

IRVING L. FAUGHT
ADMINISTRATOR



MARY FALLIN
GOVERNOR

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES

MEMORANDUM

To: Irving L. Faught, Administrator
From: Melanie Hall, Deputy Administrator
Date: September 12, 2014
Re: FINANCIAL REPORT

Attached is the financial report for the month ended June 30, 2014, as prepared by Stephanie Ballard of Crawford & Associates.

Attachment

OKLAHOMA DEPARTMENT OF SECURITIES
CASH BASIS YEAR-TO-DATE COMPARISON

	YTD June 30, 2014	YTD June 30, 2013	Percentage Change
ASSETS			
Cash and cash equivalents	\$ 7,570,489	\$ 6,712,830	13%
Cash restricted for investor education	829,719	1,525,713	-46% ¹
TOTAL ASSETS	\$ 8,400,208	\$ 8,238,543	2%
LIABILITIES			
Due to State's General Fund	\$ 324,071	\$ 261,210	24%
TOTAL LIABILITIES	\$ 324,071	\$ 261,210	24%
NET ASSETS			
Restricted net position - expendable	\$ 829,719	\$ 1,525,713	-46%
Unrestricted net position	7,246,418	6,451,620	12%
TOTAL NET POSITION	\$ 8,076,137	\$ 7,977,333	1%
TOTAL LIABILITIES AND NET POSITION	\$ 8,400,208	\$ 8,238,543	2%
	June 2014	June 2013	
OPERATING REVENUES			
Securities registration fees	\$ 13,749,241	\$ 12,815,894	7%
Securities professionals' registration fees	7,399,630	7,073,250	5%
Fines, penalties, and administrative costs	61,410	133,513	-54% ²
Other revenue	5,094	4,248	20% ³
TOTAL OPERATING REVENUES	\$ 21,215,375	\$ 20,026,905	6%
OPERATING EXPENSES			
Salaries, wages, and benefits	\$ 3,623,638	\$ 3,646,939	-1%
Rent expense	144,099	148,840	-3%
Contracted and professional services	109,184	114,576	-5%
Investor education professional services	781,563	1,083,799	-28% ⁴
Other general and administrative expenses	293,791	203,836	44% ⁵
TOTAL OPERATING EXPENSES	\$ 4,952,275	\$ 5,197,990	-5%
OPERATING INCOME	\$ 16,263,100	\$ 14,828,915	10%
NONOPERATING REVENUE (EXPENSE)			
Interest income	\$ 24,158	\$ 43,755	-45% ⁶
Transfers to and due to State of Oklahoma	(16,201,254)	(15,304,384)	6%
NET NONOPERATING EXPENSE	\$ (16,177,096)	\$ (15,260,629)	6%
NET CHANGE IN NET POSITION	\$ 86,004	\$ (431,714)	-120%
NET POSITION, BEGINNING OF YEAR	\$ 7,990,133	\$ 8,409,047	-5%
NET POSITION, YTD	\$ 8,076,137	\$ 7,977,333	1%

1 Decrease is due to reduced fine revenue to the Fund and a decrease in interest income combined with continued Investor Education expenditures.

