties and individuals for taxes and the sale of land).

( ) Noted in previous year's audit report.

Recommendations

- Our findings regarding these matters are being reported in accordance with Ark. C. Ann. 10-4-111.
- Implement procedures to ensure employees are not reimbursed for nonbusiness telephone calls.
  - Implement procedures to ensure termination pay is correctly calculated.
  - Review and comply with requirements for good internal control and governmental financial reporting standards.
  - Reconcile the total balance of cash in bank and investments held in a fiduciary capacity for various counties and individuals to the Agency's subsidiary listing monies due counties and individuals for taxes and the sale of land.

ARKANSAS BUDGET SYSTEM  
EMPLOYMENT SUMMARY  
AS REQUIRED BY ACT 358 OF 1993

AGENCY TITLE 061 - Land Department

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	<u>7</u>	<u>15</u>	<u>22</u>	<u>85%</u>
BLACK EMPLOYEES	<u>1</u>	<u>3</u>	<u>4</u>	<u>15%</u>
EMPLOYEES OF OTHER RACIAL MINORITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
TOTAL EMPLOYED AS OF <u>08/10/96</u> DATE			<u>4</u>	<u>15%</u>
			TOTAL MINORITIES	
			<u>26</u>	<u>100%</u>
			TOTAL EMPLOYEES	

  
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AGENCY DIRECTOR

## ARKANSAS BUDGET SYSTEM DEPARTMENT APPROPRIATION SUMMARY

AGENCY TITLE		1995-97 Expenditures				1997-99 Biennium Request				1997-99 Executive Recommendation			
Appropriations		Actual	No. of	Budgeted	No. of	Year 1	No. of	Year 2	No. of	Year 1	No. of	Year 2	No. of
Code	Name	1995-96	Pos.	1996-97	Pos.	1997-98	Pos.	1998-99	Pos.	1997-98	Pos.	1998-99	Pos.
B28	Delinquent Tax-Cash	\$5,275,394		\$7,534,830		\$8,052,400		\$8,563,850		EXECUTIVE RECOMMENDATIONS ARE NOT MADE ON THESE APPROPRIATIONS.			
006	Central Operations	1,010,391	30	1,314,496	30	1,668,304	35	1,708,868	35				
044	Capital Outlay/Oper. Exp.	129,201		155,182		189,500		208,500					
084	Natural Resource Leasing and Permit Program	1,955		14,250		15,000		15,000					
<b>TOTALS</b>		<b>\$6,416,941</b>	<b>30</b>	<b>\$9,018,758</b>	<b>30</b>	<b>\$9,925,204</b>	<b>35</b>	<b>\$10,496,218</b>	<b>35</b>				
Funding Sources			% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances		\$9,890,767	58.4%	\$10,515,065	56.9%	\$9,475,543	50.3%	\$8,923,143	48.6%				
General Revenues													
Special Revenues		1,647	0.0%	2,500	0.0%	2,500	0.0%	2,500	0.0%				
Federal Funds													
Const. & Fiscal Agency Fund													
State Central Services Fund		1,139,592	6.8%	1,469,678	7.9%	1,857,804	9.9%	1,917,368	10.5%				
Non-Revenue Receipts													
Cash Funds		5,900,000	34.8%	6,500,000	35.2%	7,500,000	39.8%	7,500,000	40.9%				
Other													
Total Funding		16,932,006	100.0%	18,487,243	100.0%	18,835,847	100.0%	18,343,011	100.0%				
Excess Appr./ (Funding)		(10,515,065)		(9,468,485)		(8,910,643)		(7,846,793)					
<b>TOTAL</b>		<b>\$6,416,941</b>		<b>\$9,018,758</b>		<b>\$9,925,204</b>		<b>\$10,496,218</b>					
DEPARTMENT <b>Commissioner of State Lands</b>				DIRECTOR Charlie Daniels					DEPARTMENT APPROPRIATION SUMMARY BR 40 <span style="float: right; font-size: 1.2em;">450</span>				

**ARKANSAS BUDGET SYSTEM**

	EXPENDITURES					RECOMMENDATIONS	
	95-96	96-97	96-97	97-98	98-99	LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPROPRIATION	TOTAL REQUEST	TOTAL REQUEST	97-98	98-99
Maintenance & Operations	\$360,951	\$378,950	\$378,950	\$467,400	\$473,850		
Professional Fees & Services	13,995	30,000	30,000	30,000	30,000		
Capital Outlay	108,395	0	0	0	0		
Recording Fee Reimbursement	47,752	50,000	50,000	55,000	60,000		
Delinquent Tax Remittal/Sale Refunds	4,744,301	7,075,880	7,472,450	7,500,000	8,000,000		
<b>Total</b>	<b>\$5,275,394</b>	<b>\$7,534,830</b>	<b>\$7,931,400</b>	<b>\$8,052,400</b>	<b>\$8,563,850</b>		
<b>Proposed Funding Sources</b>							
Fund Balances	9,885,767	10,510,373	*****	9,475,543	8,923,143		
General Revenues			*****				
Special Revenues			*****				
Federal Funds			*****				
Const. & Fiscal Agy. Fund			*****				
State Central Services Fund			*****				
Non-Revenue Receipts			*****				
Cash Funds	5,900,000	6,500,000	*****	7,500,000	7,500,000		
Other			*****				
Total Funding	15,785,767	17,010,373	*****	16,975,543	16,423,143		
Excess Appro./ (Funding)	(10,510,373)	(9,475,543)	*****	(8,923,143)	(7,859,293)		
<b>TOTAL</b>	<b>5,275,394</b>	<b>7,534,830</b>	<b>*****</b>	<b>8,052,400</b>	<b>8,563,850</b>		

