

FINANCE COMMISSION OF TEXAS
AUDIT COMMITTEE MEETING

Friday, April 15, 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 February 19, 2016, 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' February 29, 2016 Investment Officer Reports
 - 1. Office of Consumer Credit Commissioner
 - 2. Texas Department of Banking
 - 3. Department of Savings and Mortgage Lending
- D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2016 Second Quarter Financial Statements
 - 1. Office of Consumer Credit Commissioner
 - 2. Texas Department of Banking
 - 3. Department of Savings and Mortgage Lending
- E. Report on Activities Relating to the Texas Financial Education Endowment Fund

NOTE: The Audit Committee may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.

Meeting Accessibility: Under the Americans with Disabilities Act, the Finance Commission will accommodate special needs. Those requesting auxiliary aids or services should notify the Texas Department of Banking, 2601 North Lamar Boulevard, Austin, Texas 78705, (512) 936-6222, as far in advance of the meeting as possible.

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**MINUTES OF THE
AUDIT COMMITTEE MEETING
Friday, February 19, 2016
8:00 a.m.**

The Audit Committee of the Finance Commission of Texas convened at 8:00 a.m. on February 19, 2016, with the following members present: Lori McCool, Susan Burton and Bill White. Members absent: Cindy Lyons.

Acting Audit Committee Chairman McCool announced that there was a quorum of the Audit Committee of the Finance Commission of Texas with three members present (0:01 on audio file).

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Review and Approval of Minutes of the December 17, 2015, Audit Committee Meeting	Susan Burton made a motion to approve the minutes. Bill White seconded and the motion passed.	0:27 start of discussion 0:43 vote
B. Audit Committee Review of Agencies' Activities	No Action Required.	1:10 start of discussion
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	Bill White made a motion to recommend that the Finance Commission take action on the agencies' November 30, 2015 Investment Officer Reports. Susan Burton seconded and the motion passed.	2:04 start of discussion 5:28 vote
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	Susan Burton made a motion to recommend that the Finance Commission take action on the agencies' 2016 First Quarter Financial Statements. Bill White seconded and the motion passed.	5:50 start of discussion 13:12 vote

E. Presentation from the Texas Treasury Safekeeping Company	No Action Required.	13:47 start of discussion
F. Report on Activities Relating to the Texas Financial Education Endowment Fund	No Action Required	46:50 start of discussion

There being no further business of the Audit Committee of the Finance Commission of Texas, Lori McCool adjourned the meeting at 8:47 a.m. (47:50) *on audio file*)

Lori McCool, Acting Audit Committee Chair
Finance Commission of Texas

Charles G. Cooper, Executive Director
Finance Commission of Texas

Anne Benites, Executive Assistant
Finance Commission of Texas

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

There are currently no outstanding audit items.

**Texas Department of Banking
Outstanding Audit Findings Report as of April 1, 2016**

The agency has no outstanding audit issues.

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

None.

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**Office of Consumer Credit Commissioner
Fiscal Year 2016 - 2nd Quarter**

Residential Mortgage Loan Originator Recovery Trust Fund #3008

Beginning Balance at 12/01/15	Additions / *(Deductions)	Interest Paid	Paid Bank Fees	Ending Balance at 02/29/16	Current Interest Rate
\$ 121,714.17	\$ (9,375.00)	\$ 61.30	\$ (28.34)	\$ 112,372.13	.23%

Investment Officer: Christina Cuello

Date: 4/4/16

Reviewed By: [Signature]

Date: 7.4.16

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.

*Transferred amount out will be transferred back into fund during 3rd quarter.

