



Instructions for Preparation of the
ANNUAL OPERATIONS PLAN
For Small Agencies, Boards, and Commissions
Fiscal Year 2019

Asa Hutchinson

Governor, State of Arkansas

Duncan Baird

Administrator, Office of Budget

Department of Finance and Administration

1509 West 7th Street, Room 402

Little Rock, Arkansas 72201

501-682-1941

dfa.arkansas.gov/budget

TABLE OF CONTENTS

Overview of Annual Operations Plans	4
Important Dates.....	5
Agency Annual Operation Plan Components.....	5
General Instructions.....	6
Administration of Annual Operations Plans	7
Preparation of Quarterly Allotments	7
Administration of the Pay Plan and Performance Pay.....	7
Information Technology Plans	8
Notes on Various Fund Sources	8
Disclosure of Conflicts.....	9
Laws RequirIng Special Attention	9
Salary Budgets.....	11
Performance Pay.....	11
Contributions for Employee Health Insurance	12
Positions Budgeted for Less than 12 Months	12
Career Services Recognition Payments.....	12
Stipend Payments	13
Requests for Additional salary and/ or Personal Services Appropriation.....	13
Detail Plan Instructions	16
Preparation of the Detail Plan	16
Salary Projection Report	16
Detail Budgets.....	17
Cash Fund Services Charge Compliance	17
Instructions for Completing the Annual Quarterly Worksheet	18

Instructions for Completing the Annual Funds Center Worksheet	20
Certification of Income	22
Budget Classification Transfer Requests.....	24
Carry Forward of Any Remaining Fund Balances from Fiscal Year 2018 to Fiscal Year 2019	27
Fiscal Monitoring Procedures	29
State Agency Publication Listing	31
Appendix	33
Definitions.....	33

OVERVIEW OF ANNUAL OPERATIONS PLANS

The annual planning process is an important part of Arkansas's financial management framework, which ensures state government maintains discipline throughout a fiscal year and a strong financial position over many years.

Through the formation of an Annual Operations Plan, agencies establish a framework for balancing their resources and expenditures throughout the year. This lays the groundwork for successful agency operations and ensures adherence to general accounting and budgetary procedures.

In order to implement provisions of the General Accounting and Budgetary Procedures Act (ACA §19-4-101 et seq.) the following procedures must be followed:

All agencies must submit an Annual Operations Plan (A.C.A. §19-4-607) by **May 7, 2018**, supported by the required forms:

- Director approval letter,
- Annual Funds Center Totals by Cost Center report,
- Annual Funds Center Worksheet,
- Annual Quarterly Worksheet,
- Certification(s) of Income, and
- Salary Projection report

These forms should be submitted to the Office of Budget. The approved plan will be uploaded to the Arkansas Administrative Statewide Information System (AASIS).

The Office of Budget requires a letter signed by the Agency Director indicating knowledge and approval of the final Annual Operations Plan.

Please contact the Office of Budget for additional assistance in completing your Annual Operations Plans at 501-682-1941.

IMPORTANT DATES

Date	Item
March 16, 2018	Personnel information extracted from AASIS.
April 24, 2018	Annual Operations Plan Packets distributed to agencies.
May 4, 2018	PEER Items WITH POSITIONS AND IT REQUESTS submitted to the Office of Budget for presentation to the June PEER meeting of Legislative Council.
May 9, 2018	Requests for Performance Pay Fund Allocations Due.
May 11, 2018	ALL OTHER PEER Items submitted to the Office of Budget for presentation to the June PEER meeting of Legislative Council.
May 7, 2018	Final Annual Operations Plan due to the Office of Budget.
July 1, 2018	Start of FY2019.

AGENCY ANNUAL OPERATION PLAN COMPONENTS

Documents / Forms	Requires Signature	Notes
Director approval letter.	Yes	A letter signed by the Agency Director indicating knowledge and approval of the final AOP.
Annual Funds Center Totals by Cost Center		
Annual Funds Center Worksheet		
Annual Quarterly Worksheet		
Certification(s) of Income	Yes	Report completed and printed from PBAS.
Annual Salary Projection		
Annual Commitment Item Summary		
Career Service Projection		
Budget Classification Transfers	Yes	If applicable.
Carry Forward of Any Remaining Fund Balances from FY18 to FY19.	Yes	Report completed and printed from PBAS.
Fiscal Monitoring Procedures	Yes	Report completed and printed from PBAS.
Request for additional Salary and/or Personal Services Appropriation		If applicable. Report printed from PBAS.
State Agency Publications		Report completed and printed from PBAS.
Explanation Letter for positions budgeted less than 12 months.	Yes	If applicable. Letter from Agency Director or Fiscal Officer explaining why positions have been budgeted for less than 12 months.

GENERAL INSTRUCTIONS

All agencies will utilize the Planning Budgeting and Administrative System (PBAS) to prepare the Annual Operations Plan. PBAS is an automated system designed to enable agencies to develop a budget according to the General Accounting and Budgetary Procedures Law.

The salary projection process is a component of PBAS and is designed to allow agencies online flexibility for changing information relating to positions. Personal services matching is automatically calculated for corresponding salary data and posted to the correct cost element, cost center, funds center and fund.

Reporting is provided through the PBAS. Agencies can view reports online or may generate paper copies of reports as required. One copy of the required budget reports is routed to the Office of Budget, which with other required documents, signifies completion of the Annual Operations Plan.

The Office of Budget will review and approve final forms and forward the documents to the Office of Accounting for final processing. The AASIS Support Center has prepared tutorials for agencies to use to produce reports. Analysts in the Office of Budget are available to advise and assist as necessary.

Agencies that do not have system access to PBAS will coordinate budget development with their assigned budget analyst.

The final Annual Operations Plan will be uploaded to AASIS in a detailed plan for FY2019 and integrated into the AASIS data for implementation of the 2019 budget.

