

**ARKANSAS BUDGET SYSTEM  
AGENCY PROGRAM COMMENTARY  
2001 - 2003**

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.

A priority request of \$3,000,000 is made the first fiscal year of the biennium to increase the Department's cash fund appropriation to \$15,000,000 and a priority request of \$6,000,000 is made the second fiscal year of the biennium to increase the Department's cash fund appropriation to \$18,000,000 the second year of the biennium. This fund is used solely for the purpose of transferring revenue receipts from the bank account to the State Treasury and for making a limited number of refunds.

\$5,000 is requested each year of the biennium to replace office furniture and equipment.

\$23,500 is requested each year of the biennium to replace and upgrade workstations, printers and other computer equipment in accordance with the Department's Information Technology Plan.

Special language is requested to include special rates of pay for certain positions. This request is made to bring certain professionals, including attorneys, in line with our state, federal and private sector counterparts. The Department currently has special rates of pay authorized for Securities Examiner Supervisors at a level II+ and for Securities Examiners at a level IIM for fy 00-01. These positions are included in this special language for continuance of the special rates of pay for the biennium 01-03. One Grade 20 position will be eliminated from the Department's budget; therefore, approval of this special language for special rates of pay will not cause an increase in the budget for salaries.

<b>AGENCY</b>  ARKANSAS SECURITIES DEPARTMENT	<b>DIRECTOR</b>  MAC DODSON, SECURITIES COMMISSIONER	<b>AGENCY PROGRAM COMMENTARY BR21</b>	<b>PAGE</b>  <b>330</b>
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STATE SECURITIES DEPARTMENT  
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 1998

Assets				Liabilities			Total Equity
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total	
\$ 7,227,518	\$ 281,884	\$ 1,188,394	\$ 8,697,796	\$ 427	\$ 83,834	\$ 84,261	\$ 8,613,535

Revenues					Expenditures					Other Sources (Uses)
Intergovernmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 0	\$ 0	\$ 10,255,968	\$ 133,525	\$ 10,389,493	\$ 1,422,132	\$ 0	\$ 23,865	\$ 329,102	\$ 1,775,099	\$ (6,866,503)

Findings

None

Recommendations

None

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

AGENCY TITLE      410 - STATE SECURITIES DEPT

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	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	<u>10</u>	<u>16</u>	<u>26</u>	<u>93%</u>
BLACK EMPLOYEES	<u>1</u>	<u>1</u>	<u>2</u>	<u>7%</u>
EMPLOYEES OF OTHER RACIAL MINORITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
TOTAL EMPLOYED AS OF			<u>2</u>	<u>7%</u>
08/05/00			TOTAL MINORITIES	
<u>DATE</u>			<u>28</u>	<u>100%</u>
			TOTAL EMPLOYEES	

  


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 AGENCY DIRECTOR

**CASH FUND BALANCE DESCRIPTION**  
**AS OF JUNE 30, 2000**

**AGENCY:** SECURITIES DEPARTMENT

**AGENCY #:** 410

ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
Refunds/ Transfers to Treasury (153)	\$3,133.18	Money Market Checking	Metropolitan National Bank, Little Rock, AR	Section 4 of Act 94 of 1995 establishes that the agency maintain this fund for deposit of daily receipts and make refunds of overpayment of fees and transfer fees to State Treasury.
				<b>STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES:</b>  SEE SCHEDULE 'A' ATTACHED
				<b>REVENUE RECEIPTS CYCLE:</b> Receipts are received on a daily basis, deposited into the bank account on a weekly basis and transferred to the State Treasury on a weekly basis.
				<b>FUND BALANCE UTILIZATION:</b>  Fund is a mechanism to deposit fees, make refunds and transfer funds to State Treasury as either a General Revenue receipt or a Special Revenue receipt.
ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
				<b>STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES:</b>
				<b>REVENUE RECEIPTS CYCLE:</b>
				<b>FUND BALANCE UTILIZATION:</b>

SCHEDULE "A"

STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES:

