

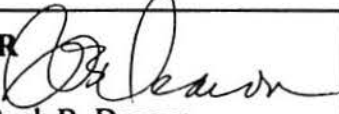
ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1999-2001

Appropriation A35 is for the Arkansas Home Equity Loan Program, which was initiated by the Authority in FY 1986. Under this program, elderly persons with low to moderate income could sell their homes to the Authority, but continue to live there. The Authority made a downpayment to the owners and makes monthly payments during the owners' lifetime. A total of four (4) homes were purchased with no additional purchases planned at this time. The total budget request of \$16,462.00 for each of the fiscal years of the 1999-2001 biennium—the same as for the 1997-1999 biennium. Funds for this program are generated from the Authority's housing revenue bond program.

Appropriation A57 is for general operation of the Arkansas Development Finance Authority. The Authority expects to expand its ongoing programs and to initiate new programs which will result in a moderate growth rate. The operating budget request contains increases to provide for moderate growth and general price increases. A Section 8 Housing Assistance Payment Program (the "HAP Program") administered by the Authority is included in this appropriation with a budget request of \$7,500,000 for each fiscal year. Funding for the HAP Program will be provided under an Annual Contributions Contract between the Authority and the Department of Housing and Urban Development ("HUD"). The appropriation also includes a budget request for the HUD HOME Program in the amount of \$12,605,000 for each fiscal year. Funding for the HOME Program will be in the form of federal grants and state matching funds at an approximate ratio of 80/20 federal/state. Funding for the \$2,521,000 state match will come from cash funds associated with the Authority's revenue bond programs and state general revenues.

Appropriation B86 is for the Federal Agricultural Mortgage Corporation Guaranteed Loan Program (the "Farmer MAC"). The program was established under the Agricultural Credit Act of 1987 and provides for Farmer MAC's guarantee of 90% of qualified loans for agricultural real estate and rural housing. The Authority's role in this national program continues to evolve. The requested budget is for operating expenses pertaining to agricultural finance programs, including Farmer MAC, and will be funded from net revenues generated by the Authority.

Appropriation B87 is for the Agricultural Loan Mediation and Development Program. Act 829 of 1989 (the "Arkansas Farm Mediation Act") created the Arkansas Agricultural Loan Mediation Program, and Act 885 transferred agricultural development from AEDC to ADFA. Funding for these programs will come from excess revenues generated by the Authority and up to \$82,500 per year from federal reimbursements for half of the costs associated with the Loan Mediation Program.

<p>AGENCY</p> <p>Arkansas Development Finance Authority</p>	<p>DIRECTOR</p>  <p>Rush B. Deacon</p>	<p>AGENCY PROGRAM COMMENTARY</p> <p>BR21</p>	<p>PAGE</p> <p>16</p>
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ARKANSAS DEVELOPMENT FINANCE AUTHORITY
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1997

Assets					Liabilities			Total Equity	
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total			
\$ 888,816,000	\$ 400,000	\$ 858,093,000	\$ 1,747,309,000	\$ 106,729,000	\$ 1,415,270,000	\$ 1,521,999,000	\$ 225,310,000		

Revenues				Expenditures						Other Sources (Uses)
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 8,933,000	\$ 30,043,000	\$ 0	\$ 115,594,000	\$ 154,570,000	\$ 2,348,000	\$ 0	\$ 0	\$ 111,061,000	\$ 113,409,000	\$

Findings

1. YEAR-END ACCOUNTING ADJUSTMENTS - Numerous adjustments were made several months after year-end. The nature of the adjustments was such that interim internal financial statements were probably not reliable.
2. BANK ACCOUNT RECONCILIATION REVIEW - Not all bank account reconciliations are consistently reviewed by appropriate supervisory personnel.
3. COLLATERAL AGREEMENTS - A formal bank collateral agreement does not exist with those depository institutions who have collateralized all ADFA deposit balances in excess of \$100,000.
4. SUBSIDIARY ACCOUNT RECONCILIATIONS - Subsidiary details for investment balances and the related accrued interest are not reconciled to the general ledger on a periodic basis. This exposes one of ADFA's most significant assets to misstatement within financial presentations or misappropriation.
5. LOAN FILE DOCUMENTATION - Numerous loan files do not contain current financial information, proof of insurance, appraisals, or other credit information necessary to facilitate proper evaluation of the loan portfolio.

