Cash Management Improvement Act Agreement
between
The State of Arkansas
and
The Secretary of the Treasury,
United States Department of the Treasury

The Secretary of the Treasury, United States Department of the Treasury (hereafter 'Secretary'), and State of Arkansas (hereafter 'State'), in order to implement Section 5 of the Cash Management Improvement Act of 1990, as amended (hereafter 'Act'), agree as follows:

1.0 AGENTS OF THE AGREEMENT

1.1 The Authorized Official(s) for the State of Arkansas shall be the the Administrator of the Office of Accounting, Department of Finance and Administration in all matters concerning this Agreement.

1.2 The Assistant Commissioner, Revenue Collections Management, Bureau of the Fiscal Service (Fiscal Service), U.S. Department of the Treasury, shall act as the Secretary's representative in all matters concerning this Agreement.

2.0 AUTHORITY

2.1 The authority for this Agreement is the Cash Management Improvement Act of 1990 (Public Law 101-453), as amended by the Cash Management Improvement Act of 1992 (Public Law 102-589), codified at 31 U.S.C. 6501 and 31 U.S.C. 6503.

2.2 The regulations codified at 31 CFR Part 205 shall apply to all matters pertaining to this Agreement, and are incorporated herein by reference herein. In the event of any inconsistency between this Agreement and 31 CFR Part 205, the regulations shall govern.

3.0 DURATION, AMENDING, TERMINATING, AND MISCELLANEOUS PROVISIONS

3.1 This Agreement shall take effect on 07/01/2014 and shall remain in effect until 06/30/2015.

3.2 This Agreement may be amended at any time by written, mutual consent of the State and the Fiscal Service. This Agreement shall be amended annually to incorporate new programs that qualify as major Federal assistance programs and remove programs that no longer qualify as major Federal assistance programs. A State must notify the Fiscal Service in writing within 30 days of the time the State becomes aware of a change that involves additions or deletions of programs subject to Subpart A, changes in funding techniques, and/or changes in clearance patterns. The notification must include a proposed amendment for review by the Fiscal Service.

3.3 Notwithstanding section 3.2, in the event of Federal or State non-compliance with Subpart B of 31 CFR, Part 205, the Fiscal Service may amend this Agreement at any time to incorporate additional programs and the entities that administer those programs.

3.4 This Agreement may be terminated by either party with 30 days' written notice. If this Agreement is terminated, the Fiscal Service will prescribe the funding techniques, clearance patterns, and methods for calculating interest liabilities to be used by the State.

4.0 PROGRAMS COVERED

4.1 The State's threshold and its major Federal assistance programs shall be determined based on the Federal Portion of Statewide Single Audit Report prepared by the State of Arkansas Division of Legislative Audit for fiscal year ending 06/30/2013.

All major Federal assistance programs shall be covered by this Agreement, unless otherwise specified in section 4.4 of this Agreement.

4.2 The State's threshold for major Federal assistance programs is $46,696,017.

The following programs meet or exceed the threshold and are not excluded in Section 4.4:

10.551 Supplemental Nutrition Assistance Program
10.555 National School Lunch Program
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
10.558 Child and Adult Care Food Program
12.401 National Guard Military Operations and Maintenance (O&M) Projects
17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
17.225S Unemployment Insurance -- State Benefit Account
20.205 Highway Planning and Construction
84.010 Title I Grants to Local Educational Agencies
84.027 Special Education -- Grants to States
93.558 Temporary Assistance for Needy Families
93.767 Children's Health Insurance Program
93.778 Medical Assistance Program

4.3 The following programs fall below the State's threshold but have been required to be covered by FMS in accordance with the non-compliance provisions of Subpart B of 31 CFR Part 205:

There are currently no programs listed for Section 4.3.

4.4 The following programs exceed the State's threshold but have been excluded from coverage for the reason indicated:

84.032 Federal Family Education Loans --- Exclusion:Non-State
84.063 Federal Pell Grant Program --- Exclusion:Non-State
84.268 Federal Direct Student Loan --- Exclusion:Non-State

5.0 ENTITIES COVERED

5.1 State agencies and instrumentalities that meet the definition of a State per 31 CFR Part 205, shall be subject to the terms of this Agreement. The following is a list of such entities that administer funds under the programs listed in Section 4.0 of this Agreement:

Department of Human Services
Department of Education
Department of Health
Department of Workforce Services
State Highway and Transportation Department

5.2 Entities that meet the definition of a Fiscal Agent per 31 CFR Part 205 shall be subject to the terms of this Agreement. The following is a list of Fiscal Agents that administer funds under the programs listed in the Section 4.0 of this Agreement:

FIS - Efunds Corporation 10.551 Supplemental Nutrition Assistance Program
Financial Management Services Corporation 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
HP Enterprise Services LLC 93.778 Medical Assistance Program

6.0 FUNDING TECHNIQUES

6.1 General Terms

6.1.1 The State shall request Federal funds in accordance with the appropriate cut-off times shown in Exhibit I to ensure funds will be received and credited to a State account by the times specified in the funding techniques. Exhibit I is incorporated by reference herein.

6.1.2 The State shall schedule the receipt of Federal funds such that the funds are received and credited to a State account in accordance with the clearance patterns specified in Exhibit II - List of State Clearance Patterns. Exhibit II is incorporated by reference herein.

6.1.3 In instances where the receipt of funds is scheduled for a Saturday, the State shall request funds for deposit on Friday. In instances where the receipt of funds is scheduled for a Sunday, the State shall request funds for deposit on Monday. In instances where the receipt of Federal funds is scheduled for deposit on a day when the State is not open for business, the State shall request funds for deposit the day following the scheduled day; in instances where the receipt of Federal funds is scheduled for deposit on a day when the Federal Government is not open for business, the State shall request funds for deposit the day prior to the scheduled day.