Suggestion: Prior to making changes in PBAS to positions and operating data, print out the Salary Projection, Career Service and Annual Funds Center Total by Cost Center/WBS Element reports. Mark-up these reports with any changes that need to be made and then enter the changes into PBAS. The Funds Center Worksheet report can be viewed online or printed to compare authorized vs plan at the commitment item level.

ADMINISTRATION OF ANNUAL OPERATIONS PLANS

If at any time during the fiscal year a change to the Annual Operations Plan results in an increase or decrease in the appropriation and/or funding allocated for an expenditure, a corresponding adjustment to the Annual Operations Plan must be made in the detailed plan in AASIS. Revised Certification(s) of Income forms must be submitted as changes occur to accurately document income and operating budget totals.

PREPARATION OF QUARTERLY ALLOTMENTS

The Office of Budget will advise each agency of its General Revenue funding level. The agency will determine the amount of any Special or Other Revenues to be received for the 2019 fiscal year and prepare quarterly budget allotments that correspond to availability of funding.

Quarterly Allotments must be based on the financial requirements for the agency's spending for the fiscal year and may not exceed available funding. **Budgeted amounts may not exceed anticipated revenues as indicated on the Certification(s) of Income form. Completion of Certification(s) of Income forms is required for all budgeted appropriations, including General Revenue funded appropriations.** Certification of Income forms must also include funding for "estimated" carry forward balances that may be authorized by law.

The Office of Budget **recommends reviewing your previous year's revenue report** when estimating future revenues, available at <http://www.ease.arkansas.gov>. Contact your budget analyst for assistance in accessing this report.

All Budgets for Cash and Federal Funds must be budgeted in the First Quarter.

ADMINISTRATION OF THE PAY PLAN AND PERFORMANCE PAY

Performance pay will be implemented for FY2019 pursuant to instructions from the DFA – Office of Personnel Management. The Regular Salaries and Personal Services Matching budget should be based on the Salary Projection report. Report totals should correspond to monthly amounts in PBAS.

BUDGETING POSITIONS

In January of 2015, Governor Hutchinson established a hiring freeze to reduce the number of filled positions in executive branch agencies. Beginning in FY18, the hiring freeze has been replaced by an agency-wide cap, maintained by the DFA-Office of Personnel Management, which establishes a maximum number of filled positions for each agency. For FY19, agencies can budget any position authorized by law but will continue to be limited in the number of those positions that can be filled. Agencies are urged to consider the Governor's specific policy objectives in this area when budgeting positions for the next year.

BUDGETING FOR PERFORMANCE PAY

Performance pay for FY19 will be based on the new performance evaluation system implemented on April 2, 2018. **The actual amount of performance pay has not been determined, but will be announced prior to the start of the fiscal year. For planning purposes, each agency should reserve a portion of their budget for performance pay. In preparing the budget system, the Office of Budget has allocated three percent (3%) of your total annual regular salary expense as a placeholder.** It is important to consider the potential impact of these salary changes to your agency budget.

PERFORMANCE PAY FUNDING

In order to make efficient use of every tax dollar, agencies are expected to absorb the cost of performance pay through the use of existing agency resources. For agencies funded by Special Revenues, Cash Funds, or other sources of funds, no additional funding is available. For General Revenue funded agencies, if a funding need remains after exhausting all other agency resources, the Agency Director should submit a request for an allocation from the Performance Pay fund (formerly the Merit Adjustment Fund). These requests should be submitted to the Office of Budget no later than Wednesday, May 9, 2018. Requests will be reviewed by the Office of Budget, and will be subject to approval from the Executive, prior to any allocation being made.

If agencies require additional appropriation to implement the pay plan and performance pay, or for other personnel related actions, the Request for Salary and/or Personal Services Matching form must be submitted.

INFORMATION TECHNOLOGY PLANS

Budgets for FY2019 should be developed in compliance with the agency's technology plan. DFA IGS State Technology Planning will continue to assist agencies during the 2019 Annual Operations Plan process. For assistance please call 682-1074.

NOTES ON VARIOUS FUND SOURCES

EDUCATIONAL EXCELLENCE AND WORKFORCE 2000

For those agencies funded from the Educational Excellence Trust Fund and the Workforce 2000 Development Fund, distribution of funds may change after initial budgets are established effective July 1, 2018 pursuant to A.C.A. §6-5-301. These agencies should spend funds cautiously until final funding levels are determined.

STATE CENTRAL SERVICES AND CONSTITUTIONAL OFFICERS FUNDS

A.C.A. §19-5-202 through A.C.A. §19-5-205 requires agencies funded from the State Central Services Fund and the Constitutional Officers Fund to estimate their expenditures and commitments for the upcoming fiscal year.

MISCELLANEOUS AGENCIES FUND

For those agencies funded from the Miscellaneous Agencies Fund, the budget analyst will provide the funding level for the 2019 Annual Operations Plan (AOP) as soon as possible after the issuance of the Official Forecast of General Revenue Available for Distribution to Agencies.

DISCLOSURE OF CONFLICTS

When preparing the FY2019 Annual Operations Plan, attention should be paid to the Governor's Executive Order 98-04 as well as A.C.A. §21-1-401 through A.C.A. §21-1-408 requiring state agencies to publicly disclose when they do business with statewide constitutional officers, legislators, state employees or their immediate family members. The DFA—Office of Internal Audit (682-0370) may be contacted for further information on the implementation of this Executive Order.