Recommendations

1. The Vice President of Finance and Controller should review all financial information timely and unusual matters should be investigated thoroughly. A thorough review by financial management of all critical reconciling control should be made to determine whether such controls are functioning.
2. Implement procedures to ensure that bank account reconciliations are consistently reviewed and that such review is indicated by the reviewer sign the reconciliation. The review should include procedures designed to not unusual or recurring reconciling items.
3. Execute formal collateral agreements with financial institutions where ADFA's account balances exceed or may exceed \$100,000. These agreements should specify amount and type of collateral that the institution is required to hold and provide for periodic acknowledgment that sufficient collateral has been maintained.
4. Reconcile both the investment and accrued interest subsidiary details to the general ledger on a periodic basis. Any significant reconciling items should be investigated and resolved in a timely manner. The reconciliation should be reviewed and signed by a person in a supervisory position.
5. Create a checklist to be maintained within each loan file to identify and track exceptions to documentation deficiencies. Establish procedures to ensure that exceptions to documentation deficiencies are resolved in a timely manner.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1997

Findings (Continued)

6. LOAN POLICY - Existing loan policy does not adequately address all loan types. Current policy only minimally addresses the Industrial Development Bond loans.
7. LOAN DATABASE SYSTEM UTILIZATION - ADFA does not fully utilize the loan database system to generate the reports necessary to monitor the loans receivable portfolio.
8. BOND TRUSTEE STATEMENT CONTENT - Trustee statements for outstanding bond issues do not contain any end of period balance information. As a result, ADFA cannot not fully reconcile their balances to the trustee balances on a regular basis. It is only during the year-end audit confirmation process that ending balances are compared with trustee balances.

Recommendations (Continued)

6. Create a loan policy in which standard procedures are established for all loan types in all funds. Policy should outline items such as underwriting, loan loss provisions, delinquency procedures and loan approval among other items.
7. Utilize the MITAS system to generate meaningful reports to facilitate the necessary monitoring of the loan portfolio. A standard loan trial balance should be generated on at least a monthly basis and should include the following information: loan origination date, original loan balance, current balance, accrued interest due, last payment date, next payment due date, past due history, and possibly the collateral and the appraised value of the collateral. Such loan trial balance should be maintained in a manner such that the following reports be automatically generated on a regular basis (i.e. once a month):
 - a. Past due letters to borrowers
 - b. Insurance expiration letters to borrowers
 - c. Financial statement request letters to borrowers
 - d. Appraisal request letters to borrowers
 - e. Credit request letters to credit agencies.
(i.e. Dunn & Bradstreet Reports)
 - f. Monthly past due reports which are reviewed by related loan officers and management
8. Request that the trustees provide statements on outstanding bond issues that would contain end of period balances in addition to information on current period activity.

ARKANSAS BUDGET SYSTEM
 EMPLOYMENT SUMMARY
 AS REQUIRED BY ACT 358 OF 1993
 (A.C.A 19-4-307)

AGENCY TITLE 395 - ARK DEV FIN AUTHORITY

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	<u>14</u>	<u>27</u>	<u>41</u>	<u>73%</u>
BLACK EMPLOYEES	<u>5</u>	<u>9</u>	<u>14</u>	<u>25%</u>
EMPLOYEES OF OTHER RACIAL MINORITIES	<u>0</u>	<u>1</u>	<u>1</u>	<u>2%</u>
TOTAL EMPLOYED AS OF 08/08/98			<u>15</u>	<u>27%</u>
<u>DATE</u>			TOTAL MINORITIES	
			<u>56</u>	<u>100%</u>
			TOTAL EMPLOYEES	



 AGENCY DIRECTOR

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

AGENCY: Arkansas Development Finance Authority (395)

ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
ADFA (123)	\$42,586.84	Checking	1st Commercial Bank Little Rock, Arkansas	Arkansas Code 15-5-207(b) authorizes the Authority to issue bonds for the purpose of generating investment earnings or other income. The investment earnings or other income shall be used to finance activities or projects of the agency.
				STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES: Arkansas Code 15-5-207(b) authorizes the Authority to collect fees and charges in connection with its loans, bond guaranties, commitments, and servicing.
				REVENUE RECEIPTS CYCLE: Funds collected are deposited monthly.
				FUND BALANCE UTILIZATION: The use of the fund balance are 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.
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		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.
A35	Arkansas Home Equity Loan Program	\$1,232		\$16,462		\$16,462		\$16,462		\$16,462		\$16,462	
A57	ADFA - Cash Operations	16,837,960	54	23,525,347	53	24,219,113	62	24,319,204	62	23,619,320	53	23,695,493	53
B86	Farmer Mac Guaranteed Loan Program	53,341	1	63,094	1	60,307	1	61,527	1	60,307	1	61,527	1
B87	Agri. Loan Mediation & Development Prg.	212,545	3	239,740	3	252,849	3	258,463	3	252,849	3	258,463	3
TOTALS		\$17,105,078	58	\$23,844,643	57	\$24,548,731	66	\$24,655,656	66	\$23,948,938	57	\$24,031,945	57
Funding Sources			% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances													
General Revenues													
Special Revenues													
Federal Funds		13,436,374	78.6%	20,000,000	83.9%	20,105,000	81.9%	20,105,000	81.5%	20,000,000	83.5%	20,000,000	83.2%
Const. & Fiscal Agency Fund													
State Central Services Fund													
Non-Revenue Receipts													
Cash Funds		3,668,704	21.4%	3,844,643	16.1%	4,443,731	18.1%	4,550,656	18.5%	3,948,938	16.5%	4,031,945	16.8%
Other													
Total Funding		17,105,078	100.0%	23,844,643	100.0%	24,548,731	100.0%	24,655,656	100.0%	23,948,938	100.0%	24,031,945	100.0%
Excess Appro./ (Funding)													
TOTAL		\$17,105,078		\$23,844,643		\$24,548,731		\$24,655,656		\$23,948,938		\$24,031,945	
DEPARTMENT ARKANSAS DEVELOPMENT FINANCE AUTHORITY (395)				DIRECTOR Rush Deacon					DEPARTMENT APPROPRIATION SUMMARY BR 40				

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1999 - 2001**

The Arkansas Home Equity Loan Program was initiated by the Development Finance Authority in FY86. Under the Home Loan Program elderly persons with low to moderate income could sell their homes to the Authority and continue to live there. The Authority would pay a down payment to the owner and make monthly payments during the owners' lifetime. This appropriation provides for the operations of the Home Equity Loan Program. Funding for this program is derived from the Authority's housing revenue bond program. The Authority is requesting a Base Level Budget of \$16,462 each fiscal year. No additional appropriation has been requested for the 1999-2001 biennium.

The Executive Recommendation provides Agency Request and also recommends the consolidation of this appropriation with Appropriation A57. Utilization of appropriate accounting structures through the State's Accounting/Federal Grants Management System will ensure that budget data is available specific to each of the combined programs.

AGENCY	APPROPRIATION	CASH FUND	ANALYSIS OF BUDGET REQUEST	PAGE
Name: Arkansas Development Finance Authority Code: 395	Name: Arkansas Home Equity Loan Program – Cash Code: A35	Name: Ark. Dev. Finance Auth. Cash Code: 123	BR20	22

ARKANSAS BUDGET SYSTEM

01 02 03 04 05 06 07 08 09 10 11 12 13 14

CHARACTER TITLE	-----EXPENDITURES-----			-----99-00 FISCAL YEAR-----			-----00-01 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	97-98	98-99	98-99	CHANGE		TOTAL	CHANGE		TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPRO	BASE	LEVEL	REQUEST	BASE	LEVEL	REQUEST	99-00	00-01	99-00	00-01
OPERATING EXPENSES	0	8,000	8,000	8,000	0	8,000	8,000	0	8,000	8,000	8,000		
PROF FEES & SERVICES	0	1,040	1,040	1,040	0	1,040	1,040	0	1,040	1,040	1,040		
HOME EQUITY LOAN PROGRAM	1,232	7,422	8,288	7,422	0	7,422	7,422	0	7,422	7,422	7,422		
												Executive Recommendation approved the Agency Request and also recommends the consolidation of this appropriation with A57.	
TOTAL	1,232	16,462	17,328	16,462	0	16,462	16,462	0	16,462	16,462	16,462		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES			*****										
GENERAL REVENUES			*****										
SPECIAL REVENUES			*****										
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS	1,232	16,462	*****	16,462		16,462	16,462		16,462	16,462	16,462		
OTHER			*****										
TOTAL FUNDING	1,232	16,462	*****	16,462		16,462	16,462		16,462	16,462	16,462		
EXCESS APPRO/ (FUNDING)			*****										
TOTAL	1,232	16,462	*****	16,462		16,462	16,462		16,462	16,462	16,462		