6.1.4 Estimates and Reconciliation of Estimates:
Where estimated expenditures are used to determine the amount of the drawdown, the State will indicate in the terms of the State unique funding technique how the estimated amount is determined and when and how the State will reconcile the difference between the estimate and the State's actual expenditures.

6.1.5 Supplemental Funding:
Unless otherwise defined by program rules, Supplemental Funding is the award of additional funds to provide for an increase in costs due to unforeseen circumstances.

The State will comply with all Federal program agency policies and procedures for requesting supplemental grant funding.

The State will comply with the following guidelines when requesting supplemental funding for the Medical Assistance Program and associated administrative payments (CFDA 93.778):

The State must submit a revised Medicaid Program Budget Report (CMS-37) to request supplemental funding. The CMS guidelines and instructions for completing the CMS-37 are provided in Section 2600F of the State Medicaid Manual (SMM). The CMS/CO must receive the revised Form CMS-37 through the Medicaid Budget Expenditure System/Children's Budget Expenditure System (MBES/CBES) no later than 10 calendar days before the end of the quarter for which the supplemental grant award is being requested.

Additional guidance on this policy is available from the respective CMS Regional Office, U.S. Department of Health & Human Services.

The State will comply with the following guidelines when requesting supplemental funding for TANF (CFDA 93.558), CCDF (CFDA 93.575), CSE (93.563), and the FC/AA (CFDA 93.658 and CFDA 93.659) programs administered by the U.S. Department of Human Services, Administration for Children and Families (HHS/ACF):

a. Timing of the Request
A State should initiate its request for supplemental funding during a quarter as soon as it becomes aware of the fact that a shortfall does/will exist. For the TANF and CCDF grants, supplemental funding requests (estimates) may be submitted by a State, for consideration by ACF, up through and including the 15th day of the third month of the first, second or third quarter of any fiscal year. Since TANF and CCDF are block grant programs, all unawarded portions of the annual allotment will automatically be issued at the beginning of the fourth quarter. Therefore, supplemental funding requests will not be available during the fourth quarter for these programs. For the CSE and FC/AA programs, supplemental funding requests may be submitted by a state, for consideration by ACF, up through and including the 15th day of the third month of any quarter of a fiscal year.

b. Justification for the Request
The request for a supplemental funding for any of the above mentioned programs should contain a justification clearly documenting the need for the additional funding authority during the current quarter. This documentation should be in the form of State accounting records or similar documents that will show the actual expenditures through the most recent month for which such data are available, as well as the State's most accurate projection of its anticipated expenditures during the remaining month(s) of the quarter. For either the TANF or the CCDF program, the State's justification should also include an explanation of the activities requiring the obligation and/or expenditure of amounts that exceed the normal quarterly grant award restrictions and why these activities could not have been delayed until the next quarter.

c. Form Submittal
Supplemental funding requests should be made by completing the appropriate ACF quarterly report of expenditures and estimates applicable to the particular program for which the grant award request is being made.

d. Approval Process
Upon receipt of the state's request for additional funding authority for a quarter, the ACF Regional Office will promptly review the supporting documentation. If the request is properly justified, so long as ACF has adequate funding availability, the State's request will be expedited and supplemental funding will be issued within 5 days of ACF receiving the request. The State will be notified by the Regional Office when the supplemental award has been transmitted to the Payment Management System (PMS) and when it may initiate drawdowns against the supplemental funding.

Additional guidance on this policy is provided in the U.S. Department of Health & Human Services, Administration for Children and Families, letter (May 19, 2004) to State Administrators from the Deputy Assistant Secretary for Administration.

6.2 Description of Funding Techniques

6.2.1 The following are terms under which standard funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Actual Clearance, ZBA - ACH

The State shall request funds such that they are deposited by ACH in a State account on the settlement date of payments issued by the State.The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.The amount of the request shall be for the amount of funds that clear the State's account on the settlement date. This funding technique is interest neutral.

Actual Clearance, ZBA - Same Day Payment

The State shall request funds the same day it pays out funds, in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.A Federal agency will deposit funds in a State account the same day as requested.The amount of the request shall be for the amount of funds that clear the State's account that day. This funding technique is interest neutral.

Estimated Clearance

The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II - EC (Estimated Clearance).The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.The amount of each request will be a percentage of the disbursement, according to the State's clearance pattern specified in Exhibit II - EC. This funding technique is interest neutral.

6.2.2 The following are terms under which funding techniques for administrative costs shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.2

6.2.3 The following are terms under which miscellaneous funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.3

6.2.4 The following are terms under which State unique funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Actual Costs - Department of Human Services

The State shall request funds for all Direct and Indirect payments on a daily basis. The amount of the request shall be based on the amount of liabilities recorded since the last request for funds. The amount of Indirect Costs to be requested per program shall be determined based on prior quarter cost allocation percentages by fund. The request for funds shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. This funding technique is interest neutral.

Actual Costs - Direct Administrative

The State shall request funds for all Direct Administrative costs on a daily basis. The amount of the request shall be based on the amount of liabilities recorded for direct administrative costs since the last request for funds. The request for funds shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. This funding technique is interest neutral.

Actual Costs-EFT - Department of Human Services (CFDA 93.778)

The State shall request funds for all Medicaid Direct paid via EFT once per week. The amount of the request shall be based on the amount of liabilities recorded since the last request for funds. The request for funds shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. This funding technique is interest neutral. This funding technique is interest neutral.

