

**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1999 - 2001**

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 the time table prescribed in the statutes. After the land has been forfeited to the state, this office has the responsibility to contact the owner and any known interested parties by certified mail to give notice that the property is delinquent and that unless it is redeemed it will be offered for sale at a public auction. If property remains delinquent during its two year stay at this office, it is offered for sale. The object of the program is to get the taxes collected prior to holding a sale. The approach has been very successful since 1985 and the implementation of Act 626 of 1983, as the office has collected approximately \$57 million, from the redemption and sale of tax forfeited property, with less than 15% of that total coming from the actual sale of property.

Due to a fairly recent change in the law, property is currently held at the county for one year before being forfeited to the State. This change has had a dramatic effect on the number of parcels received by this office.

Year Certification Received	Tax Year Covered by Certification	Total Number of Parcels Received
1995	1991	10,331
1996	1992	9,038
1997*	1993	9,650
1997*	1994	13,775
1998	1995	14,541
1999**	1996	15,000

**Received two years certifications during one calendar year to comply with law change*

***Projected receipts*

This budget reflects major increases in the costs which are incurred prior to sale, i.e., postage, limited title searches, increased travel costs, printing costs, etc. In addition, with the changeover from a mainframe computer to a network of PC's located in two offices, we have the increased cost of a fiber optic line. All the requested increases in maintenance and operating costs 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.

AGENCY Commissioner of State Lands	DIRECTOR Charlie Daniels	AGENCY PROGRAM COMMENTARY BR21	PAGE 106
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We are requesting upgrades for all current Secretary II positions to Research Analyst positions, which better reflect the duties and responsibilities they have. We are requesting that both Secretary positions be elevated to Secretary II level. We are requesting a 5% increase for each year of the biennium for the Accountant position to make it more in line with its specifications. We are requesting an 8% increase for the Chief Deputy in the first year and 2.8% for the second year of the biennium. We are requesting the establishment of a new position (funded prior to this through cash funds) for an Information Systems Manager, at \$55,000 and \$56,540 for each year of the biennium respectively.

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ARKANSAS STATE LAND DEPARTMENT
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1996

Assets					Liabilities			Total Equity	
Cash and Investments	Fixed	Other	Total		Current	Long-Term	Total	Total Equity	
\$ 10,589,651	\$ 648,085	\$ 138,513	\$ 11,376,249		\$ 8,661	\$ 54,883	\$ 63,544	\$ 11,312,705	

Revenues					Expenditures				Other Sources (Uses)	
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	Other Sources (Uses)
\$ 997,362	\$ 0	\$ 5,445,996	\$ 686,494	\$ 7,129,852	\$ 943,048	\$ 0	\$ 77,134	\$ 4,237,896	\$ 5,258,078	\$ 3,746

Findings

1. FUNDS DUE THE ARKANSAS STATE LAND DEPARTMENT - During the audit of the Arkansas State Land Department for the year ended June 30, 1996, we noted funds due the Arkansas State Land Department in the amount of \$114.98. These funds represent unauthorized salary overpayments to two (2) extra help employees.
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 - (The Agency has not reconciled for several years 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 of monies that are due counties and individuals for taxes and the sale of land.)

Recommendations

- Implement proper controls to ensure that payments of this nature do not occur in the future and these funds be recovered.
- Review and comply with requirements for good internal control and governmental and 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 of monies due counties and individuals for taxes and the sale of land.

Audited by Division of Legislative Audit
SA0406196

() Noted in previous year's audit report.