- A.C.A. 23-42-304, 404, 504 & 509 authorizes collection of fees;
- A.C.A. 23-42-211 authorizes disposition of fees;
- A.C.A. 23-42-209 and 23-42-308 authorizes collection of fines;
- A.C.A. 23-39-303 authorizes collection of mortgage loan company registration fees;
- A.C.A. 23-39-306 authorizes collection of mortgage loan company exemption and audit report filing fees;
- A.C.A. 23-39-204 authorizes collection of mortgage loan company examination fees;
- A.C.A. 23-37-107 authorizes collection of various savings and loan association application, filing, examination and annual fees;
- Rule II A of the Savings & Loan Rules authorizes the collection of document copying fees;
- A.C.A. 23-35-204 authorizes collection of Credit Union annual report late filing fee;
- Rule 2 of the Credit Union Rules authorizes the collection of credit union charter filing fees;
- Rule 3 of the Credit Union Rules authorizes the collection of credit union by-law or articles of incorporation amendment filing fees;
- Rule 31 of the Credit Union Rules authorizes the collection of annual fees and examination fees;
- A.C.A. 23-41-113 authorizes the collection of sale of checks license fees;
- A.C.A. 23-41-119 authorizes the collection of sale of sale check semi-annual report filing fees;
- A.C.A. 23-41-120 authorizes the collection of sale of check annual report filing fee and examination fees; and
- A.C.A. 23-41-111 authorizes the collection of sale of check initial application processing fee.

**STATE AGENCY PUBLICATIONS**

**Fiscal Year 2001**

**Act 1276 of 1999**

**AGENCY:** Arkansas Securities Department **AGENCY #** 410

NAME OF PUBLICATION	STATUTORY AUTHORIZATION ACT # OR A.C.A.	REQUIRED FOR GOVERNOR AND/OR GENERAL ASSEMBLY ONLY	NUMBER OF COPIES PUBLISHED & DISTRIBUTED	REASON(S) FOR CONTINUED PUBLICATION AND DISTRIBUTION
NONE				
				335

# ARKANSAS BUDGET SYSTEM

## DEPARTMENT APPROPRIATION SUMMARY

AGENCY TITLE State Securities Department (410)		1999-01 Expenditures				2001-03 Biennium Request				2001-03 Executive Recommendation			
Appropriations		Actual 1999-00	No. of Pos.	Budgeted 2000-01	No. of Pos.	Year 1 2001-02	No. of Pos.	Year 2 2002-03	No. of Pos.	Year 1 2001-02	No. of Pos.	Year 2 2002-03	No. of Pos.
Code	Name												
A02	Overpayments -- Cash	\$12,319,001	0	\$12,000,000	0	\$15,000,000	0	\$18,000,000	0	\$15,000,000	0	\$15,000,000	0
027	State Operations	1,680,733	32	2,137,041	33	2,147,047	32	2,187,762	32	2,147,047	32	2,187,762	32
<b>TOTALS</b>		<b>\$13,999,734</b>	<b>32</b>	<b>\$14,137,041</b>	<b>33</b>	<b>\$17,147,047</b>	<b>32</b>	<b>\$20,187,762</b>	<b>32</b>	<b>\$17,147,047</b>	<b>32</b>	<b>\$17,187,762</b>	<b>32</b>
Funding Sources			% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances		\$8,913,018	35.4%	\$11,153,170	43.5%	\$11,516,129	39.0%	\$12,369,082	36.5%	\$11,516,129	39.0%	\$12,369,082	40.1%
General Revenues													
Special Revenues		3,920,885	15.6%	2,500,000	9.7%	3,000,000	10.2%	3,500,000	10.3%	3,000,000	10.2%	3,500,000	11.3%
Federal Funds													
Constitutional Officers Fund													
State Central Services Fund													
Non-Revenue Receipts													
Cash Funds		12,319,001	49.0%	12,000,000	46.8%	15,000,000	50.8%	18,000,000	53.2%	15,000,000	50.8%	15,000,000	48.6%
Other													
Total Funding		25,152,904	100.0%	25,653,170	100.0%	29,516,129	100.0%	33,869,082	100.0%	29,516,129	100.0%	30,869,082	100.0%
Excess Appro./ (Funding)		(11,153,170)		(11,516,129)		(12,369,082)		(13,681,320)		(12,369,082)		(13,681,320)	
<b>TOTAL</b>		<b>\$13,999,734</b>		<b>\$14,137,041</b>		<b>\$17,147,047</b>		<b>\$20,187,762</b>		<b>\$17,147,047</b>		<b>\$17,187,762</b>	
DEPARTMENT				DIRECTOR					DEPARTMENT APPROPRIATION SUMMARY				
STATE SECURITIES DEPARTMENT (410)				Mac Dodson					BR 40 <span style="float: right; font-size: 1.5em;"><b>336</b></span>				

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

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 is requesting that the Base Level of \$12,000,000 each year be increased by \$3,000,000 in the first year and \$6,000,000 in the second year to provide sufficient appropriation to cover all transfers anticipated in the 2001-2003 Biennium.

