

FINANCE COMMISSION OF TEXAS
AUDIT COMMITTEE MEETING

Friday, February 19, 2016
8:00 a.m.

Finance Commission Building
William F. Aldridge Hearing Room,
2601 N. Lamar Blvd.
Austin, Texas 78705

Public comment on any agenda item or issue under the jurisdiction of the Finance Commission agencies is allowed unless the comment is in reference to a rule proposal for which the public comment period has ended. However, upon majority vote of the Commission, public comment may be allowed related to final rule adoption.

- A. Review and Approval of Minutes of the December 17, 2015, Audit Committee Meeting
- B. Audit Committee Review of Agencies' Activities
- C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' November 30, 2015 Investment Officer Reports
 - 1. Texas Department of Banking
 - 2. Department of Savings and Mortgage Lending
 - 3. Office of Consumer Credit Commissioner
- D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2016 First Quarter Financial Statements
 - 1. Texas Department of Banking
 - 2. Department of Savings and Mortgage Lending
 - 3. Office of Consumer Credit Commissioner
- E. Presentation from the Texas Treasury Safekeeping Trust Company
- F. Report on Activities Relating to the Texas Financial Education Endowment Fund

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**MINUTES OF THE
AUDIT COMMITTEE MEETING
Thursday, December 17, 2015
3:30 p.m.**

The Audit Committee of the Finance Commission of Texas convened at 3:30 p.m. on December 17, 2015, with the following members present: Audit Committee Chair Cindy Lyons, Susan Burton, and Lori McCool. Member absent: Larry Patton.

Audit Committee Chair Lyons announced that there was a quorum of the Audit Committee of the Finance Commission of Texas with three members present (00:10 on audio file).

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Review and Approval of Minutes of the October 16, 2015, Audit Committee Meeting	Lori McCool made a motion to approve the minutes. Susan Burton seconded and the motion passed.	00:20 start of discussion 00:42 vote
B. Audit Committee Review of Agencies' Activities	No Action Required.	01:05 start of discussion
C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Fiscal Year 2016 Internal Auditor's Risk Assessment and Audit Plan for the Finance Commission Agencies	Lori McCool made a motion to Recommend that the Finance Commission Approve the Fiscal Year 2016 Internal Auditor's Risk Assessment and Audit Plan for the Finance Commission Agencies with the change of the audit area for the Department of Savings and Mortgage Lending. Susan Burton seconded and the motion passed.	02:08 start of discussion 10:58 vote
D. Discussion of and Possible Vote to Award Final Selection of Organizations, to Receive Grant Funds in an Aggregate Amount Not to exceed \$250,000 From the Texas Financial Education Endowment Fund	Susan Burton made a motion to Recommend the Finance Commission award Grant Funds from the Texas Financial Education Endowment Fund to: Family Pathfinders of Tarrant County: \$32,000 Family Service Association of San Antonio: \$32,000 Easter Seals of Greater Houston	11:35 start of discussion 20:10 vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
	(Montgomery County): \$32,000 Texas Council on Economic Education (statewide): \$32,000 Texas State Affordable Housing Corp (statewide): \$32,000 Community Development Corporation of Brownsville (Rio Grande Valley): \$32,000 Goodwill Industries of Central Texas (Austin): \$32,000 El Paso Credit Union HOAP, Inc. \$25,000 Lori McCool seconded and the motion passed.	

There being no further business of the Audit Committee of the Finance Commission of Texas, Chair Cindy Lyons adjourned the meeting at 3:51 p.m. (21:45 on audio file)

Cindy Lyons, Chair of the Audit Committee
Finance Commission of Texas

Charles G. Cooper, Executive Director
Finance Commission of Texas

Anne Benites, Executive Assistant
Finance Commission of Texas

**Texas Department of Banking
Outstanding Audit Findings Report as of February 5, 2016**

The agency has no outstanding audit issues.

**Department of Savings and Mortgage Lending
Outstanding Audit Issues Report as of January 31, 2016**

None.

Office of Consumer Credit Commissioner
Outstanding Audit Findings Report as of 2/8/2016

Auditor	Garza / Gonzalez & Associates	Audit Report Date
Audit Area	Professional Licensing	Jun-14
Finding	Status Update	
Implement a quality control review process in which RMLO and Pawnshop Employee applications received are sampled and reviewed on a periodic basis.	Completed. The agency has modified its procedures effective February 1, 2016 for RMLOs and Pawnshop Employee applications to include a quality assurance process to address the finding.	

