

ARKANSAS BUDGET SYSTEM
 AGENCY PROGRAM COMMENTARY
 1999 - 2001

The Arkansas State Bank Department has statutory responsible for the examination and regulation of 158 commercial banks, one industrial loan institution, three county industrial development corporations, three regional industrial development corporations, one trust company, and the Arkansas Capital Corporation. The mission of the State Bank Department through Quality Management is to allocate available human and other resources existing in our Examination, Information Technology and Administrative Services Divisions to ensure the continuance of safe and sound financial practices in state chartered financial institutions. The Department will continue its policy of being an advocated of banking and seeking every means available to improve those financial institutions found to be in need of assistance. In order to execute these responsibilities and fulfill the mission and goals of the Department, certain budget requests are imperative.

Ranked number one is change request number one for replacing our state vehicles according to the State's mileage and time of service policy, the purchase of additional vehicles if needed and to replace fully depreciated department furniture and equipment.

Ranked number one is change request number two to reinstate 3 positions that are currently authorized but could not be budgeted as base level positions due to restrictions in the Governor's Personnel Cap Policy. The Department expects to use these positions to help with the additional responsibilities statewide branching and interstate branching will produce.

Ranked number one is change request number three to eliminate the Legal counsel special line item currently not being used. If legal counsel is needed in the future, we will use appropriations out of the Professional Services character 10.

Ranked number one is change request number eight to replace obsolete data processing equipment according to our three-year replacement plan that has been approved by DIS. Also requested in FY 01 is to replace our telephone system that was purchase in 1985.

Ranked number one is change request number nine for the positions covered under the Career Ladder Incentive Program (CLIP). The Bank Department currently uses career path planning for all examiners. Through this path, an examiner will develop the skills necessary for effective job performance and retention.

Approval of all requests will allow the Bank Department to continue to meet demands placed upon it by the financial industry and continue to monitor the safety and soundness of all Arkansas State banking institutions under its jurisdiction. This will be accomplished by priorities set by the Department to regulate and supervise the changing banking environment.

Funding for the State Bank Department is provided by semi-annual assessments of all institutions under the supervisory authority of the Department.

AGENCY Arkansas State Bank Department	DIRECTOR Frank White 	AGENCY PROGRAM COMMENTARY BR21	Page <p style="text-align: center;">2</p>
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STATE BANK DEPARTMENT
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1996

Assets				Liabilities			Total Equity
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total	
\$ 2,635,032	\$ 1,114,399	\$ 231,484	\$ 3,980,915	\$ 11,228	\$ 203,572	\$ 214,800	\$ 3,766,115

Revenues				Expenditures					Other Sources (Uses)	
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 0	\$ 0	\$ 4,479,579	\$ 23,513	\$ 4,503,092	\$ 2,936,851	\$ 0	\$ 193,544	\$ 1,013,717	\$ 4,144,112	\$ 309

Findings

EQUIPMENT - The Agency failed to value some capital equipment purchases for the year ended June 30, 1996 in accordance with Part V of the State Accounting Procedures Manual. Errors included the omission of sales tax and freight charges.

Recommendations

Review and comply with Chapter V of the State Accounting Procedures Manual.

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

AGENCY TITLE 405 - STATE BANK DEPT

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	<u>36</u>	<u>20</u>	<u>56</u>	<u>90%</u>
BLACK EMPLOYEES	<u>3</u>	<u>0</u>	<u>3</u>	<u>5%</u>
EMPLOYEES OF OTHER RACIAL MINORITIES	<u>0</u>	<u>3</u>	<u>3</u>	<u>5%</u>
TOTAL EMPLOYED AS OF 08/08/98			<u>6</u>	<u>10%</u>
DATE			<u>TOTAL MINORITIES</u>	
			<u>62</u>	<u>100%</u>
			<u>TOTAL EMPLOYEES</u>	

Frank White

 AGENCY DIRECTOR

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

The State Bank Department is funded entirely by special revenue fees assessed and collected on a semi-annual basis, as authorized in Arkansas Code §19-6-412. Base Levels for this appropriation include cost of living increases of 2.8% each year over the FY99 salary levels, along with related Personal Services Matching costs for 72 positions. The 2 Assistant Commissioners' salaries (\$75,167) have been requested to be increased at a rate of 8.00% in FY00, bringing the salary levels for each to \$81,180, and a 6.01% increase in FY01, raising the salaries to \$88,056. Changes requested for the Department are as follows:

Enhanced grades and titles affecting 21 positions under provisions of the Career Ladder Incentive Program.