Office of Consumer Credit Commissioner
Fiscal Year 2016 - 2nd Quarter

Texas Financial Education Endowment Fund #3071

	Beginning Balance at 12/01/15	Additions	Interest Paid	Grant Disbursements	Paid Bank Fees	Ending Balance at 02/29/16	Current Interest Rate
Cash	\$ 1,056,168.76	\$ 454,504.39	\$ 535.48	\$ -	\$ (1,504.39)	\$ 1,509,704.24	.23%
Invested Portfolio	Beginning Balance at 12/01/15	Additions	Change in Value		Paid Fees	Ending Balance at 02/29/16	
Investments - STIF	\$ 79,587.92	\$ 2,060.19	\$ 112,328.77	\$ -	\$ (502.82)	\$ 193,474.06	
Interest & Dividends Receivable	9.25		51.66			60.91	
Trade Receivables	-		-			-	
Investments - Equities	41,372.99		(8,067.15)			33,305.84	
Investments - Alternatives	1,741,802.32		(161,671.07)			1,580,131.25	
Investments - Fixed Income	131,308.22		(11,053.40)			120,254.82	
Invested Portfolio	<u>\$ 1,994,080.70</u>	<u>\$ 2,060.19</u>	<u>\$ (68,411.19)</u>	<u>\$ -</u>	<u>\$ (502.82)</u>	<u>\$ 1,927,226.88</u>	
Total Endowment Funds	<u><u>\$ 3,050,249.46</u></u>					<u><u>\$ 3,436,931.12</u></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: 4/1/16

Reviewed By: Justin Lopez

Date: 4.1.16

**Trust Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report
December 1, 2015 to February 29, 2016**

<u>Book Value at November 30, 2015</u>	<u>Interest Income Received</u>	<u>Trustee Fees Paid</u>	<u>(1) Other Deductions</u>	<u>(2) Other Additions</u>	<u>Book/Market Value at February 29, 2016</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Accrued Interest on CDs</u>
\$1,288,977.44	\$2,283.42	\$48.01	\$7,265.54	\$11,615.00	\$1,295,562.31	--	--	\$1,014.82

Trust Account Balances at Trustee/Depositories

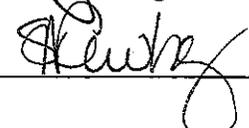
Texas Treasury Safekeeping Trust Company *	\$322,889.29	3/1/2016	0.23%	
First Bank and Trust of Childress (CD)	\$240,000.00	12/11/2016	0.80%	\$143.05
First State Bank of Yoakum (CD)	\$240,000.00	12/17/2016	0.85%	\$454.32
Citizens State Bank, Buffalo, TX (CD)	\$247,509.70	12/26/2016	0.97%	\$417.45
Pilgrim Bank (money market)	<u>\$245,163.32</u>	n/a	0.86%	
Subtotal	\$1,295,562.31			

(1) Other deductions include: (a) Restitution paid to consumers as follow: \$2,527.20 to C. Linzy, \$2,578.50 to R. Bellomy and \$675.00 to B. Blakely regarding illegal PFCs sold by Timothy Gaffney; and (b) \$1,484.84 restitution paid to consumer G. Ewing regarding an illegal PFC sold by Daniel Brothers.

(2) Other additions include: (a) \$600.00 restitution received from Lonnie D. Wright; (b) \$300.00 restitution received from Mr. Dan L. Brothers; (c) \$1,715.00 restitution received from Mr. Kevin Keeney; (d) \$1,500.00 restitution received from Mr. Marc Gonzalez; and (e) \$7,500.00 restitution 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: 3/30/16

Reviewed By:  Date: 3/30/16

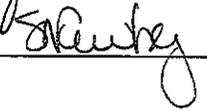
Insurance-Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report
December 1, 2015 to February 29, 2016

<u>Book Value at November 30, 2015</u>	<u>Interest Income Received</u>	<u>Trustee Fees Paid</u>	<u>Other Deductions</u>	(1) <u>Other Additions</u>	<u>Book/Market Value at February 29, 2016</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
\$330,339.72	\$166.57	\$48.24		\$37,772.00	\$368,230.05	1-Mar-2016	0.23%

(1) Other additions include assessments collected from permit holders on new insurance-funded contracts.