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**Trust Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report
September 1, 2015 to November 30, 2015**

Book Book Value at August 31, 2015	Interest Income Received	Trustee Fees Paid	(1) Other Deductions	(2) Other Additions	Book/Market Value at November 30, 2015	Maturity Date	Interest Rate	Accrued Interest on CDs
\$1,293,816.95	\$2,190.13	\$26.79	\$18,789.00	\$11,786.15	\$1,288,977.44	--	--	\$960.75

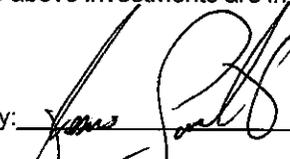
Trust Account Balances at Trustee/Depositories

Texas Treasury Safekeeping Trust Company *	\$317,426.89	12/1/2015	0.07%	
First Bank and Trust of Childress (CD)	\$240,000.00	12/11/2015	0.85%	\$107.07
First State Bank of Yoakum (CD)	\$240,000.00	12/17/2015	0.85%	\$417.02
Citizens State Bank, Buffalo, TX (CD)	\$246,906.04	12/26/2015	0.97%	\$436.66
Pilgrim Bank (money market)	<u>\$244,644.51</u>	n/a	0.86%	
Subtotal	\$1,288,977.44			

(1) Other deductions include: (a) \$5,120.00 Guaranty Fund claim paid to M. Silva related to a PFC sold by Walker-Mora Funeral Home, PFC permit number 546; (b) \$1,400.00 restitution paid to consumer F. Cox related to an illegal PFC sold by Angel Hills Funeral Home; (c) \$6,699.50 restitution paid to consumer T. Malhosky regarding illegal PFCs sold by Timothy Gaffney; (d) \$4,819.50 restitution paid to consumer J. Hinds regarding an illegal PFC sold by Daniel Brothers; and (e) \$750.00 partial restitution paid to consumer L. Bass regarding an illegal PFC sold by James E. Lister.

(2) Other additions include: (a) \$400.00 restitution received from Lonnie D. Wright; (b) \$200.00 restitution received from Mr. Dan L. Brothers; (c) \$1,290.00 restitution received from Mr. Kevin Keeney; (d) \$1,500.00 received from Mr. Marc Gonzalez; (e) \$100.00 received from DJ Turner; (f) \$796.15 restitution returned by consumer who collected restitution from Mr. Kevin Keeney through small claims court; and (g) \$7,500.00 received from Timothy Gaffney.

Note: * These funds are held at the Texas Treasury Safekeeping Trust Company in overnight repurchase agreements.
The above investments are in compliance with the investment strategies of Administrative Memorandum 2016.

Prepared By:  Date: 12/15/15

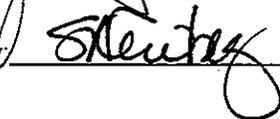
Reviewed By:  Date: 12/15/15

Insurance-Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report
September 1, 2015 to November 30, 2015

<u>Book</u> <u>Book Value at August 31, 2015</u>	<u>Interest Income</u> <u>Received</u>	<u>Trustee</u> <u>Fees Paid</u>	<u>Other</u> <u>Deductions</u>	<u>Other</u> <u>Additions</u>	<u>Book/Market</u> <u>Value at November 30, 2015</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>
\$330,323.39	\$43.16	\$26.83			\$330,339.72	1-Dec-2015	0.07%

Note: These funds are held at the Texas Treasury Safekeeping Trust Company in overnight repurchase agreements.
 The above investments are in compliance with the investment strategies of Administrative Memorandum 2016.

Prepared By:  Date: 12/15/15

Reviewed By:  Date: 12/15/15

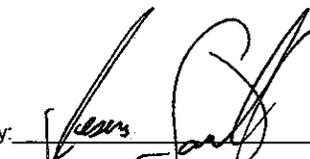
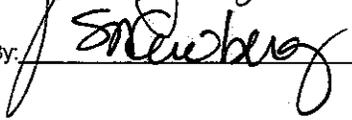
Department of Banking Quarterly Investment Report
 September 1, 2015 to November 30, 2015

Seized Prepaid Funeral Funds	Book Value at August 31, 2015	Interest Income Received	Trustee Fees Paid	Other Deductions	Other Additions	Book Value at November 30, 2015	Trustee	Investment Type	Maturity Date	Interest Rate
Shaw's Funeral Home, Inc., PFC Number 1076	\$25,189.60	\$3.14		\$25,192.74		(\$0.00)				
Total Seized Funds	\$25,189.60	\$3.14	\$0.00	\$25,192.74	\$0.00	(\$0.00)				

Notes:

The records and funds related to Permit Number 1076 were seized as a result of the funeral home going-out-of-business and not being able to service its outstanding PFCs. Agreed Order Number 2015-010 issued on April 29, 2015 ordered the seizure of the funds and records of the PFCs. The depository was advised on the same day. On June 12, 2015, an invitation to bid on the PFCs sold by Shaw's Funeral Home, Inc. was sent to area funeral homes. One bid offer was received in August 2015 and in September 2015, the PFCs were awarded to Funeral Agency, Inc., (FAI) PFC Number 673. The amount reflected under the deductions represents the transfer of the PFCs to FAI.