LAWS REQUIRING SPECIAL ATTENTION

- Act 365 of 2017 amended A.C.A. §21-5-211, the Uniform Classification and Compensation Act. This act changed the classification of all positions for state agencies, boards, and commissions as well as provided a compensation plan for the setting of salaries and salary increases. The act also amended the merit increase pay system as provided under A.C.A. §21-5-1001 et seq. for employees of all state agencies, boards, commissions.
- A.C.A. §19-5-206 requires a 1.5% charge against certain agencies from cash funds as defined under A.C.A. §19-4-801. (See page 19 for detailed instructions)
- A.C.A. §25-16-903 through A.C.A. §25-16-905, as amended, provides authorization and restrictions regarding stipends and expense reimbursements for members of boards and commissions. In accordance with the United States Internal Revenue Code (IRC), 2001-Code-Vol, Sec 3401 and Treasury Regulations §31.3401(c)-1(a) and §1.1402(c)-2(b), persons receiving stipends shall be considered as a state employee for issuance of W-2 forms. Board members are authorized to receive stipend payments per day for each meeting, examination, evaluation or inspection attended or for any day while performing any proper business of the board. The board must vote during its first regularly scheduled meeting of each calendar year to authorize payment to its members.

- A.C.A. §21-12-502 requires notification by agencies to the Legislative Council and to the DFA—Office of Personnel Management of plans to implement layoffs of state employees due to privatization of programs.
- A.C.A. §21-4-501 allows for the payment of accrued sick leave for retiring employees. While it is difficult to budget for this unknown event, agencies are cautioned about the fiscal impact of this legislation.
- A.C.A. §19-4-2201 requires Legislative Council or Joint Budget Committee review of certain discretionary grants awarded by state agencies.
- A.C.A. §24-2-701(C)(3) allows the Board of Trustees of the Arkansas Public Employees Retirement System to establish employer contributions each year. **The state employee retirement rate has been set at 15.32% for FY2019.**
- A.C.A. § 24-4-402(b) and (c), requires employers in the Arkansas Public Employees' Retirement System to make contributions for **both active and retired members** who have returned to work.
- A.C.A. §19-6-701(b) allows federal reimbursements of expenses paid in advance by a state agency on behalf of the federal government as a refund to expenditure to allow for the restoration of appropriation.
- A.C.A. §19-4-904(b) allows for personal reimbursement to state employees for payment of tips when traveling on state business. Tip reimbursement shall not exceed 15% of the meal amount expended. The total reimbursement for meals and tips shall not exceed the maximum rates prescribed by the Arkansas Financial Management Guide.

SALARY BUDGETS

The Annual Salary Projection report is provided by the Office of Budget to assist agencies in budgeting salary dollars for FY2019. The final version of this report must be returned to the Office of Budget with the Annual Operations Plan.

The Annual Salary Projection report is in accordance with the pay plan implementation policy of the Chief Fiscal Officer of the State (A.C.A. §21-5-202 et. seq.). The following conditions are reflected in the report:

- This report is based on payroll information as of **March 16, 2018** for positions authorized for FY2019. The report reflects the pay schedules contained in Act 365 of 2017. Positions are loaded to cost centers used in biennial PBAS.
- Salaries for positions do not reflect a cost of living adjustment (COLA) for FY2019.
- The salary for vacant classified positions is calculated at the Minimum amounts as authorized in the pay plan schedules in Act 365 of 2017. Vacant unclassified positions reflect the maximum amount in the agency's 2019 appropriation act.
- In accordance with Act 365 of 2017, an employee's salary cannot exceed the Maximum pay levels as authorized in the pay plan schedules provided in the Act. An employee in a position who is being paid at a rate in excess of the maximum for their assigned grade may continue to receive their current rate of pay.
- Used Class Code reflects the classification that the employee is currently being paid. Authorized Class Code and Pay Grade is the Class/Grade cited in the agency's 2019 appropriation act or in Act 365 of 2017.
- Maximum Hourly Rate is the employee's hourly rate of pay as of **March 16, 2018**. New Hourly Rate is the hourly rate of pay the employee will be eligible for on July 1, 2018.
- An asterisk (*) by the employee name indicates the person occupying that position is in the Deferred Retirement Option Plan (DROP) or a rehired retiree. **In accordance with A.C.A. § 24-4-402(b) and (c), retirement matching amounts WILL be calculated on these employee's salaries.**
- Extra Help positions are not included in the Annual Salary Projection report. However, these positions can be viewed in PBAS on the Position Planning Screen. Agencies should check the Extra Help box to retrieve these positions. Agencies that do not have system access to PBAS can contact the budget analyst assigned to the agency to provide a listing of the positions.

PERFORMANCE PAY

Act 365 of 2017 amended the merit increase pay system as provided under A.C.A. §21-5-1001 et seq. for employees of all state agencies, boards, and commissions. Upon completion of the employee's annual evaluation and certification by the Chief Fiscal Officer of the State that sufficient general revenue funds

are available to implement the performance pay system, eligible employees can receive a salary increase up to an amount set by the Chief Fiscal Officer of the State.

Performance pay for FY19 will be based on the new performance evaluation system implemented on April 2, 2018. For planning purposes, each agency will have a budget amount loaded for their performance evaluations that will be three percent (3%) of their total salaries as of the first week in April. **The amount will be loaded into the new cost element (5010001999) tied to Commitment Item 501:00:00 (Regular Salaries). Corresponding matching amounts have been calculated for performance pay.**

CONTRIBUTIONS FOR EMPLOYEE HEALTH INSURANCE

A.C.A. §21-5-414 requires a monthly contribution to the State Employees Insurance program based on the number of positions budgeted within a funds center. The Personal Services Matching commitment item has been automated to calculate insurance amounts. Agencies are cautioned against changing this automated calculation as it could result in insufficient appropriation/funding to pay insurance invoices while remaining responsible for this obligation. The agency contribution for FY2019 will be **\$420** per month for each budgeted position.

POSITIONS BUDGETED FOR LESS THAN 12 MONTHS

The Office of Budget requires a letter of explanation signed by the Agency Director or Fiscal Officer for any positions budgeted for less than 12 months.