DEPT 010 SEPARATE AGENCIES
 AGY 395 ARKANSAS DEVELOPMENT FINANCE AUTHORITY
 APPRO A35 ARKANSAS HOME EQUITY LOAN PROGRAM -- CASH
 FUND 123 ARK DEV FINANCE AUTH CASH-(395)

APPROPRIATION SUMMARY

BR 215

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1999 - 2001**

This appropriation reflects the operational costs of the Authority's Housing Assistance Program, the HUD Home Program, and other financial programs. Funding for this appropriation is derived primarily from federal funds. Other funding requirements are derived from cash funds from bond proceeds.

The Authority is requesting a Base Level budget of \$23,601,320 in FY00 and \$23,677,493 in FY01, which includes 53 positions. Budget changes reflect an increase of \$617,793 in FY00 and \$641,711 in FY01, including 9 additional positions.

Five (5) new positions are requested including a Management Project Analyst II (Grade 20), a Finance Program Coordinator (Grade 22), an Accounting Supervisor (Grade 20), a Fiscal Manager (Grade 24), and a Program Officer (Grade 99). These positions are needed to handle the Authority's anticipated increase of responsibilities with the HUD program initiatives and financing-related activities. These positions will also strengthen the agency's financial accountability and internal accounting controls.

Personnel requests include the restoration of four (4) positions which could not be budgeted in FY99 due to the personnel cap. These positions are a Financial Authority Specialist Supervisor (Grade 20), an Administrative Assistant II (Grade 17), an Executive Secretary (Grade 14), and a Secretary II (Grade 13). Included in this request are reclassifications of the Executive Secretary position to an Administrative Assistant II (Grade 17) and the Secretary II position to a Finance Authority Specialist (Grade 18).

The Authority's additional requests include:

- An increase in Operating Expenses to provide for increases in rental of office space and office equipment, meals and lodging, and telephone charges;
- An increase in Conference Fees & Travel to provide professional education to the agency's professionals and allow staff and board members to attend association meetings;
- An increase in Capital Outlay is requested to replace office machines and equipment and vehicles due to their age and mileage;
- An increase in Data Processing to purchase data processing software and equipment that will allow the agency to electronically receive volumes of data to their integrated accounting system; and an increase in the HUD Home Program is requested to allow the agency to contract out inspections, certain property title work and loan closings.

AGENCY	APPROPRIATION	CASH FUND	ANALYSIS OF	PAGE
Name: Arkansas Development Finance Authority Code: 395	Name: Cash Operations Code: A57	Name: Ark. Dev. Finance Auth. Cash Code: 123	BUDGET REQUEST BR20	24

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1999 - 2001**

The Executive Recommendation provides for Base Level which includes a cost of living increase of 2.8% each year along with accompanying employee matching costs. The Executive Recommendation further provides \$18,000 per year in Capital Outlay.

The Executive Recommendation recommends the consolidation of appropriations A35, B86, and B87 into this appropriation. Utilization of appropriated accounting structures through the State's Accounting/Federal Grants Management System will ensure that budget data is available specific to each of the combined programs.