The above investments are in compliance with the investment strategies of Administrative Memorandum 2027.

Prepared By:  Date: 12/15/15
 Reviewed By:  Date: 12/15/15

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Department of Savings and Mortgage Lending
Mortgage Recovery Trust Fund

Investment Officer Report as of November 30, 2015

Current Investments/Securities as of November 30, 2015

Purchase Date	Beginning Market Value	Ending Market Value	Accrued Interest - Estimated	Interest Rate	Maturity Date	Description	Fin. Institution
12/13/2013	240,000.00	240,000.00	3,824.00	0.80%	12/13/2015	CD - 24 months	First Fed Community Bank, S
12/15/2013	246,271.00	249,959.16	448.54	0.85%	12/15/2015	CD - 24 months	Spirit of Texas, SSB
2/4/2014	248,867.74	251,231.98	1,982.29	0.95%	2/4/2016	CD - 24 months	Third Coast Bank SSB
4/17/2014	248,443.47	252,096.94	308.12	1.00%	4/17/2016	CD - 24 months	South Star Bank SSB
6/15/2014	245,093.07	249,091.54	-	1.14%	6/15/2016	CD - 24 months	TrustTexas Bank SSB
8/4/2014	240,000.00	240,000.00	93.33	0.70%	8/4/2016	CD - 24 months	First Bank SSB
4/9/2015	245,000.00	245,000.00	1,599.31	1.00%	10/9/2016	CD - 18 months	Capital Bank
10/18/2014	249,786.42	250,000.00	668.40	1.75%	10/18/2016	CD - 24 months	Dalhart Federal Savings
1/31/2015	250,000.00	250,000.00	133.33	0.80%	1/31/2017	CD - 24 months	Horizon Bank SSB
4/7/2015	240,000.00	241,261.92	379.99	1.05%	4/7/2017	CD - 24 months	Triumph SSB
4/29/2015	240,000.00	240,000.00	286.67	0.20%	4/29/2017	CD - 24 months	Angelina Savings Bank
6/14/2015	250,000.00	250,000.00	1,408.33	1.20%	6/14/2017	CD - 24 months	Pioneer Bank SSB
9/8/2015	245,809.01	245,809.01	198.35	0.35%	9/8/2017	CD - 24 months	Austin Capital SSB
10/2/2015	250,000.00	250,000.00	307.29	0.75%	10/2/2017	CD - 24 months	Cypress Bank SSB
Totals	<u>3,439,270.71</u>	<u>3,454,450.55</u>	<u>11,637.95</u>				

Department of Savings and Mortgage Lending

Mortgage Recovery Trust Fund

Investment Officer Report as of November 30, 2015 (continued)

Fund Position for the Quarter Ended November 30, 2015		Claim Payment History		
Beginning Cash Balance as of August 31, 2015	\$ 333,349.59	Fiscal Year	Total Amount \$	# of Payments
Receipts		2000-2007	209,067.76	9
Licenses' Remittances	15,470.00	2008	25,488.14	3
Interest from CDs	2,030.30	2009	100,000.00	10
Interest from overnight repos	45.05	2010	147,033.52	16
CD - Principal and Interest - Maturity	501,309.01	2011	22,225.00	5
Total Received	\$ 518,854.36	2012	1,300.00	1
Disbursements		2013	1,465.13	1
CD - Purchase	(495,809.01)	2014	-	0
Transfer of excess to Operating Fund	-	2015	1,039.50	1
Bank Fees and Charges	(16.59)	2016YTD	-	0
Total Disbursed	\$ (495,825.60)	Totals	507,619.05	46
Total Cash Balance in Trust and Treasury	356,378.35			
Reserve				
Reserved for Potential Payment of Claims w/in 90 days	\$ (175,475.00)			
Available Cash Balance as of November 30, 2015	180,903.35			
Total Amount of Investments	3,454,450.55			
Accrued Receivables	15,685.68			
Accrued Payables	(21.79)			
Fund Balance as of November 30, 2015	\$ 3,826,492.79			



 Antonia Antov, Investment Officer 12/22/2015
 Date

Investment Position: The Fund is capable of meeting all known obligations.
 Investment Compliance: The Department's Investment Policy has been followed.

