

# DEPARTMENT OF RURAL SERVICES

## Enabling Laws

Act 770 of 2003  
A.C.A. § 15-6-105 et seq

## History and Organization

The Department of Rural Services (DRS) which was formerly know as the Office of Rural Advocacy and the eleven member Arkansas Rural Development Commission (ARDC) were created by the Arkansas General Assembly through Act 302 of 1991, the "Arkansas Rural Development Commission Act." The Agency was renamed the Department of Rural Services by Arkansas General Assembly through 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 Department of Rural Services 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

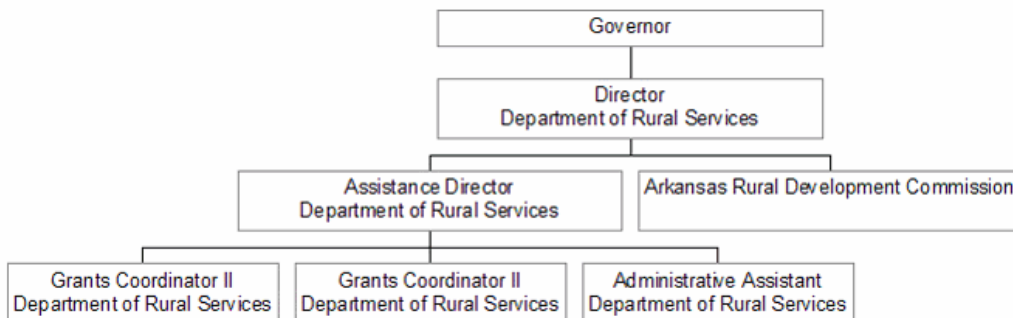
The function of the Department of Rural Services is:

- 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. Today, 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. Today, due to the assistance through 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, today rural citizens, legislators, mayors, or county judges will 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 or 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 their 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 absolutely needed to complete the project and to return any unused funds. To this end the Agency is requesting \$542,583 for grants, these include: \$200,000 for Rural Community Development Grants, \$300,000 for Rural Community Fire Protection Grants, and \$42,583 for the Rural County Fair Building Grants.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF RURAL SERVICES  
FOR THE YEAR ENDED JUNE 30, 2003

Findings

Recommendations

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None

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None

## 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, 2004

Fund Account	Balance	Type	Location
1110100	\$24,630	Checking	U. S. Bank

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 and 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	Act 302 of 1991, Act 971 of 1995	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	Act 370 of 1999	N	N	1,000	To provide eligible rural communities with grant guidelines and procedures.
Rural Services Block Grant Guidelines and Application	Act 1412 of 1999	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 / Program Summary

Appropriation / Program	Historical Data				Agency Request and Executive Recommendation									
	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
0250P01 Rural Services Program	341,777	5	369,832	5	371,408	5	379,008	5	379,008	5	385,842	5	385,842	5
0250P02 Rural Grants Program	542,583	0	542,583	0	542,583	0	542,583	0	542,583	0	542,583	0	542,583	0
Total	884,360	5	912,415	5	913,991	5	921,591	5	921,591	5	928,425	5	928,425	5

Funding Sources		%		%		%		%		%		%	
Fund Balance	4000005	18,882	2.1	24,630	2.6	24,630	2.6	24,630	2.6	24,630	2.6	24,630	2.6
General Revenue	4000010	853,662	93.9	853,722	91.1	871,591	92.1	871,591	92.1	878,425	92.2	878,425	92.2
Cash Fund	4000045	36,446	4.0	50,000	5.3	50,000	5.3	50,000	5.3	50,000	5.2	50,000	5.2
Merit Adjustment Fund	4000055	0	0.0	8,693	1.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		908,990	100.0	937,045	100.0	946,221	100.0	946,221	100.0	953,055	100.0	953,055	100.0
Excess Appropriation/(Funding)		(24,630)		(24,630)		(24,630)		(24,630)		(24,630)		(24,630)	
Grand Total		884,360		912,415		921,591		921,591		928,425		928,425	

## **Analysis of Budget Request**

**Appropriation / Program:** 0250P01 - Rural Services Program

**Funding Sources:** HUA - Miscellaneous Agencies Fund; Other Funds

The Office of Rural Advocacy was created by the "Arkansas Rural Development Program Act" of 1991. Act 935 of 1999 changed the agency name to the Department of Rural Services. Its purpose is to serve as a single contact point for local governments, state and federal agencies, and other organizations and individuals with an interest in the rural policies and programs of the State. The Arkansas Rural Development Commission oversees the functions and duties of the agency, which is primarily funded by General Revenue.