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: 3/30/16

Reviewed By:  Date: 3/31/16

Department of Savings and Mortgage Lending
Mortgage Recovery Trust Fund

Investment Officer Report as of February 29, 2016

Current Investments/Securities as of February 29, 2016

Purchase Date	Beginning Market Value	Ending Market Value	Accrued Interest - Estimated	Interest Rate	Maturity Date	Description	Fin. Institution
4/17/2014	248,443.47	252,732.61	301.88	1.00%	4/17/2016	CD - 24 months	South Star Bank SSB
6/15/2014	245,093.07	249,800.50	-	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	2,218.61	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	150.00	0.80%	1/31/2017	CD - 24 months	Horizon Bank SSB
4/7/2015	240,000.00	241,898.83	380.99	1.05%	4/7/2017	CD - 24 months	Triumph SSB
4/29/2015	240,000.00	240,000.00	408.00	0.20%	4/29/2017	CD - 24 months	Angelina Savings Bank
6/14/2015	250,000.00	250,000.00	2,166.67	1.20%	6/14/2017	CD - 24 months	Pioneer Bank SSB
9/8/2015	245,809.01	245,809.01	415.83	0.35%	9/8/2017	CD - 24 months	Austin Capital SSB
10/2/2015	250,000.00	250,000.00	781.25	0.75%	10/2/2017	CD - 24 months	Cypress Bank SSB
12/13/2015	243,813.70	243,813.70	501.85	0.95%	12/13/2017	CD - 24 months	First Fed Community Bank, S
12/15/2015	250,000.00	250,000.00	533.06	1.01%	12/15/2017	CD - 24 months	Spirit of Texas, SSB
2/4/2016	250,000.00	250,000.00	164.93	0.95%	2/4/2018	CD - 24 months	Third Coast Bank SSB
Totals	<u>3,447,945.67</u>	<u>3,459,054.65</u>	<u>8,784.80</u>				

Department of Savings and Mortgage Lending
Mortgage Recovery Trust Fund

Investment Officer Report as of February 29, 2016 (continued)

Fund Position for the Quarter Ended February 29, 2016		
Beginning Cash Balance as of November 30, 2015	\$	356,378.35
Receipts		
Licensees' Remittances		19,170.00
Interest from CDs		3,674.13
Interest from overnight repos		184.76
CD - Principal and Interest - Maturity		747,921.25
Total Received	\$	770,950.14
Disbursements		
CD - Purchase		(743,813.70)
Transfer of excess to Operating Fund		-
Bank Fees and Charges		(66.93)
Total Disbursed	\$	(743,880.63)
Total Cash Balance in Trust and Treasury		383,447.86
Reserve		
Reserved for Potential Payment of Claims w/in 90 days	\$	(26,159.00)
Available Cash Balance as of November 30, 2015		357,288.86
Total Amount of Investments		3,459,054.65
Accrued Receivables		9,374.80
Accrued Payables		(22.20)
Fund Balance as of November 30, 2015	\$	3,851,855.11

Claim Payment History		
Fiscal Year	Total Amount \$	# of Payments
2000-2007	209,067.76	9
2008	25,488.14	3
2009	100,000.00	10
2010	147,033.52	16
2011	22,225.00	5
2012	1,300.00	1
2013	1,465.13	1
2014	-	0
2015	1,039.50	1
2016YTD	-	0
Totals	507,619.05	46



 Antonia Antov, Investment Officer 3/22/2015
 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
OPERATING STATEMENT & BUDGET ANALYSIS
For the Period Ended February 29, 2016