Office of Consumer Credit Commissioner
Fiscal Year 2016 - 1st Quarter

Texas Financial Education Endowment Fund #3071

	Beginning Balance at 09/01/15	Additions	Interest Paid	Grant Disbursements	Paid Bank Fees	Ending Balance at 11/30/15	Current Interest Rate
Cash	\$ 1,087,282.04	\$ 2,720.58	\$ 139.72	\$ (32,453.00)	\$ (1,520.58)	\$ 1,056,168.76	.07%
Invested Portfolio	Beginning Balance at 09/01/15	Additions	Change in Value		Paid Fees	Ending Balance at 11/30/15	
Investments - STIF	\$ 57,517.58	\$ 3,948.69	\$ 16,633.80	\$ -	\$ (1,487.85)	\$ 79,587.92	
Interest & Dividends Receivable	5.66		3.59			9.25	
Trade Receivables	-		-			-	
Investments - Equities	40,905.82		467.17			41,372.99	
Investments - Alternatives	1,764,177.28		(22,374.96)			1,741,802.32	
Investments - Fixed Income	145,140.33		(13,832.11)			131,308.22	
Invested Portfolio	<u>\$ 2,007,746.67</u>	<u>\$ 3,948.69</u>	<u>\$ (19,102.51)</u>	<u>\$ -</u>	<u>\$ (1,487.85)</u>	<u>\$ 1,994,080.70</u>	
Total Endowment Funds	<u>\$ 3,095,028.71</u>					<u>\$ 3,050,249.46</u>	

Note: These funds are invested with the Texas Treasury Safekeeping Trust Company.
The above investments are in compliance with the agency's investment policy.

Investment Officer: Christina Cuello

Date: 2/3/16

Reviewed By: [Signature]

Date: 2.5.16

Office of Consumer Credit Commissioner
Fiscal Year 2016 - 1st Quarter

Residential Mortgage Loan Originator Recovery Trust Fund #3008

Beginning Balance at 09/01/15	Additions	Interest Paid	Paid Claims	Paid Bank Fees	Ending Balance at 11/30/15	Current Interest Rate
\$ 121,248.37	\$ 450.00	\$ 15.80	\$ -	\$ -	\$ 121,714.17	.07%

Investment Officer: *Chris Chen*

Date: 2/3/16

Reviewed By: *[Signature]*

Date: 2.5.16

Note: These funds are held at the Texas Treasury Safekeeping Trust Company in overnight repurchase agreements.
The above investments are in compliance with the agency's investment policy.