Advance Funding Based on An Estimate - O & M (CFDA 12.401)

The State Military Department (State) and the National Guard Bureau (NGB), funded by Department of Defense (DOD) appropriations, have entered into a Master Cooperative Agreement (MCA) to establish the terms and conditions applicable to the contribution of NGB funds and/or in-kind assistance for the operation and training of the State Army and Air National Guard. This Master Cooperative Agreement is not a grant in the context of what is normally considered a Federal Grant for CMIA purposes. The Department of Defense requirement for the preparation of a Standard Form (SF) 270, a certified statement itemizing the amount of funds expended during the preceding month and the corresponding accounting classification to be charged, makes this agreement unique as far as CMIA is concerned. Due to this uniqueness, it is not possible to use normal CMIA payment and funding techniques to insure that it is completely interest neutral. In recognition of this, the MCA allows NGB to provide advance payment to the State. The MCA requires that the State submit its request for advance payment to the United States Property & Fiscal Officer (USPFO) approximately 30 days prior to the beginning of the period for which any advance payment cash requirement exists. The advance payment request will be based on a Budget and/or Financial Plan required to be submitted under this MCA each fiscal year and approved by USPFO, as a representative of NGB. The funds request made by USPFO, on behalf of the State, will be made in accordance with cut-off times in Exhibit I. Approximately 15 days after the end of each month the State shall prepare a SF270 and along with appropriate actual expenditure documentation for the period for which advance payments have been received, submit to the USPFO for approval. The documents shall be reconciled with the advance payments previously made and shall be applied to the liquidation of those advance payments outstanding. Any differences that occur the first 11 months of the Federal fiscal year shall be accounted for in the next months advance payment. At the end of the fiscal year, any payments due to the State in excess of the outstanding and unliquidated advance payments shall be paid to the State. If upon completion of this agreement, there remains any outstanding and unliquidated advance payment(s), the State shall immediately pay the Federal Government, upon demand, the amount unliquidated. To mitigate negative balances on the books of the State Treasury, State money, when available, will be loaned to the State funds supporting the MCA. Approximately 30 days prior to the beginning of the period for which any advance payment cash requirement exists. Approximately 15 days after the end of each month the State shall prepare a SF270 and along with appropriate actual expenditure documentation for the period for which advance payments have been received, submit to the USPFO for approval. Varies This funding technique is not interest neutral.

Advance Funding based on actual - Payroll (CFDA 12.401)

For payroll and payroll related payments, the actual amount of the payroll will be drawn on Wednesday preceding the States Friday payday. The State will submit its request for advance payment to the USPFO who will prepare a SF270 with the understanding that money will be received by the State Treasurer within three to five working days. The USPFO will request funds on behalf of the State in accordance with cut-off times in Exhibit I. The State shall prepare a SF1034 at the end of each month, and along with appropriate actual expenditure documentation for the period, submit to the USPFO. The subsequent draw will be increased/decreased to reflect any corrections/omissions that may occur. Wednesday preceding the States Friday payday. Actual This funding technique is not interest neutral.

Average Clearance - Highway (CFDA 20.205)

The Arkansas State Highway and Transportation Department has a Direct Deposit system for payment of Construction Contractor payments. This system is available to contractors on a voluntary basis (approximately 90% are currently

utilizing the system). Clearance patterns will be revised as needed when the Direct Deposit of contractor payments affect the average clearance. Request of federal funds by electronic wire transfer are made weekly, based on weekly expenditures, and correspond with the established clearance patterns. The request for funds shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit 1. This funding technique is interest neutral.

EBT Debit Cards (CFDA 93.558)

The monthly recurring payments for the TANF program are authorized on the 1st of each month. Draw requests will be made such that Federal reimbursements are received by the State based on the daily and monthly reports produced by the Arkansas Client Eligibility System (ACES). Weekly draw requests will be submitted to fund benefits for new clients based on the daily reports out of the Electronic Payment Processing and Information Control System (EPPIC). The request for funds shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. This funding technique is interest neutral.

Monthly Billing - Highway (CFDA 20.205)

The State will request funds from the U.S. Department of Transportation for monthly payroll and administrative costs on the second billing subsequent to the close of the month in which State issued payment. The billing will be submitted on the normal weeklybilling with the Vendor/Contractor costs. The request for funds shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. This funding technique is interest neutral.

6.3 Application of Funding Techniques to Programs

6.3.1 The State shall apply the following funding techniques when requesting Federal funds for the component cash flows of the programs listed in sections 4.2 and 4.3 of this Agreement.

6.3.2 Programs

Below are programs listed in Section 4.2 and Section 4.3.

10.551 Supplemental Nutrition Assistance Program
Recipient: Department of Human Services
% of Funds Agency Receives: 100.00
Component: Direct Program Expenditures
Technique: Actual Costs - Department of Human Services
Average Day of Clearance: N/A

10.555 National School Lunch Program
Recipient: Department of Education
% of Funds Agency Receives: 82.00
Component: Direct Program Expenditures
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 0 Days

Recipient: Department of Human Services
% of Funds Agency Receives: 18.00
Component: Direct Program Expenditures

Technique: Actual Costs - Department of Human Services
Average Day of Clearance: N/A

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Recipient: Department of Health
% of Funds Agency Receives: 4.00
Component: Administrative Costs
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

Recipient: Department of Health
% of Funds Agency Receives: 1.00
Component: Contract Expenditures
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

Recipient: Department of Health
% of Funds Agency Receives: 81.00
Component: Direct Program Expenditures
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: 0 Days

Recipient: Department of Health
% of Funds Agency Receives: 14.00
Component: Payroll
Technique: Estimated Clearance
Average Day of Clearance: N/A

10.558 Child and Adult Care Food Program
Recipient: Department of Human Services
% of Funds Agency Receives: 100.00
Component: Direct Program Expenditures
Technique: Actual Costs - Department of Human Services
Average Day of Clearance: N/A

