

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 18, 2014
Re: FINANCIAL REPORT

Attached is the financial report for the month ended August 31, 2014, as prepared by Stephanie Ballard of Crawford & Associates.

Attachment

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

| | YTD August 31, 2014 | YTD August 31, 2013 | Percentage Change |
|---|---------------------------|---------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 7,606,233 | \$ 6,746,304 | 13% |
| Cash restricted for investor education | 871,336 | 1,376,317 | -37% 1 |
| TOTAL ASSETS | <u>\$ 8,477,569</u> | <u>\$ 8,122,621</u> | 4% |
| LIABILITIES | | | |
| Due to State's General Fund | \$ 361,850 | \$ 335,800 | 8% |
| TOTAL LIABILITIES | <u>\$ 361,850</u> | <u>\$ 335,800</u> | 8% |
| NET ASSETS | | | |
| Restricted net position - expendable | \$ 871,336 | \$ 1,376,317 | -37% |
| Unrestricted net position | 7,244,383 | 6,410,504 | 13% |
| TOTAL NET POSITION | <u>\$ 8,115,719</u> | <u>\$ 7,786,821</u> | 4% |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 8,477,569</u> | <u>\$ 8,122,621</u> | 4% |
| OPERATING REVENUES | | | |
| Securities registration fees | \$ 2,234,700 | \$ 2,146,910 | 4% |
| Securities professionals' registration fees | 231,740 | 219,350 | 6% |
| Fines, penalties, and administrative costs | 127,882 | - | 100% 2 |
| Other revenue | 531 | 1,066 | -50% 3 |
| TOTAL OPERATING REVENUES | <u>\$ 2,594,853</u> | <u>\$ 2,367,326</u> | 10% |
| OPERATING EXPENSES | | | |
| Salaries, wages, and benefits | \$ 602,949 | \$ 567,555 | 6% |
| Rent expense | 26,844 | 24,967 | 8% |
| Contracted and professional services | 24,854 | 31,549 | -21% |
| Investor education professional services | 88,793 | 154,409 | -42% 4 |
| Other general and administrative expenses | 47,768 | 67,320 | -29% |
| TOTAL OPERATING EXPENSES | <u>\$ 791,208</u> | <u>\$ 845,800</u> | -6% |
| OPERATING INCOME | \$ 1,803,645 | \$ 1,521,526 | 19% |
| NONOPERATING REVENUE (EXPENSE) | | | |
| Interest income | \$ 2,527 | \$ 5,012 | -50% 5 |
| Transfers to and due to State of Oklahoma | (1,766,590) | (1,717,050) | 3% |
| NET NONOPERATING EXPENSE | <u>\$ (1,764,063)</u> | <u>\$ (1,712,038)</u> | 3% |
| NET CHANGE IN NET POSITION | \$ 39,582 | \$ (190,512) | -121% |
| NET POSITION, BEGINNING OF YEAR | <u>\$ 8,076,137</u> | <u>\$ 7,977,333</u> | 1% |
| NET POSITION, YTD | <u>\$ 8,115,719</u> | <u>\$ 7,786,821</u> | 4% |

