

BOARD OF FINANCE

Enabling Laws

Act 60 of 2005
Act 180 of 2005
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:

	FY2005-06	FY2006-07
Investments-Purchase of Securities (1CV)	\$ 600,000,000	\$ 600,000,000
Operations-Manage/Invest Tobacco (287)	\$ 200,387	\$ 200,387
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, 2005

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

Appropriation	Historical Data						Agency Request and Executive Recommendation							
	2005-2006		2006-2007		2006-2007		2007-2008				2008-2009			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
1CV Investments-Purchase of Securities	0	0	600,000,000	0	600,000,000	0	600,000,000	0	0	0	600,000,000	0	0	0
287 Operations - Tobacco Settlement Proceed	0	0	197,700	2	197,700	2	200,387	2	0	0	200,387	2	0	0
2BM Investments-Premiums/Discounts	0	0	600,000	0	600,000	0	600,000	0	0	0	600,000	0	0	0
2BN Investments-Principal/Interest/Service Ch	179,027	0	3,000,000	0	3,000,000	0	3,000,000	0	0	0	3,000,000	0	0	0
Total	179,027	0	603,797,700	2	603,797,700	2	603,800,387	2	0	0	603,800,387	2	0	0

Funding Sources		%		%		%		%		%		%
Trust Fund 4000050	179,027	100.0	603,000,000	99.9	603,000,000	99.9	0	0.0	603,000,000	99.9	0	0.0
Investments 4000315	0	0.0	600,000	0.1	600,000	0.1	0	0.0	600,000	0.1	0	0.0
Trust Fund Interest 4000705	0	0.0	197,700	0.0	200,387	0.0	0	0.0	200,387	0.0	0	0.0
Total Funds	179,027	100.0	603,797,700	100.0	603,800,387	100.0	0	0.0	603,800,387	100.0	0	0.0
Excess Appropriation/(Funding)	0		0		0		0		0		0	
Grand Total	179,027		603,797,700		603,800,387		0		603,800,387		0	

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

Agency Position Usage Report

FY2004-2005						FY2005-2006						FY2006-2007					
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	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	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

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.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The State Board of Finance is requesting the continuation of Base Level of \$200,387 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

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008			2008-2009		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	55,290	55,290	55,290	55,290	0	55,290	55,290	0
#Positions	0	2	2	2	2	0	2	2	0
Personal Services Matching 5010003	0	11,910	11,910	19,597	19,597	0	19,597	19,597	0
Operating Expenses 5020002	0	25,000	25,000	25,000	25,000	0	25,000	25,000	0
Conference & Travel Expenses 5050009	0	500	500	500	500	0	500	500	0
Professional Fees 5060010	0	100,000	100,000	100,000	100,000	0	100,000	100,000	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	5,000	5,000	0	0	0	0	0	0
Total	0	197,700	197,700	200,387	200,387	0	200,387	200,387	0
Funding Sources									
Trust Fund Interest 4000705	0	197,700		200,387	200,387	0	200,387	200,387	0
Total Funding	0	197,700		200,387	200,387	0	200,387	200,387	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	197,700		200,387	200,387	0	200,387	200,387	0

Appropriation Summary

Appropriation: 2BM Investments-Premiums/Discounts
Funding Sources: TAS - Securities Reserve

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	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

Appropriation Summary

Appropriation: 2BN Investments-Principal/Interest/Service Charges
Funding Sources: TAS - Securities Reserve

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Principal/Interest/Service Chgs 5900046	179,027	3,000,000	3,000,000	3,000,000	3,000,000	0	3,000,000	3,000,000	0
Total	179,027	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	179,027	3,000,000		3,000,000	3,000,000	0	3,000,000	3,000,000	0
Total Funding	179,027	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	179,027	3,000,000		3,000,000	3,000,000	0	3,000,000	3,000,000	0