**Texas Department of Banking
Operating Statement and Budget Analysis
For Period Ending November 2015**

	FY 2015 ACTUAL	FY 2016 BUDGET	QUARTER PERFORMANCE				FY 2016 PERFORMANCE				
			1st Quarter BUDGET	1st Quarter ACTUAL	(OVER)/UNDER BUDGET	PERCENT BUDGET	YTD BUDGET	YTD ACTUAL	(OVER)/UNDER BUDGET	PERCENT BUDGET	
REVENUE:											
Bank & Trust Regulation	\$21,989,406.54	\$23,335,260.00	\$5,904,225.00	\$5,874,318.66	\$29,906.34	99.5%	\$5,904,225.00	\$5,874,318.66	\$29,906.34	99.5%	
Nonbank Regulation	2,901,040.57	3,009,190.03	2,024,490.90	2,031,160.69	(6,669.79)	100.3%	2,024,490.90	2,031,160.69	(6,669.79)	100.3%	
Miscellaneous Revenues	11,103.86	8,000.00	2,000.00	2,582.59	(582.59)	129.1%	2,000.00	2,582.59	(582.59)	129.1%	
TOTAL REVENUES:	\$24,901,550.97	\$26,352,450.03	\$7,930,715.90	\$7,908,061.94	\$22,653.96	99.7%	\$7,930,715.90	\$7,908,061.94	\$22,653.96	99.7%	
EXPENDITURES:											
Salaries and Wages											
Exempt Salaries	\$229,000.00	\$229,000.00	\$59,250.00	\$59,250.00	\$0.00	100.0%	\$59,250.00	\$59,250.00	\$0.00	100.0%	
Classified Salaries	16,104,213.94	16,975,619.19	4,118,309.23	3,973,329.67	144,979.56	96.5%	4,118,309.23	3,973,329.67	144,979.56	96.5%	
Longevity	203,620.00	207,120.00	49,900.00	50,080.00	(180.00)	100.4%	49,900.00	50,080.00	(180.00)	100.4%	
Other	259,249.17	256,131.57	5,857.83	11,426.19	(5,568.36)	195.1%	5,857.83	11,426.19	(5,568.36)	195.1%	
Payroll Health Ins/Retire Contrib	228,193.58	256,858.79	62,663.39	58,781.83	3,881.56	93.8%	62,663.39	58,781.83	3,881.56	93.8%	
	\$17,024,276.69	\$17,924,729.55	\$4,295,980.45	\$4,152,867.69	\$143,112.76	96.7%	\$4,295,980.45	\$4,152,867.69	\$143,112.76	96.7%	
Travel											
In-State	\$1,361,209.11	\$1,664,611.47	\$384,172.57	\$353,908.72	\$30,263.85	92.1%	\$384,172.57	\$353,908.72	\$30,263.85	92.1%	
Out-of-State	609,531.22	695,721.28	192,353.92	182,734.02	9,619.90	95.0%	192,353.92	182,734.02	9,619.90	95.0%	
	\$1,970,740.33	\$2,360,332.75	\$576,526.49	\$536,642.74	\$39,883.75	93.1%	\$576,526.49	\$536,642.74	\$39,883.75	93.1%	
Other Expenditures											
Professional Fees & Services	\$74,282.17	\$149,660.00	\$10,477.00	\$10,549.42	(\$72.42)	100.7%	\$10,477.00	\$10,549.42	(\$72.42)	100.7%	
Postage	13,198.53	14,985.00	10,620.00	10,328.74	291.26	97.3%	10,620.00	\$10,328.74	291.26	97.3%	
Consumable Supplies	179,041.01	515,017.00	28,676.08	25,045.94	3,630.14	87.3%	28,676.08	\$25,045.94	3,630.14	87.3%	
Telephone	250,370.38	265,636.04	49,961.52	47,928.60	2,032.92	95.9%	49,961.52	\$47,928.60	2,032.92	95.9%	
Utilities	47,246.06	53,952.00	19,744.35	19,397.89	346.46	98.2%	19,744.35	\$19,397.89	346.46	98.2%	
Rent - Buildings	291,374.53	421,229.00	107,889.00	99,184.80	8,704.20	91.9%	107,889.00	\$99,184.80	8,704.20	91.9%	
Rent - Machinery & Other	30,901.34	56,560.00	10,540.00	8,253.49	2,286.51	78.3%	10,540.00	\$8,253.49	2,286.51	78.3%	
Other Operating	387,556.68	482,509.00	129,456.00	137,219.16	(7,763.16)	106.0%	129,456.00	\$137,219.16	(7,763.16)	106.0%	
Subscriptions	18,218.31	20,682.00	8,029.00	5,607.09	2,421.91	69.8%	8,029.00	\$5,607.09	2,421.91	69.8%	
Employee Training / Reg. Fees	229,377.87	283,443.20	37,580.05	30,684.13	6,895.92	81.7%	37,580.05	\$30,684.13	6,895.92	81.7%	
Claims/SORM Assessment	29,087.73	18,229.00	14,797.00	15,376.84	(579.84)	103.9%	14,797.00	\$15,376.84	(579.84)	103.9%	
Capital / Other IT Expenditures	90,393.73	60,000.00	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	
	\$1,641,048.34	\$2,341,902.24	\$427,770.00	\$409,576.10	\$18,193.90	95.7%	\$427,770.00	\$409,576.10	\$18,193.90	95.7%	
Employee Benefits (Less BRP)	\$4,158,951.86	\$4,858,664.46	\$1,164,162.19	\$1,128,987.63	\$35,174.56	97.0%	\$1,164,162.19	\$1,128,987.63	\$35,174.56	97.0%	
TOTAL EXPENDITURES:	\$24,795,017.22	\$27,485,629.00	\$6,464,439.13	\$6,228,074.16	\$236,364.97	96.3%	\$6,464,439.13	\$6,228,074.16	\$236,364.97	96.3%	
EXPENDITURES (OVER) / UNDER REVENUE:	\$106,533.75	(\$1,133,178.97)	\$1,466,276.77	\$1,679,987.78	(\$213,711.01)		\$1,466,276.77	\$1,679,987.78	(\$213,711.01)		

Texas Department of Banking

Overview of Budget Variances for the First Quarter of Fiscal Year 2016 - (Variances in excess of \$1,000 and 5% from budget are reported).

Salaries and Wages, Other – The negative variance relates to an unexpected resignation and the related lump sum vacation pay.

Payroll Health Insurance/Retirement Contribution – The positive variance relates to vacant staff positions.

In-State Travel – The positive variance relates to: (1) vacant examiner positions; (2) travel for examinations that occurred in late 2015 but had been budgeted for 2016; and (3) overall efficient use of staff and resources.

Consumable Supplies – The positive variance is due to less than historically anticipated usage.

Rent - Buildings – The positive variance is due to better negotiated pricing for the financial literacy workshops and we charged an attendee fee which offset a portion of the rental expenditures.