CASH FUND BALANCE DESCRIPTION AS OF JUNE 30, 1998

AGENCY: Commissioner of State Lands (061)

ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
B28 Cash Fund	\$ 4,821,526	Checking	Mercantile Bank NLR	Funds are collected through redemption and sale of tax delinquent lands. Tax amounts are returned to counties where properties are located, along with inters money collected and county costs. Penalty and costs are retained by the Commissioner of State Lands to fund on-going operations of his office.
	\$ 500,000	CD	Alma First Commercial	
	\$ 100,000	CD	Arkadelphia Citizens First	STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES: Commissioner of State Lands deposits fees, penalties, etc. into cash funds, then transfers into State Treasury to fund appropriation 044.
	\$ 500,000	CD	Bank of Augusta	
	\$ 100,000	CD	Batesville Nations Bank	REVENUE RECEIPTS CYCLE:
	\$ 100,000	CD	Union Bank of Benton	
	\$ 100,000	CD	Union Bank of Benton	
	\$ 500,000	CD	Union Bank of Benton	
	\$ 100,000	CD	Bank of Brinkley	
	\$ 100,000	CD	Camden Farmers B&T	
	\$ 100,000	CD	Conway NationsBank	
	\$ 500,000	CD	Conway First Community	
	\$ 100,000	CD	Conway First Community	
	\$ 100,000	CD	El Dorado Citizens	
	\$ 200,000	CD	El Dorado Citizens	
	\$ 100,000	CD	Flippin Mercantile	
	\$ 100,000	CD	Fordyce Citizens	
\$ 100,000	CD	Fordyce Citizens		
\$ 100,000	CD	Forrest City Planters	STATUTORY/OTHER RESTRICTIONS ON USE:	
\$ 100,000	CD	Ft. Smith Dep. Guaranty		
\$ 500,000	CD	Ft. Smith Dep. Guaranty	STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES:	
\$ 100,000	CD	Helena National		
\$ 100,000	CD	Jonesboro Nations	REVENUE RECEIPTS CYCLE:	
\$ 100,000	CD	Bank of Little Rock		
\$ 250,000	CD	LR Central Bank & Trust		
\$ 100,000	CD	Little Rock First Commercial		
\$ 500,000	CD	Little Rock First Commercial		
\$ 500,000	CD	Little Rock Metropolitan		
\$ 100,000	CD	Mangolia Farmers		
\$ 100,000	CD	Malvern Mercantile		
\$ 100,000	CD	BankNorth Arkansas Melbourne		
\$ 500,000	CD	Union Bank & Trust Monticello		
\$ 100,000	CD	Merc. Of Conway Co.		
\$ 100,000	CD	;Morrilton Security Bank		
\$ 100,000	CD	Mercantile Bank NLR		
\$ 100,000	CD	Mercantile Bank NLR		FUND BALANCE UTILIZATION:

**CASH FUND BALANCE DESCRIPTION
AS OF JUNE 30, 1998**

AGENCY: Commissioner of State Lands

ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE		LOCATION	
B28 Cash (117)	\$ 100,000	CD	Perry County Bank	STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES: REVENUE RECEIPTS CYCLE: FUND BALANCE UTILIZATION:
	\$ 100,000	CD	Pine Bluff NationsBank	
	\$ 100,000	CD	Pine Bluff Simmons	
	\$ 500,000	CD	Pine Bluff Simmons	
	\$ 100,000	CD	Mercantile of Heber Springs	
	\$ 100,000	CD	Russellville Simmons	
	\$ 100,000	CD	Russellville FBB	
	\$ 100,000	CD	Bank of Salem	
	\$ 100,000	CD	Searcy First Security	
	\$ 100,000	CD	Siloam Springs First National	
	\$ 100,000	CD	Smackover State Bank	
	\$ 100,000	CD	Strong Citizens	
	\$ 500,000	CD	Stuttgart Farmers	
	\$ 100,000	CD	Stuttgart First United	
	\$ 500,000	CD	Texarkana State First National	
	\$ 100,000	CD	Van Buren Citizens	
	\$ 100,000	CD	Van Buren Mercantile	
ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
				STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES: REVENUE RECEIPTS CYCLE: FUND BALANCE UTILIZATION:

