

**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1997 - 1999**

The Arkansas Securities Department strives to protect the financial well-being of Arkansas citizens through the effective enforcement of various Acts for which the Department has legislated responsibilities. The activities of the Securities Department are highly specialized. With the current staff the Department will be able to shift personnel to meet crisis situations.

A priority request of \$3,500 is made for fiscal year 1998-1999 of the biennium to cover the increase in rental of office space.

A local area network computer system was acquired during the 1993-1995 Biennium. It will be necessary to update or replace some computer equipment to keep abreast of the technological advances that continue to be implemented in the securities regulatory area at both the federal level and in other states. A priority request of \$15,000 is requested each year of the biennium to update or replace this equipment. A priority request of \$10,000 each year of the biennium is requested to replace existing computer and office furniture.

The Securities Department's operating appropriation is funded from special revenues deposited with the State Treasurer in the Securities Department Fund. The Securities Department Fund consists of portions of certain filing fees received by the Securities Department. The remaining fees and funds received by the Securities Department are turned over to the State Treasurer as general revenues.

The priority request of \$2,250,000 seeks to increase the Department's cash fund appropriation in each fiscal year to \$12,000,000. This fund is to be used only as a mechanism for transferring revenues to the State Treasurer and for making a limited number of necessary refunds.

Act 42 of the First Extraordinary Session of 1989 appropriated funds to the Arkansas Securities Department, up to a maximum of \$200,000 in each fiscal year, to be used to contract for legal, accounting, and other appropriate assistance in addition to that available from the Department's regular staff, in specific cases and situations as deemed necessary by the Securities Commissioner. Act 207 of 1993 provided that all revenues

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received from administrative fines shall be deposited into the fund account from which the Arkansas Securities Department receives its maintenance and support as special revenues and used only for the stated purposes. The priority request of \$200,000 seeks to reinstate this contingency line item of \$200,000 each year.

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STATE SECURITIES DEPARTMENT
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1995

Assets					Liabilities			Total Equity	
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total			
\$ 3,712,185	\$ 233,052	\$ 86,998	\$ 4,032,235	\$ 574	\$ 75,888	\$ 76,462	\$ 3,955,773		

Revenues					Expenditures					Other Sources (Uses)
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 0	\$ 0	\$ 7,395,923	\$ 16,250	\$ 7,412,173	\$ 1,316,983	\$ 0	\$ 21,105	\$ 259,698	\$ 1,597,786	\$ (4,999,935)

Findings	Recommendations
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None

None

Audited by Division of Legislative Audit
SA1041095

ARKANSAS BUDGET SYSTEM
 EMPLOYMENT SUMMARY
 AS REQUIRED BY ACT 358 OF 1993
 (A.C.A 19-4-307)

AGENCY TITLE 410 - STATE SECURITIES DEPT

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	<u>12</u>	<u>17</u>	<u>29</u>	<u>88%</u>
BLACK EMPLOYEES	<u>1</u>	<u>3</u>	<u>4</u>	<u>12%</u>
EMPLOYEES OF OTHER RACIAL MINORITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
TOTAL EMPLOYED AS OF <u>08/10/96</u> DATE			<u>4</u>	<u>12%</u>
			TOTAL MINORITIES	
			<u>33</u>	<u>100%</u>
			TOTAL EMPLOYEES	



 AGENCY DIRECTOR

SUMMARY
STATUS OF NEW PROGRAMS/EXPANSIONS AUTHORIZED BY THE 80TH GENERAL ASSEMBLY
 AGENCY: STATE SECURITIES DEPARTMENT (410)

PROGRAM AUTHORIZED	# POS. AUTH.	ADDITIONAL AUTHORIZED APPROPRIATION		STATUS
		FY 95-96	FY 96-97	
<u>APPROPRIATION: A02 - Overpayments -- Cash</u>				
Additional appropriation was provided for transfer of increased fees to the State Treasury after necessary refunds.	0	\$5,000,000	\$5,000,000	Of the first year amount, \$4,802,038 was used for additional transfers and refunds. The full amount for the second year is also budgeted for additional transfers and refunds.
<u>APPROPRIATION: 027 - State Operations</u>				
Capital Outlay was provided for replacement of one vehicle, office equipment, and data processing equipment each year.	0	\$44,000	\$44,000	\$40,333 was expended in FY96 for replacements, as planned. All of the FY97 amount is budgeted for replacement of various equipment.
The Contingency line item for application of proceeds of administrative fines to obtain outside assistance in emergency situations was reappropriated.	0	\$200,000	\$200,000	This appropriation is held in deferred status until an emergency is declared. No situation has arisen yet in the current biennium that would involve this account.
Increases were authorized for the Department's Examination Travel special line item.	0	\$1,664	\$1,664	Travel by Department examiners did not increase enough in the first year to cause disbursement of the FY96 addition. The FY97 amount is budgeted in case it is needed.