CAREER SERVICES RECOGNITION PAYMENTS

State Employees with more than ten (10) years of service in State Government are eligible for a career service recognition payment as authorized in A.C.A. §21-5-106, up to a maximum of \$900.00 for twenty-five (25) or more years of service. Employees who work part-time in regular salary positions may receive annual career service recognition payments on a pro-rata basis. For FY2019, appropriation for anticipated career service recognition payments is included in the Regular Salaries line item of agencies appropriation acts.

The cost of career service recognition payments has not been included in the Annual Salary Projection report. However, the Office of Budget has produced a separate Career Service report. This report is in accordance with the career service implementation policy of the Chief Fiscal Officer of the State (A.C.A. §21-5-106). This report will be produced before salaries are distributed and will reflect the career service payment amount in the month it is due. When Regular Salaries are distributed, the Career Service amounts are also distributed. **The career service amount has been loaded in Commitment Item**

501:00:00 (Regular Salaries) and cost element 5010001010. Corresponding matching amounts have been calculated for career service payments.

STIPEND PAYMENTS

Stipend payments for members of boards and commissions in A.C.A. §25-16-903 through A.C.A. §25-16-905, as amended, should continue to be paid from Commitment Item 501:00:00 (Regular Salaries). This allows the State to produce W-2 forms for persons receiving a stipend payment. Special language in Sections 65 & 66 of Act 250 of 2018 provides the Chief Fiscal Officer of the State the authority to create positions as well as salary and personal services matching appropriation as may be necessary for state agencies to comply with the United States Internal Revenue Code. Positions created by this language are not eligible for state retirement or state health insurance. The Office of Personnel Management will continue to provide agencies with necessary guidance and procedures.

NOTE: When preparing the Annual Operations Plan, stipend payments are reflected in Commitment Item 501:00:00 (Regular Salaries) and cost element 5010001900. Corresponding matching amounts (FICA matching) will be calculated for the stipend payments. Initial stipend payment amounts have been copied from the Fiscal PBAS budget system to the FY19 Annual Operations Plan. Agencies should review the information and make any necessary adjustments. Agencies that do not have system access to PBAS will need to coordinate entry of any changes with the budget analyst assigned to assist the agency.

REQUESTS FOR ADDITIONAL SALARY AND/ OR PERSONAL SERVICES APPROPRIATION

Section 2 of Act 250 of 2018 provides supplemental appropriation to address unforeseen appropriation needs of state agencies in administering the personnel actions of the 91st General Assembly. Agencies will use the Request for Salary and/or Personal Services Matching Appropriation report to request additional appropriation for Regular Salaries, Career Service Recognition Payments, Extra Help, Overtime and Personal Services Matching line items for these and other applicable items.

This section also provides supplemental appropriation for state agencies for stipend payments as provided in A.C.A. §25-16-903 through A.C.A. §25-16-905, as amended. Agencies may request additional appropriation for stipend payments for Regular Salaries and Personal Services Matching line items as evidenced by their Annual Operations Plan.

NOTE: Generally, the additional appropriation authorized by the above provisions will not be transferred to “current” allotment until the 4th Quarter and then only after appropriation resulting from salary and match savings has been evaluated to determine actual need.

The initial Request for Salary and/or Personal Services Matching form has been automated in PBAS. Since budget validation can only be done by the Office of Budget, agencies will need to coordinate with their budget analyst to complete this form. If applicable, agencies must print the form from PBAS and

submit with the Annual Operations Plan. A footnote should be added in PBAS to justify the anticipated need for the additional salary and/or personal services appropriation.

The following page is an example of the Request for Salary and/or Personal Services Matching Appropriation report produced from PBAS.

**REQUEST FOR SALARY and/or
PERSONAL SERVICES MATCHING APPROPRIATION
Fiscal Year 2019**

Agency 0510 - SCHOOL FOR THE BLIND

<u>Fund</u>	<u>Funds Center</u>	<u>Commitment Item</u>	<u>Additional Appropriation</u>
FEC0600	077	5010000	300
FEC1000	077	5010000	5,300
FEC1000	077	5010003	750
FEC0600	077	5010003	23

Additional appropriation is needed in regular salaries and personal services matching due to current employee salary adjustments that occurred during fiscal year 2017.

Total 6,373

Agency No. 0510

DETAIL PLAN INSTRUCTIONS

All agencies, (except the Arkansas Department of Transportation, Game and Fish Commission, Constitutional Offices with appropriations included in the General Appropriation Bill, and Institutions of Higher Education), must prepare and submit detail plans (budgets) as a part of their Annual Operations Plan. Minimum requirements are that detail plans must be prepared for all treasury and cash appropriations by commitment item, except construction, at the cost center level. (Amounts are reflected in whole dollars.)

Detail Plans must be submitted to the Office of Budget by May 7, 2018

The Office of Budget will assist agencies in preparation of detail plans as necessary. Except for the agencies mentioned above, all agencies will be using the Planning Budgeting and Administrative System (PBAS). Agencies that do not have system access to PBAS will coordinate entry of their plan data with the budget analyst assigned to the agency.

Prior to submitting final documents, agencies are encouraged to review the FY2019 Annual Operations Plan Checklist on pages 5 of this document. Submission of the Annual Operations Plan after **May 7, 2018** will jeopardize a timely submission of the agency's Biennial budget as well as the transfer of this data from PBAS to AASIS.

PREPARATION OF THE DETAIL PLAN

Initially, the non-personnel Detail Plan that has been loaded into PBAS represents the agency's 2018-2019 budget for non-personnel items. Amounts have been extracted from the Fiscal PBAS budget system for cost centers, funds, funds centers, commitment items, and cost elements. Personnel and position data was extracted from AASIS as of **March 16, 2018** and used to project salary costs.