12.401 National Guard Military Operations and Maintenance (O&M) Projects
Recipient: State Military Department
% of Funds Agency Receives: 60.00
Component: Operations and Maintenance
Technique: Advance Funding Based on An Estimate - O & M (CFDA 12.401)
Average Day of Clearance: N/A

Recipient: State Military Department
% of Funds Agency Receives: 40.00
Component: Payroll
Technique: Advance Funding based on actual - Payroll (CFDA 12.401)

Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Department of Workforce Services
% of Funds Agency Receives: 90.00
Component: Direct Program Expenditures
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: N/A

Recipient: Department of Workforce Services
% of Funds Agency Receives: 3.00
Component: Administration Costs
Technique: Estimated Clearance
Average Day of Clearance: N/A

Recipient: Department of Workforce Services
% of Funds Agency Receives: 7.00
Component: Payroll
Technique: Estimated Clearance
Average Day of Clearance: N/A

17.225S Unemployment Insurance -- State Benefit Account
Recipient: Department of Workforce Services
% of Funds Agency Receives: 100.00
Component: Direct Program Expenditures
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: N/A

20.205 Highway Planning and Construction
Recipient: State Highway and Transportation Department
% of Funds Agency Receives: 65.00
Component: Vendor/Control Payments
Technique: Average Clearance - Highway (CFDA 20.205)
Average Day of Clearance: 2 Days

Recipient: State Highway and Transportation Department
% of Funds Agency Receives: 15.00
Component: Administrative Costs
Technique: Monthly Billing - Highway (CFDA 20.205)
Average Day of Clearance: 0 Days

Recipient: State Highway and Transportation Department
% of Funds Agency Receives: 20.00
Component: Payroll
Technique: Monthly Billing - Highway (CFDA 20.205)
Average Day of Clearance: 0 Days

84.010 Title I Grants to Local Educational Agencies
Recipient: Department of Education
% of Funds Agency Receives: 91.00
Component: Direct Program Expenditures
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 0 Days

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Administrative Costs
Technique: Actual Costs - Direct Administrative
Average Day of Clearance: 0 Days

Recipient: Department of Education
% of Funds Agency Receives: 8.00
Component: Payroll
Technique: Estimated Clearance
Average Day of Clearance: N/A

84.027 Special Education -- Grants to States
Recipient: Department of Education
% of Funds Agency Receives: 98.00
Component: Direct Program Expenditures
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 0 Days

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Administrative Costs
Technique: Actual Costs - Direct Administrative
Average Day of Clearance: 0 Days

Recipient: Department of Education
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Estimated Clearance
Average Day of Clearance: N/A

93.558 Temporary Assistance for Needy Families
Recipient: Department of Human Services
% of Funds Agency Receives: 28.00
Component: Administrative Costs and Direct Program Expenditures
Technique: Actual Costs - Department of Human Services
Average Day of Clearance: N/A

Recipient: Department of Workforce Services

% of Funds Agency Receives: 37.00
Component: Administrative Costs and Direct Program Expenditures
Technique: Actual Costs - Direct Administrative
Average Day of Clearance: N/A

Recipient: Department of Workforce Services
% of Funds Agency Receives: 1.00
Component: Direct Program Expenditures
Technique: EBT Debit Cards (CFDA 93.558)
Average Day of Clearance: 0 Days

Recipient: Department of Human Services
% of Funds Agency Receives: 24.00
Component: Direct Program Expenditures
Technique: EBT Debit Cards (CFDA 93.558)
Average Day of Clearance: 0 Days

Recipient: Department of Workforce Services
% of Funds Agency Receives: 10.00
Component: Payroll
Technique: Estimated Clearance
Average Day of Clearance: N/A

93.767 Children's Health Insurance Program
Recipient: Department of Human Services
% of Funds Agency Receives: 10.00
Component: Administrative Costs
Technique: Actual Costs - Department of Human Services
Average Day of Clearance: N/A

Recipient: Department of Human Services
% of Funds Agency Receives: 90.00
Component: Direct Program Expenditures
Technique: Actual Costs - Department of Human Services
Average Day of Clearance: N/A

93.778 Medical Assistance Program
Recipient: Department of Human Services
% of Funds Agency Receives: 3.00
Component: Administartive Costs
Technique: Actual Costs - Department of Human Services
Average Day of Clearance: N/A

Recipient: Department of Human Services
% of Funds Agency Receives: 3.00
Component: Payroll

Technique: Actual Costs - Department of Human Services
Average Day of Clearance: N/A

Recipient: Department of Human Services
% of Funds Agency Receives: 75.00
Component: EFT Direct Program Expenditures (EDS Provider Payments)
Technique: Actual Costs-EFT - Department of Human Services (CFDA 93.778)
Average Day of Clearance: N/A

Recipient: Department of Human Services
% of Funds Agency Receives: 19.00
Component: Non EFT Direct Program Expenditures (EDS Provider Payments)
Technique: Estimated Clearance
Average Day of Clearance: N/A

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

No exempt agencies.

7.0 CLEARANCE PATTERNS

7.1 The State shall develop separate clearance patterns for each of the following:

all programs listed in Sections 4.2, 4.3 and 4.4 (except any interest exempted program) of this Agreement.

7.2 The following shall develop the State's clearance patterns:

State Highway and Transportation Department
Department of Education
Department of Human Services
Department of Workforce Services
Department of Health
State Military Department

7.3 The sources of data the State shall use when developing its clearance patterns are as follows:

the Treasurer of the State of Arkansas' Treasury Management System.

7.4 The State shall use the following methodology when developing its clearance patterns:

When developing each clearance pattern, the State shall track at least 99% of the funds disbursed, from issuance to clearance, for a period of at least three months.

7.5 The State shall identify for each check or warrant (hereafter, check) in the population: (1) the date the check was released for payment; (2) the date the check was debited from the State's account, and, (3) the amount of the check.

