

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: January 14, 2013

Re: FINANCIAL REPORT

Attached is the financial report, for the six months ended December 31, 2012, prepared by Rachael Figueiredo of Crawford & Associates.

Attachment

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

	YTD December 31, 2012	YTD December 31, 2011	Percentage Change
ASSETS			
Cash and cash equivalents	\$ 6,927,902	\$ 6,723,755	3%
Cash restricted for investor education	1,970,597	2,518,538	-22% 1
TOTAL ASSETS	\$ 8,898,499	\$ 9,242,293	-4%
LIABILITIES			
Due to State's General Fund	\$ 315,350	\$ 356,810	-12%
TOTAL LIABILITIES	\$ 315,350	\$ 356,810	-12%
NET ASSETS			
Restricted net assets - expendable	\$ 1,970,597	\$ 2,518,538	-22%
Unrestricted net assets	6,612,552	6,366,945	4%
TOTAL NET ASSETS	\$ 8,583,149	\$ 8,885,483	-3%
TOTAL LIABILITIES AND NET ASSETS	\$ 8,898,499	\$ 9,242,293	-4%
OPERATING REVENUES			
Securities registration fees	\$ 6,264,950	\$ 5,980,250	5%
Securities professionals' registration fees	6,369,540	6,427,620	-1%
Fines, penalties, and administrative costs	32,413	24,574	32% 2
Other revenue	1,512	1,923	-21%
TOTAL OPERATING REVENUES	\$ 12,668,415	\$ 12,434,367	2%
OPERATING EXPENSES			
Salaries, wages, and benefits	\$ 1,680,125	\$ 1,666,809	1%
Rent expense	74,750	61,576	21% 3
Contracted and professional services	84,059	61,539	37% 4
Investor education professional services	620,056	603,883	3%
Other general and administrative expenses	99,478	112,839	-12%
TOTAL OPERATING EXPENSES	\$ 2,558,468	\$ 2,506,646	2%
OPERATING INCOME	\$ 10,109,947	\$ 9,927,721	2%
NONOPERATING REVENUE (EXPENSE)			
Interest income	\$ 24,995	\$ 34,087	-27% 5
Transfers to and due to State of Oklahoma	(9,960,840)	(9,829,530)	1%
NET NONOPERATING EXPENSE	\$ (9,935,845)	\$ (9,795,443)	1%
NET CHANGE IN NET ASSETS	\$ 174,102	\$ 132,278	32%
NET ASSETS, BEGINNING OF YEAR	\$ 8,409,047	\$ 8,753,205	-4%
NET ASSETS, YTD	\$ 8,583,149	\$ 8,885,483	-3%

1 Decrease is due to a decrease in fine revenue and a decrease in interest income.

2 Fines vary based on amounts awarded. In FY 2013, fewer fines have been awarded and collected.

3 Some months have two rent payments and some have no rent payments, depending on when the payment is made. Appears that payment was one month behind in FY 11.

4 Increase due to external legal work received in FY 13.

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

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

	Total Budget	Actual YTD	Remaining Balance	Remaining Percentage
OPERATING REVENUES				
Securities registration fees	\$ 12,467,520	\$ 6,264,950	6,202,570	50%
Securities professionals' registration fees	7,117,900	6,369,540	748,360	11%
Fines, penalties, and administrative costs	81,574	32,413	49,161	60%
Other revenue	5,435	1,512	3,923	72%
TOTAL OPERATING REVENUES	\$ 19,672,429	\$ 12,668,415	7,004,014	
OPERATING EXPENSES				
Salaries, wages, and benefits	\$ 3,900,602	\$ 1,680,125	2,220,477	57%
Rent expense	147,505	74,750	72,755	49%
Contracted and professional services	179,344	84,059	95,285	53%
Investor education professional services	2,384,596	620,056	1,764,540	74%
Other general and administrative expenses	748,431	99,478	648,953	87%
TOTAL OPERATING EXPENSES	\$ 7,360,478	\$ 2,558,468	4,802,010	
OPERATING INCOME	\$ 12,311,951	\$ 10,109,947	\$ 2,202,004	
NONOPERATING REVENUE (EXPENSE)				
Interest income	\$ 64,690	\$ 24,995	39,695	61%
Transfers to and due to State of Oklahoma	(14,500,000)	(9,960,840)	(4,539,160)	31%
NET NONOPERATING EXPENSE	\$ (14,435,310)	\$ (9,935,845)	\$ (4,499,465)	
NET CHANGE IN NET ASSETS	\$ (2,123,359)	\$ 174,102	(2,297,461)	108%