SALARY PROJECTION REPORT

- Total number of budgeted positions is reflected in insurance amounts.
- Budgeted amounts (cost element 5010001000) correspond to totals on the Salary Projection report.
- Career Service Recognition Payments are budgeted separately (cost element 5010001010).
- Total salary budget is within funding guidelines.

DETAIL BUDGETS

- Fiscal year totals for agencies should not exceed amounts authorized in agency acts unless accompanied by a Budget Classification Transfer request, a Miscellaneous Federal Grant request, Cash Increase Request or a Request for Additional Salary and/or Personal Services Matching Appropriation.
- Appropriations funded from General Revenues/Miscellaneous Agencies Fund should be distributed on a quarterly basis and should not exceed anticipated funding distribution and Certification(s) of Income.
- The 1.5% Service Charge for cash funds as required by A.C.A. §19-5-206 is budgeted.

CASH FUND SERVICES CHARGE COMPLIANCE

A.C.A. §19-5-206 requires a 1.5% charge against certain agencies receiving cash funds as defined by A.C.A. §19-4-801(1). Those agencies defined in A.C.A. §19-5-206 that are authorized a cash appropriation for the operation of their agency or subsequently receive cash funds from any source, and the funds are held outside the State Treasury should continue to pay the 1.5% service charge. Cash funds temporarily deposited in the State Treasury for payroll purposes (“P” funds) will also continue to pay the service charge. Cash funds deposited in the State Treasury as cash in treasury funds (“N” funds) will not be required to pay the 1.5%.

INSTRUCTIONS FOR COMPLETING THE ANNUAL QUARTERLY WORKSHEET

All agencies (Excluding Department of Transportation, Game and Fish Commission, Constitutional Offices, Institutions of Higher Education, Retirement Systems, and Cash Funded Boards and Commissions) **MUST USE THE ALLOTMENT PROCESS.**

The Annual Quarterly Worksheet will be produced by PBAS, and all totals from the system will post by quarter to the Funds Center/Fund/Commitment Item in which a budget was entered. If required, adjustments will be made through the Agency Validation process by the Office of Budget.

(For Example: If an agency requests a Budget Classification Transfer from Operating Expenses to Capital Outlay, the detail budget would reflect the budget as if the transfer was approved. These amounts post upward to the Annual Quarterly Worksheet. This transfer causes the budget to exceed the authorized appropriation for Capital Outlay. Through the Agency Validation process, the amount for Capital Outlay would be reduced to the authorized amount.

The following page is an example of the Annual Quarterly Worksheet report produced from PBAS.

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM

Annual Quarterly Worksheet

Fiscal Year 2019
 Business Area Title SCHOOL FOR THE BLIND
 Business Area Code 0510
 Funds Center Title Blind School-Federal Operations
 Funds Center Code 077
 Commitment Item title Regular Salaries
 Commitment Item Code 5010000
 Version 1A

Fund Center		Commitment Item		Total	Authorized	Blocked
077	Blind School-Federal Operations	5010000	Regular Salaries	495,204.00	653,175.00	157,971.00

Fund	Fund Title	1st Qtr Allotment	2nd Qtr Allotment	3rd Qtr Allotment	4th Qtr Allotment	Total Allotment
FEC0200	Blnd Sch-Area Srv-PS	355,135.00	0.00	0.00	0.00	355,135.00
FEC0400	Blind Sch-Chapter II	0.00	0.00	0.00	0.00	0.00
FEC0600	Bld Sch-6B Pass-Through	43,051.00	0.00	0.00	0.00	43,051.00
FEC1000	Fed Deaf/Blind Operating	97,018.00	0.00	0.00	0.00	97,018.00
Grand Total		495,204.00	0.00	0.00	0.00	495,204.00

INSTRUCTIONS FOR COMPLETING THE ANNUAL FUNDS CENTER WORKSHEET

The Annual Funds Center Worksheet is a summary of authorized appropriation amounts, blocked amounts and budget by Commitment Item for each funds center authorized for an agency. If an agency allocates its appropriation, the quarterly totals will equal those amounts entered on the Annual Quarterly Worksheet through an automatic posting to the Annual Funds Center Worksheet. **EVEN THOUGH THIS PROCESS IS AUTOMATED, AGENCIES ARE ENCOURAGED TO CHECK ALL AMOUNTS FOR ACCURACY.**

QUARTERLY ALLOTMENT - The sum of the quarterly allotments by Commitment Item, plus the blocked amount, will equal the total Commitment Item amount authorized. **All cash and federal appropriations will be budgeted in the first quarter.**

BLOCKED – This amount will automatically calculate by Commitment Item the amount of appropriation not budgeted for FY19.

The following page is an example of the Annual Funds Center Worksheet report produced from PBAS.

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM

Funds Center Worksheet

Fiscal Year 2019
 Business Area Title SCHOOL FOR THE BLIND
 Business Area 0510
 Funds Center Title Blind School-Federal Operations
 Funds Center Code 077
 Fund Title Blind Sch Fed,Blnd Sch-Area Srv-PS,Carl Perkins,Blind Sch-Chapter II,Bld Sch-6B Pass-Through,Fed Deaf/Blind Operating
 Fund FEC0000,FEC0200,FEC0300,FEC0400,FEC0600,FEC1000
 Version 1A

Authorization	Commitment Item	Authorized	Blocked	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Act 139 OF 17	Regular Salaries 5010000	653,175.00	157,971.00	495,204.00	0.00	0.00	0.00	495,204.00
	Extra Help 5010001	15,000.00	15,000.00	0.00	0.00	0.00	0.00	0.00
	Personal Serv Match 5010003	183,939.00	3.00	183,936.00	0.00	0.00	0.00	183,936.00
	Operating Expenses 5020002	161,050.00	0.00	161,050.00	0.00	0.00	0.00	161,050.00
	Travel-Conferences 5050009	53,382.00	0.00	53,382.00	0.00	0.00	0.00	53,382.00
	Prof. Fees & Serv. 5060010	116,432.00	0.00	116,432.00	0.00	0.00	0.00	116,432.00
	Capital Outlay 5120011	100,000.00	0.00	100,000.00	0.00	0.00	0.00	100,000.00
Total		1,282,978.00	172,974.00	1,110,004.00	0.00	0.00	0.00	1,110,004.00