7.6 The State shall use the following method to calculate the dollar-weighted average day of clearance:

To determine the number of days each check was outstanding (clearance time), the issue date shall be subtracted from

the date the check cleared the State's account.

To determine the percentage of the disbursement paid out each day following issuance, the amount of the checks that clear the State's account each day shall be summed and then divided by the amount of the total disbursement.

For each day following issuance, the clearance time of the checks paid out that day shall be multiplied by the percentage of the total disbursement those checks represent. This product is the clearance factor.

The dollar-weighted average day of clearance for the disbursement shall be determined by summing the clearance factor of each day following the disbursement.

7.7 The State shall adjust each clearance pattern to reflect the dollar-weighted proportion of funds paid out by EFT/Direct payroll, with the following exceptions:

N.A.

The State shall also adjust each clearance pattern to reflect:

N.A.

7.8 Each of the State's clearance patterns is calculated in calendar days.

7.9 An authorized State official shall certify that each clearance pattern developed by the State accurately corresponds to the clearance activity of the programs to which it is applied. This certification shall be provided to the Fiscal Service prior to the effective date of the Agreement. The State shall recertify its clearance patterns at least every five years.

7.10 The State shall follow the procedures of 31 CFR 205 if it has actual or constructive knowledge, at any time, that a clearance pattern does not correspond to a program's clearance activity.

8.0 INTEREST CALCULATION METHODOLOGY

8.1 General Terms

8.1.1 The State and the Secretary agree that no interest liabilities will be incurred for transfers of funds made in accordance with the procedures specified in section 6 of this Agreement where the following funding techniques are applied:

Actual Clearance, ZBA - ACH
Actual Clearance, ZBA - Same Day Payment
Actual Costs - Department of Human Services
Actual Costs - Direct Administrative
Actual Costs-EFT - Department of Human Services (CFDA 93.778)
Average Clearance - Highway (CFDA 20.205)
EBT Debit Cards (CFDA 93.558)
Estimated Clearance
Monthly Billing - Highway (CFDA 20.205)

8.1.2 The State shall maintain information on disbursements and receipts of funds to verify the implementation of any funding technique and document interest liabilities.
For each disbursement, the State shall be able to identify:

(1) amount of the issuance
(2) date of issuance
(3) date Federal funds are received and credited to a State account
(4) amount of Federal funds received
(5) date funds were requested

8.2 Federal Interest Liabilities

8.2.1 A Federal interest liability shall accrue from the day the State pays out its own funds for program purposes to the day Federal funds are credited to a State account. With regard to funds transferred out of the Federal Highway Trust Fund, if a State does not bill at least weekly for current project costs, the Federal interest liability shall not accrue prior to the day the State submits a request for funds.

8.2.2 The State shall use the following method to calculate Federal interest liabilities:

Average Daily Balance:
The State shall track the actual cash activity for each Federal program by its own account. A negative cash balance at the close of business indicates the State paid out its own funds for program purposes in the absence of supporting Federal funds. The Federal interest liability shall be calculated by applying the daily interest rate to a program's average negative cash balance.

8.3 The Unemployment Trust Fund

8.3.1 The State shall use the following method to calculate State interest liabilities on funds withdrawn from the several accounts in the Unemployment Trust Fund:

Federal and State Funds are Interest Neutral:
There are no interest earnings on funds withdrawn from the State account, as the State has implemented estimated clearance, an interest-neutral funding technique, for such transfers. For transfers of funds from the State and Federal accounts in the UTF that do not follow the technique specified in section 6.2 and result in a positive balance of funds in a State account, the States liability for interest on funds withdrawn from its account in the UTF shall consist of the actual interest earnings of the benefit payment account on the pro-rata share less the related banking costs attributed to such funds.

For Federal funds withdrawn from the UTF and result in a positive balance in a State account, the State shall multiply the amount of Federal funds withdrawn by the daily rate equal to the average equivalent yields of 13-week Treasury bill auctioned during the State's fiscal year. The result is multiplied times the number of days ahead of the average day of clearance the Federal funds were deposited in a State account. This amount shall constitute the State's interest liability to be remitted back to the Federal government.

8.3.2 CFDA 17.225F -- DIRECT PROGRAM EXPENDITURES - The State will request through U.S. Department of the Treasury Unemployment Trust Fund(UTF) Accounting System by 12:00 noon Eastern time, for same day transfer of funds, as specified in Exhibit I.

8.4 Refund Liabilities

8.4.1 The State shall be liable for interest on refunds from the date the refund is credited to a State account until the date the refund is debited from the State account for program purposes. The State shall apply a $50,000 refund transaction threshold below which the State shall not incur or calculate interest liabilities on refunds. A transaction is defined as a single deposit.

8.4.2 For each refund, the State shall maintain information identifying:
(1) date a refund is credited to a State account
(2) date of the subsequent deposit of Federal funds against which the refund is offset
(3) amount of the refund

8.4.3 The State shall use the following methodology to calculate interest liabilities on refunds:

Refunds Deposited to Interest Neutral Programs:
With programs to which applicable interest neutral funding techniques are applied, the State interest liability shall be based on the difference in whole days between the date the refund is deposited in a State account and the date the refund is offset against a subsequent deposit of Federal funds.

8.5 Exemptions

8.5.1 Where more than one State agency is a recipient of Federal funds under a program, a particular State agency's funding may be excluded from interest calculation procedures if the State agency receives an amount of funds less than 5 % of the State's threshold for major Federal assistance programs. Notwithstanding this potential exemption, however, in no case shall less than 90% of a program's total funding be subject to interest calculation procedures.

Proration of calculations: If less than total program funding is subject to interest calculation procedures, the resulting interest liability calculations shall be prorated to 100% of program funding.

