

BOARD OF FINANCE

Enabling Laws

Act 65 of 2007
Act 333 of 2007
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>FY2009-2010</u>	<u>FY2010-2011</u>
Investments-Purchase of Securities (1CV)	\$ 600,000,000	\$ 600,000,000
Operations-Manage/Invest Tobacco (287)	\$ 209,579	\$ 209,579
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, 2007

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	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	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
287 Operations - Tobacco Settlement Proceeds	0	0	203,068	2	203,068	2	209,579	2	209,579	2	209,579	2	209,579	2	209,579	2	209,579	2
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
2BN Investments-Principal/Interest/Service Charges	176,983	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
Total	176,983	0	603,803,068	2	603,803,068	2	603,809,579	2	603,809,579	2	209,579	2	603,809,579	2	603,809,579	2	209,579	2

Funding Sources		%		%		%		%		%		%		%		%
Trust Fund 4000050	176,983	100.0	603,000,000	99.9	603,000,000	99.9	603,000,000	99.9	0	99.9	603,000,000	99.9	603,000,000	99.9	0	99.9
Investments 4000315	0	0.0	600,000	0.1	600,000	0.1	600,000	0.1	0	0.1	600,000	0.1	600,000	0.1	0	0.1
Trust Fund Interest 4000705	0	0.0	203,068	0.0	209,579	0.0	209,579	0.0	209,579	0.0	209,579	0.0	209,579	0.0	209,579	0.0
Total Funds	176,983	100.0	603,803,068	100.0	603,809,579	100.0	603,809,579	100.0	209,579	100.0	603,809,579	100.0	603,809,579	100.0	209,579	100.0
Excess Appropriation/(Funding)	0		0		0		0		0		0		0		0	
Grand Total	176,983		603,803,068		603,809,579		603,809,579		209,579		603,809,579		603,809,579		209,579	

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 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 is 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 for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The State Board of Finance is requesting the continuation of Base Level of \$209,579 each year of the biennium.

The Executive Recommendation provides for the Agency 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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	57,521	57,521	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	20,047	20,047	20,967	20,967	20,967	20,967	20,967	20,967
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	203,068	203,068	209,579	209,579	209,579	209,579	209,579	209,579
Funding Sources									
Trust Fund Interest 4000705	0	203,068		209,579	209,579	209,579	209,579	209,579	209,579
Total Funding	0	203,068		209,579	209,579	209,579	209,579	209,579	209,579
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	203,068		209,579	209,579	209,579	209,579	209,579	209,579

Special Language provides carry forward of appropriation. For FY09, carry forward appropriation was not requested by the Agency.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Board of Finance

Program: Operations - Tobacco Settlement Proceeds

Act #: 333 of 2007 Section(s) #: 2 & 3

Estimated Carry Forward Amount \$ 0.00 Appropriation Funds

Funding Source: Tobacco Settlement

Accounting Information:

Business Area: 0072 Funds Center: 287 Fund: TSA Functional Area: CNST

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

Staff in the State Treasurer's Office is currently being utilized to manage and invest proceeds from the Tobacco Settlement. Carry forward of this appropriation will not be necessary.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

Honorable Martha Shoffner
State Treasurer

07-31-2008
Date

Appropriation Summary

Appropriation: 2BM - Investments-Premiums/Discounts

Funding Sources: TAS - Securities Reserve

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 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 is 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			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Principal/Interest/Service Chgs 5900046	176,983	3,000,000	3,000,000	3,000,000	3,000,000	0	3,000,000	3,000,000	0
Total	176,983	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	176,983	3,000,000		3,000,000	3,000,000	0	3,000,000	3,000,000	0
Total Funding	176,983	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	176,983	3,000,000		3,000,000	3,000,000	0	3,000,000	3,000,000	0

No Executive Recommendation is made for this appropriation.