CERTIFICATION OF INCOME

The Office of Budget maintains a record of certified funding sources for agency appropriations. Agencies must submit a Certification of Income report (example attached) for appropriations funded from all sources **including General Revenue**. This certification is the linchpin for preparation of the Annual Operations Plan. Appropriation can **only** be budgeted if there is sufficient revenue anticipated to fund expenditures. The Certification of Income form includes language that indicates the significance of the information provided by the Agency. **The Operating Budget Total box on the form reflects the actual operating budget for each corresponding funds center so that funding equals or exceeds the AOP budgeted amounts.** Any changes made to funding or available appropriation subsequent to the original Annual Operations Plan **requires** submission of a revised Certification of Income form to insure deficit spending does not occur. **Appropriations must remain blocked to the extent they exceed certified income and/or available revenue.**

The initial Certification of Income form has been automated in PBAS. Agencies that do not have system access to PBAS will coordinate entry of estimated amounts of income with the budget analyst assigned to assist the agency. Agencies must print the report from PBAS, sign and submit with Annual Operations Plan. The Office of Budget **strongly recommends** reviewing your previous year's revenue report when estimating future revenues, available at <http://www.ease.arkansas.gov>. Contact your budget analyst for assistance in accessing this report.

When certifying funding, be sure to enter revenue in PBAS on the sub fund level. This is needed to ensure monthly revenue projection reports are accurate. Sub fund certifications with the same funding category and title will be combined automatically in the Certification of Income Report at the Funds Center level.

CARRY FORWARD AUTHORITY

Where law permits, estimated funding to be carried forward on June 30 to the new fiscal year and included in the Annual Operations Plan must be included in Certification(s) of Income. The actual carry forward amounts will be verified by the Office of Budget and appropriate budget adjustments will be processed during the first week of the new fiscal year. The Agency **must** submit revised Certification of Income forms to reflect the actual amount of carry forward funding as soon as possible after the beginning of the fiscal year.

FISCAL YEAR REVISIONS

Agencies may revise Certification(s) of Income at any time during the fiscal year to facilitate program commitments or increase/decrease revenue projections and resulting financial obligations of the agency. Revisions require corresponding adjustment to the organizational budget recorded in the Arkansas Administrative Statewide Information System (AASIS). **The Agency Director and Fiscal Officer are responsible for the amounts budgeted and certified and therefore, are required to sign all Certification of Income forms. Certification of Income forms for revisions during the fiscal year can be obtained from the Office of Budget website.**

CERTIFICATION OF INCOME 2019 Fiscal Year

BUSINESS AREA 0510 SCHOOL FOR THE BLIND
 FUNDS CENTER TITLE 077 Blind School-Fed Operations
 FUND TITLE FEC Blind School Federal

We have reviewed and certify that our agency expects to receive the anticipated revenues reflected herein to fund this appropriation. The agency will monitor these funds during the course of the year and if at any time it appears that these funds will not be received or additional funds become available, we will file an amended form and make appropriate budgetary adjustments.

In the following section please detail by funding source the revenue components your agency expects to receive. If there are multiple sources for any category, please attach a worksheet that details each separate revenue source.

Funding Sources	Description	Estimated Amount
Fund Balance		
Special Revenues		
Federal Revenues	Carl Perkins; Pass-Through Federal Dollars	1,450,000
Revolving Funds		
Cash Funds		
General Revenue (*)		
Merit Adjustment (**)		
Other	Fees from School Activities	50,000
TOTAL FUNDING		1,500,000
ANNUAL OPERATIONS PLAN		1,110,004

§ 19-1-611. Civil penalty. If the public officer or employee is found by the court to have knowingly violated the fiscal responsibility and management laws, the court shall impose a civil penalty upon the public officer or employee of not less than one hundred dollars (\$100), nor more than one thousand dollars (\$1,000) for each violation, and may subject the public officer or employee to the payment of damages resulting as a direct consequence of any violation.

 AGENCY FISCAL OFFICER DATE

 AGENCY DIRECTOR DATE

(*) General Revenue Funding in accordance with the Official Revenue Forecast of Net Available General Revenue for Distribution.

(**) Merit Adjustment Funding will be available in 4th Quarter only if salary savings are insufficient to cover allocations.

Revised 03/25/2017

BUDGET CLASSIFICATION TRANSFER REQUESTS

The Maintenance and General Operation (M&O) line item is divided into five (5) classifications as discussed below. A.C.A. §19-4-522 allows transfers between certain M&O classifications. Agencies may request a modification in the various M&O classifications as long as the total authorized appropriation is not exceeded and the classifications are authorized in the appropriation act. **However, no transfer shall be made from Capital Outlay unless specific authority for such transfer is provided by law. No transfer shall be made between appropriations unless specific authority for such a transfer is provided by law.**

Agencies are required to submit transfer requests to the Legislative PEER Committee for review when **EACH** Maintenance and General Operation commitment item is affected by the 5% or \$2,500 transfer limit within a fiscal year. The Office of Budget will assist agencies in determining if a Budget Classification Transfer must be reviewed by the PEER Committee. **A THOUGHTFUL AND CAREFUL REVIEW OF THE AGENCY'S NEEDS DURING DEVELOPMENT OF THE ANNUAL OPERATIONS PLAN SHOULD MINIMIZE THE NEED FOR SUBMITTING TRANSFER REQUESTS DURING THE 2019 FISCAL YEAR.** However, if a transfer is needed anytime after July 1, 2018, contact the Office of Budget at 501-682-1941 to determine the monthly deadline for submitting requests for PEER Committee consideration.