50%

	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	\$ 1,977,768	\$ 2,140,252	\$ (162,484)	108.2% (1)
Pawn Industry	967,515	1,067,825	86,450	64,628	21,822	74.8%
MV Industry	3,595,712	4,163,840	443,405	457,877	(14,472)	103.3%
Credit Access Industry	1,829,820	1,423,400	1,402,008	1,367,435	34,573	97.5%
Penalties	723,238	-	-	500,010	(500,010)	100.0% (2)
Debt Management Services	38,735	41,200	37,988	31,940	6,048	84.1%
RAL Assessment	45,575	45,000	44,383	65,100	(20,717)	146.7% (3)
Precious Metals	55,850	53,500	32,569	26,525	6,044	81.4%
Tax Liens	66,968	59,800	52,953	59,343	(6,390)	112.1%
Sale of Publications	879	-	-	213	(213)	100.0%
Creditor Registration	100,520	143,350	131,891	110,280	21,611	83.6%
Mortgage Loan Originators	95,900	74,400	58,011	83,900	(25,889)	144.6%
Other Revenue	(376)	-	-	138	(138)	100.0%
Investment / Interest Income	3,853	-	-	6,465	(6,465)	100.0%
TOTAL REVENUES	\$ 9,290,962	\$ 9,199,065	\$ 4,267,427	\$ 4,914,106	\$ (646,679)	115.2%
EXPENDITURES:						
Salaries and Wages-						
Base Pay	\$ 4,773,686	\$ 5,345,328	\$ 2,672,664	\$ 2,385,885	\$ 286,779	89.3% (4)
Benefit Replacement Pay	7,188	8,250	4,125	5,134	(1,009)	124.5%
Longevity	63,700	75,520	37,760	33,340	4,420	88.3%
	\$ 4,844,574	\$ 5,429,098	\$ 2,714,549	\$ 2,424,359	\$ 290,190	89.3%
Travel-						
Public Transportation, Lodging, Meals & Mileage	911,287	971,922	485,961	318,710	167,251	65.6%
	\$ 911,287	\$ 971,922	\$ 485,961	\$ 318,710	\$ 167,251	65.6% (5)
Other Expenditures-						
Professional Services & Fees	422,702	212,515	106,258	75,016	31,242	70.6%
Consumable Supplies	22,315	30,300	15,150	9,537	5,613	63.0%
Postage & Freight	47,512	49,500	24,750	812	23,938	3.3% (6)
Telephone & Communications	62,689	83,550	41,775	27,572	14,203	66.0%
Bldg. & Utilities	72,998	129,250	64,625	27,979	36,646	43.3%
Publication / Printing & Reproduction	3,321	6,300	3,150	2,622	528	83.2%
Other Operating	258,555	385,418	192,709	128,274	64,435	66.6% (7)
	\$ 890,092	\$ 896,833	\$ 448,417	\$ 271,812	\$ 176,605	60.6%
Acquisition of Info Technology	\$ 69,882	\$ 114,250	\$ 57,125	\$ 6,287	\$ 50,838	11.0% (8)
Development in Progress	-	410,000	205,000	-	205,000	0.0% (9)
Employee Benefits	1,543,542	1,866,914	933,457	841,633	91,824	90.2%
SWCAP Reimb to Unapp Gr 0001	40,111	35,000	17,500	7,914	9,586	45.2%
SORM Assessment	4,984	6,000	3,000	4,103	(1,103)	136.8%
Unemployment Benefits	-	5,000	2,500	-	2,500	0.0%
	\$ 1,658,519	\$ 2,437,164	\$ 1,218,582	\$ 859,937	\$ 358,645	70.6%
TOTAL EXPENDITURES:	\$ 8,304,472	\$ 9,735,017	\$ 4,867,509	\$ 3,874,818	\$ 992,691	79.6%
EXPENDITURES (OVER) / UNDER REVENUE	\$ 986,490	\$ (535,952)	\$ (600,081)	\$ 1,039,288	\$ (1,639,370)	

Office of Consumer Credit Commissioner

Overview of Budget Variances for 2nd qtr. FY 2016

Revenues- 115% of budget

- 1.) Regulated Lender revenue is above budget due to a higher rate of renewals (99%) than anticipated.
- 2.) Refund Anticipation Lender revenue has increased in activity in the market place regarding the registrants in this industry.
- 3.) Penalty Revenue is comprised of approximately 36% Penalties and 64% late filing fees.

Expenditures- 80% of budget

- 4.) Personnel & Employee Benefit costs are below budget due to the staged hiring of vacant positions and turnover during the year.
- 5.) Travel is below budget due to examiner vacancies within the Exam Department and also due to the additional savings that have resulted from the scheduling of centralized exams.
- 6.) Postage and Freight expenses are below budget because of a significant postage account carry forward balance to cover the 1st qtr. mail outs.
- 7.) Other operating expenses are below budget due to delayed spending in employee training registration fees, and a lesser amount of bank fees have been charged than was initially projected.
- 8.) Acquisition of Information Technology is below budget due to the timing of IT purchases.
- 9.) Development in Progress is under budget due to the timing of the beginning of the IT project for Annual Reporting, Complaints, and Examinations. The project is expected to begin in Q3.

