

BOARD OF FINANCE

Enabling Laws

Act 69 of 2010
Act 95 of 2010
Act 206 of 2010
A.C.A. §19-3-101

History and Organization

Members of the State Board of Finance consist of the Governor, Treasurer of State, Auditor of State, Bank Commissioner and Director of the Department of Finance and Administration. The Governor acts as the Board Chair with the Treasurer acting as the secretary, executive officer and disbursing agent for the Board. Meetings of the Board shall be held upon the call of the Governor, or by any three (3) or more members.

Agency Commentary

The Treasurer of State has submitted Base Level budget requests for the following appropriations on behalf of the Board:

	<u>FY2011-2012</u>	<u>FY2012-2013</u>
Investments-Purchase of Securities (1CV)	\$ 600,000,000	\$ 600,000,000
Operations-Manage/Invest Tobacco (287)	\$ 202,800	\$ 202,800
Investment-Premiums/Discounts (2BM)	\$ 600,000	\$ 600,000
Investments-Principal/Int/Agent Fee (2BN)	\$ 3,000,000	\$ 3,000,000

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
BOARD OF FINANCE
FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

The Division of Legislative Audit does not perform an audit for the Agency.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
N/A	N/A	N	N	0	N/A

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013							
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	
1CV Investments-Purchase of Securities	0	0	600,000,000	0	600,000,000	0	600,000,000	0	600,000,000	0	0	0	600,000,000	0	600,000,000	0	0	0	0
287 Operations - Tobacco Settlement Proceeds	0	0	202,800	2	209,579	2	202,800	2	202,800	2	202,800	2	202,800	2	202,800	2	202,800	2	202,800
2BM Investments-Premiums/Discounts	0	0	600,000	0	600,000	0	600,000	0	600,000	0	0	0	600,000	0	600,000	0	0	0	0
2BN Investments-Principal/Interest/Service Charges	207,183	0	3,000,000	0	3,000,000	0	3,000,000	0	3,000,000	0	0	0	3,000,000	0	3,000,000	0	0	0	0
Total	207,183	0	603,802,800	2	603,809,579	2	603,802,800	2	603,802,800	2	202,800	2	603,802,800	2	603,802,800	2	202,800	2	202,800

Funding Sources		%		%		%		%		%		%		%		%
Trust Fund 4000050	207,183	100.0	603,000,000	99.9	603,000,000	99.9	0	0.0	603,000,000	99.9	603,000,000	99.9	0	0.0	0	0.0
Investments 4000315	0	0.0	600,000	0.1	600,000	0.1	0	0.0	600,000	0.1	600,000	0.1	0	0.0	0	0.0
Trust Fund Interest 4000705	0	0.0	202,800	0.0	202,800	0.0	202,800	100.0	202,800	0.0	202,800	0.0	202,800	100.0	202,800	100.0
Total Funds	207,183	100.0	603,802,800	100.0	603,802,800	100.0	202,800	100.0	603,802,800	100.0	603,802,800	100.0	202,800	100.0	202,800	100.0
Excess Appropriation/(Funding)	0		0		0		0		0		0		0		0	
Grand Total	207,183		603,802,800		603,802,800		202,800		603,802,800		603,802,800		202,800		202,800	

No Executive Recommendation is made for appropriations 1CV, 2BM or 2BN.

Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
2	0	2	2	0	100.00 %	2	0	2	2	0	100.00 %	2	0	2	2	0	100.00 %

Appropriation Summary

Appropriation: 1CV - Investments-Purchase of Securities

Funding Sources: XXX - Investments

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Purchase of Securities 5900046	0	600,000,000	600,000,000	600,000,000	600,000,000	0	600,000,000	600,000,000	0
Total	0	600,000,000	600,000,000	600,000,000	600,000,000	0	600,000,000	600,000,000	0
Funding Sources									
Trust Fund 4000050	0	600,000,000		600,000,000	600,000,000	0	600,000,000	600,000,000	0
Total Funding	0	600,000,000		600,000,000	600,000,000	0	600,000,000	600,000,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	600,000,000		600,000,000	600,000,000	0	600,000,000	600,000,000	0

No Executive Recommendation made for this appropriation.