MAINTENANCE AND OPERATIONS COMMITMENT ITEM CLASSIFICATIONS:

- **OPERATING EXPENSES:** (Commitment Item 502:00:02) Includes postage, telephone, printing, motor vehicle expenses, repairs, maintenance contracts, utilities, insurance, supplies, equipment not capitalized, travel, subsistence, meals, lodging, transportation of State employees, officials, and non-state employees traveling on official business.
 - All reimbursable costs associated with meetings and travel for board members or commissioners of State Boards and Commissions should be budgeted from this classification.
 - Professional Services Contracts as defined in A.C.A. §19-11-203(27) and that are for technical and general services should be paid from this classification. These services are provided by individuals where performance is evaluated based upon the quality of the work and results produced. Special skills or extensive training is not required. Examples include janitorial service, guard service, transport service, actuary service, certain repair services, lawn care services, Nursing and Therapy services, court reporting services, interpreter services, computer & technology services or waste disposal services. Debt Service on equipment or measures required by a guaranteed energy cost savings contract should be paid from this classification.
 - Stipend payments authorized in A.C.A. §25-16-903 through A.C.A. §25-16-905, as amended, should be paid from cost element 50100019000 and Commitment Item 501:00:00.

- **CONFERENCE AND TRAVEL EXPENSES:** (Commitment Item 505:00:09) This classification is limited to the costs of an employee attending a conference, seminar or training program. All costs of State hosted or sponsored conferences, seminars and training programs are paid from the Conference and Travel Expenses classification.
- **PROFESSIONAL FEES:** (Commitment Item 506:00:10). All Professional Fees as defined in A.C.A. §19-11-1001(5) et seq., regardless of dollar amount, should be budgeted in and paid from the Professional Fees classification. Honorarium costs are included in this classification. **This contract includes services provided by members of a recognized profession and generally includes advice, counsel or direct assistance. The agency has no direct managerial control over the day-to-day activities of the contractor providing the service. Examples include attorneys, architects, accountants, engineers, physicians and technology experts.**
- **CAPITAL OUTLAY:** (Commitment Item 512:00:11). This classification includes purchase of land, buildings, equipment, furniture, fixtures, and contractual agreements that are capitalized. **The capitalization threshold for assets is \$5,000. All capital leases should be budgeted under Capital Outlay. If current leases are determined to be capital leases, the property should be capitalized and placed in inventory and tagged immediately.**
- **DATA PROCESSING:** (Commitment Item 509:00:12). The Data Processing classification is no longer available.

Agencies should contact the DFA - Office of Accounting, 682-1675, for questions relating to classification of expenditures.

If an agency determines a **Budget Classification Transfer (BCT)** is required for the completion of the FY2019 Annual Operations Plan, the computer generated Detail Budget should be completed as the agency intends to expend the funds. (The Detail Budget should reflect the effect of the BCT. However, the Agency Validation should be reduced by a corresponding amount pending approval of the Chief Fiscal Officer of the State and review by the Legislative Council.) The BCT form must be sent to the Office of Budget with the Annual Operations Plan to balance the detail budget to amounts on the Agency Validation layout when final submission is complete.

The Actual Expenditures column on the BCT form should be completed for each commitment item for which there were expenditures in FY2018. For BCT requests submitted with the Annual Operations Plan prior to June 30, 2018, use year-to-date total expenditures through April 30, 2018. For BCT requests submitted after July 1, 2018, use June 30, 2018 final expenditures.

PLEASE NOTE: If the BCT is requested to accommodate part of an agency's Information Technology (IT) Plan (this could include hardware, software, training, or contract services), the request will be routed by the Office of Budget to DFA IGA State Technology Planning for compliance review and a signature. The "Reason for Transfer" statement must include the location (major agency application, support or project) and location number in the agency's IT Plan referencing the requested transfer item.

Please contact your budget analyst at 501-682-1941 for additional information or assistance. The form can be downloaded from the Office of Budget website (an example follows).

**ARKANSAS ADMINISTRATION STATEWIDE INFORMATION SYSTEM
REQUEST FOR BUDGET CLASSIFICATION TRANSFERS (BCT)
FY2019**

Business Area: _____ Business Area Title: _____
 Funds Center: _____ Funds Center Title: _____
 Fund: _____ Fund Title: _____ Functional Area: _____

Line-Item Classifications	Authorized Appropriation	Actual Expenditures ** FY2018	Transfer From			Transfer To		
			CI	Fund	Amount	CI	Fund	Amount
502:00:02 Operating Expenses								
505:00:09 Conference & Travel Expenses								
506:00:10 Professional Fees								
512:00:11 Capital Outlay *								

Reason for Transfer:

Agency Director

Budget Approval

DFA IGS State Technology Planning
(approval only needed if applicable ***)

* Transfers may not be made from the capital outlay (512:00:11) sub classification unless specific authority for such transfers is provided by law. (ACA 19-4-522(C)(1))
 ** For transfers requested during the month of July use the agency's fiscal year 2017 expenditures as of April 30, 2017 for each of the Maintenance & Operations commitment items. For transfers requested during the months August 2017 - May 2018, use the agency's fiscal year 2017 expenditures. For transfers requested during the month of June 2018 use the agency's fiscal year 2018 as of April 30, 2018.
 *** Transfers requested for the purchase of information technology related items must be in compliance with the agency's Information Technology Plan submitted to the DFA-Technology Planning Unit.

