

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
AGENCY PROGRAM COMMENTARY
2003 - 2005

Appropriation A57 will be used primarily to fund three federal programs administered by the Arkansas Development Finance Authority ("ADFA") as well as to fund the general operations of ADFA.

The three federal programs are U.S. Department of Housing and Urban Development's ("HUD's") HOME program, Section 8 Housing Assistance Payment Program (the "HAP Program"), and the Agricultural Loan Mediation and Development Program (the "Mediation Program"). Funding for the HOME program, budgeted at \$12,761,800 for each fiscal year, will be in the form of federal grants. The HAP Program, budgeted at \$6,600,000 for each fiscal year, will be funded through an Annual Contributions Contact between ADFA and HUD. The Mediation Program will be funded by ADFA as well as up to \$82,500 per year from federal reimbursements for costs associated with the Loan Mediation Program.

General operations of ADFA include costs associated with managing the federal programs as well as administrative costs associated with issuing bonds and managing loan programs for single family and multifamily housing, economic development and governmental use. The operating budget request allows for an increase in costs associated with new office space, including rent expense and conference furniture and equipment. The requests also allows for an increase in premiums associated with liability insurance for our Board of Directors.

AGENCY Arkansas Development Finance Authority	DIRECTOR Mac Dodson 	AGENCY PROGRAM COMMENTARY	PAGE 78
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DIVISION OF LEGISLATIVE AUDIT
AUDIT OF:
ARKANSAS DEVELOPMENT FINANCE AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2001

Findings

None

Recommendations

None

SA1039501

Audited By: Deloitte Touche, CPAs

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
 EMPLOYMENT SUMMARY
 Required by: A.C.A. 19-4-307

AGENCY TITLE: 0395 DEVELOPMENT FINANCE AUTHORITY

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	15	33	48	79%
BLACK EMPLOYEES	4	9	13	21%
EMPLOYEES OF OTHER RACIAL MINORITIES	0	0	0	0%
TOTAL EMPLOYED AS OF			13	21%
DATE			TOTAL MINORITIES	
			61	100%
			TOTAL EMPLOYEES	



 AGENCY DIRECTOR

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
STATE AGENCY PUBLICATIONS

Fiscal Year 2002-2003

Required by: A.C.A. 25-1-204

AGENCY: Arkansas Development Finance Authority

NAME OF PUBLICATION	STATUTORY AUTHORIZATION	PUBLICATION REQUIRED FOR GOVERNOR AND/OR GENERAL ASSEMBLY ONLY	NUMBER OF COPIES PUBLISHED	REASON(S) FOR CONTINUED PUBLICATION AND DISTRIBUTION
Annual Audit Report	15-5-210	X	2	
Quarterly Expenditure Report	Section 5 of Act 1389 of 19999	Legislative Council	4	
Bonds Issue/Outstanding Report	Act 222 of 1987	State Board of Finance	1	
Bond Issuance Report	Act 36 of 1989	Legislative Council	1	

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
ANALYSIS OF BUDGET REQUEST
2003 - 2005

Arkansas Code Annotated § 15-5-201 created the Arkansas Development Finance Authority along with a Board of Directors that was created in Arkansas Code Annotated § 15-5-202. The Board of Directors is composed of the Director of Finance and Administration and eleven (11) public members appointed by the Governor with the advice and consent of the Senate. Duties and responsibilities of the Board may include but are not limited to, powers to sue; make and issue rules, regulations, and bylaws; acquire, hold, and dispose of real and personal property for corporate purposes; appoint officers, agents, and employees; borrow money and issue notes and bonds; issue bonds on behalf of state agencies and political subdivisions; make secured or unsecured loans; sell mortgages and security interest, collect fees and charges in connection with its loans, bond guaranties; and invest moneys of the authority.

This appropriation reflects all operational costs of the agency to include the federal Housing Assistance Program, HUD Home Program, and other financial programs. Funding for this appropriation is derived primarily from federal funds with other funding from bond proceeds.