2 Fines vary based on amounts awarded and factual bases of cases.

3 Other revenue varies.

4 Decrease is due to reduced budget for media outreach projects.

5 Increase is due to increased investigation/litigation expenses and purchase of data processing equipment and software.

6 Decrease is due to lower account balance and lower rate of return.

OKLAHOMA DEPARTMENT OF SECURITIES
FINANCIAL STATEMENTS - CASH BASIS

	July 31, 2013	August 31, 2013	September 30, 2013	October 31, 2013	November 30, 2013	December 31, 2013	January 31, 2014	February 28, 2014	March 31, 2014	April 30, 2014	May 31, 2014	June 30, 2014	Total YTD
ASSETS													
Cash and cash equivalents	\$ 6,648,066	\$ 6,794,304	\$ 6,821,002	\$ 6,944,324	\$ 6,714,882	\$ 7,483,419	\$ 7,723,883	\$ 7,953,215	\$ 7,726,048	\$ 7,843,122	\$ 7,726,975	\$ 7,570,489	\$ 7,570,489
Cash restricted for investor education	\$ 1,657,801	\$ 1,574,317	\$ 1,363,281	\$ 1,486,086	\$ 1,216,369	\$ 1,200,315	\$ 1,222,250	\$ 1,238,246	\$ 1,040,608	\$ 892,537	\$ 915,859	\$ 829,719	\$ 829,719
TOTAL ASSETS	\$ 8,305,867	\$ 8,368,621	\$ 8,184,283	\$ 8,430,410	\$ 7,931,251	\$ 8,683,734	\$ 8,946,133	\$ 9,191,461	\$ 8,766,656	\$ 8,735,659	\$ 8,642,834	\$ 8,400,208	\$ 8,400,208
LIABILITIES													
Due to State's General Fund	\$ 368,900	\$ 323,000	\$ 319,000	\$ 452,300	\$ 281,250	\$ 370,953	\$ 388,650	\$ 368,650	\$ 343,650	\$ 384,000	\$ 285,100	\$ 324,071	\$ 324,071
TOTAL LIABILITIES	\$ 368,900	\$ 323,000	\$ 319,000	\$ 452,300	\$ 281,250	\$ 370,953	\$ 388,650	\$ 368,650	\$ 343,650	\$ 384,000	\$ 285,100	\$ 324,071	\$ 324,071
NET ASSETS	\$ 7,936,967	\$ 8,045,621	\$ 7,865,283	\$ 7,978,110	\$ 7,650,001	\$ 8,312,781	\$ 8,557,483	\$ 8,822,811	\$ 8,423,006	\$ 8,351,659	\$ 8,357,734	\$ 8,076,137	\$ 8,076,137
Restricted net position - expendable	\$ 1,657,801	\$ 1,574,317	\$ 1,363,281	\$ 1,486,086	\$ 1,216,369	\$ 1,200,315	\$ 1,222,250	\$ 1,238,246	\$ 1,040,608	\$ 892,537	\$ 915,859	\$ 829,719	\$ 829,719
Unrestricted net position	\$ 6,279,166	\$ 6,471,304	\$ 6,501,999	\$ 6,492,024	\$ 6,433,632	\$ 7,112,466	\$ 7,335,233	\$ 7,584,565	\$ 7,382,398	\$ 7,459,122	\$ 7,441,875	\$ 7,246,418	\$ 7,246,418
TOTAL NET POSITION	\$ 7,936,967	\$ 8,045,621	\$ 7,865,283	\$ 7,978,110	\$ 7,650,001	\$ 8,312,781	\$ 8,557,483	\$ 8,822,811	\$ 8,423,006	\$ 8,351,659	\$ 8,357,734	\$ 8,076,137	\$ 8,076,137
TOTAL LIABILITIES AND NET POSITION	\$ 8,305,867	\$ 8,368,621	\$ 8,184,283	\$ 8,430,410	\$ 7,931,251	\$ 8,683,734	\$ 8,946,133	\$ 9,191,461	\$ 8,766,656	\$ 8,735,659	\$ 8,642,834	\$ 8,400,208	\$ 8,400,208
OPERATING REVENUES													
Securities registration fees	\$ 1,128,800	\$ 1,024,000	\$ 1,294,000	\$ 1,141,600	\$ 997,240	\$ 1,367,500	\$ 1,120,400	\$ 1,021,200	\$ 1,188,000	\$ 1,303,200	\$ 1,042,700	\$ 1,233,471	\$ 13,749,241
Securities professional registration fees	\$ 110,000	\$ 105,330	\$ 114,800	\$ 108,500	\$ 85,960	\$ 613,100	\$ 216,530	\$ 93,010	\$ 102,570	\$ 108,100	\$ 105,880	\$ 109,680	\$ 7,399,630
Fees - penalties, and administrative costs	\$ 483	\$ 15	\$ 15	\$ 10,000	\$ 482	\$ 723	\$ 960	\$ 118	\$ 4	\$ 1,020	\$ 211	\$ 341,008	\$ 61,410
Other revenue	\$ 1,239,460	\$ 1,127,620	\$ 1,367,715	\$ 1,280,975	\$ 990,722	\$ 7,502,320	\$ 1,339,880	\$ 1,126,896	\$ 1,291,889	\$ 1,432,370	\$ 1,170,128	\$ 1,343,151	\$ 21,315,375
TOTAL OPERATING REVENUES	\$ 2,501,743	\$ 2,257,055	\$ 2,676,530	\$ 2,531,075	\$ 2,074,424	\$ 9,883,643	\$ 2,477,174	\$ 2,148,104	\$ 2,482,773	\$ 2,736,590	\$ 2,313,039	\$ 2,624,270	\$ 32,465,256
OPERATING EXPENSES													
Salaries, wages, and benefits	\$ 287,594	\$ 280,051	\$ 281,717	\$ 288,285	\$ 279,577	\$ 277,865	\$ 275,648	\$ 277,896	\$ 275,624	\$ 293,680	\$ 283,428	\$ 327,343	\$ 3,623,638
Rent expense	\$ 13,501	\$ 11,666	\$ 11,566	\$ 13,074	\$ 11,582	\$ 11,182	\$ 13,225	\$ 11,122	\$ 12,022	\$ 12,175	\$ 11,552	\$ 11,452	\$ 144,099
Contracted and professional services	\$ 8,344	\$ 23,813	\$ 2,431	\$ 15,422	\$ 21,586	\$ 9,371	\$ 9,158	\$ 4,438	\$ 8,904	\$ 6,636	\$ 6,352	\$ (8,461)	\$ 109,184
Investor education professional services	\$ 70,459	\$ 83,959	\$ -	\$ -	\$ 189,966	\$ -	\$ -	\$ 200,514	\$ 200,514	\$ 149,716	\$ -	\$ 86,996	\$ 781,563
Other general and administrative expenses	\$ 16,627	\$ 50,085	\$ 5,123	\$ 46,342	\$ 14,589	\$ 8,648	\$ 25,753	\$ 14,339	\$ 15,923	\$ 16,464	\$ 39,294	\$ 36,702	\$ 293,791
TOTAL OPERATING EXPENSES	\$ 398,527	\$ 469,514	\$ 300,817	\$ 353,023	\$ 519,709	\$ 307,066	\$ 325,794	\$ 306,795	\$ 313,167	\$ 478,061	\$ 341,008	\$ 454,014	\$ 4,952,275
OPERATING INCOME	\$ 841,117	\$ 677,541	\$ 1,375,713	\$ 1,177,952	\$ 1,554,715	\$ 9,576,577	\$ 2,151,380	\$ 1,841,309	\$ 2,169,606	\$ 1,258,529	\$ 972,031	\$ 2,170,256	\$ 27,513,081
NONOPERATING REVENUE (EXPENSE)													
Interest income	\$ 2,539	\$ 2,475	\$ 2,464	\$ 2,227	\$ 2,267	\$ 2,086	\$ 1,858	\$ 1,638	\$ 1,643	\$ 1,846	\$ 1,415	\$ 1,367	\$ 24,158
Transfers to and due to State of Oklahoma	\$ (84,850)	\$ (84,850)	\$ (973,300)	\$ (921,360)	\$ (713,250)	\$ (6,314,400)	\$ (993,850)	\$ (688,010)	\$ (829,039)	\$ (1,026,300)	\$ (825,458)	\$ (971,131)	\$ (14,301,254)
NET NONOPERATING EXPENSE	\$ (82,311)	\$ (82,375)	\$ (970,836)	\$ (919,133)	\$ (710,983)	\$ (6,312,314)	\$ (992,000)	\$ (686,372)	\$ (827,396)	\$ (1,024,454)	\$ (824,043)	\$ (969,764)	\$ (14,277,096)
NET CHANGE IN NET POSITION	\$ (53,146)	\$ (137,346)	\$ 96,162	\$ (1,751)	\$ (242,091)	\$ 888,840	\$ 24,201	\$ 14,629	\$ (149,207)	\$ (70,145)	\$ 5,105	\$ (280,427)	\$ 84,004
NET POSITION, BEGINNING OF MONTH	\$ 7,990,113	\$ 7,936,967	\$ 7,799,621	\$ 7,895,783	\$ 7,650,001	\$ 8,312,781	\$ 8,557,483	\$ 8,822,811	\$ 8,423,006	\$ 8,351,659	\$ 8,357,734	\$ 8,076,137	\$ 7,990,113
NET POSITION, END OF MONTH	\$ 7,936,967	\$ 7,799,621	\$ 7,895,783	\$ 7,894,032	\$ 7,651,941	\$ 8,312,781	\$ 8,557,483	\$ 8,822,811	\$ 8,423,006	\$ 8,351,659	\$ 8,357,734	\$ 8,076,137	\$ 8,076,137

