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 14, 2014**

Re: **FINANCIAL REPORT**

Attached is the financial report for the month ended December 31, 2013, as prepared by Stephanie Ballard of Crawford & Associates.

Attachment

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

	YTD Dec 31, 2013	YTD Dec 31, 2012	Percentage Change
ASSETS			
Cash and cash equivalents	$ 7,683,419	$ 6,927,902	11%
Cash restricted for investor education	1,220,315	1,970,597	-38% 1
TOTAL ASSETS	$ 8,903,734	$ 8,898,499	0%
LIABILITIES			
Due to State's General Fund	$ 370,953	$ 315,350	18%
TOTAL LIABILITIES	$ 370,953	$ 315,350	18%
NET ASSETS			
Restricted net position - expendable	$ 1,220,315	$ 1,970,597	-38%
Unrestricted net position	7,312,466	6,612,552	11%
TOTAL NET POSITION	$ 8,532,781	$ 8,583,149	-1%
TOTAL LIABILITIES AND NET POSITION	$ 8,903,734	$ 8,898,499	0%

	Dec 2013	Dec 2012	
OPERATING REVENUES			
Securities registration fees	$ 6,820,220	$ 6,264,950	9%
Securities professionals' registration fees	6,664,060	6,369,540	5%
Fines, penalties, and administrative costs	25,000	32,413	-23% 2
Other revenue	2,781	1,512	84% 3
TOTAL OPERATING REVENUES	$ 13,512,061	$ 12,668,415	7%
OPERATING EXPENSES			
Salaries, wages, and benefits	$ 1,695,399	$ 1,680,125	1%
Rent expense	72,171	74,750	-3%
Contracted and professional services	81,102	84,059	-4%
Investor education professional services	344,375	620,056	-44% 4
Other general and administrative expenses	142,379	99,478	43% 5
TOTAL OPERATING EXPENSES	$ 2,335,426	$ 2,558,468	-9%
OPERATING INCOME	$ 11,176,635	$ 10,109,947	11%
NONOPERATING REVENUE (EXPENSE)			
Interest income	$ 13,976	$ 24,995	-44% 6
Transfers to and due to State of Oklahoma	(10,647,963)	(9,960,840)	7%
NET NONOPERATING EXPENSE	$ (10,633,987)	$ (9,935,845)	7%
NET CHANGE IN NET POSITION	$ 542,648	$ 174,102	212%
NET POSITION, BEGINNING OF YEAR	$ 7,990,133	$ 8,409,047	-5%
NET POSITION, YTD	$ 8,532,781	$ 8,583,149	-1%

1 Decrease is due to a decrease in fine revenue to the Fund and a decrease in interest income combined with continued Investor Education expenditures during the past years.
2 Fines vary based on amounts awarded.
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	Total YTD
ASSETS							
Cash and cash equivalents	$ 6,848,066	$ 6,746,304	$ 6,821,002	$ 6,940,324	$ 6,714,882	$ 7,683,419	$ 7,683,419
Cash restricted for investor education	1,457,801	1,376,317	1,393,781	1,406,008	1,218,309	1,220,315	1,220,315
TOTAL ASSETS	$ 8,305,867	$ 8,122,621	$ 8,214,783	$ 8,346,332	$ 7,933,191	$ 8,903,734	$ 8,903,734
LIABILITIES							
Due to State's General Fund	$ 368,900	$ 323,000	$ 319,000	$ 452,300	$ 281,250	$ 370,953	$ 370,953
TOTAL LIABILITIES	$ 368,900	$ 323,000	$ 319,000	$ 452,300	$ 281,250	$ 370,953	$ 370,953
NET ASSETS							
Restricted net position - expendable	$ 1,457,801	$ 1,376,317	$ 1,393,781	$ 1,406,008	$ 1,218,309	$ 1,220,315	$ 1,220,315
Unrestricted net position	6,479,166	6,423,304	6,502,002	6,488,024	6,433,632	7,312,466	7,312,466
TOTAL NET POSITION	$ 7,936,967	$ 7,799,621	$ 7,895,783	$ 7,894,032	$ 7,651,941	$ 8,532,781	$ 8,532,781
TOTAL LIABILITIES AND NET POSITION	$ 8,305,867	$ 8,122,621	$ 8,214,783	$ 8,346,332	$ 7,933,191	$ 8,903,734	$ 8,903,734

