

IRVING L. FAUGHT  
ADMINISTRATOR



MARY FALLIN  
GOVERNOR

STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES

**MEMORANDUM**

**To:** *Irving L. Faught, Administrator*

**From:** *Melanie Hall, Deputy Administrator* mh

**Date:** *January 15, 2016*

**Re:** **FINANCIAL REPORT**

Attached is the financial report for the month ended December 31, 2015, as prepared by Stephanie Ballard of Crawford & Associates.

Attachment

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

	YTD Dec 31, 2015	YTD Dec 31, 2014	Percentage Change
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,618,250	\$ 8,468,093	14%
Cash restricted for investor education	419,984	772,994	-46% <sup>1</sup>
<b>TOTAL ASSETS</b>	<b>\$ 10,038,234</b>	<b>\$ 9,241,087</b>	<b>9%</b>
<b>LIABILITIES</b>			
Due to State's General Fund	\$ 527,650	\$ 377,500	40%
<b>TOTAL LIABILITIES</b>	<b>\$ 527,650</b>	<b>\$ 377,500</b>	<b>40%</b>
<b>NET ASSETS</b>			
Restricted net position - expendable	\$ 419,984	\$ 772,994	-46%
Unrestricted net position	9,090,600	8,090,593	12%
<b>TOTAL NET POSITION</b>	<b>\$ 9,510,584</b>	<b>\$ 8,863,587</b>	<b>7%</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 10,038,234</b>	<b>\$ 9,241,087</b>	<b>9%</b>
	Dec, 2015	Dec, 2014	
<b>OPERATING REVENUES</b>			
Securities registration fees	\$ 7,328,161	\$ 7,040,751	4%
Securities professionals' registration fees	7,319,080	6,929,670	6%
Fines, penalties, and administrative costs	19,000	218,605	-91% <sup>2</sup>
Other revenue	1,674	2,005	-17%
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 14,667,915</b>	<b>\$ 14,191,031</b>	<b>3%</b>
<b>OPERATING EXPENSES</b>			
Salaries, wages, and benefits	\$ 1,840,363	\$ 1,765,141	4%
Rent expense	117,450	74,947	57% <sup>3</sup>
Contracted and professional services	24,094	82,380	-71% <sup>4</sup>
Investor education professional services	196,876	250,773	-21%
Other general and administrative expenses	188,811	163,077	16%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,367,594</b>	<b>\$ 2,336,318</b>	<b>1%</b>
<b>OPERATING INCOME</b>	<b>\$ 12,300,321</b>	<b>\$ 11,854,713</b>	<b>4%</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Interest income	\$ 4,855	\$ 7,358	-34%
Transfers to and due to State of Oklahoma	(11,618,491)	(11,074,621)	5%
<b>NET NONOPERATING EXPENSE</b>	<b>\$ (11,613,636)</b>	<b>\$ (11,067,263)</b>	<b>5%</b>
<b>NET CHANGE IN NET POSITION</b>	<b>\$ 686,685</b>	<b>\$ 787,450</b>	<b>-13%</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>\$ 8,823,899</b>	<b>\$ 8,076,137</b>	<b>9%</b>
<b>NET POSITION, YTD</b>	<b>\$ 9,510,584</b>	<b>\$ 8,863,587</b>	<b>7%</b>

<sup>1</sup> Decrease is due to a decrease in fine revenue to the Fund and a decrease in interest income.

<sup>2</sup> Fines vary based on amounts awarded and factual bases of cases.

<sup>3</sup> Increase is due to increased cost of new office lease.

<sup>4</sup> Decrease is due to reduced deposition charges, temporary service employee becoming a Department employee and reduced accounting charges resulting from audit timing difference.