**ARKANSAS BUDGET SYSTEM
DEPARTMENT APPROPRIATION SUMMARY**

AGENCY TITLE		1995-97				1997-99				1997-99			
State Securities Department (410)		Expenditures				Biennium Request				Executive Recommendation			
Appropriations		Actual	No. of	Budgeted	No. of	Year 1	No. of	Year 2	No. of	Year 1	No. of	Year 2	No. of
Cod	Name	1995-96	Pos.	1996-97	Pos.	1997-98	Pos.	1998-99	Pos.	1997-98	Pos.	1998-99	Pos.
A02	Refunds for Overpay/Transfers - Cash	\$9,302,038	0	\$9,750,000	0	\$12,000,000	0	\$12,000,000	0	\$12,000,000	0	\$12,000,000	0
027	State Operations	1,576,517	33	1,743,115	33	1,989,574	33	2,031,102	33	1,989,574	33	2,031,102	33
TOTALS		\$10,878,555	33	\$11,493,115	33	\$13,989,574	33	\$14,031,102	33	\$13,989,574	33	\$14,031,102	33
Funding Sources			% of Total		% of Total		% of Total						
Fund Balances		\$2,671,777	17.8%	\$4,111,170	26.1%	\$4,268,055	23.5%	\$4,178,481	23.1%	\$4,268,055	23.5%	\$4,178,481	23.1%
General Revenues													
Special Revenues		3,015,910	20.1%	1,900,000	12.1%	1,900,000	10.5%	1,900,000	10.5%	1,900,000	10.5%	1,900,000	10.5%
Federal Funds													
Const. & Fiscal Agency Fund													
State Central Services Fund													
Non-Revenue Receipts													
Cash - Transfers to Treasury		9,302,038	62.1%	9,750,000	61.8%	12,000,000	66.0%	12,000,000	66.4%	12,000,000	66.0%	12,000,000	66.4%
Other													
Total Funding		14,989,725	100.0%	15,761,170	100.0%	18,168,055	100.0%	18,078,481	100.0%	18,168,055	100.0%	18,078,481	100.0%
Excess Appr./ (Funding)		(4,111,170)		(4,268,055)		(4,178,481)		(4,047,379)		(4,178,481)		(4,047,379)	
TOTAL		\$10,878,555		\$11,493,115		\$13,989,574		\$14,031,102		\$13,989,574		\$14,031,102	
DEPARTMENT				DIRECTOR					DEPARTMENT APPROPRIATION SUMMARY				
STATE SECURITIES DEPARTMENT (410)				Mac Dodson					BR 40				

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1997 - 1999**

The Securities Department's cash fund is used for transfer of fee collections to the State Treasury after necessary refunds have been made. The Department requests an increase of \$2,250,000 over Base Level of \$9,750,000 each year to provide sufficient appropriation to cover all transfers anticipated in the 1997-99 Biennium.

The Executive Recommendation is for approval of this request.

AGENCY Name: State Securities Department Code: 410	APPROPRIATION Name: Overpayments -- Cash Code: A02	CASH FUND Name: Securities Dept. - Cash Code: 153	ANALYSIS OF BUDGET REQUEST BR20	PAGE 404
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ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	-----EXPENDITURES-----		96-97	-----97-98 FISCAL YEAR-----			-----98-99 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	95-96	96-97	AUTHORIZED	BASE	PRIORITY PROGRAMS	TOTAL REQUEST	BASE	PRIORITY PROGRAMS	TOTAL REQUEST	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	APPRO							97-98	98-99	97-98	98-99
REFUNDS/TRANSFERS TO TREASURY	9,302,038	9,750,000	9,750,000	9,750,000	2,250,000	12,000,000	9,750,000	2,250,000	12,000,000	12,000,000	12,000,000		
TOTAL	9,302,038	9,750,000	9,750,000	9,750,000	2,250,000	12,000,000	9,750,000	2,250,000	12,000,000	12,000,000	12,000,000		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES			*****										
GENERAL REVENUES			*****										
SPECIAL REVENUES			*****										
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH-TRANSFERS TO TREASURY	9,302,038	9,750,000	*****	9,750,000	2,250,000	12,000,000	9,750,000	2,250,000	12,000,000	12,000,000	12,000,000		
OTHER			*****										
TOTAL FUNDING	9,302,038	9,750,000	*****	9,750,000	2,250,000	12,000,000	9,750,000	2,250,000	12,000,000	12,000,000	12,000,000		
EXCESS APPRO/ (FUNDING)			*****										
TOTAL	9,302,038	9,750,000	*****	9,750,000	2,250,000	12,000,000	9,750,000	2,250,000	12,000,000	12,000,000	12,000,000		