AGENCY Name: Arkansas Development Finance Authority Code: 395	APPROPRIATION Name: Cash Operations Code: A57	CASH FUND Name: Ark. Dev. Finance Auth. Cash Code: 123	ANALYSIS OF BUDGET REQUEST BR20	PAGE 25
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ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	-----EXPENDITURES-----			98-99			-----99-00 FISCAL YEAR-----			-----00-01 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	97-98	98-99	98-99	CHANGE		TOTAL	CHANGE		TOTAL	EXECUTIVE		LEGISLATIVE				
	ACTUAL	BUDGETED	AUTHORIZED APPRO	BASE	LEVEL	REQUEST	BASE	LEVEL	REQUEST	99-00	00-01	99-00	00-01			
REGULAR SALARIES	2,037,388	2,194,004	2,224,151	2,302,333	257,672	2,560,005	2,366,792	264,887	2,631,679	2,302,333	2,366,792					
NUMBER OF POSITIONS	54	53	57	53	9	62	53	9	62	53	53					
PERSONAL SERV MATCHING	492,354	597,775	555,164	582,419	75,507	657,926	594,133	76,810	670,943	582,419	594,133					
OPERATING EXPENSES	581,854	485,388	540,388	485,388	47,579	532,967	485,388	59,254	544,642	485,388	485,388					
CONF FEES & TRAVEL	50,552	51,180	55,400	51,180	21,035	72,215	51,180	22,760	73,940	51,180	51,180					
PROF FEES & SERVICES	69,394	60,000	79,580	60,000	0	60,000	60,000	0	60,000	60,000	60,000					
CAPITAL OUTLAY	16,758	17,000	22,000	0	36,000	36,000	0	38,000	38,000	18,000	18,000					
HOUSING RENTAL ASSISTANCE	4,592,883	7,500,000	7,500,000	7,500,000	0	7,500,000	7,500,000	0	7,500,000	7,500,000	7,500,000					
DATA PROCESSING SERVICES	153,286	120,000	175,000	120,000	75,000	195,000	120,000	75,000	195,000	120,000	120,000					
HUD HOME PROGRAM	8,843,491	12,500,000	12,500,000	12,500,000	105,000	12,605,000	12,500,000	105,000	12,605,000	12,500,000	12,500,000					
CURRENT APPROPRIATION																
TOTAL	16,837,960	23,525,347	23,651,683	23,601,320	617,793	24,219,113	23,677,493	641,711	24,319,204	23,619,320	23,695,493					
PROPOSED FUNDING SOURCES			*****													
FUND BALANCES			*****													
GENERAL REVENUES			*****													
SPECIAL REVENUES			*****													
FEDERAL FUNDS	13,436,374	20,000,000	*****	20,000,000	105,000	20,105,000	20,000,000	105,000	20,105,000	20,000,000	20,000,000					
STATE CENTRAL SERVICES FUND			*****													
NON-REVENUE RECEIPTS			*****													
CASH FUNDS	3,401,586	3,525,347	*****	3,601,320	512,793	4,114,113	3,677,493	536,711	4,214,204	3,619,320	3,695,493					
OTHER			*****													
TOTAL FUNDING	16,837,960	23,525,347	*****	23,601,320	617,793	24,219,113	23,677,493	641,711	24,319,204	23,619,320	23,695,493					
EXCESS APPRO/ (FUNDING)			*****													
TOTAL	16,837,960	23,525,347	*****	23,601,320	617,793	24,219,113	23,677,493	641,711	24,319,204	23,619,320	23,695,493					

Executive Recommendation recommends the consolidation of appropriations A35, B86 & B87 with appropriation A57.

DEPT 010 SEPARATE AGENCIES
 AGY 395 ARKANSAS DEVELOPMENT FINANCE AUTHORITY
 APPRO A57 CASH OPERATIONS
 FUND 125 ARK DEV FINANCE AUTH CASH-(395)

APPROPRIATION SUMMARY

BR 215

The FY99 Budgeted amounts in Regular Salaries and/or Personal Services Matching may exceed the Authorized amounts due to the implementation of the pay plan during the 1997-99 biennium.

ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	-----EXPENDITURES-----			98-99 FISCAL YEAR-----			-----99-00 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	97-98	98-99	98-99	99-00 FISCAL YEAR-----			-----00-01 FISCAL YEAR-----			EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPRO	BASE	CHANGE LEVEL	TOTAL REQUEST	BASE	CHANGE LEVEL	TOTAL REQUEST	99-00	00-01	99-00	00-01
REGULAR SALARIES	2,207,442	2,390,434	2,440,597	2,508,252	257,672	2,765,924	2,578,476	264,807	2,843,363	2,508,252	2,578,476		
NUMBER OF POSITIONS	58	57	61	57	9	66	57	9	66	57	57		
PERSONAL SERV MATCHING	533,456	646,684	608,327	632,161	75,507	707,668	644,944	76,810	721,754	632,161	644,944		
OPERATING EXPENSES	625,188	538,418	596,346	538,418	47,579	585,997	538,418	59,254	597,672	538,418	538,418		
CONF FEES & TRAVEL	58,709	60,245	64,465	60,245	21,035	81,280	60,245	22,760	83,005	60,245	60,245		
PROF FEES & SERVICES	72,633	64,440	89,620	64,440	0	64,440	64,440	0	64,440	64,440	64,440		
CAPITAL OUTLAY	16,758	17,000	22,000	0	36,000	36,000	0	38,000	38,000	18,000	18,000		
HOUSING RENTAL ASSISTANCE	4,592,883	7,500,000	7,500,000	7,500,000	0	7,500,000	7,500,000	0	7,500,000	7,500,000	7,500,000		
DATA PROCESSING SERVICES	153,286	120,000	175,000	120,000	75,000	195,000	120,000	75,000	195,000	120,000	120,000		
HUD HOME PROGRAM	8,843,491	12,500,000	12,500,000	12,500,000	105,000	12,605,000	12,500,000	105,000	12,605,000	12,500,000	12,500,000		
HOME EQUITY LOAN PROGRAM	1,232	7,422	8,288	7,422	0	7,422	7,422	0	7,422	7,422	7,422		
COMBINED APPROPRIATION													
TOTAL	17,105,078	23,844,643	24,004,643	23,930,938	617,793	24,548,731	24,013,945	641,711	24,655,656	23,948,938	24,031,945		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES			*****										
GENERAL REVENUES			*****										
SPECIAL REVENUES			*****										
FEDERAL FUNDS	13,436,374	20,000,000	*****	20,000,000	105,000	20,105,000	20,000,000	105,000	20,105,000	20,000,000	20,000,000		
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS	3,668,704	3,844,643	*****	3,930,938	512,793	4,443,731	4,013,945	536,711	4,550,656	3,948,938	4,031,945		
OTHER			*****										
TOTAL FUNDING	17,105,078	23,844,643	*****	23,930,938	617,793	24,548,731	24,013,945	641,711	24,655,656	23,948,938	24,031,945		
EXCESS APPRO/ (FUNDING)			*****										
TOTAL	17,105,078	23,844,643	*****	23,930,938	617,793	24,548,731	24,013,945	641,711	24,655,656	23,948,938	24,031,945		

DEPT 010 SEPARATE AGENCIES
 AGY 395 ARKANSAS DEVELOPMENT FINANCE AUTHORITY
 APPRO A57 CASH OPERATIONS
 FUND 123 ARK DEV FINANCE AUTH CASH-(395)

APPROPRIATION SUMMARY

The FY99 Budgeted amounts in Regular Salaries and/or Personal Services Matching may exceed the Authorized amounts due to the implementation of the pay plan during the 1997-99 biennium.

BR 215

ARKANSAS BUDGET SYSTEM

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		1999 - 01 BIENNIUM REQUESTS				R E C O M M E N D A T I O N S							
					ACTUAL	BUDGETED	FY 1999 - 00		FY 2000 - 01		EXECUTIVE		LEGISLATIVE					
					97-98	98-99	REQUEST	REQUEST	1999-00	2000-01	1999-00	2000-01						
000		123	395 A57	B	16,837,960 54	23,525,347 53	23,601,320 53		23,677,493 53		23,601,320 53		23,677,493 53					
001		123	395 A57	C01			391,855 9		413,493 9									
<p>Additional requested positions are needed for the following reasons: (1) anticipated natural growth in the agency's programs, (2) continued trend of shifting affordable housing responsibilities from the federal level (HUD) to the state level and (3) additional accounting, compliance and audit personnel to strengthen the agency's accountability and control. The increase in rent relates to additional office space that was occupied in our existing building beginning in 1997 as a result of additional personnel. No additional space should be required during the '99-01 biennium. Additional out-of-state business meetings with underwriters, rating agencies and others are responsible for the budgeted increases in meals and lodging and common carrier. During the last two years, the agency has "upgraded" its professional staff and currently has 5 CPA's and 2 licensed attorneys. Much of the increase in seminars, conferences and conventions relates to professional education of the agency's professionals in areas that relate to their agency responsibilities. Also, the agency is more engaged in certain national agency associations in which staff and board members are expected to attend the associations' conferences.</p>																		
002		123	395 A57	C10			9,938 0		10,218 0									
<p>Positions requested to be reclassified will better fit the needs of the agency for existing and new programs that ADFA will be involved in.</p>																		