OKLAHOMA DEPARTMENT OF SECURITIES  
FINANCIAL STATEMENTS - CASH BASIS

	July 31, 2015	August 31, 2015	September 30, 2015	October 31, 2015	November 30, 2015	December 31, 2015	Total YTD
<b>ASSETS</b>							
Cash and cash equivalents	\$ 8,642,345	\$ 8,590,447	\$ 8,571,783	\$ 9,039,156	\$ 8,665,236	\$ 9,618,250	\$ 9,618,250
Cash restricted for investor education	595,494	570,506	571,370	447,152	414,796	419,984	419,984
<b>TOTAL ASSETS</b>	<b>\$ 9,237,839</b>	<b>\$ 9,160,953</b>	<b>\$ 9,143,153</b>	<b>\$ 9,486,308</b>	<b>\$ 9,080,032</b>	<b>\$ 10,038,234</b>	<b>\$ 10,038,234</b>
<b>LIABILITIES</b>							
Due to State's General Fund	\$ 405,850	\$ 403,000	\$ 377,150	\$ 835,711	\$ 444,500	\$ 527,650	\$ 527,650
<b>TOTAL LIABILITIES</b>	<b>\$ 405,850</b>	<b>\$ 403,000</b>	<b>\$ 377,150</b>	<b>\$ 835,711</b>	<b>\$ 444,500</b>	<b>\$ 527,650</b>	<b>\$ 527,650</b>
<b>NET ASSETS</b>							
Restricted net position - expendable	\$ 595,494	\$ 570,506	\$ 571,370	\$ 447,152	\$ 414,796	\$ 419,984	\$ 419,984
Unrestricted net position	8,236,495	8,187,447	8,194,633	8,203,445	8,220,736	9,090,600	9,090,600
<b>TOTAL NET POSITION</b>	<b>\$ 8,831,989</b>	<b>\$ 8,757,953</b>	<b>\$ 8,766,003</b>	<b>\$ 8,650,597</b>	<b>\$ 8,635,532</b>	<b>\$ 9,510,584</b>	<b>\$ 9,510,584</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 9,237,839</b>	<b>\$ 9,160,953</b>	<b>\$ 9,143,153</b>	<b>\$ 9,486,308</b>	<b>\$ 9,080,032</b>	<b>\$ 10,038,234</b>	<b>\$ 10,038,234</b>
<b>OPERATING REVENUES</b>							
Securities registration fees	\$ 1,108,650	\$ 1,109,150	\$ 1,303,950	\$ 1,186,061	\$ 1,152,550	\$ 1,467,800	\$ 7,328,161
Securities professionals' registration fees	128,490	127,510	131,250	117,500	102,150	6,712,180	7,319,080
Fines, penalties, and administrative costs	-	-	-	5,000	9,000	19,000	19,000
Other revenue	480	-	-	620	507	67	1,674
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 1,237,620</b>	<b>\$ 1,236,660</b>	<b>\$ 1,435,200</b>	<b>\$ 1,309,181</b>	<b>\$ 1,264,207</b>	<b>\$ 8,185,047</b>	<b>\$ 14,667,915</b>
<b>OPERATING EXPENSES</b>							
Salaries, wages, and benefits	\$ 313,241	\$ 300,954	\$ 318,676	\$ 304,522	\$ 303,837	\$ 299,133	\$ 1,840,363
Rent expense	3,951	14,804	36,261	19,923	22,097	20,414	117,450
Contracted and professional services	1,774	2,293	2,522	8,273	1,544	7,688	24,094
Investor education professional services	-	25,875	-	129,251	41,337	413	196,876
Other general and administrative expenses	14,383	65,398	32,755	15,923	17,084	43,268	188,811
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 333,349</b>	<b>\$ 409,324</b>	<b>\$ 390,214</b>	<b>\$ 477,892</b>	<b>\$ 385,899</b>	<b>\$ 370,916</b>	<b>\$ 2,367,594</b>
<b>OPERATING INCOME</b>	<b>\$ 904,271</b>	<b>\$ 827,336</b>	<b>\$ 1,044,986</b>	<b>\$ 831,289</b>	<b>\$ 878,308</b>	<b>\$ 7,814,131</b>	<b>\$ 12,300,321</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>							
Interest income	\$ 859	\$ 888	\$ 864	\$ 816	\$ 827	\$ 601	\$ 4,855
Transfers to and due to State of Oklahoma	(897,040)	(902,260)	(1,057,800)	(947,511)	(894,200)	(6,939,680)	(11,618,491)
<b>NET NONOPERATING EXPENSE</b>	<b>\$ (896,181)</b>	<b>\$ (901,372)</b>	<b>\$ (1,036,936)</b>	<b>\$ (946,695)</b>	<b>\$ (893,373)</b>	<b>\$ (6,939,079)</b>	<b>\$ (11,613,636)</b>
<b>NET CHANGE IN NET POSITION</b>	<b>\$ 8,090</b>	<b>\$ (74,036)</b>	<b>\$ 8,050</b>	<b>\$ (115,406)</b>	<b>\$ (15,065)</b>	<b>\$ 875,052</b>	<b>\$ 686,685</b>
<b>NET POSITION, BEGINNING OF MONTH</b>	<b>\$ 8,823,899</b>	<b>\$ 8,831,989</b>	<b>\$ 8,757,953</b>	<b>\$ 8,757,953</b>	<b>\$ 8,650,597</b>	<b>\$ 8,635,532</b>	<b>\$ 8,823,899</b>
<b>NET POSITION, END OF MONTH</b>	<b>\$ 8,831,989</b>	<b>\$ 8,757,953</b>	<b>\$ 8,766,003</b>	<b>\$ 8,650,597</b>	<b>\$ 8,635,532</b>	<b>\$ 9,510,584</b>	<b>\$ 9,510,584</b>

OKLAHOMA DEPARTMENT OF SECURITIES  
CASH BASIS YEAR-TO-DATE BUDGET COMPARISON  
As of December 31, 2015

	FY16 Total Budget	FY16 Actual YTD	Remaining Balance	Remaining Percentage
<b>OPERATING REVENUES</b>				
Securities registration fees	\$ 14,393,801	\$ 7,328,161	7,065,640	49%
Securities professionals' registration fees	7,726,780	7,319,080	407,700	5%
Fines, penalties, and administrative costs	75,000	19,000	56,000	75%
Other revenue	6,675	1,674	5,001	75%
TOTAL OPERATING REVENUES	\$ 22,202,256	\$ 14,667,915	7,534,341	
<b>OPERATING EXPENSES</b>				
Salaries, wages, and benefits	\$ 4,201,494	\$ 1,840,363	2,361,131	56%
Rent expense	264,041	117,450	146,591	56%
Contracted and professional services	229,804	24,094	205,710	90%
Investor education professional services	178,625	196,876	(18,251) <sup>1</sup>	-10%
Other general and administrative expenses	836,737	188,811	647,926	77%
TOTAL OPERATING EXPENSES	\$ 5,710,701	\$ 2,367,594	3,343,107	
OPERATING INCOME	\$ 16,491,555	\$ 12,300,321	\$ 4,191,234	
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Interest income	\$ 12,000	\$ 4,855	7,145	60%
Transfers to and due to State of Oklahoma	(16,971,631)	(11,618,491)	(5,353,140)	32%
NET NONOPERATING EXPENSE	\$ (16,959,631)	\$ (11,613,636)	\$ (5,345,995)	
NET CHANGE IN NET POSITION	\$ (468,076)	\$ 686,685	(1,154,761)	

<sup>1</sup> Includes FY15 payments made in FY16 of \$196,876, percentage of FY16 budget remaining is 100%.