DEPT 010 SEPARATE AGENCIES
 AGY 410 STATE SECURITIES DEPARTMENT
 APPRO A02 OVERPAYMENTS -- CASH
 FUND 153 SECURITIES DEPT-CASH (410)

APPROPRIATION SUMMARY

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ARKANSAS BUDGET SYSTEM

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

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ANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		1997 - 99 BIENNIUM REQUESTS				RECOMMENDATIONS								
					ACTUAL 95-96	BUDGETED 96-97	FY 1997 - 98 REQUEST		FY 1998 - 99 REQUEST		EXECUTIVE		LEGISLATIVE						
00		153	410 A02	B	9,302,038 0	9,750,000 0	9,750,000 0				9,750,000 0			9,750,000	9,750,000				
001		153	410 A02	P01		0 0	2,250,000 0				2,250,000 0			2,250,000	2,250,000				
<p>This appropriation is used exclusively to transfer to the State Treasury fees collected by the Agency and to make refunds for overpayment of filing fees. This priority request for an additional \$2,250,000 each year is to cover the growth of previously approved fees and provide for the transfer of additional fees that were authorized by the 1993 General Assembly.</p>																			

DEPT 010 SEPARATE AGENCIES
 AGY 410 STATE SECURITIES DEPARTMENT
 APPRO A02 OVERPAYMENTS -- CASH
 FUND 153 SECURITIES DEPT-CASH (410)

RANK BY APPROPRIATION

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**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1997 - 1999**

The State Operations appropriation is funded by special revenue fees that were authorized by Act 659 of 1993. Administrative fines collected by the Agency are also designated as special revenues. Base Levels for this appropriation are \$1,764,574 for FY98 and \$1,802,602 for FY99, with 33 positions authorized. Priorities in the Agency Request are itemized as follows:

An addition in Operating Expense of \$3,500 in the second year for an anticipated increase in rent of office space.

Capital Outlay of \$25,000 each year for upgrading of data processing equipment and replacement of office equipment.

Reappropriation of the Contingency line item at \$200,000 each year.

Rephrasing of the special language clause that governs the functions of the Contingency line item.

The Executive Recommendation is for approval of each of these requests. Included is appropriation for a 2.8% Cost of Living Allowance for positions on July 1 of each year of the biennium along with accompanying employee matching requirements.