The Authority is requesting a Base Level of \$23,948,232 in FY04 and \$24,048,335 in FY05. The Base Level request includes a 2.7% salary increase each year over the FY03 salary levels for all incumbents plus associated increases in Personal Services Matching. Included in Personal Services Matching is a \$33 per month increase in the monthly contribution for State employee's health insurance for a total state contribution of \$280 per month per budgeted employee. Change Level requests reflect an increase of \$340,703 in FY04 and \$354,841 in FY05.

The Authority's Change Level requests for the 2003-2005 biennium include:

- Increase in Operating Expenses of \$25,000 each year of the biennium for Rent of Facilities. ADFA will be moving to a new location, resulting in an increase in rent.
- Increase in Operating Expenses of \$10,767 each year of the biennium for Office Furniture to provide for conference chairs, credenzas and desks.
- Increase in Operating Expenses of \$11,000 each year of the biennium for an expected inflationary increase for General Liability Insurance.
- Request for Capital Outlay of \$15,000 in FY04 and \$5,000 in FY05 for additional Furniture and Equipment needed due to the

AGENCY	APPROPRIATION	CASH FUND	ANALYSIS OF	PAGE
Name: Arkansas Development Finance Authority Code: 395	Name: Cash Operations Code: A57	Name: Arkansas Development Finance Authority Cash Code: 123	BUDGET REQUEST	82

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
ANALYSIS OF BUDGET REQUEST
2003 - 2005

move.

- Request for Capital Outlay of \$18,000 in FY05 to replace one existing vehicle.
- Decrease in loans for the Arkansas Home Equity Program of \$7,422 each year of the biennium. Agency requests that the program not be appropriated for the biennium. Loans have not been issued on this program for several years.
- Request to designate four supplemental positions as permanent positions for the HUD program called HOME, and to restore the position of Finance Authority Specialist Supervisor. Request totals \$202,343 in FY04 and \$207,807 in FY05.
- Request for five Extra Help positions of \$40,000 each year of the biennium to reduce the cost of temporary help.
- Increase in Personal Services and Matching of \$53,961 in FY04 and \$54,882 in FY05.

The Executive Recommendation provides for the Agency Request.

Expenditure of appropriation is contingent upon available funding.

<p>AGENCY Name: Arkansas Development Finance Authority</p> <p>Code: 395</p>	<p>APPROPRIATION Name: Cash Operations</p> <p>Code: A57</p>	<p>CASH FUND Name: Arkansas Development Finance Authority Cash</p> <p>Code: 123</p>	<p>ANALYSIS OF BUDGET REQUEST</p>	<p>PAGE 83</p>
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ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
Biennial Appropriation Summary

Agency Name ARKANSAS DEVELOPMENT FINANCE AUTHORITY
Agency Code 395
Appropriation Name Arkansas Development Finance Authority
Appropriation Code A57
Fund Name Cash Operations
Fund Code 123