Rent – Machinery and Other – The positive variance is due to a rental fee reduction through negotiation and waived audio/video fees for the financial literacy workshops.

Other Operating – The negative variance is due to: (1) unbudgeted auto insurance expenditure; (2) clearing of plants around the building for security purposes as recommended by DPS; and (3) increase in front desk receptionist allocated charges to DOB. This increase is due to a combination of higher call volume to DOB and lower call volume to OCCC than anticipated.

Subscriptions – The positive variance relates to the purchase of electronic subscriptions that were originally budgeted as hard copies. The electronic subscriptions are charged to telephone/communication services.

Employee Training – The positive variance is due to examiner vacancies and Federal Reserve Bank training reimbursements received.

TEXAS DEPARTMENT OF BANKING

Changes in Cash Balance

For the Quarter Ending November 30, 2015

	<u>Actual</u>
Cash at Beginning of Period	\$13,752,606.04
Revenues Over (Under) Expenditures	\$1,679,987.78
Increase (Decrease) in Payables/Encumbrances	(\$453,202.43)
(Increase) Decrease in Receivables	<u>\$48,363.43</u>
Cash at End of Period	<u><u>\$ 15,027,754.82</u></u>
Restricted Cash Balance:	
Payroll and Related Payables	\$1,860,055.21
Reserve for Building	<u>5,000,000.00</u>
Total Restricted Cash Balance	<u><u>\$ 6,860,055.21</u></u>
Assigned Cash Balance:	
Retirements	\$634,675.15
Future Operations	<u>7,533,024.46</u>
Total Assigned Cash Balance	<u><u>\$ 8,167,699.61</u></u>
Total Restricted and Assigned Cash Balance	\$ 15,027,754.82
Assigned Cash Balance/FY2016 Monthly Budget	3.57 months

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DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

OPERATING STATEMENT AND BUDGET ANALYSIS

For the Period Ended November 30, 2015

	FY 2015 EXPENDED	FY 2016 BUDGET	FY 2016 PERFORMANCE			
			YTD BUDGET	YTD EXPENDED*	(OVER)/UNDER BUDGET	PERCENT BUDGET
REVENUE:						
Annual Assessment	1,190,853	1,420,213	405,775	411,123	(\$5,348)	101.3%
Thrift Application Fees	12,850	12,000	3,000	7,000	(4,000)	233.3%
Licensing Fees	4,244,341	4,161,600	1,878,400	2,119,575	(241,175)	112.8%
Fines and Penalties	827,886	155,000	38,750	438,386	(399,636)	1131.3%
Recovery Fund Offset	11,043	15,000	0	0	0	0.0%
Depository Interest	4,053	3,000	750	1,159	(409)	154.6%
Miscellaneous	5,044	3,000	100	45	55	44.7%
Judgments and Settlements	60,000	0	0	60,000	(60,000)	0.0%
TOTAL REVENUE	6,356,071	5,769,813	2,326,775	3,037,289	(710,514)	130.5%
EXPENDITURES:						
Salaries and Wages-						
Exempt	190,000	202,540	48,687	48,687	0	100.0%
Classified	3,457,048	3,979,168	967,881	872,991	94,889	90.2%
Other Personnel Costs	167,662	100,315	25,037	23,698	1,339	94.7%
	3,814,710	4,282,023	1,041,605	945,376	96,229	90.8%
Travel-						
Transportation & Mileage	324,252	367,500	91,125	73,112	18,013	80.2%
	324,252	367,500	91,125	73,112	18,013	80.2%
Other Expenditures-						
Professional Services/Fees	55,769	53,540	6,800	3,806	2,994	56.0%
Consumable Supplies	11,197	12,500	3,875	3,712	163	95.8%
Utilities	24,296	36,252	9,000	7,431	1,569	82.6%
Rent-Space & Equipment	3,697	5,000	2,750	2,518	232	91.6%
Other Operating Expenses	232,222	233,539	57,859	54,816	3,043	94.7%
Capital Expenditures		12,000				
	327,181	352,831	80,284	72,284	8,000	90.0%
Other Agency Costs						
Employee Benefits	1,041,854	1,313,260	325,669	281,862	43,808	86.5%
SWCAP Indirect Costs	28,881	26,000	6,500	5,849	651	90.0%
	1,070,735	1,339,260	332,169	287,711	44,459	86.6%
TOTAL EXPENDITURES	5,536,878	6,341,614	1,545,183	1,378,482	166,701	89.2%
EXPENDITURES (OVER)/ UNDER REVENUE	819,193	(571,801)	781,592	1,658,807	(\$877,215)	N/A

* Amounts include accruals and encumbrances.