The Agency conducts an annual conference as well as several one-day seminars for local governments. Income is derived from fees charged to participants as well as donations received through corporate sponsorship. The annual conference attendance numbers range from 400-500 each year with topics of discussion including financing, community marketing strategies, infrastructure and crime.

The Agency's Progress Report for this program for FY04 indicates it has met or exceeded all performance measures. The measures include information relative to the number of Arkansans that participate in Agency conferences and workshops as well as the number of individuals assisted by staff with rural issues each year.

Base Level for this program includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for five (5) Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Agency Base Level request for this program is \$379,008 in FY06 and \$385,842 in FY07.

The Executive Recommendation provides for the Agency Request.

## Appropriation / Program Summary

**Appropriation / Program:** 0250P01 Rural Services Program

**Funding Sources:** HUA - Miscellaneous Agencies Fund; Other Funds

Program Description	Program Goals	
To promote rural development in Arkansas by providing administrative assistance and rural advocacy services to the citizens of rural Arkansas.	1	Department of Rural Services will provide comprehensive information and assistance relating to the development and revitalization of rural Arkansas communities.

Objective Code	Name	Description
00BM	Objective 1	To serve as a clearinghouse and providing timely comprehensive information and advocacy services to agencies, individuals, or corporations engaged in rural development and revitalization programs.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Number of prior year audit finding repeated in subsequent years.	1/1	0	0
1	X	X	Outcome	Number of Arkansans that participate in Department conferences and workshops.	375/628	425	450
1	X	X	Outcome	Number of individuals assisted by staff with rural issues each year.	550/598	650	700
1			Outcome	Number of days to enter all year-end closing entries into AASIS required for CAFR Report.		63 days	63 days
1			Outcome	Number of security and privacy policies promulgated by the State Executive Chief Information Officer implemented in required timeframe.		4	4



## Appropriation / Program Summary

Appropriation / Program: 0250P01 Rural Services Program

Authorized Program Amount **371,408**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data		Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	181,354	194,735	200,340	200,340	200,340	206,092	206,092	206,092
<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>
Extra Help	5010001	0	0	0	0	0	0	0	0
<b>#Extra Help</b>		<b>0</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	49,788	53,293	56,864	56,864	56,864	57,946	57,946	57,946
Operating Expenses	5020002	65,701	67,704	117,704	117,704	117,704	117,704	117,704	117,704
Travel-Conference Fees	5050009	1,592	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Conference Expenses	5900046	43,342	50,000	0	0	0	0	0	0
<b>Total</b>		<b>341,777</b>	<b>369,832</b>	<b>379,008</b>	<b>379,008</b>	<b>379,008</b>	<b>385,842</b>	<b>385,842</b>	<b>385,842</b>

Funding Sources									
Fund Balance	4000005	18,882	24,630	24,630	24,630	24,630	24,630	24,630	24,630
General Revenue	4000010	311,079	311,139	329,008	329,008	329,008	335,842	335,842	335,842
Cash Fund	4000045	36,446	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Merit Adjustment Fund	4000055	0	8,693	0	0	0	0	0	0
<b>Total Funding</b>		<b>366,407</b>	<b>394,462</b>	<b>403,638</b>	<b>403,638</b>	<b>403,638</b>	<b>410,472</b>	<b>410,472</b>	<b>410,472</b>
Excess Appro/(Funding)		(24,630)	(24,630)	(24,630)	(24,630)	(24,630)	(24,630)	(24,630)	(24,630)
<b>Grand Total</b>		<b>341,777</b>	<b>369,832</b>	<b>379,008</b>	<b>379,008</b>	<b>379,008</b>	<b>385,842</b>	<b>385,842</b>	<b>385,842</b>

## Objective Summary

**Objective:** 00BM Admin Prg-Obj 1

**Description:** To serve as a clearinghouse and providing timely comprehensive information and advocacy services to agencies, individuals, or corporations engaged in rural development and revitalization programs.