Character Name	Expenditures						Agency Request										Recommendations				
	2001-02		2002-03		2002-03		2003-04			Total		2004-05			Total		Executive				
	Actual	Budget	Pos.	Authorized	Pos.	Base Level	Pos.	Change Level	Pos.	Base Level	Pos.	Change Level	Pos.	Base Level	Pos.	2003-04	Pos.	2004-05	Pos.		
Regular Salaries	2,597,335	2,812,082	59	2,828,645	60	2,800,952	59	192,417	5	3,073,370	64	2,965,984	59	197,614	5	3,163,598	64	3,073,370	64	3,163,598	64
Extra Help	0	0	0	0	0	0	0	40,000	5	40,000	5	0	0	40,000	5	40,000	5	40,000	5	40,000	5
Personal Serv Match	630,897	714,624	0	711,536	0	706,840	0	53,961	0	760,801	0	721,911	0	54,882	0	776,793	0	760,801	0	776,793	0
Operating Expenses	546,421	512,091	0	567,858	0	512,091	0	46,767	0	558,858	0	512,091	0	46,767	0	558,858	0	558,858	0	558,858	0
Travel-Conferences	85,632	102,315	0	102,315	0	102,315	0	0	0	102,315	0	102,315	0	0	0	102,315	0	102,315	0	102,315	0
Capital Outlay	24,515	6,500	0	6,500	0	0	0	15,000	0	15,000	0	0	0	23,000	0	23,000	0	15,000	0	23,000	0
Supp Emerg Positions	42,312	184,660	4	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prof. Fees & Serv.	97,982	112,300	0	112,300	0	112,300	0	0	0	112,300	0	112,300	0	0	0	112,300	0	112,300	0	112,300	0
Grants/Aid	4,426,117	6,600,000	0	6,600,000	0	6,600,000	0	0	0	6,600,000	0	6,600,000	0	0	0	6,600,000	0	6,600,000	0	6,600,000	0
Loans	0	7,422	0	7,422	0	7,422	0	(7,422)	0	0	0	7,422	0	(7,422)	0	0	0	0	0	0	0
Data Processing Services	448,168	264,512	0	264,512	0	264,512	0	0	0	264,512	0	264,512	0	0	0	264,512	0	264,512	0	264,512	0
HUD Home Program	6,572,857	12,761,800	0	11,203,000	0	12,761,800	0	0	0	12,761,800	0	12,761,800	0	0	0	12,761,800	0	12,761,800	0	12,761,800	0
Grand Total	15,472,236	24,078,306	63	22,404,088	64	23,948,232	59	340,723	10	24,288,956	69	24,048,335	59	354,841	10	24,403,176	69	24,288,956	69	24,403,176	69

Funding Sources Name	2001-02	2002-03	2002-03	2003-04	Total	2004-05	Total	2003-04	2004-05
Fund Balance	502	912	*****	0	0	0	0	0	0
Federal Revenue	10,998,974	19,361,800	*****	19,361,800	19,361,800	19,361,800	19,361,800	19,361,800	19,361,800
Cash Funds	4,473,672	4,715,594	*****	4,586,432	4,927,155	4,686,535	5,041,376	4,927,155	5,041,376
Total Funding	15,473,148	24,078,306	*****	23,948,232	24,288,956	24,048,335	354,841	24,288,956	24,403,176
Excess Appro(Funding)	(912)	0	*****	0	0	0	0	0	0
Grand Total	15,472,236	24,078,306	*****	23,948,232	24,288,956	24,048,335	354,841	24,288,956	24,403,176

Budgeted amounts in Personal Services/Matching and Supplemental Emergency Positions exceeds Authorized amounts due to a Request for Allocation of Supplemental Personal Services in FY03.

Appropriation for HUD Home Program exceeds Authorized amount due to a transfer from the Cash Fund Holding Account.

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
Biennial Appropriation Summary

Agency Name ARKANSAS DEVELOPMENT FINANCE AUTHORITY
 Agency Code 395
 Appropriation Name Arkansas Development Finance Authority
 Appropriation Code A57
 Fund Name Cash Operations
 Fund Code 123

Character		Expenditures				
		2001-02	2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
Regular Salaries	5010000	2,597,335	2,812,082	59	2,828,645	60
Extra Help	5010001	0	0	0	0	0
Personal Serv Match	5010003	630,897	714,624	0	711,536	0
Operating Expenses	5020002	546,421	512,091	0	567,858	0
Travel-Conferences	5050009	85,632	102,315	0	102,315	0
Capital Outlay	5120011	24,515	6,500	0	6,500	0
Supp Emerg Positions	5010007	42,312	184,660	4	0	4
Prof. Fees & Serv.	5060010	97,982	112,300	0	112,300	0
Grants/Aid	5100004	4,426,117	6,600,000	0	6,600,000	0
Loans	5120029	0	7,422	0	7,422	0
Data Processing Services	5900044	448,168	264,512	0	264,512	0
HUD Home Program	5900046	6,572,857	12,761,800	0	11,203,000	0
Grand Total		15,472,236	24,078,306	63	22,404,088	64

Funding Sources						
Name	Code					
Fund Balance	4000005	502	912	*****	*****	*****
Federal Revenue	4000020	10,998,974	19,361,800	*****	*****	*****
Cash Funds	4000045	4,473,672	4,715,594	*****	*****	*****
Total Funding		15,473,148	24,078,306	*****	*****	*****
Excess Appro/(Funding)		(912)	0	*****	*****	*****
Grand Total		15,472,236	24,078,306	*****	*****	*****

Budgeted amounts in Personal Services/Matching and Supplemental Emergency Positions exceeds Authorized amounts due to a Request for Allocation of Supplemental Personal Services in FY03.