ARKANSAS BUDGET SYSTEM DEPARTMENT APPROPRIATION SUMMARY

AGENCY TITLE Commissioner of State Lands		1997-99 Expenditures				1999-01 Biennium Request				1999-01 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	1997-98	Pos.	1998-99	Pos.	1999-00	Pos.	2000-01	Pos.	1999-00	Pos.	2000-01	Pos.
B28	Delinquent Tax-Cash	\$7,199,522		\$8,233,397		\$9,835,025		\$10,849,125		EXECUTIVE RECOMMENDATIONS ARE NOT MADE ON THESE APPROPRIATIONS.			
006	Central Operations	1,335,554	35	1,623,425	35	1,912,984	36	1,960,808	36				
044	Capital Outlay/Oper. Exp.	172,889		198,075		232,250		249,885					
084	Natural Resource Leasing and Permit Program	2,457		14,250		15,000		15,000					
TOTALS		\$8,710,422	35	\$10,069,147	35	\$11,995,259	36	\$13,074,818	36				
Funding Sources			% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances		\$11,026,671	47.4%	\$14,527,870	56.6%	\$15,589,473	56.2%	\$15,754,448	56.3%				
General Revenues													
Special Revenues		3,300	0.0%	2,500	0.0%	2,500	0.0%	2,500	0.0%				
Federal Funds													
Constitutional Officers Fund													
State Central Services Fund		1,508,443	6.6%	1,821,500	7.1%	2,145,234	7.7%	2,210,693	7.9%				
Non-Revenue Receipts													
Cash Funds		10,700,721	46.0%	9,300,000	36.3%	10,000,000	36.1%	10,000,000	35.8%				
Other													
Total Funding		23,239,135	100.0%	25,651,870	100.0%	27,737,207	100.0%	27,967,641	100.0%				
Excess Appro./ (Funding)		(14,528,713)		(15,582,723)		(15,741,948)		(14,892,823)					
TOTAL		\$8,710,422		\$10,069,147		\$11,995,259		\$13,074,818					
DEPARTMENT Commissioner of State Lands				DIRECTOR Charlie Daniels					DEPARTMENT APPROPRIATION SUMMARY BR 40				

Fund balances have 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).

ARKANSAS BUDGET SYSTEM

	EXPENDITURES					RECOMMENDATIONS	
	97-98	98-99	98-99	99-00	00-01	LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPROPRIATION	TOTAL REQUEST	TOTAL REQUEST	99-00	00-01
Operating Expenses	\$603,435	\$473,850	\$473,850	\$705,025	\$719,125		
Personal Services Matching	7,012	11,300	0	0	0		
Supplemental Emergency Salaries	29,083	46,440	0	0	0		
No. of Positions	(1)	(1)					
Professional Fees & Services	5,096	30,000	30,000	30,000	30,000		
Capital Outlay	37,024	0	0	0	0		
Recording Fee Reimbursement	85,646	100,000	60,000	100,000	100,000		
Delinquent Tax Remittal/Sale Refunds	6,432,226	7,571,807	8,000,000	9,000,000	10,000,000		
Total	\$7,199,522	\$8,233,397	\$8,563,850	\$9,835,025	\$10,849,125		
Proposed Funding Sources							
Fund Balances	11,021,671	14,522,870	*****	15,589,473	15,754,448		
General Revenues			*****				
Special Revenues			*****				
Federal Funds			*****				
Constitutional Officers Fund			*****				
State Central Services Fund			*****				
Non-Revenue Receipts			*****				
Cash Funds	10,700,721	9,300,000	*****	10,000,000	11,000,000		
Other			*****				
Total Funding	21,722,392	23,822,870	*****	25,589,473	26,754,448		
Excess Appro./ (Funding)	(14,522,870)	(15,589,473)	*****	(15,754,448)	(15,905,323)		
TOTAL	7,199,522	8,233,397	*****	9,835,025	10,849,125		