** The change in beginning net position is due to the posting of an audit entry to correct Due to State.

OKLAHOMA DEPARTMENT OF SECURITIES
CASH BASIS YEAR-TO-DATE BUDGET COMPARISON
AS OF June 30, 2014

	FY14 Total Budget	FY14 Actual YTD	Remaining Balance	Remaining Percentage
OPERATING REVENUES				
Securities registration fees	\$ 12,818,200	\$ 13,749,241	(931,041)	-7%
Securities professionals' registration fees	7,060,800	7,399,630	(338,830)	-5%
Fines, penalties, and administrative costs	50,000	61,410	(11,410)	-23%
Other revenue	6,000	5,094	906	15%
TOTAL OPERATING REVENUES	\$ 19,935,000	\$ 21,215,375	(1,280,375)	
OPERATING EXPENSES				
Salaries, wages, and benefits	\$ 4,177,900	\$ 3,623,638	554,262	13%
Rent expense	149,911	144,099	5,812	4% **
Contracted and professional services	220,600	109,184	111,416	51%
Investor education professional services	1,071,879	781,563	290,316	27%
Other general and administrative expenses	806,717	293,791	512,926	64%
TOTAL OPERATING EXPENSES	\$ 6,427,007	\$ 4,952,275	1,474,732	
OPERATING INCOME	\$ 13,507,993	\$ 16,263,100	\$ (2,755,107)	
NONOPERATING REVENUE (EXPENSE)				
Interest income	\$ 45,000	\$ 24,158	20,842	46%
Transfers to and due to State of Oklahoma	(15,188,100)	(16,201,254)	1,013,154	-7%
NET NONOPERATING EXPENSE	\$ (15,143,100)	\$ (16,177,096)	\$ 1,033,996	
NET CHANGE IN NET POSITION	\$ (1,635,107)	\$ 86,004	(1,721,111)	105%

** Rent expense for the "Budget" column did not include "other rents". As of December, 2013 other rents will be included in the "Budget" column. It was originally included in Other G&A.