The Executive Recommendation provides for the Agency Request in the first year and the same increase in the second year.

AGENCY	APPROPRIATION	CASH FUND	ANALYSIS OF BUDGET REQUEST	PAGE
Name: State Securities Department  Code: 410	Name: Overpayments -- Cash  Code: A02	Name: Securities Dept. - Cash  Code: 153	BR20	337

ARKANSAS BUDGET SYSTEM

01 02 03 04 05 06 07 08 09 10 11 12 13 14

CHARACTER TITLE	-----EXPENDITURES-----			-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	99-00	00-01	00-01	01-02		02-03		02-03		EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPRO	BASE	CHANGE LEVEL	TOTAL REQUEST	BASE	CHANGE LEVEL	TOTAL REQUEST	01-02	02-03	01-02	02-03
REFUNDS/TRANSFERS TO TREA	12,319,001	12,000,000	12,000,000	12,000,000	3,000,000	15,000,000	12,000,000	6,000,000	18,000,000	15,000,000	15,000,000		
<b>TOTAL</b>	<b>12,319,001</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>3,000,000</b>	<b>15,000,000</b>	<b>12,000,000</b>	<b>6,000,000</b>	<b>18,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>		
PROPOSED FUNDING SOURCES			XXXXXXXXXXXX										
FUND BALANCES			XXXXXXXXXXXX										
GENERAL REVENUES			XXXXXXXXXXXX										
SPECIAL REVENUES			XXXXXXXXXXXX										
FEDERAL FUNDS			XXXXXXXXXXXX										
STATE CENTRAL SERVICES FUND			XXXXXXXXXXXX										
NON-REVENUE RECEIPTS			XXXXXXXXXXXX										
CASH FUNDS	12,319,001	12,000,000	XXXXXXXXXXXX	12,000,000	3,000,000	15,000,000	12,000,000	6,000,000	18,000,000	15,000,000	15,000,000		
OTHER			XXXXXXXXXXXX										
TOTAL FUNDING	12,319,001	12,000,000	XXXXXXXXXXXX	12,000,000	3,000,000	15,000,000	12,000,000	6,000,000	18,000,000	15,000,000	15,000,000		
EXCESS APPRO/ (FUNDING)			XXXXXXXXXXXX										
<b>TOTAL</b>	<b>12,319,001</b>	<b>12,000,000</b>	<b>XXXXXXXXXXXX</b>	<b>12,000,000</b>	<b>3,000,000</b>	<b>15,000,000</b>	<b>12,000,000</b>	<b>6,000,000</b>	<b>18,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>		

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

APPROPRIATION SUMMARY  
 BR 215

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
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----				-----2001 - 03 BIENNIUM REQUESTS-----				-----R E C O M M E N D A T I O N S-----					
					---ACTUAL---		--BUDGETED--		-----FY 2001 - 02-----		-----FY 2002 - 03-----		-----EXECUTIVE-----		-----LEGISLATIVE-----			
					99-00	00-01	REQUEST	REQUEST	2001-02	2002-03	2001-02	2002-03						
000		153	410 A02	B	12,319,001	12,000,000	12,000,000	0	12,000,000	0					12,000,000	12,000,000		
001		153	410 A02 100 SECURITIES DEPARTMENT	C01			3,000,000	0	6,000,000	0					3,000,000	3,000,000		
<p>\$3,000,000. is requested the first year of the biennium and \$6,000,000. is requested the second year of the biennium to increase the Department's cash fund appropriation to \$15,000,000. the first year and \$18,000,000. the second year of the biennium. This fund is used solely for the purpose of transferring revenue receipts to the State Treasury and for making a limited number of refunds.</p>																		