Analysis of Budget Request

Appropriation: 287 - Operations - Tobacco Settlement Proceeds

Funding Sources: TSA - Arkansas Healthy Century Trust Fund

The Tobacco Settlement Proceeds Act (Initiated Act 1 of 2000) established funds and accounts for the deposit, investment and management of the State's portion of the Master Settlement Agreement with certain tobacco manufacturers. This legislation authorized the State Board of Finance to perform the following duties with respect to the Tobacco Settlement:

- Receive all authorized disbursements from the Master Settlement Agreement Escrow account for immediate deposit into the Tobacco Settlement Cash Holding Fund;
- Manage and invest all amounts held in the various funds and program accounts created by the Tobacco Settlement Proceeds Act in compliance with prudent investor standards and State Board of Finance investment policy;
- Employ professionals to assist in properly managing and investing the Arkansas Healthy Century Trust Fund and use investment earnings from the Arkansas Healthy Century Trust Fund to compensate those professionals and pay the reasonable costs and expenses of the State Board of Finance in administering the funds and program accounts created under the Tobacco Settlement Proceeds Act.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The State Board of Finance is requesting the continuation of Base Level of \$202,800 each year of the biennium.

The Executive Recommendation provides for the Board Request.

Appropriation Summary

Appropriation: 287 - Operations - Tobacco Settlement Proceeds

Funding Sources: TSA - Arkansas Healthy Century Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	63,112	63,112	63,112	63,112	63,112	63,112	63,112	63,112
#Positions	0	2	2	2	2	2	2	2	2
Personal Services Matching 5010003	0	14,188	20,967	14,188	14,188	14,188	14,188	14,188	14,188
Operating Expenses 5020002	0	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Conference & Travel Expenses 5050009	0	500	500	500	500	500	500	500	500
Professional Fees 5060010	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	0	202,800	209,579	202,800	202,800	202,800	202,800	202,800	202,800
Funding Sources									
Trust Fund Interest 4000705	0	202,800		202,800	202,800	202,800	202,800	202,800	202,800
Total Funding	0	202,800		202,800	202,800	202,800	202,800	202,800	202,800
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	202,800		202,800	202,800	202,800	202,800	202,800	202,800

Appropriation Summary

Appropriation: 2BM - Investments-Premiums/Discounts

Funding Sources: TAS - Securities Reserve

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Premium & Discounts 5900046	0	600,000	600,000	600,000	600,000	0	600,000	600,000	0
Total	0	600,000	600,000	600,000	600,000	0	600,000	600,000	0
Funding Sources									
Investments 4000315	0	600,000		600,000	600,000	0	600,000	600,000	0
Total Funding	0	600,000		600,000	600,000	0	600,000	600,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	600,000		600,000	600,000	0	600,000	600,000	0

No Executive Recommendation made for this appropriation.

Appropriation Summary

Appropriation: 2BN - Investments-Principal/Interest/Service Charges

Funding Sources: TAS - Securities Reserve

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Principal/Interest/Service Chgs 5900046	207,183	3,000,000	3,000,000	3,000,000	3,000,000	0	3,000,000	3,000,000	0
Total	207,183	3,000,000	3,000,000	3,000,000	3,000,000	0	3,000,000	3,000,000	0
Funding Sources									
Trust Fund 4000050	207,183	3,000,000		3,000,000	3,000,000	0	3,000,000	3,000,000	0
Total Funding	207,183	3,000,000		3,000,000	3,000,000	0	3,000,000	3,000,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	207,183	3,000,000		3,000,000	3,000,000	0	3,000,000	3,000,000	0

No Executive Recommendation made for this appropriation.