**Office of Consumer Credit Commissioner
Changes in Cash Balance
For the Quarter Ending February 29, 2016**

	Actual
Cash at Beginning of Period	\$ 10,353,017.84
Revenues Over (Under) Expenditures	586,894.00
Increase (Decrease) in Payables	(183,066.69)
(Increase) Decrease in Receivables	98,890.34
Cash at End of Period	\$ 10,855,735.49

Restricted Cash Balance	
Payroll and Payroll Related Payables	\$ 655,518.99
Reserve for Building	5,000,000.00
Total Restricted Cash Balance	\$ 5,655,518.99

Assigned Cash Balance	
Retirement	91,978.76
Information Technology	410,000.00
Future Operations	4,698,237.74
Total Assigned Cash Balance	\$ 5,200,216.50

Total Restricted and Assigned Cash Balance	\$ 10,855,735.49
Assigned Cash Balance / FY 2016 Monthly Budget	5.79

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**Texas Department of Banking
Operating Statement and Budget Analysis
For Period Ending February 2016**

	FY 2015 ACTUAL	FY 2016 BUDGET	QUARTER PERFORMANCE				FY 2016 PERFORMANCE			
			2nd Quarter BUDGET	2nd 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	\$5,741,058.00	\$5,642,300.39	\$98,757.61	98.3%	\$11,645,283.00	\$11,516,619.05	\$128,663.95	98.9%
Nonbank Regulation	2,901,040.57	3,009,190.03	82,700.00	163,267.69	(80,567.69)	197.4%	2,107,190.90	2,194,428.38	(87,237.48)	104.1%
Miscellaneous Revenues	11,103.86	8,000.00	2,000.00	7,227.85	(5,227.85)	361.4%	4,000.00	9,810.44	(5,810.44)	245.3%
TOTAL REVENUES:	\$24,901,550.97	\$26,352,450.03	\$5,825,758.00	\$5,812,795.93	\$12,962.07	99.8%	\$13,756,473.90	\$13,720,857.87	\$35,616.03	99.7%
EXPENDITURES:										
Salaries and Wages										
Exempt Salaries	\$229,000.00	\$229,000.00	\$57,250.00	\$69,929.50	(\$12,679.50)	122.1%	\$116,500.00	\$129,179.50	(\$12,679.50)	110.9%
Classified Salaries	16,104,213.94	16,975,619.19	4,176,413.96	4,004,658.17	171,755.79	95.9%	8,294,723.19	7,977,987.84	316,735.35	96.2%
Longevity	203,620.00	207,120.00	50,980.00	49,920.00	1,060.00	97.9%	100,880.00	100,000.00	880.00	99.1%
Other	259,249.17	256,131.57	39,401.25	50,958.12	(11,556.87)	129.3%	45,259.08	62,384.31	(17,125.23)	137.8%
Payroll Health Ins/Retire Contrib	228,193.58	256,858.79	63,504.96	58,894.06	4,610.90	92.7%	126,168.35	117,675.89	8,492.46	93.3%
	\$17,024,276.69	\$17,924,729.55	\$4,387,550.17	\$4,234,359.85	\$153,190.32	96.5%	\$8,683,530.62	\$8,387,227.54	\$296,303.08	96.6%
Travel										
In-State	\$1,361,209.11	\$1,664,611.47	\$356,855.58	\$372,065.66	(\$15,210.08)	104.3%	\$741,028.15	\$725,974.38	\$15,053.77	98.0%
Out-of-State	609,531.22	695,721.28	118,490.00	120,684.29	(2,194.29)	101.9%	310,843.92	303,418.31	7,425.61	97.6%
	\$1,970,740.33	\$2,360,332.75	\$475,345.58	\$492,749.95	(\$17,404.37)	103.7%	\$1,051,872.07	\$1,029,392.69	\$22,479.38	97.9%
Other Expenditures										
Professional Fees & Services	\$74,282.17	\$149,660.00	\$8,844.00	\$8,788.42	\$55.58	99.4%	\$19,321.00	\$19,337.84	(\$16.84)	100.1%
Postage	13,198.53	14,985.00	1,450.00	968.00	482.00	66.8%	12,070.00	\$11,296.74	773.26	93.6%
Consumable Supplies	179,041.01	515,017.00	52,027.69	49,727.43	2,300.26	95.6%	80,703.77	\$74,773.37	5,930.40	92.7%
Telephone	250,370.38	265,636.04	84,995.57	82,613.44	2,382.13	97.2%	134,957.09	\$130,542.04	4,415.05	96.7%
Utilities	47,246.06	53,952.00	10,118.00	9,758.86	359.14	96.5%	29,862.35	\$29,156.75	705.60	97.6%
Rent - Buildings	291,374.53	421,229.00	105,995.00	105,102.26	892.74	99.2%	213,884.00	\$204,287.06	9,596.94	95.5%
Rent - Machinery & Other	30,901.34	56,560.00	13,055.00	12,206.84	848.16	93.5%	23,595.00	\$20,460.33	3,134.67	86.7%
Other Operating	387,556.68	482,509.00	74,754.00	82,555.01	(7,801.01)	110.4%	204,210.00	\$219,774.17	(15,564.17)	107.6%
Subscriptions	18,218.31	20,682.00	2,355.00	1,704.85	650.15	72.4%	10,384.00	\$7,311.94	3,072.06	70.4%
Employee Training / Reg. Fees	229,377.87	283,443.20	50,291.40	52,247.36	(1,955.96)	103.9%	87,871.45	\$82,931.49	4,939.96	94.4%
Claims/SORM Assessment	29,087.73	18,229.00	0.00	0.00	0.00	0.0%	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	\$403,885.66	\$405,672.47	(\$1,786.81)	100.4%	\$831,655.66	\$815,248.57	\$16,407.09	98.0%
Employee Benefits (Less BRP)	\$4,158,951.86	\$4,858,664.46	\$1,189,112.43	\$1,184,161.75	\$4,950.68	99.6%	\$2,353,274.62	\$2,313,149.38	\$40,125.24	98.3%
TOTAL EXPENDITURES:	\$24,795,017.22	\$27,485,629.00	\$6,455,893.84	\$6,316,944.02	\$138,949.82	97.8%	\$12,920,332.97	\$12,545,018.18	\$375,314.79	97.1%
EXPENDITURES (OVER) / UNDER REVENUE:	\$106,533.75	(\$1,133,178.97)	(\$630,135.84)	(\$504,148.09)	(\$125,987.75)		\$836,140.93	\$1,175,839.69	(\$339,698.76)	