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

RANK BY APPROPRIATION

BR 264

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

The State Operations appropriation is funded by special revenue fees that are authorized by Arkansas Code §19-6-475. Administrative fines collected by the Agency are also designated as special revenues. The national economy has been very favorable in recent years. As a result, the Securities Department received, for its operational support, a record amount of special revenue fees in FY00 of just over \$3.9 million. In anticipation of a period of economic retrenchment in the near future, and since the securities industry generally mirrors economic conditions, fees collected by the Department for its support are predicted to decline in FY01 and during the 2001-2003 Biennium to a range of \$2.5 to \$3.5 million annually. Base Level for this appropriation includes a pay plan increase of 2.6% each year over the 2001 fiscal year salary levels for all incumbents, along with related Personal Services Matching costs. Requested changes are itemized as follows:

In accordance with the Agency's Information Technology Plan, Capital Outlay of \$23,500 each year is requested to replace and upgrade workstations, printers, and other data processing hardware.

Capital Outlay of \$5,000 each year for replacement of obsolete and irreparable office furniture and equipment.

Salary and Matching increases of \$8,366 for FY02 and \$9,431 for FY03 to provide extraordinary pay increase above 2.6% for the Securities Commissioner position.

To offset the additional costs in requested Change Levels, the Department proposes to eliminate one Securities Examiner position that would result in reductions of \$44,982 in FY02 and \$46,075 in FY03.

A new special language section that allows the Agency to provide market pay rates to certain professional positions.

Also requested is continuation of the special language clause that governs transfers from the Contingency line item.

The Executive Recommendation provides for the Agency Request.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: State Securities Department  Code: 410	Name: State Operations  Code: 027	Name: Securities Dept. Fund  Code: SDH	BUDGET REQUEST  BR20	340

ARKANSAS BUDGET SYSTEM

01	02	03	04	05	06	07	08	09	10	11	12	13	14
CHARACTER TITLE	-----EXPENDITURES-----			-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	99-00 ACTUAL	00-01 BUDGETED	00-01 AUTHORIZED APPRO	BASE	CHANGE LEVEL	TOTAL REQUEST	BASE	CHANGE LEVEL	TOTAL REQUEST	EXECUTIVE		LEGISLATIVE	
										01-02	02-03	01-02	02-03
REGULAR SALARIES	1,133,548	1,291,104	1,287,333	1,331,247	-27,729	1,303,518	1,365,862	-28,451	1,337,411	1,303,518	1,337,411		
NUMBER OF POSITIONS	32	33	33	33	-1	32	33	-1	32	32	32		
EXTRA HELP	650	12,000	12,000	12,000	0	12,000	12,000	0	12,000	12,000	12,000		
NUMBER OF POSITIONS	1	2	2	2	0	2	2	0	2	2	2		
PERSONAL SERV MATCHING	295,954	328,018	335,350	334,497	-8,887	325,610	340,625	-8,193	332,432	325,610	332,432		
OPERATING EXPENSES	214,314	237,335	237,335	237,335	0	237,335	237,335	0	237,335	237,335	237,335		
CONF FEES & TRAVEL	4,260	8,100	8,100	8,100	0	8,100	8,100	0	8,100	8,100	8,100		
PROF FEES & SERVICES	3,201	24,484	24,484	24,484	0	24,484	24,484	0	24,484	24,484	24,484		
CAPITAL OUTLAY	26,926	28,500	28,500	0	28,500	28,500	0	28,500	28,500	28,500	28,500		
CONTINGENCY	0	200,000	200,000	200,000	0	200,000	200,000	0	200,000	200,000	200,000		
EXAMINATION TRAVEL	1,880	7,500	7,500	7,500	0	7,500	7,500	0	7,500	7,500	7,500		
<b>TOTAL</b>	<b>1,680,733</b>	<b>2,137,041</b>	<b>2,140,602</b>	<b>2,155,163</b>	<b>( 8,116)</b>	<b>2,147,047</b>	<b>2,195,906</b>	<b>( 8,144)</b>	<b>2,187,762</b>	<b>2,147,047</b>	<b>2,187,762</b>		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES	8,913,018	11,153,170	*****	11,516,129		11,516,129	12,369,082		12,369,082	11,516,129	12,369,082		
GENERAL REVENUES			*****										
SPECIAL REVENUES	3,920,885	2,500,000	*****	3,000,000		3,000,000	3,500,000		3,500,000	3,000,000	3,500,000		
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS			*****										
OTHER			*****										
<b>TOTAL FUNDING</b>	<b>12,833,903</b>	<b>13,653,170</b>	*****	<b>14,516,129</b>		<b>14,516,129</b>	<b>15,869,082</b>		<b>15,869,082</b>	<b>14,516,129</b>	<b>15,869,082</b>		
EXCESS APPRO/ (FUNDING)	(11,153,170)	(11,516,129)	*****	(12,369,966)	( 8,116)	(12,369,082)	(13,673,176)	( 8,144)	(13,681,320)	(12,369,082)	(13,681,320)		
<b>TOTAL</b>	<b>1,680,733</b>	<b>2,137,041</b>	*****	<b>2,155,163</b>	<b>( 8,116)</b>	<b>2,147,047</b>	<b>2,195,906</b>	<b>( 8,144)</b>	<b>2,187,762</b>	<b>2,147,047</b>	<b>2,187,762</b>		