	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	FY 2013 YTD	
OPERATING REVENUES								
Securities registration fees	$ 1,128,900	$ 1,018,010	$ 1,236,600	$ 1,161,950	$ 907,260	$ 1,367,500	$ 6,820,220	
Securities professionals' registration fees	110,020	109,330	116,100	108,530	85,980	6,134,100	6,664,060	
Fines, penalties, and administrative costs	-	-	15,000	10,000	-	-	25,000	
Other revenue	483	583	15	495	482	723	2,781	
TOTAL OPERATING REVENUES	$ 1,239,403	$ 1,127,923	$ 1,367,715	$ 1,280,975	$ 993,722	$ 7,502,323	$ 13,512,061	
OPERATING EXPENSES								
Salaries, wages, and benefits	$ 287,504	$ 280,051	$ 281,717	$ 288,285	$ 279,977	$ 277,865	$ 1,695,399	
Rent expense	13,361	11,606	11,366	13,074	11,582	11,182	72,171	
Contracted and professional services	8,344	23,205	2,611	14,965	22,586	9,391	81,102	
Investor education professional services	70,450	83,959	-	-	189,966	-	344,375	
Other general and administrative expenses	16,627	50,693	5,123	46,699	14,589	8,648	142,379	
TOTAL OPERATING EXPENSES	$ 396,286	$ 449,514	$ 300,817	$ 363,023	$ 518,700	$ 307,086	$ 2,335,426	Difference between this & 6 Digit Object of Expenditure Report is $324 -Tulsa World subscription sent electronically but returned 9/2013 & $100 A/P return in 10/2013
OPERATING INCOME	$ 843,117	$ 678,409	$ 1,066,898	$ 917,952	$ 475,022	$ 7,195,237	$ 11,176,635	
NONOPERATING REVENUE (EXPENSE)								
Interest income	$ 2,537	$ 2,475	$ 2,464	$ 2,227	$ 2,267	$ 2,006	$ 13,976	
Transfers to and due to State of Oklahoma	(898,820)	(818,230)	(973,200)	(921,930)	(719,380)	(6,316,403)	(10,647,963)	
NET NONOPERATING EXPENSE	$ (896,283)	$ (815,755)	$ (970,736)	$ (919,703)	$ (717,113)	$ (6,314,397)	$ (10,633,987)	
NET CHANGE IN NET POSITION	$ (53,166)	$ (137,346)	$ 96,162	$ (1,751)	$ (242,091)	$ 880,840	$ 542,648	
NET POSITION, BEGINNING OF MONTH	$ 7,990,133	** $ 7,936,967	$ 7,799,621	$ 7,895,783	$ 7,894,032	$ 7,651,941	$ 7,990,133	
NET POSITION, END OF MONTH	$ 7,936,967	$ 7,799,621	$ 7,895,783	$ 7,894,032	$ 7,651,941	$ 8,532,781	$ 8,532,781	

** 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

	FY14 Total Budget	FY14 Actual YTD	Remaining Balance	Remaining Percentage
OPERATING REVENUES				
Securities registration fees	$ 12,818,200	$ 6,820,220	5,997,980	47%
Securities professionals' registration fees	7,060,800	6,664,060	396,740	6%
Fines, penalties, and administrative costs	50,000	25,000	25,000	50%
Other revenue	6,000	2,781	3,219	54%
TOTAL OPERATING REVENUES	$ 19,935,000	$ 13,512,061	6,422,939	
OPERATING EXPENSES				
Salaries, wages, and benefits	$ 4,177,900	$ 1,695,399	2,482,501	59%
Rent expense	149,911	72,171	77,740	52% **
Contracted and professional services	220,600	81,102	139,498	63%
Investor education professional services	1,071,879	344,375	727,504	68%
Other general and administrative expenses	806,717	142,379	664,338	82%
TOTAL OPERATING EXPENSES	$ 6,427,007	$ 2,335,426	4,091,581	
OPERATING INCOME	$ 13,507,993	$ 11,176,635	$ 2,331,358	
NONOPERATING REVENUE (EXPENSE)				
Interest income	$ 45,000	$ 13,976	31,024	69%
Transfers to and due to State of Oklahoma	(15,188,100)	(10,647,963)	(4,540,137)	30%
NET NONOPERATING EXPENSE	$ (15,143,100)	$ (10,633,987)	$ (4,509,113)	
NET CHANGE IN NET POSITION	$ (1,635,107)	$ 542,648	(2,177,755)	133%