Appropriation for HUD Home Program exceeds Authorized amount due to a transfer from the Cash Fund Holding Account.

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
Biennial Appropriation Summary

Agency Name ARKANSAS DEVELOPMENT FINANCE AUTHORITY
 Agency Code 395
 Appropriation Name Arkansas Development Finance Authority
 Appropriation Code A57
 Fund Name Cash Operations
 Fund Code 123

Character		Agency Request											
		2003-04						2004-05					
Name	Code	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.
Regular Salaries	5010000	2,880,952	59	192,417	5	3,073,370	64	2,965,984	59	197,614	5	3,163,598	64
Extra Help	5010001	0	0	40,000	5	40,000	5	0	0	40,000	5	40,000	5
Personal Serv Match	5010003	706,840	0	53,961	0	760,801	0	721,911	0	54,882	0	776,793	0
Operating Expenses	5020002	512,091	0	46,767	0	558,858	0	512,091	0	46,767	0	558,858	0
Travel-Conferences	5050009	102,315	0	0	0	102,315	0	102,315	0	0	0	102,315	0
Capital Outlay	5120011	0	0	15,000	0	15,000	0	0	0	23,000	0	23,000	0
Supp Emerg Positions	5010007	0	0	0	0	0	0	0	0	0	0	0	0
Prof. Fees & Serv.	5060010	112,300	0	0	0	112,300	0	112,300	0	0	0	112,300	0
Grants/Aid	5100004	6,600,000	0	0	0	6,600,000	0	6,600,000	0	0	0	6,600,000	0
Loans	5120029	7,422	0	(7,422)	0	0	0	7,422	0	(7,422)	0	0	0
Data Processing Services	5900044	264,512	0	0	0	264,512	0	264,512	0	0	0	264,512	0
HUD Home Program	5900046	12,761,800	0	0	0	12,761,800	0	12,761,800	0	0	0	12,761,800	0
Grand Total		23,948,232	59	340,723	10	24,288,956	69	24,048,335	59	354,841	10	24,403,176	69

Funding Sources													
Name	Code												
Fund Balance	4000005	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
Federal Revenue	4000020	19,361,800	*****	0	*****	19,361,800	*****	19,361,800	*****	0	*****	19,361,800	*****
Cash Funds	4000045	4,586,432	*****	340,723	*****	4,927,155	*****	4,686,535	*****	354,841	*****	5,041,376	*****
Total Funding		23,948,232	*****	340,723	*****	24,288,956	*****	24,048,335	*****	354,841	*****	24,403,176	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
Grand Total		23,948,232	*****	340,723	*****	24,288,956	*****	24,048,335	*****	354,841	*****	24,403,176	*****

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
Biennial Appropriation Summary

Agency Name ARKANSAS DEVELOPMENT FINANCE AUTHORITY
 Agency Code 395
 Appropriation Name Arkansas Development Finance Authority
 Appropriation Code A57
 Fund Name Cash Operations
 Fund Code 123

Character Name	Code	Recommendations							
		Executive				Legislative			
		2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
Regular Salaries	5010000	3,073,370	64	3,163,598	64	0	0	0	0
Extra Help	5010001	40,000	5	40,000	5	0	0	0	0
Personal Serv Match	5010003	760,801	0	776,793	0	0	0	0	0
Operating Expenses	5020002	558,858	0	558,858	0	0	0	0	0
Travel-Conferences	5050009	102,315	0	102,315	0	0	0	0	0
Capital Outlay	5120011	15,000	0	23,000	0	0	0	0	0
Supp Emerg Positions	5010007	0	0	0	0	0	0	0	0
Prof. Fees & Serv.	5060010	112,300	0	112,300	0	0	0	0	0
Grants/Aid	5100004	6,600,000	0	6,600,000	0	0	0	0	0
Loans	5120029	0	0	0	0	0	0	0	0
Data Processing Services	5900044	264,512	0	264,512	0	0	0	0	0
HUD Home Program	5900046	12,761,800	0	12,761,800	0	0	0	0	0
Grand Total		24,288,956	69	24,403,176	69	0	0	0	0