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	181,354	194,735	200,340	200,340	200,340	206,092	206,092	206,092
<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>
Extra Help	5010001	0	0	0	0	0	0	0	0
<b>#Extra Help</b>		<b>0</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	49,788	53,293	56,864	56,864	56,864	57,946	57,946	57,946
Operating Expenses	5020002	42,619	67,704	67,704	67,704	67,704	67,704	67,704	67,704
Travel-Conference Fees	5050009	1,592	4,100	4,100	4,100	4,100	4,100	4,100	4,100
<b>Objective Total</b>		<b>275,353</b>	<b>319,832</b>	<b>329,008</b>	<b>329,008</b>	<b>329,008</b>	<b>335,842</b>	<b>335,842</b>	<b>335,842</b>

**Objective Summary**

**Objective:** BM00 Rural Services Program-Objective 1-Cash

**Description:**

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	23,082	0	50,000	50,000	50,000	50,000	50,000	50,000
Conference Expenses 5900046	43,342	50,000	0	0	0	0	0	0
Objective Total	66,424	50,000	50,000	50,000	50,000	50,000	50,000	50,000

## **Analysis of Budget Request**

**Appropriation / Program:** 0250P02 - Rural Grants Program

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

The Department of Rural Services serves the State as the central coordinating agency for rural development. The Agency accomplishes this through serving as a source of funding for rural development grants and community in-kind partnership.

The Agency's Progress Report for FY04 indicates that they met their target for the number of rural community grants awarded (78), and they exceeded their target for the number of rural communities assisted by grants (122 versus a target of 105).

The Base Level requests includes appropriation and General Revenue funding of \$200,000 for Rural Community Grants, \$300,000 for Rural Fire Protection Grants, and \$42,583 for County Fair Improvement Grants.

The Executive Recommendation provides for the Agency Request.

## Appropriation / Program Summary

**Appropriation / Program:** 0250P02 Rural Grants Program

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

Program Description	Program Goals
To promote rural development in Arkansas by providing eligible rural communities with grant guidelines and procedures, and to administer grant funds to those communities chosen as grant recipients.	1 Department of Rural Services will provide comprehensive information on available grants and award and administer those grants relating to the development and revitalization of rural Arkansas communities.

Objective Code	Name	Description
05BM	Objective 1	Provide extensive information to rural areas of available grant funds and to administer grant funds to those communities chosen as grant recipients.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Output	Number of rural community grants awarded.	78/78	82	85
1	X	X	Output	Number of rural communities assisted by Funded grants.	105/122	112	115
1	X	X	Outcome	Percentage of grants that meet financial responsibility and achieve grant objectives based on the close-out documentation review by agency.		77%	79%

## Appropriation / Program Summary

**Appropriation / Program:** 0250P02 Rural Grants Program

**Authorized Program Amount** **542,583**

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007			
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive	
Grants and Aid 5100004	200,000	200,000	542,583	542,583	542,583	542,583	542,583	542,583	
Rural Fire Protection Grants 5900046	300,000	300,000	0	0	0	0	0	0	
County Fair Improvement Grants 5900048	42,583	42,583	0	0	0	0	0	0	
<b>Total</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	

Funding Sources		Historical Data			Agency Request and Executive Recommendation					
		2003-2004	2004-2005	2005-2006			2006-2007			
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive	
General Revenue 4000010		542,583	542,583	542,583	542,583	542,583	542,583	542,583	542,583	
<b>Total Funding</b>		<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	
Excess Appro/(Funding)		0	0	0	0	0	0	0	0	
<b>Grand Total</b>		<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	

## Objective Summary

**Objective:** 05BM Rural Grants Program-Objective 1-Treasury

**Description:** Provide extensive information to rural areas of available grant funds and to administer grant funds to those communities chosen as grant recipients.

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007			
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive	
Grants and Aid 5100004	200,000	200,000	542,583	542,583	542,583	542,583	542,583	542,583	
Rural Fire Protection Grants 5900046	300,000	300,000	0	0	0	0	0	0	
County Fair Improvement Grants 5900048	42,583	42,583	0	0	0	0	0	0	
<b>Objective Total</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	<b>542,583</b>	