CARRY FORWARD OF ANY REMAINING FUND BALANCES FROM FISCAL YEAR 2018 TO FISCAL YEAR 2019

Amendment 86 to the Arkansas Constitution provides that no appropriation authorized by the General Assembly can be for a period longer than one year. Agencies that are authorized to carry forward general revenue funding through special language may carry forward remaining fund balances under the following conditions:

- “(1) Prior to June 30, 2018 the Agency shall by written statement set forth its reason(s) for the need to carry forward said funding to the Department of Finance and Administration Office of Budget;
- (2) The Department of Finance and Administration Office of Budget shall report to the Arkansas Legislative Council all amounts carried forward by the September Arkansas Legislative Council or Joint Budget Committee meeting which report shall include the name of the Agency, Board, Commission or Institution and the amount of the funding carried forward, the program name or line item, the funding source of that appropriation and a copy of the written request set forth in (1) above;
- (3) Each Agency, Board, Commission or Institution shall provide a written report to the Arkansas Legislative Council or Joint Budget Committee containing all information set forth in item (2) above, along with a written statement as to the current status of the project, contract, purpose etc. for which the carry forward was originally requested no later than thirty (30) days prior to the time the Agency, Board, Commission or Institution presents its budget request to the Arkansas Legislative Council/Joint Budget Committee; and
- (4) Thereupon, the Department of Finance and Administration shall include all information obtained in item (3) above in the biennial budget manuals and/or a statement of non-compliance by the Agency, Board, Commission or Institution.”

The Carry Forward of Any Remaining Fund Balances form (example attached) has been automated in PBAS. Agencies should enter the estimated amount they anticipate to carry forward from FY18 to FY19 as well as provide justification for the carry forward of any remaining fund balance for a program or a specific line item within a program. Agencies that do not have system access to PBAS will coordinate entry of this data with the budget analyst assigned to assist the agency. Agencies must print the report from PBAS, sign, date and submit it with the Annual Operations Plan.

**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2018 TO FISCAL YEAR 2019**

Agency: Higher Education, Department of
Program: Chiropractic Aid
Act #: 247 of 2017 Section(s) #: 9 & 27

Estimated Carry Forward Amount \$ 144,000.00 Funding Source General Revenue

Accounting Information:

Business Area: 0700 Funds Center: 140 Fund: HEG Functional Area EDUC

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

Justification for carry forward of fund balance:

Due to the fact that these grants are provided to new students annually as well as to those existing medical education students already in the pipeline, carry forward of funds is requested to assure that continuity of educational services are fully maintained.

Actual Funding Carry Forward Amount \$ -

Current status of carry forward funding:

Director

Date

3/4/2017

FISCAL MONITORING PROCEDURES

A major responsibility of State Agency administrators is to maintain a working knowledge of the fiscal and programmatic affairs of the agency. The Agency Director and Fiscal Officer are responsible for assuring sufficient funds are available to support a budget with continued monitoring of fund receipts and expenditures and making appropriate adjustments when it is apparent that funds are insufficient and/or expenditures may exceed funds. Further, it is the responsibility of the Agency Director and Fiscal Officer to comply with provisions of the General Accounting and Budgetary Procedures Act cited in A.C.A. §19-4-102 (a)(2)(B) which prohibits deficit spending, A.C.A. §19-4-704 which prohibits an agency from incurring any obligations without appropriation, and A.C.A. §19-4-705 (a) which prohibits obligations unless there are funds available for payment of the obligations.

The Fiscal Monitoring form (example attached) has been automated in PBAS. Information from the previous Annual Operations Plan (FY18) has been copied to the FY19 Annual Operations Plan. Agencies should review the information and make any necessary adjustments. Agencies that do not have system access to PBAS will coordinate entry of monitoring procedures with the budget analyst assigned to assist the agency. Agencies must print the report from PBAS, sign, date and submit it with the Annual Operations Plan.

STATE AGENCY PUBLICATION LISTING

A.C.A. §25-1-204 requires a reduction in unsolicited publications published and distributed by state agencies. Each agency is required to submit with each annual budget request, a list of state publications, which are required by statutory law and provide the reason(s) for continuation and distribution of the required reports. An example of the form is attached.

The State Agency Publications form (example attached) has been automated in PBAS. Information from the previous Annual Operations Plan (FY18) has been copied to the FY19 Annual Operations Plan. Agencies should review the information and make necessary updates. Agencies that do not have system access to PBAS will coordinate entry of the agency's publications with the budget analyst assigned to assist the agency. Agencies must print the report from PBAS and submit it with the Annual Operations Plan.

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE AGENCY PUBLICATIONS
Fiscal Year 2018 - 2019
Required by A.C.A 25-1-204

AGENCY 0610 DFA - MANAGEMENT SERVICES

Name of Publication	Statutory Authorization	Required for		# of Copies Published	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Budget Instruction Packet	None	No	No	275	Assist State Agencies in the preparation of annual operations plan.
Biennial Budget Instruction Packet	A.C.A. 19-4-304	No	No	275	Provide information and assistance to state agencies in the preparation of biennial budget requests.
Biennial Budget Manuals	A.C.A. 19-4-305	Yes	No	2,371	Compile agency requests and Governor's recommendations for Legislative Council/Joint Budget Committee.
Facts about the Arkansas State Budget	None	No	No	1,500	Informational brochure for the public.
Biennial Budget Book	None	No	No	400	Contains detailed information regarding agency changes, funding and positions for each agency, as well as capital projects.

APPENDIX

DEFINITIONS

- **ANNUAL OPERATIONS PLAN:** A program prepared by an agency containing the proposed expenditures and anticipated resources for the ensuing fiscal year as required by A.C.A. §19-4-607.
- **FUNDS CENTER:** An appropriation granted by the General Assembly to make expenditures and incur obligations, **IF FUNDS ARE AVAILABLE**, for specific purposes.
- **BLOCKED:** The portion of an appropriation, which cannot be budgeted by an agency due to insufficient revenue or other budgetary restraints. Also referred to as deferment.