Funding Sources									
Name	Code								
Fund Balance	4000005	0	*****	0	*****	0	*****	0	*****
Federal Revenue	4000020	19,361,800	*****	19,361,800	*****	0	*****	0	*****
Cash Funds	4000045	4,927,155	*****	5,041,376	*****	0	*****	0	*****
Total Funding		24,288,956	*****	24,403,176	*****	0	*****	0	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****
Grand Total		24,288,956	*****	24,403,176	*****	0	*****	0	*****

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
Biennial Rank by Appropriation

Agency Name ARKANSAS DEVELOPMENT FINANCE AUTHORITY
 Agency Code 395
 Appropriation Name Arkansas Development Finance Authority Cash
 Appropriation Code A57
 Fund Name Cash Operations
 Fund Code 123

Rank	Justification	Designation	Cost Center	2001-02		2002-03		Agency Request				Executive Recommendation				Legislative Recommendation			
				Actual		Budget	Pos.	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
		BL Base Level	Total	15,472,238		24,078,306	59	23,948,232	59	24,048,335	59	23,948,232	59	24,048,335	59	0	0	0	0
3	The requested change is due to an increase in rent and furniture expenditures associated with new office space for ADFA. In addition, an increase in liability insurance for the board of directors is expected.	C01	315200 F&A Budget	0		0	0	48,787	0	48,787	0	48,787	0	48,787	0	0	0	0	0
		C01	Total	0		0	0	48,787	0	48,787	0	48,787	0	48,787	0	0	0	0	0
4	Request for Capital Outlay for the purchase of furniture and equipment for the new office space, and replacement of one existing vehicle.	C02	315200 F&A Budget	0		0	0	15,000	0	23,000	0	15,000	0	23,000	0	0	0	0	0
		C02	Total	0		0	0	15,000	0	23,000	0	15,000	0	23,000	0	0	0	0	0
2	Request to restore the position of Finance Authority Specialist Supervisor.	C03	315309 HOME Salary	0		0	0	35,974	1	36,856	1	35,974	1	36,856	1	0	0	0	0
		C03	Total	0		0	0	35,974	1	36,856	1	35,974	1	36,856	1	0	0	0	0
5	ADFA is requesting that the Arkansas Home Equity Loan Program not be appropriated for the current biennium. Loans have not been issued on this program for several years, because there are other resources and programs now available.	C04	315200 F&A Budget	0		0	0	(7,422)	0	(7,422)	0	(7,422)	0	(7,422)	0	0	0	0	0
		C04	Total	0		0	0	(7,422)	0	(7,422)	0	(7,422)	0	(7,422)	0	0	0	0	0
1	Request for five extra help positions to reduce the cost of temporary help.	C05	315201 F&A Salary	0		0	0	43,084	5	43,084	5	43,084	5	43,084	5	0	0	0	0
1	Request to designate four supplemental positions as permanent positions. These positions are necessary to ensure proper administration of the HUD Home program.	C05	315215 HR Salary	0		0	0	139,253	2	142,833	2	139,253	2	142,833	2	0	0	0	0
		C05	315305 Compliance Salary	0		0	0	35,974	1	36,855	1	35,974	1	36,855	1	0	0	0	0
		C05	315309 HOME Salary	0		0	0	32,093	1	32,869	1	32,093	1	32,869	1	0	0	0	0
		C05	Total	0		0	0	250,405	10	255,640	10	250,405	10	255,640	10	0	0	0	0
		Grand Total	Total	15,472,238		24,078,306	59	24,288,956	69	24,403,176	69	24,288,956	69	24,403,176	69	0	0	0	0