Restoration of 3 Financial Examiner I positions that are currently authorized, but not budgeted. Salary and Matching amounts to support these positions are \$156,261 for FY00 and \$160,368 for FY01.

Capital Outlay of \$168,000 in the first year and \$107,000 in the second year for replacement of vehicles and office equipment.

In the Department's Information Technology Plan, submitted to and approved by the Department of Information Systems, Capital Outlay is requested in amounts of \$128,940 and \$178,785, respectively, for replacement of data processing hardware in both years and replacement of the Agency's telephone system in the second year.

Elimination of the Legal Counsel special line item that is currently unused. Any future need for outside legal assistance can be contracted in Professional Fees & Services. Reductions are \$60,900 each year.

Continuation of special language clauses concerning application of market pay rates and reclassification of bank examiner positions.

The Executive Recommendation reflects approval of the Agency Request, but does not include provision for extraordinary pay increases for the Assistant Commissioners. The Career ladder Incentive Program (CLIP) requests reflected in agency budgets are intended to provide appropriate job classifications which may be utilized to promote

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: State Bank Department Code: 405	Name: State Bank Department Code: 051	Name: Bank Department Fund Code: SIB	BUDGET REQUEST BR20	5

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

classified employees who complete competency-based criteria during the biennium. The Executive Recommendation may reflect an adjustment in the requested CLIP levels for certain positions. These changes are to indicate the maximum job classification to which an employee would be expected to progress within the new biennium, based on the experience and other competency-based criteria required under the Program.

AGENCY Name: State Bank Department Code: 405	APPROPRIATION Name: State Bank Department Code: 051	TREASURY FUND Name: Bank Department Fund Code: SIB	ANALYSIS OF BUDGET REQUEST BR20	PAGE 6
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ARKANSAS BUDGET SY / E M

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 ACTUAL	98-99 BUDGETED	98-99 AUTHORIZED APPRO	BASE	CHANGE LEVEL	TOTAL REQUEST	BASE	CHANGE LEVEL	TOTAL REQUEST	EXECUTIVE		LEGISLATIVE	
										99-00	00-01	99-00	00-01
REGULAR SALARIES	2,507,021	3,736,542	4,131,293	3,854,704	132,345	3,987,049	3,962,632	141,257	4,103,889	3,980,732	4,092,188		
NUMBER OF POSITIONS	73	72	80	72	3	75	72	3	75	75	75		
EXTRA HELP	374	20,000	20,000	20,000	0	20,000	20,000	0	20,000	20,000	20,000		
NUMBER OF POSITIONS	1	3	3	3	0	3	3	0	3	3	3		
PERSONAL SERV MATCHING	607,938	904,173	970,441	913,321	33,118	946,439	932,095	34,701	966,796	945,653	965,462		
OPERATING EXPENSES	629,556	990,000	990,000	990,000	0	990,000	990,000	0	990,000	990,000	990,000		
CONF FEES & TRAVEL	154,071	229,175	229,175	229,175	0	229,175	229,175	0	229,175	229,175	229,175		
PROF FEES & SERVICES	30,851	270,700	270,700	270,700	0	270,700	270,700	0	270,700	270,700	270,700		
CAPITAL OUTLAY	289,917	255,900	255,900	0	296,940	296,940	0	285,785	285,785	296,940	285,785		
DATA PROCESSING	0	17,000	17,000	17,000	0	17,000	17,000	0	17,000	17,000	17,000		
M&R PROCEEDS	31,473	0	0	0	0	0	0	0	0	0	0		
LEGAL COUNSEL	0	60,900	60,900	60,900	-60,900	0	60,900	-60,900	0	0	0		
TOTAL	4,251,201	6,484,390	6,945,409	6,355,800	401,503	6,757,303	6,482,502	400,843	6,883,345	6,750,200	6,870,310		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES	3,010,766	3,537,221	*****	3,052,831		3,052,831	2,695,528		2,695,528	3,052,831	2,702,631		
GENERAL REVENUES			*****										
SPECIAL REVENUES	4,777,656	6,000,000	*****	5,998,497	401,503	6,400,000	6,099,157	400,843	6,500,000	6,400,000	6,500,000		
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS			*****										
OTHER			*****										
TOTAL FUNDING	7,788,422	9,537,221	*****	9,051,328	401,503	9,452,831	8,794,685	400,843	9,195,528	9,452,831	9,202,631		
EXCESS APPRO/ (FUNDING)	(3,537,221)	(3,052,831)	*****	(2,695,528)		(2,695,528)	(2,312,183)		(2,312,183)	(2,702,631)	(2,332,321)		
TOTAL	4,251,201	6,484,390	*****	6,355,800	401,503	6,757,303	6,482,502	400,843	6,883,345	6,750,200	6,870,310		