Department of Savings and Mortgage Lending

Budget Variance Analysis as of November 30, 2015

Revenues:

Overall revenues are at 130.5% of budget.

Licensing Revenues – Revenues from license and registration fees are 13% over budget. The overage is due to very high volume of license applications.

Fines and Penalties – Actual amounts collected are 1131% over budget due to collections of penalties assessed for unlicensed activities.

Judgments and Settlements – The Department received \$60,000 as a part of the New Day Financial settlement; they will be added to the amounts earmarked for Mortgage Enforcement.

Expenditures:

Overall expenditures are at 89% of budget.

Employees' Salaries and Related Benefits – These categories are at 89% of budget, due to multiple vacancies.

Travel – This category is at 80% of budget due to lower travel costs incurred.

Professional Services/Fees – The category is 56% of budget due to no administrative hearings costs incurred during the quarter.

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

CHANGES IN CASH BALANCE

For the Quarter Ending November 30, 2015

	Actual
Cash at Beginning of Period	\$ 9,523,799
Revenues Over (Under) Expenditures CY	\$ 1,658,807
Revenues Over (Under) Expenditures PY	\$ (29,249)
Increase (Decrease) in Payables/Encumbrances	\$ (85,408)
(Increase) Decrease in Receivables	\$ (48,818)
Cash at End of Period	<u>\$ 11,019,131</u>

Restricted Cash Balance:	
Payroll Payable	\$ 405,131
Other Payables (Net of Receivables)	\$ (36,050)
Building	\$ 5,000,000
Total Restricted Cash Balance	<u>\$ 5,369,080</u>

Assigned Cash Balance:	
Retirements	\$ 100,000
Mortgage Enforcement Funds	\$ 619,320
Future Operations	\$ 4,930,731
Total Assigned Cash Balance	<u>\$ 5,650,051</u>

Total Restricted and Assigned Cash Balance	<u>\$ 11,019,131</u>
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Assigned Cash Balance/FY2016 Monthly Budget	10.7 months
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OFFICE OF CONSUMER CREDIT COMMISSIONER
OPERATING STATEMENT & BUDGET ANALYSIS
For the Period Ended November 30, 2015

25%

	FY 2015 ACTUAL	FY 2016 BUDGET	FY 2016 PERFORMANCE			
			YTD BUDGET	YTD ACTUAL	(OVER)/UND BUDGET	PERCENT BUDGET
REVENUES:						
Regulated Lenders	\$ 1,766,773	\$ 2,126,750	\$ 740,985	\$ 1,251,966	\$ (510,981)	169.0% (1)
Pawn Industry	967,515	1,067,825	42,347	34,860	7,487	82.3%
MV Industry	3,595,712	4,163,840	241,513	250,122	(8,609)	103.6%
Credit Access Industry	1,829,820	1,423,400	367,639	514,775	(147,136)	140.0% (2)
Penalties	723,238	-	-	261,465	(261,465)	100.0% (3)
Debt Management Services	38,735	41,200	3,616	705	2,911	19.5%
RAL Assessment	45,575	45,000	8,738	6,425	2,313	73.5%
Precious Metals	55,850	53,500	13,746	7,650	6,096	55.7%
Tax Liens	66,968	59,800	8,616	10,097	(1,481)	0.0%
Sale of Publications	879	-	-	193	(193)	100.0%
Creditor Registration	100,520	143,350	109,545	66,875	42,670	61.0%
Mortgage Loan Originators	95,900	74,400	34,931	42,000	(7,069)	120.2%
Other Revenue	(376)	-	-	98	(98)	100.0%
Investment / Interest Income	3,853	-	-	1,105	(1,105)	100.0%
TOTAL REVENUES	\$ 9,290,962	\$ 9,199,065	\$ 1,571,676	\$ 2,448,336	\$ (876,660)	155.8%
EXPENDITURES:						
Salaries and Wages-						
Base Pay	\$ 4,773,686	\$ 5,345,328	\$ 1,336,332	\$ 1,190,902	\$ 145,430	89.1%
Benefit Replacement Pay	7,188	8,250	2,063	1,027	1,036	49.8%
Longevity	63,700	75,520	18,880	16,660	2,220	88.2%
	\$ 4,844,574	\$ 5,429,098	\$ 1,357,275	\$ 1,208,589	\$ 148,686	89.0% (4)
Travel-						
Public Transportation, Lodging, Meals & Mileage	911,287	971,922	242,981	212,711	30,270	87.5%
	\$ 911,287	\$ 971,922	\$ 242,981	\$ 212,711	\$ 30,270	87.5%
Other Expenditures-						
Professional Services & Fees	422,702	212,515	53,129	37,528	15,601	70.6% (5)
Consumable Supplies	22,315	30,300	7,575	5,225	2,350	69.0%
Postage & Freight	47,512	49,500	12,375	38	12,337	0.3% (6)
Telephone & Communications	62,689	83,550	20,888	13,444	7,444	64.4%
Bldg. & Utilities	72,998	129,250	32,313	19,041	13,272	58.9%
Publication / Printing & Reproduction	3,321	6,300	1,575	539	1,036	34.2%
Other Operating	258,555	385,418	96,355	71,499	24,856	74.2%
	\$ 890,092	\$ 896,833	\$ 224,208	\$ 147,314	\$ 76,894	65.7%
Acquisition of Info Technology	\$ 69,882	\$ 114,250	\$ 28,563	\$ 3,683	\$ 24,880	12.9% (7)
Development in Progress	-	410,000	102,500	-	102,500	0.0% (8)
Employee Benefits	1,543,542	1,866,914	466,729	419,542	47,187	89.9%
SWCAP Reimb to Unapp Gr 0001	40,111	35,000	8,750	-	8,750	0.0%
SORM Assessment	4,984	6,000	1,500	4,103	(2,603)	273.5%
Unemployment Benefits	-	5,000	1,250	-	1,250	0.0%
	\$ 1,658,519	\$ 2,437,164	\$ 609,291	\$ 427,328	\$ 181,963	70.1%
TOTAL EXPENDITURES:	\$ 8,304,472	\$ 9,735,017	\$ 2,433,754	\$ 1,995,942	\$ 437,812	82.0%
EXPENDITURES (OVER) / UNDER REVENUE	\$ 986,490	\$ (535,952)	\$ (862,078)	\$ 452,394	\$ (1,314,472)	