DEPT 010 SEPARATE AGENCIES
 AGY 395 ARKANSAS DEVELOPMENT FINANCE AUTHORITY
 APPRO A57 CASH OPERATIONS
 FUND 123 ARK DEV FINANCE AUTH CASH-(395)

RANK BY APPROPRIATION
 BR 264

AR K A N S A S B U D G E T S Y S T E M
P R O G R A M / S E R V I C E I N F O R M A T I O N L I S T
R A N K B Y A P P R O P R I A T I O N

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		1999 - 01 BIENNIUM REQUESTS				R E C O M M E N D A T I O N S							
					ACTUAL 97-98	BUDGETED 98-99	FY 1999 - 00		FY 2000 - 01		EXECUTIVE		LEGISLATIVE					
							REQUEST	REQUEST						1999-00	2000-01	1999-00	2000-01	
003		123	395 A57	C08			75,000 0	75,000 0										
<p>The data processing cost increases that are budgeted in this category relate to the agency's plan to interface with our outside trustees, enabling us to receive a huge volume of data to our integrated accounting systems electronically instead of on paper. This will enable the agency to handle a significant amount of additional volume without the need for additional data entry personnel.</p>																		
004		123	395 A57	C03			105,000 0	105,000 0										
<p>The number of projects under construction throughout the state in the HOME Program has grown tremendously. The agency has the responsibility of regularly inspecting each of the sites, which is currently being done by only one in-house inspector. We expect to contract out these responsibilities to persons throughout the state which should save the agency money and increase the effectiveness of the inspections. Also in the HOME Program, the agency will contract out certain property title work and loan closings that we expect to also increase efficiencies and hold down overall costs.</p>																		
005		123	395 A57	C02			36,000 0	36,000 0						18,000	18,000			
<p>The agency has four agency-owned vehicles that are used on a pooled basis by all agency employees. The agency expects to replace one vehicle each year due to the age and mileage of the vehicles. The agency will need to replace office equipment and machinery.</p>																		

DEPT 010 SEPARATE AGENCIES
 AGY 395 ARKANSAS DEVELOPMENT FINANCE AUTHORITY
 APPRO A57 CASH OPERATIONS
 FUND 123 ARK DEV FINANCE AUTH CASH-(395)

RANK BY APPROPRIATION
 BR 264

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1999 – 2001**

This appropriation provides for the operations of the Federal Agricultural Mortgage Corporation (the "Farmer MAC") Guaranteed Loan Program. This program was established by the Agricultural Credit Act of 1987 and provides for Farmer MAC's guarantee of 90% of qualified loans for agricultural real estate and rural housing. Funding for this appropriation is derived from net revenues generated by the agency.

The Authority is requesting a Base Level Budget of \$60,307 in FY00 and \$61,527 in FY01, which includes 1 position.

The Executive Recommendation provides Agency Request and also recommends the consolidation of this appropriation with Appropriation A57. Utilization of appropriated accounting structures through the State's Accounting/Federal Grants Management System will ensure that budget data is available specific to each of the combined programs.

AGENCY	APPROPRIATION	CASH FUND	ANALYSIS OF BUDGET REQUEST	PAGE
Name: Arkansas Development Finance Authority Code: 395	Name: Farmer Mac Guaranteed Loan Program – Cash Code: B86	Name: Ark. Dev. Finance Auth Cash Code: 123	BR20	30

ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	-----EXPENDITURES-----			-----99-00 FISCAL YEAR-----			-----00-01 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	97-98	98-99	98-99	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED							99-00	00-01	99-00	00-01
REGULAR SALARIES	34,112	35,204	50,086	36,918	0	36,918	37,952	0	37,952	36,918	37,952		
NUMBER OF POSITIONS	1	1	1	1	0	1	1	0	1	1	1		
PERSONAL SERV MATCHING	8,245	14,385	16,310	9,884	0	9,884	10,070	0	10,070	9,884	10,070		
OPERATING EXPENSES	8,303	10,500	10,500	10,500	0	10,500	10,500	0	10,500	10,500	10,500		
CONF FEES & TRAVEL	2,681	3,005	3,005	3,005	0	3,005	3,005	0	3,005	3,005	3,005		
PROF FEES & SERVICES	0	0	2,600	0	0	0	0	0	0	0	0		
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0	0	0		
TOTAL	53,341	63,094	90,501	60,307	0	60,307	61,527	0	61,527	60,307	61,527		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES			*****										
GENERAL REVENUES			*****										
SPECIAL REVENUES			*****										
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS	53,341	63,094	*****	60,307		60,307	61,527		61,527	60,307	61,527		
OTHER			*****										
TOTAL FUNDING	53,341	63,094	*****	60,307		60,307	61,527		61,527	60,307	61,527		
EXCESS APPRO/ (FUNDING)			*****										
TOTAL	53,341	63,094	*****	60,307		60,307	61,527		61,527	60,307	61,527		