AGENCY Name: State Securities Department Code: 410	APPROPRIATION Name: State Operations Code: 027	TREASURY FUND Name: Securities Dept. Fund Code: SDH	ANALYSIS OF BUDGET REQUEST BR20	PAGE 407
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ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	-----EXPENDITURES-----		96-97	-----97-98 FISCAL YEAR-----			-----98-99 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	95-96	96-97	AUTHORIZED	PRIORITY		TOTAL	PRIORITY		TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	APPRO	BASE	PROGRAMS	REQUEST	BASE	PROGRAMS	REQUEST	97-98	98-99	97-98	98-99
REGULAR SALARIES	1,058,798	1,127,225	1,020,146	1,180,468	0	1,180,468	1,212,661	0	1,212,661	1,180,468	1,212,661		
NUMBER OF POSITIONS	33	33	33	33	0	33	33	0	33	33	33		
XTRA HELP	1,492	12,000	12,000	12,000	0	12,000	12,000	0	12,000	12,000	12,000		
NUMBER OF POSITIONS	2	2	2	2	0	2	2	0	2	2	2		
PERSONAL SERV MATCHING	276,043	296,971	269,519	309,187	0	309,187	315,022	0	315,022	309,187	315,022		
OPERATING EXPENSES	189,519	225,835	225,835	225,835	0	225,835	225,835	3,500	229,335	225,835	229,335		
CONF FEES & TRAVEL	4,800	5,100	5,100	5,100	0	5,100	5,100	0	5,100	5,100	5,100		
PROF FEES & SERVICES	4,077	24,484	24,484	24,484	0	24,484	24,484	0	24,484	24,484	24,484		
CAPITAL OUTLAY	40,333	44,000	44,000	0	25,000	25,000	0	25,000	25,000	25,000	25,000		
CONTINGENCY	0	0	200,000	0	200,000	200,000	0	200,000	200,000	200,000	200,000		
EXAMINATION TRAVEL	1,455	7,500	7,500	7,500	0	7,500	7,500	0	7,500	7,500	7,500		
TOTAL	1,576,517	1,743,115	1,808,584	1,764,574	225,000	1,989,574	1,802,602	228,500	2,031,102	1,989,574	2,031,102		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES	2,671,777	4,111,170	*****	4,268,055		4,268,055	4,178,481		4,178,481	4,268,055	4,178,481		
GENERAL REVENUES			*****										
SPECIAL REVENUES	3,015,910	1,900,000	*****	1,675,000	225,000	1,900,000	1,671,500	228,500	1,900,000	1,900,000	1,900,000		
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS			*****										
OTHER			*****										
TOTAL FUNDING	5,687,687	6,011,170	*****	5,943,055	225,000	6,168,055	5,849,981	228,500	6,078,481	6,168,055	6,078,481		
EXCESS APPRO/ (FUNDING)	(4,111,170)	(4,268,055)	*****	(4,178,481)		(4,178,481)	(4,047,379)		(4,047,379)	(4,178,481)	(4,047,379)		
TOTAL	1,576,517	1,743,115	*****	1,764,574	225,000	1,989,574	1,802,602	228,500	2,031,102	1,989,574	2,031,102		

DEPT 010 SEPARATE AGENCIES
 AGY 410 STATE SECURITIES DEPARTMENT
 APPRO 027 STATE OPERATIONS

FUND SDH SECURITIES DEPARTMENT FUND (410)

The FY97 Budgeted amounts in Regular Salaries and/or Personal Services Matching may exceed the Authorized amounts due to the implementation of the pay plan during the 1995-97 biennium.

APPROPRIATION SUMMARY

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ARKANSAS BUDGET SYSTEM

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

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RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		1997 - 99 BIENNIUM REQUESTS				R E C O M M E N D A T I O N S							
					ACTUAL	BUDGETED	FY 1997 - 98		FY 1998 - 99		EXECUTIVE		LEGISLATIVE					
					95-96	96-97	REQUEST	REQUEST	1997-98	1998-99	1997-98	1998-99						
000		SDH	410 027	B	1,576,517 33	1,743,115 33	1,764,574 33			1,802,602 33					1,764,574 33	1,802,602 33		
001		SDH	410 027	P01			25,000 0			25,000 0					25,000	25,000		
<p>A local area network computer system was acquired during the 1993-1995 Biennium. A priority request in the amount of \$15,000 is made each year to update or replace computer equipment to keep abreast of the technological advances that continue to be implemented in the securities regulatory area at both the federal level and in other states. A priority request of \$10,000 is made each year to replace existing computer and office furniture.</p>																		
001		SDH	410 027	P02			0 0			3,500 0						3,500		
<p>A priority request of \$3,500 is made for fiscal year 1998-1999 of the Biennium to cover the increase in rental of office space.</p>																		

DEPT 010 SEPARATE AGENCIES
 AGY 410 STATE SECURITIES DEPARTMENT
 APPRO 027 STATE OPERATIONS

FUND SDH SECURITIES DEPARTMENT FUND (410)

RANK BY APPROPRIATION

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ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	
ANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		1997 - 99 BIENNIUM REQUESTS						RECOMMENDATIONS						
					ACTUAL	BUDGETED	FY 1997 - 98			FY 1998 - 99			EXECUTIVE		LEGISLATIVE				
					95-96	96-97	REQUEST	REQUEST	REQUEST	REQUEST	REQUEST	1997-98	1998-99	1997-98	1998-99				
01		SDH	410 027	P03		0	200,000	0	200,000	0	200,000	0	200,000	200,000	200,000				
<p>This request is for reinstatement of the Contingency line item of \$200,000 each year. This line item is held in deferment each fiscal year unless conditions specified in a governing special language clause are met.</p>																			

DEPT 010 SEPARATE AGENCIES
AGY 410 STATE SECURITIES DEPARTMENT
PPRO 027 STATE OPERATIONS
UND SDH SECURITIES DEPARTMENT FUND (410)

RANK BY APPROPRIATION
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