Office of Consumer Credit Commissioner

Overview of Budget Variances for 1st qtr. FY 2016

Revenues- 156% of budget

- 1.) Regulated Lenders is in its renewal period which occurs November – December. Revenue collection will vary during this time frame.
- 2.) Credit Access Business Industry is above budget due to the timing of the renewal cycle. The renewal period ends Dec 31st.
- 3.) The Penalty Revenue is comprised of approximately 36% Penalties and 64% late filing fees.

Expenditures- 82% of budget

- 4.) Personnel & Employee Benefit costs are slightly below budget due to the staged hiring of vacant positions and turnover.
- 5.) Professional Service and Fees is under budget due to legal services not being incurred in the first quarter.
- 6.) Postage and Freight is below budget because it had a significant carry forward balance to cover the 1st qtr. mail outs.
- 7.) Acquisition of Information Technology is below budget due to the delay of the IT purchases.
- 8.) Development in Progress is under budget due to the timing of the beginning of the IT project for Annual Reporting, Complaints, and Examinations.

**Office of Consumer Credit Commissioner
Changes in Cash Balance
For the Quarter Ending November 30, 2015**

	Actual
Cash at Beginning of Period	\$ 9,856,622.16
Revenues Over (Under) Expenditures	452,394.00
Increase (Decrease) in Payables	144,586.02
(Increase) Decrease in Receivables	<u>(100,584.34)</u>
Cash at End of Period	<u>\$ 10,353,017.84</u>

Restricted Cash Balance

Payroll and Payroll Related Payables	\$ 838,585.68
Reserve for Building	<u>5,000,000.00</u>
Total Restricted Cash Balance	<u>\$ 5,838,585.68</u>

Assigned Cash Balance

	Retirement	91,978.76
	Information Technology	410,000.00
	Future Operations	<u>4,012,453.40</u>
Total Assigned Cash Balance		<u>\$ 4,514,432.16</u>

Total Restricted and Assigned Cash Balance	\$ 10,353,017.84
Assigned Cash Balance / FY 2016 Monthly Budget	4.95

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Texas Financial Education Endowment Report

As previously reported, the 2016-2017 TFEЕ grantees have been selected and now have now submitted their signed grant agreements. The grant-funded activities have commended.

In addition, on January 21 all new grantees participated in an orientation webinar. The grant coordinator used this opportunity to review components of the grant agreement, policies and procedures and explain the reporting process. The grantees found the webinar to helpful and have requested a similar forum, quarterly.

The first-cycle grantees submitted their fourth and final TFEЕ reports on time. Only two grantees will receive reimbursements since the others have exhausted their funds. Staff is currently reviewing and analyzing the data from all four reports to prepare a summary publication for the Finance Commission and demonstrate highlights from the first two years of the TFEЕ program.

In this report, staff will include a response from a survey conducted through SurveyMonkey with these eight first-cycle recipients, reflecting on their experiences with the grant program. Staff will also use results from this survey to improve the grant process moving forward.