DEPT 010 SEPARATE AGENCIES
 AGY 405 STATE BANK DEPARTMENT
 APPRO 051 STATE BANK DEPARTMENT

APPROPRIATION SUMMARY

BR 215

FUND SIB BANK DEPARTMENT FUND (405)

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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-----				-----RECOMMENDATIONS-----								
					ACTUAL 97-98	BUDGETED 98-99	-----FY 1999 - 00-----		-----FY 2000 - 01-----		-----EXECUTIVE-----		-----LEGISLATIVE-----						
							REQUEST	REQUEST	REQUEST	REQUEST	1999-00	2000-01	1999-00	2000-01					
000		SIB	405 051	B	4,251,201 73	6,484,390 72	6,355,800 72		6,482,502 72		6,357,899 72	6,485,057 72							
	COSTS FOR GRADE 99 EXTRAORDINARY SALARY INCREASES						9,202		15,590										
			<u>POSITION TITLE</u>		<u>FY99 AUTHORIZED SALARY</u>	<u>FY00 REQUESTED SALARY</u>	<u>% INC/DEC OVER PREV YR</u>	<u>FY01 REQUESTED SALARY</u>	<u>% INC/DEC OVER PREV YR</u>										
			Bank Assistant Commissioner		\$75,167	\$81,180	8.00%	\$86,056	6.01%										
			Bank Assistant Commissioner		\$75,167	\$81,180	8.00%	\$86,056	6.01%										
001		SIB	405 051	C01			168,000 0		107,000 0		168,000	107,000							
	Request is made to replace state vehicles according to the State's mileage and time of service policy, the purchase of additional vehicles if needed and to replace fully depreciated department furniture and equipment.																		
001		SIB	405 051	C02			156,261 3		160,368 3		156,261 3	160,368 3							
	This request is to reinstate 3 positions that are currently authorized but could not be budgeted as base level positions due to restrictions in the Governor's Personnel Cap Policy. The Department expects to use these positions to help with the additional responsibilities statewide branching and interstate branching will produce.																		

DEPT 010 SEPARATE AGENCIES
AGY 405 STATE BANK DEPARTMENT
APPRO 051 STATE BANK DEPARTMENT

FUND SIB BANK DEPARTMENT FUND (405)

RANK BY APPROPRIATION

BR 264

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 BIENNIIUM REQUESTS-----						-----RECOMMENDATIONS-----					
					ACTUAL	BUDGETED	-----FY 1999 - 00-----			-----FY 2000 - 01-----			-----EXECUTIVE-----		-----LEGISLATIVE-----			
					97-98	98-99	REQUEST	REQUEST	REQUEST	REQUEST	REQUEST	1999-00	2000-01	1999-00	2000-01			
001		SIB	405 051	C03			-60,900					-60,900			-60,900	-60,900		
<p>This request is for elimination of the Legal Counsel special line item that is currently unused. Any future need for outside legal assistance can be contracted in Professional Fees & Services.</p>																		
001		SIB	405 051	C08			128,940					178,785			128,940	178,785		
<p>This request is to replace obsolete data processing equipment according to our three-year replacement plan that has been approved by DIS. Also requested in FY 2001 is to replace our telephone system that was purchased in 1985.</p>																		
001		SIB	405 051	C09			0					0						
<p>This request is for the positions covered under the Career Ladder Incentive Program (CLIP). The Bank Department currently uses career path planning for all examiners. Through this path, an examiner will develop the skills necessary for effective job performance and retention.</p>																		

DEPT 010 SEPARATE AGENCIES
 AGY 405 STATE BANK DEPARTMENT
 APPRO 051 STATE BANK DEPARTMENT
 FUND SIB BANK DEPARTMENT FUND (405)

RANK BY APPROPRIATION
 BR 264