8.6 State Interest Liabilities

8.6.1 The State shall be liable for interest on Federal funds from the date Federal funds are credited to a State account until the date those funds are paid out for program purposes.

8.6.2 The State shall use the following method to calculate State interest liabilities on Federal funds:

8.6.2.1 Measuring Time Funds Are Held

Deposit to Clearance:
To determine the total time Federal funds are held, the State shall measure the time between the date Federal funds are received and credit to a State's account and the date those funds are debited from the State's account.

8.6.2.2 Source of Data

Bank or Agency:
The time period from Deposit to Clearance shall be determined from information captured by each State Entity or Commercial Bank and shall be determined from information captured in the State Entity s accounting system in conjunction with data provided by the Treasurer of the State of Arkansas Treasury Management System and Commercial Banks. Each State Entity is responsible for its own programs.

8.6.2.3 Standards Applied

Census (Average Daily Balance):
The average daily cash balance of Federal Funds in the program's account reflects the actual activity of each draw from the date of deposit to the date of issuance or clearance, whichever is pertinent.

8.6.2.4 Calculation Procedure

Average Daily Balance:
I = ADB x R, where

I = Total State Interest Liability

ADB = Average Daily Balance of pertinent Federal Funds in a program's account, measured from deposit to clearance

R = Annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during a State's fiscal year

9.0 REVERSE FLOW PROGRAMS

The State is not required to cover any reverse flow programs under the terms of this Agreement because the State does not participate in the program.

10.0 INTEREST CALCULATION COSTS

10.1 As set forth in 31 CFR 205.27, interest calculation costs are defined as those costs necessary for the actual calculation of interest, including the cost of developing and maintaining clearance patterns in support of the interest calculations. Interest calculation costs do not include expenses for normal disbursing services, such as processing of checks or maintaining records for accounting and reconciliation of cash balances, or expenses for upgrading or modernizing accounting systems. Interest calculation costs in excess of $50,000 in any year are not eligible for reimbursement, unless the State provides justification with the annual report.

10.2 The State expects to incur the following types of interest calculation costs:

Data Processing charges necessary for the development and maintenance of clearance patterns and those costs necessary to peform actual calculation of interest liabilities.

10.3 The State shall submit all claims for reimbursement of interest calculation costs with its Annual Report in accordance with 31 CFR 205.

11.0 NON-COMPLIANCE

11.1 The provisions of 31 CFR Part 205.29 and 31 CFR Part 205.30 shall apply in cases of non-compliance with the terms of this Agreement.

12.0 AUTHORIZED SIGNATURES

Paul Louthian CPA, Administrator
Office of Accounting
Department of Finance and Administration

Signature: (b) (6) Date Signed: 6/18/2014

Date Submitted 06/01/2014

Kristine S. Conrath
Assistant Commissioner
Revenue Collections Management
Bureau of the Fiscal Service
U.S. Department of the Treasury

Signature: Cornell D. McDaniel Date Signed: 7/10/14

Exhibit I - Funds Request and Receipt Times Schedule
State of Arkansas

Federal Agency	Payment Type	Request Cut-Off Time	Receipt Window
Agriculture-FNS	ACH	11:59 PM	1 day
Agriculture-FNS	Fedwire	5:45 PM	0 day
Agriculture-FS	ACH	3:00 PM	1 day
Air National Guard	ACH	12:00 PM	15 days
Army National Guard	ACH	12:00 PM	15 days
Commerce-NOAA	ACH	2:00 PM	1 day
Dept of Homeland Security (FEMA)	Fedwire	2:00 PM	0 day
Dept of Homeland Security (ODP)	ACH	2:00 PM	2 days
Dept of Homeland Security (ODP)	Fedwire	2:00 PM	2 days
EPA	ACH	2:00 PM	2 days
EPA	Fedwire	2:00 PM	0 day
Education	ACH	3:00 PM	1 day
Education	Fedwire	2:00 PM	0 day
Energy	ACH	4:00 PM	1 day
Energy	Fedwire	3:00 PM	0 day
HHS	ACH	6:30 PM	1 day
HHS	Fedwire	3:00 PM	0 day
HUD	ACH	5:30 PM	2 days
HUD	Fedwire	3:00 PM	0 day
Interior-FWS	ACH	11:59 PM	1 day
Interior-FWS	Fedwire	5:45 PM	0 day
Interior-OSM	ACH	3:00 PM	1 day
Interior-OSM	Fedwire	5:45 PM	0 day
Justice	ACH	11:00 PM	6 days
Justice	Fedwire	2:00 PM	2 days
Labor-Non-UTF	ACH	3:00 PM	1 day
Labor-UTF	ACH	3:00 PM	1 day
Labor-UTF	Fedwire	3:00 PM	0 day
National Science Foundation (NSF)	ACH	8:00 PM	1 day
National Science Foundation (NSF)	Fedwire	5:45 PM	0 day
Social Security Administration	ACH	11:59 PM	1 day
Social Security Administration	Fedwire	5:45 PM	0 day
Transportation (FAA)	ACH	2:00 PM	1 day
Transportation (FHWA)	ACH	12:00 PM	3 days
Transportation (FHWA)	Fedwire	12:00 PM	0 day
Transportation (FTA)	ACH	2:00 PM	1 day
Veterans Administration	ACH	12:00 PM	3 days

Exhibit II - State of Arkansas

LIST OF STATE CLEARANCE TIMES

(Rounded Dollar-Weighted Average Day of Clearance)