DEPT 010 SEPARATE AGENCIES  
 AGY 410 STATE SECURITIES DEPARTMENT  
 APPR 027 STATE OPERATIONS  
 FUND SDH SECURITIES DEPARTMENT FUND-(410)

The FY01 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 1999-01 biennium.

APPROPRIATION SUMMARY

BR 215

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
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		2001 - 03 BIENNIUM REQUESTS						RECOMMENDATIONS					
					ACTUAL	BUDGETED	FY 2001 - 02		FY 2002 - 03				EXECUTIVE		LEGISLATIVE			
					99-00	00-01	REQUEST	REQUEST	REQUEST	REQUEST	REQUEST	REQUEST	2001-02	2002-03	2001-02	2002-03		
000		SDH	410 027	B	1,680,733 32	2,137,041 33	2,155,163 33		2,195,906 33				2,155,163 33	2,195,906 33				
001		SDH	410 027 A90 INFORMATION TECHNOLOGY	C01			23,500 0		23,500 0				23,500	23,500				
<p>\$23,500. is requested each year of the biennium to replace and upgrade workstations, printers and other computer equipment in accordance with the Department's Information Technology Plan.</p>																		
001		SDH	410 027 100 SECURITIES DEPARTMENT	C01			5,000 0		5,000 0				5,000	5,000				
<p>\$5,000. is requested each year of the biennium to replace office furniture &amp; equipment.</p>																		

DEPT 010 SEPARATE AGENCIES  
AGY 410 STATE SECURITIES DEPARTMENT  
APPRO 027 STATE OPERATIONS  
FUND SDH SECURITIES DEPARTMENT FUND-(410)

RANK BY APPROPRIATION  
BR 264

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
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----		-----2001 - 03 BIENNIUM REQUESTS-----						-----RECOMMENDATIONS-----					
					-----ACTUAL-----BUDGETED-----		-----FY 2001 - 02-----			-----FY 2002 - 03-----			-----EXECUTIVE-----		-----LEGISLATIVE-----			
					99-00	00-01	-----REQUEST-----			-----REQUEST-----			2001-02	2002-03	2001-02	2002-03		
002	SDH 410 027 100 SECURITIES DEPARTMENT	C10				8,366 0				9,431 0				8,366 0	9,431 0			
<p>An extraordinary salary increase is requested for the Securities Commissioner position to bring its pay rate more into line with commissioners in other financial regulatory agencies.</p>																		
003	SDH 410 027 100 SECURITIES DEPARTMENT	C03				-44,982 -1				-46,075 -1				-44,982 -1	-46,075 -1			
<p>This request is to eliminate one Securities Examiner position and reallocate a portion of the saved resources to fund the change levels that have been requested by the Department.</p>																		

DEPT 010 SEPARATE AGENCIES  
 AGY 410 STATE SECURITIES DEPARTMENT  
 APPRO 027 STATE OPERATIONS  
 FUND SDH SECURITIES DEPARTMENT FUND-(410)

RANK BY APPROPRIATION  
 BR 264