Executive Recommendation approved the Agency Request and also recommends the consolidation of this appropriation with A57.

DEPT 010 SEPARATE AGENCIES
 AGY 395 ARKANSAS DEVELOPMENT FINANCE AUTHORITY
 APPRO B86 FARMER MAC GUARANTEED LOAN PROGRAM -- CASH
 FUND 123 ARK DEV FINANCE AUTH CASH-(395)

APPROPRIATION SUMMARY
 BR 215

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1999 - 2001**

This appropriation is used to support the Agricultural Loan Mediation and Development Program. This program provides mediation and debt management services to Arkansas farmers and their creditors. Funding for this appropriation is derived from the Authority's proceeds from bond issues.

The Authority is requesting a Base Level budget of \$252,849 in FY00 and \$258,463 in FY01, which includes 3 positions.

The Executive Recommendation provides Agency Request and also recommends the consolidation of this appropriation with Appropriation A57. Utilization of appropriated accounting structures through the State's Accounting/Federal Grants Management System will ensure that budget data is available specific to each of the combined programs.

AGENCY Name: Arkansas Development Finance Authority Code: 395	APPROPRIATION Name: Agriculture Loan Mediation & Development Program – Cash Code: B87	CASH FUND Name: Ark. Dev. Finance Auth. Cash Code: 123	ANALYSIS OF BUDGET REQUEST BR20	PAGE 32
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ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	-----EXPENDITURES-----		98-99	-----99-00 FISCAL YEAR-----			-----00-01 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	97-98	98-99	AUTHORIZED	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	APPRO							99-00	00-01	99-00	00-01
REGULAR SALARIES	135,942	161,226	158,360	169,001	0	169,001	173,732	0	173,732	169,001	173,732		
NUMBER OF POSITIONS	3	3	3	3	0	3	3	0	3	3	3		
PERSONAL SERV MATCHING	32,857	34,524	36,853	39,858	0	39,858	40,741	0	40,741	39,858	40,741		
OPERATING EXPENSES	35,031	34,530	37,458	34,530	0	34,530	34,530	0	34,530	34,530	34,530		
CONF FEES & TRAVEL	5,476	6,060	6,060	6,060	0	6,060	6,060	0	6,060	6,060	6,060		
PROF FEES & SERVICES	3,239	3,400	6,400	3,400	0	3,400	3,400	0	3,400	3,400	3,400		
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0	0	0		
TOTAL	212,545	239,740	245,131	252,849	0	252,849	258,463	0	258,463	252,849	258,463		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES			*****										
GENERAL REVENUES			*****										
SPECIAL REVENUES			*****										
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS	212,545	239,740	*****	252,849		252,849	258,463		258,463	252,849	258,463		
OTHER			*****										
TOTAL FUNDING	212,545	239,740	*****	252,849		252,849	258,463		258,463	252,849	258,463		
EXCESS APPRO/ (FUNDING)			*****										
TOTAL	212,545	239,740	*****	252,849		252,849	258,463		258,463	252,849	258,463		

Executive Recommendation approved the Agency Request and also recommends the consolidation of this appropriation with A57.

DEPT 010 SEPARATE AGENCIES
 AGY 395 ARKANSAS DEVELOPMENT FINANCE AUTHORITY
 APPRO B87 AGRICULTURAL LOAN MEDIATION AND DEVELOPMENT PROGRAM -- CASH
 FUND 123 ARK DEV FINANCE AUTH CASH-(395)

APPROPRIATION SUMMARY

BR 215

The FY99 Budgeted amounts in Regular Salaries and/or Personal Services Matching may exceed the Authorized amounts due to the implementation of the pay plan during the 1997-99 biennium.