Clearance Times Where the Timing of A Draw Down Is Based on A Clearance Pattern

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
10.551	Supplemental Nutrition Assistance Program	Department of Human Services	100.00	Direct Program Expenditures	Actual Costs - Department of Human Services	N/A
10.555	National School Lunch Program	Department of Human Services	18.00	Direct Program Expenditures	Actual Costs - Department of Human Services	N/A
10.555	National School Lunch Program	Department of Education	82.00	Direct Program Expenditures	Actual Clearance, ZBA - ACH	0 Days
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health	81.00	Direct Program Expenditures	Actual Clearance, ZBA - Same Day Payment	0 Days
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health	4.00	Administrative Costs	Actual Clearance, ZBA - Same Day Payment	0 Days
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health	1.00	Contract Expenditures	Actual Clearance, ZBA - Same Day Payment	0 Days
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health	14.00	Payroll	Estimated Clearance	N/A
10.558	Child and Adult Care Food Program	Department of Human Services	100.00	Direct Program Expenditures	Actual Costs - Department of Human Services	N/A
12.401	National Guard Military Operations and Maintenance (O&M) Projects	State Military Department	40.00	Payroll	Advance Funding based on actual - Payroll (CFDA 12.401)	N/A
12.401	National Guard Military Operations and Maintenance (O&M) Projects	State Military Department	60.00	Operations and Maintenance	Advance Funding Based on An Estimate - O & M (CFDA 12.401)	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Workforce Services	90.00	Direct Program Expenditures	Actual Clearance, ZBA - Same Day Payment	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Workforce Services	3.00	Administration Costs	Estimated Clearance	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Workforce Services	7.00	Payroll	Estimated Clearance	N/A
17.225S	Unemployment Insurance -- State Benefit Account	Department of Workforce Services	100.00	Direct Program Expenditures	Actual Clearance, ZBA - Same Day Payment	N/A

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
20.205	Highway Planning and Construction	State Highway and Transportation Department	15.00	Administrative Costs	Monthly Billing - Highway (CFDA 20.205)	0 Days
20.205	Highway Planning and Construction	State Highway and Transportation Department	20.00	Payroll	Monthly Billing - Highway (CFDA 20.205)	0 Days
20.205	Highway Planning and Construction	State Highway and Transportation Department	65.00	Vendor/Control Payments	Average Clearance - Highway (CFDA 20.205)	2 Days
84.010	Title I Grants to Local Educational Agencies	Department of Education	91.00	Direct Program Expenditures	Actual Clearance, ZBA - ACH	0 Days
84.010	Title I Grants to Local Educational Agencies	Department of Education	8.00	Payroll	Estimated Clearance	N/A
84.010	Title I Grants to Local Educational Agencies	Department of Education	1.00	Administrative Costs	Actual Costs - Direct Administrative	0 Days
84.027	Special Education -- Grants to States	Department of Education	98.00	Direct Program Expenditures	Actual Clearance, ZBA - ACH	0 Days
84.027	Special Education -- Grants to States	Department of Education	1.00	Payroll	Estimated Clearance	N/A
84.027	Special Education -- Grants to States	Department of Education	1.00	Administrative Costs	Actual Costs - Direct Administrative	0 Days
93.558	Temporary Assistance for Needy Families	Department of Human Services	24.00	Direct Program Expenditures	EBT Debit Cards (CFDA 93.558)	0 Days
93.558	Temporary Assistance for Needy Families	Department of Human Services	28.00	Administrative Costs and Direct Program Expenditures	Actual Costs - Department of Human Services	N/A
93.558	Temporary Assistance for Needy Families	Department of Workforce Services	10.00	Payroll	Estimated Clearance	N/A
93.558	Temporary Assistance for Needy Families	Department of Workforce Services	1.00	Direct Program Expenditures	EBT Debit Cards (CFDA 93.558)	0 Days
93.558	Temporary Assistance for Needy Families	Department of Workforce Services	37.00	Administrative Costs and Direct Program Expenditures	Actual Costs - Direct Administrative	N/A
93.767	Children's Health Insurance Program	Department of Human Services	90.00	Direct Program Expenditures	Actual Costs - Department of Human Services	N/A
93.767	Children's Health Insurance Program	Department of Human Services	10.00	Administrative Costs	Actual Costs - Department of Human Services	N/A
93.778	Medical Assistance Program	Department of Human Services	19.00	Non EFT Direct Program Expenditures (EDS Provider Payments)	Estimated Clearance	N/A
93.778	Medical Assistance Program	Department of Human Services	3.00	Administartive Costs	Actual Costs - Department of Human Services	N/A
93.778	Medical Assistance Program	Department of Human Services	3.00	Payroll	Actual Costs - Department of Human Services	N/A
93.778	Medical Assistance Program	Department of Human Services	75.00	EFT Direct Program Expenditures (EDS Provider Payments)	Actual Costs-EFT - Department of Human Services (CFDA 93.778)	N/A

I hereby certify that an authorized State official has certified at least every five years that the "Rounded Days of Clearance" listed in Exhibit 2 of this Treasury-State Agreement:

1. Have been prepared in accordance with the standards provided in 31 CFR 205.20;

2. Accurately represent the flow of Federal funds under the Federal assistance programs to which they apply;

3. Reflect seasonal or other periodic variations in the clearance activities; and,

4. Are auditable.

Date: 6/18/2014

Printed Name: Paul Loughlin

Certifying Signature: (b) (6) [redacted]

Title: Administrator

Cash Management Improvement Act - 2015 Treasury State Agreement
State of Arkansas - Exhibit II Estimated Clearance

Effective 06/30/2014 until 06/29/2015

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Payroll

Day	% Cleared
Day 1	98.00
Day 2	0.00
Day 3	1.00
Day 4	1.00
Day 5	0.00
Day 6	0.00
Day 7	0.00
Day 8	0.00
Day 9	0.00
Day 10	0.00
Day 11	0.00
Day 12	0.00
Day 13	0.00
Day 14	0.00
Day 15	0.00
Day 16	0.00
Day 17	0.00
Day 18	0.00
Day 19	0.00
Day 20	0.00
Day 21	0.00
Day 22	0.00
Day 23	0.00
Day 24	0.00
Day 25	0.00
Day 26	0.00
Day 27	0.00
Day 28	0.00
Day 29	0.00
Day 30	0.00
Day 31	0.00
Total	100.00