DEPARTMENT
AGENCY
APPROPRIATION
FUND

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

APPROPRIATION SUMMARY
BR215

Additional appropriation received in FY99 from DFA Cash Holding Account

ARKANSAS BUDGET SYSTEM

	EXPENDITURES					RECOMMENDATIONS	
	97-98	98-99	98-99	99-00	00-01	LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPROPRIATION	TOTAL REQUEST	TOTAL REQUEST	99-00	00-01
Regular Salaries	\$979,507	\$1,180,184	\$1,265,627	\$1,426,023	\$1,466,672		
No. of Positions	(35)	(35)	(35)	(36)	(36)		
Extra Help	24,838	35,000	35,000	40,000	40,000		
No. of Positions	(5)	(5)	(5)	(5)	(5)		
Personal Services Matching	266,574	332,241	332,241	370,961	378,136		
Operating Expenses	54,665	66,000	66,000	66,000	66,000		
Conference Fees & Travel	9,970	10,000	10,000	10,000	10,000		
Total	1,335,554	1,623,425	1,708,868	1,912,984	1,960,808		
Proposed Funding Sources							
Fund Balances			*****				
General Revenues			*****				
Special Revenues			*****				
Federal Funds			*****				
Constitutional Officers Fund			*****				
State Central Services Fund	1,335,554	1,623,425	*****	1,912,984	1,960,808		
Non-Revenue Receipts			*****				
Cash Funds			*****				
Other			*****				
Total Funding	1,335,554	1,623,425	*****	1,912,984	1,960,808		
Excess Appro./ (Funding)			*****				
TOTAL	1,335,554	1,623,425	*****	1,912,984	1,960,808		

DEPARTMENT 004 Constitutional Offices
 AGENCY 061 Commissioner of State Lands
 APPROPRIATION 006 Operations
 FUND HSC State Central Services

APPROPRIATION SUMMARY

BR215

ARKANSAS BUDGET SYSTEM

	EXPENDITURES					RECOMMENDATIONS	
	97-98 ACTUAL	98-99 BUDGETED	98-99 AUTHORIZED APPROPRIATION	99-00 TOTAL REQUEST	00-01 TOTAL REQUEST	LEGISLATIVE	
						99-00	00-01
Capital Outlay/Operating Expenses	\$172,889	\$198,075	\$208,500	\$232,250	\$249,885		
Proposed Funding Sources							
Fund Balances			*****				
General Revenues			*****				
Special Revenues			*****				
Federal Funds			*****				
Constitutional Officers Fund			*****				
State Central Services Fund	172,889	198,075	*****	232,250	249,885		
Non-Revenue Receipts			*****				
Cash Funds			*****				
Other			*****				
Total Funding	172,889	198,075	*****	232,250	249,885		
Excess Appro./ (Funding)			*****				
TOTAL	172,889	198,075	*****	232,250	249,885		

DEPARTMENT 004 Constitutional Offices
 AGENCY 061 Commissioner of State Lands
 APPROPRIATION 044 Operating Expense/Capital Outlay
 FUND HSC State Central Services

APPROPRIATION SUMMARY
 BR215

ARKANSAS BUDGET SYSTEM

	EXPENDITURES					RECOMMENDATIONS	
	97-98 ACTUAL	98-99 BUDGETED	98-99 AUTHORIZED APPROPRIATION	99-00 TOTAL REQUEST	00-01 TOTAL REQUEST	LEGISLATIVE	
						99-00	00-01
Operating Expenses	\$2,457	\$14,250	\$15,000	\$15,000	\$15,000		
Proposed Funding Sources							
Fund Balances	5,000	5,000	*****				
General Revenues			*****				
Special Revenues	3,300	2,500	*****	2,500	2,500		
Federal Funds			*****				
Constitutional Officers Fund			*****				
State Central Services Fund			*****				
Non-Revenue Receipts			*****				
Cash Funds			*****				
Other			*****				
Total Funding	8,300	7,500	*****	2,500	2,500		
Excess Appro./ (Funding)	(5,843)	6,750	*****	12,500	12,500		

TOTAL	2,457	14,250	*****	15,000	15,000		

DEPARTMENT 004 Constitutional Offices
 AGENCY 061 Commissioner of State Lands
 APPROPRIATION 084 Natural Resources Leasing & Permit Program
 FUND SSR Severed Resources

APPROPRIATION SUMMARY

BR215

Fund balance in FY98 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).