OKLAHOMA DEPARTMENT OF SECURITIES
FINANCIAL STATEMENTS - CASH BASIS

| | July 31, 2014 | August 31, 2014 | Total YTD |
|---|---------------------|---------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 7,624,641 | \$ 7,606,233 | \$ 7,606,233 |
| Cash restricted for investor education | 805,807 | 871,336 | 871,336 |
| TOTAL ASSETS | <u>\$ 8,430,448</u> | <u>\$ 8,477,569</u> | <u>\$ 8,477,569</u> |
| LIABILITIES | | | |
| Due to State's General Fund | \$ 388,950 | \$ 361,850 | \$ 361,850 |
| TOTAL LIABILITIES | <u>\$ 388,950</u> | <u>\$ 361,850</u> | <u>\$ 361,850</u> |
| NET ASSETS | | | |
| Restricted net position - expendable | \$ 805,807 | \$ 871,336 | \$ 871,336 |
| Unrestricted net position | 7,235,691 | 7,244,383 | 7,244,383 |
| TOTAL NET POSITION | <u>\$ 8,041,498</u> | <u>\$ 8,115,719</u> | <u>\$ 8,115,719</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 8,430,448</u> | <u>\$ 8,477,569</u> | <u>\$ 8,477,569</u> |
| | | | |
| | July 2014 | August 2014 | FY 2015 YTD |
| OPERATING REVENUES | | | |
| Securities registration fees | \$ 1,122,700 | \$ 1,112,000 | \$ 2,234,700 |
| Securities professionals' registration fees | 124,500 | 107,240 | 231,740 |
| Fines, penalties, and administrative costs | 63,617 | 64,265 | 127,882 |
| Other revenue | 32 | 499 | 531 |
| TOTAL OPERATING REVENUES | <u>\$ 1,310,849</u> | <u>\$ 1,284,004</u> | <u>\$ 2,594,853</u> |
| OPERATING EXPENSES | | | |
| Salaries, wages, and benefits | \$ 307,118 | \$ 295,831 | \$ 602,949 |
| Rent expense | 11,361 | 15,483 | 26,844 |
| Contracted and professional services | 20,202 | 4,652 | 24,854 |
| Investor education professional services | 88,793 | | 88,793 |
| Other general and administrative expenses | 19,478 | 28,290 | 47,768 |
| TOTAL OPERATING EXPENSES | <u>\$ 446,952</u> | <u>\$ 344,256</u> | <u>\$ 791,208</u> |
| OPERATING INCOME | <u>\$ 863,897</u> | <u>\$ 939,748</u> | <u>\$ 1,803,645</u> |
| NONOPERATING REVENUE (EXPENSE) | | | |
| Interest income | \$ 1,264 | \$ 1,263 | \$ 2,527 |
| Transfers to and due to State of Oklahoma | (899,800) | (866,790) | (1,766,590) |
| NET NONOPERATING EXPENSE | <u>\$ (898,536)</u> | <u>\$ (865,527)</u> | <u>\$ (1,764,063)</u> |
| NET CHANGE IN NET POSITION | <u>\$ (34,639)</u> | <u>\$ 74,221</u> | <u>\$ 39,582</u> |
| NET POSITION, BEGINNING OF MONTH | <u>\$ 8,076,137</u> | <u>\$ 8,041,498</u> | <u>\$ 8,076,137</u> |
| NET POSITION, END OF MONTH | <u>\$ 8,041,498</u> | <u>\$ 8,115,719</u> | <u>\$ 8,115,719</u> |

OKLAHOMA DEPARTMENT OF SECURITIES
CASH BASIS YEAR-TO-DATE BUDGET COMPARISON
AS OF August 31, 2014

| | FY15 Total Budget | FY15 Actual YTD | Remaining Balance | Remaining Percentage |
|---|-------------------------|-----------------------|------------------------|-------------------------|
| OPERATING REVENUES | | | | |
| Securities registration fees | \$ 12,772,000 | \$ 2,234,700 | 10,537,300 | 83% |
| Securities professionals' registration fees | 7,614,000 | 231,740 | 7,382,260 | 97% |
| Fines, penalties, and administrative costs | 50,000 | 127,882 ** | (77,882) | -156% |
| Other revenue | 4,600 | 531 | 4,069 | 88% |
| TOTAL OPERATING REVENUES | \$ 20,440,600 | \$ 2,594,853 | 17,845,747 | |
| OPERATING EXPENSES | | | | |
| Salaries, wages, and benefits | \$ 3,955,770 | \$ 602,949 | 3,352,821 | 85% |
| Rent expense | 146,217 | 26,844 | 119,373 | 82% |
| Contracted and professional services | 231,800 | 24,854 | 206,946 | 89% |
| Investor education professional services | 500,000 | 88,793 ** | 411,207 | 82% |
| Other general and administrative expenses | 810,290 | 47,768 | 762,522 | 94% |
| TOTAL OPERATING EXPENSES | \$ 5,644,077 | \$ 791,208 | 4,852,869 | |
| OPERATING INCOME | \$ 14,796,523 | \$ 1,803,645 | \$ 12,992,878 | |
| NONOPERATING REVENUE (EXPENSE) | | | | |
| Interest income | \$ 10,000 | \$ 2,527 | 7,473 | 75% |
| Transfers to and due to State of Oklahoma | (15,636,062) | (1,766,590) | (13,869,472) | 89% |
| NET NONOPERATING EXPENSE | \$ (15,626,062) | \$ (1,764,063) | \$ (13,861,999) | |
| NET CHANGE IN NET POSITION | \$ (829,539) | \$ 39,582 | (869,121) | 105% |

** This will be accrued with FY14 financials.