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs

Administration Costs

Day	% Cleared
Day 1	0.00
Day 2	11.14
Day 3	2.49

Day	% Cleared
Day 4	10.76
Day 5	7.42
Day 6	11.87
Day 7	16.47
Day 8	14.02
Day 9	10.55
Day 10	2.92
Day 11	3.91
Day 12	4.09
Day 13	4.36
Day 14	0.00
Day 15	0.00
Day 16	0.00
Day 17	0.00
Day 18	0.00
Day 19	0.00
Day 20	0.00
Day 21	0.00
Day 22	0.00
Day 23	0.00
Day 24	0.00
Day 25	0.00
Day 26	0.00
Day 27	0.00
Day 28	0.00
Day 29	0.00
Day 30	0.00
Day 31	0.00
Total	100.00

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs

Payroll

Day	% Cleared
Day 1	98.00
Day 2	0.00
Day 3	1.00
Day 4	1.00
Day 5	0.00
Day 6	0.00
Day 7	0.00
Day 8	0.00
Day 9	0.00
Day 10	0.00
Day 11	0.00
Day 12	0.00
Day 13	0.00
Day 14	0.00
Day 15	0.00
Day 16	0.00
Day 17	0.00

Day	% Cleared
Day 18	0.00
Day 19	0.00
Day 20	0.00
Day 21	0.00
Day 22	0.00
Day 23	0.00
Day 24	0.00
Day 25	0.00
Day 26	0.00
Day 27	0.00
Day 28	0.00
Day 29	0.00
Day 30	0.00
Day 31	0.00
Total	100.00

84.010 Title I Grants to Local Educational Agencies

Payroll

Day	% Cleared
Day 1	98.00
Day 2	0.00
Day 3	1.00
Day 4	1.00
Day 5	0.00
Day 6	0.00
Day 7	0.00
Day 8	0.00
Day 9	0.00
Day 10	0.00
Day 11	0.00
Day 12	0.00
Day 13	0.00
Day 14	0.00
Day 15	0.00
Day 16	0.00
Day 17	0.00
Day 18	0.00
Day 19	0.00
Day 20	0.00
Day 21	0.00
Day 22	0.00
Day 23	0.00
Day 24	0.00
Day 25	0.00
Day 26	0.00
Day 27	0.00
Day 28	0.00
Day 29	0.00
Day 30	0.00
Day 31	0.00

Day	% Cleared
Total	100.00

84.027 Special Education -- Grants to States

Payroll

Day	% Cleared
Day 1	98.00
Day 2	0.00
Day 3	1.00
Day 4	1.00
Day 5	0.00
Day 6	0.00
Day 7	0.00
Day 8	0.00
Day 9	0.00
Day 10	0.00
Day 11	0.00
Day 12	0.00
Day 13	0.00
Day 14	0.00
Day 15	0.00
Day 16	0.00
Day 17	0.00
Day 18	0.00
Day 19	0.00
Day 20	0.00
Day 21	0.00
Day 22	0.00
Day 23	0.00
Day 24	0.00
Day 25	0.00
Day 26	0.00
Day 27	0.00
Day 28	0.00
Day 29	0.00
Day 30	0.00
Day 31	0.00
Total	100.00

93.558 Temporary Assistance for Needy Families

Payroll

Day	% Cleared
Day 1	98.00
Day 2	0.00
Day 3	1.00
Day 4	1.00
Day 5	0.00
Day 6	0.00
Day 7	0.00
Day 8	0.00

Day	% Cleared
Day 9	0.00
Day 10	0.00
Day 11	0.00
Day 12	0.00
Day 13	0.00
Day 14	0.00
Day 15	0.00
Day 16	0.00
Day 17	0.00
Day 18	0.00
Day 19	0.00
Day 20	0.00
Day 21	0.00
Day 22	0.00
Day 23	0.00
Day 24	0.00
Day 25	0.00
Day 26	0.00
Day 27	0.00
Day 28	0.00
Day 29	0.00
Day 30	0.00
Day 31	0.00
Total	100.00

93.778 Medical Assistance Program

Non EFT Direct Program Expenditures (EDS Provider Payments)

Day	% Cleared
Day 1	0.00
Day 2	0.00
Day 3	0.00
Day 4	2.00
Day 5	35.00
Day 6	27.00
Day 7	14.00
Day 8	8.00
Day 9	0.00
Day 10	0.00
Day 11	5.00
Day 12	4.00
Day 13	2.00
Day 14	2.00
Day 15	1.00
Day 16	0.00
Day 17	0.00
Day 18	0.00
Day 19	0.00
Day 20	0.00
Day 21	0.00
Day 22	0.00

Day	% Cleared
Day 23	0.00
Day 24	0.00
Day 25	0.00
Day 26	0.00
Day 27	0.00
Day 28	0.00
Day 29	0.00
Day 30	0.00
Day 31	0.00
Total	100.00

Certification

"I hereby certify that the "% Cleared" listed in Exhibit II Estimated Clearance of this Treasury State Agreement:

1. Has been prepared in accordance with the standards provided in 31 CFR 205.20;
2. Accurately represents the flow of federal funds under the federal assistance programs to which they apply;
3. Reflects seasonal or other periodic variations in the clearance activities;
4. Is auditable; and,
5. Has been certified as accurate by an authorized State Official."

(b) (6) [redacted]

Signature

6/18/201X

Date Signed

Paul Lowrimore

Printed Name

ADMINISTRATOR

Printed Title