DEPARTMENT  
AGENCY  
APPROPRIATION  
FUND

061  
Commissioner of State Lands  
B28 Delinquent Tax Monies-Cash  
117 Land Commissioner-Cash

APPROPRIATION SUMMARY  
BR215

## ARKANSAS BUDGET SYSTEM

	EXPENDITURES					RECOMMENDATIONS	
	95-96	96-97	96-97	97-98	98-99	LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPROPRIATION	TOTAL REQUEST	TOTAL REQUEST	97-98	98-99
Regular Salaries	\$730,174	\$944,455	\$1,013,639	\$1,231,166	\$1,265,627		
No. of Positions	(30)	(30)	(30)	(35)	(35)		
Extra Help	16,931	30,000	30,000	35,000	35,000		
No. of Positions	(4)	(4)	(4)	(5)	(5)		
Personal Services Matching	194,214	264,041	264,041	326,138	332,241		
Operating Expenses	59,165	66,000	66,000	66,000	66,000		
Conference Fees & Travel	9,907	10,000	10,000	10,000	10,000		
Total	1,010,391	1,314,496	1,383,680	1,668,304	1,708,868		
<b>Proposed Funding Sources</b>							
Fund Balances			*****				
General Revenues			*****				
Special Revenues			*****				
Federal Funds			*****				
Const. & Fiscal Agy. Fund			*****				
State Central Services Fund	1,010,391	1,314,496	*****	1,668,304	1,708,868		
Non-Revenue Receipts			*****				
Cash Funds			*****				
Other			*****				
Total Funding	1,010,391	1,314,496	*****	1,668,304	1,708,868		
Excess Appro./ (Funding)			*****				
TOTAL	1,010,391	1,314,496	*****	1,668,304	1,708,868		

DEPARTMENT  
AGENCY  
APPROPRIATION  
FUND

061  
Commissioner of State Lands  
006 Operations  
HSC State Central Services

APPROPRIATION SUMMARY  
BR215

**ARKANSAS BUDGET SYSTEM**

	EXPENDITURES					RECOMMENDATIONS	
	95-96	96-97	96-97	97-98	98-99	LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPROPRIATION	TOTAL REQUEST	TOTAL REQUEST	97-98	98-99
Capital Outlay/Operating Expenses	\$129,201	\$155,182	\$163,350	\$189,500	\$208,500		
Proposed Funding Sources							
Fund Balances			*****				
General Revenues			*****				
Special Revenues			*****				
Federal Funds			*****				
Const. & Fiscal Agy. Fund			*****				
State Central Services Fund	129,201	155,182	*****	189,500	208,500		
Non-Revenue Receipts			*****				
Cash Funds			*****				
Other			*****				
Total Funding	129,201	155,182	*****	189,500	208,500		
Excess Appro./ (Funding)			*****				
TOTAL	129,201	155,182	*****	189,500	208,500		

DEPARTMENT 061  
 AGENCY Commissioner of State Lands  
 APPROPRIATION 044 Operating Expense/Capital Outlay  
 FUND HSC State Central Services

APPROPRIATION SUMMARY  
 BR215

**ARKANSAS BUDGET SYSTEM**

	EXPENDITURES					RECOMMENDATIONS	
	95-96	96-97	96-97	97-98	98-99	LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPROPRIATION	TOTAL REQUEST	TOTAL REQUEST	97-98	98-99
Operating Expenses	\$1,955	\$14,250	\$15,000	\$15,000	\$15,000		
Proposed Funding Sources							
Fund Balances	5,000	4,692	*****				
General Revenues			*****				
Special Revenues	1,647	2,500	*****	2,500	2,500		
Federal Funds			*****				
Const. & Fiscal Agy. Fund			*****				
State Central Services Fund			*****				
Non-Revenue Receipts			*****				
Cash Funds			*****				
Other			*****				
Total Funding	6,647	7,192	*****	2,500	2,500		
Excess Appro./ (Funding)	(4,692)	7,058	*****	12,500	12,500		
TOTAL	1,955	14,250	*****	15,000	15,000		

DEPARTMENT 061  
 AGENCY Commissioner of State Lands  
 APPROPRIATION 084 Natural Resources Leasing & Permit Program  
 FUND SSR Severed Resources

APPROPRIATION SUMMARY  
 BR215

Fund balance in FY96 has been adjusted to reflect a transfer of funds in excess of \$5,000 to the General Allotment Reserve Fund in accordance with A.C.A. §22-5-808(c)(2).