Texas Department of Banking

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

Nonbank Regulation – Actual revenues were higher than budgeted due to unanticipated penalties of \$79,640 collected from unlicensed money services businesses.

Miscellaneous Revenues – The variance for the quarter relates to higher interest payments from the Treasury than anticipated.

Salaries and Wages, Exempt Salaries – The negative variance relates to the legislative salary increase effective September 2015 and a one-time merit for the Commissioner that were not included in the original budget. These increases were approved by the Finance Commission at the December 2015 meeting.

Salaries and Wages, Other – The negative variance relates to unanticipated lump sum payments due to two resignations and one retirement.

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

Other Operating – The negative variance is due to utilizing more State of Michigan resources than expected for a Comerica Bank targeted examination.

TEXAS DEPARTMENT OF BANKING

Changes in Cash Balance

For the Quarter Ending February 29, 2016

	<u>Actual</u>
Cash at Beginning of Period	\$15,027,754.82
Revenues Over (Under) Expenditures	(\$504,148.09)
Increase (Decrease) in Payables/Encumbrances	\$88,503.10
(Increase) Decrease in Receivables	<u>\$50,094.64</u>
Cash at End of Period	<u>\$ 14,662,204.47</u>
Restricted Cash Balance:	
Payroll and Related Payables	\$1,942,392.04
Reserve for Building	<u>5,000,000.00</u>
Total Restricted Cash Balance	<u><u>\$ 6,942,392.04</u></u>
Assigned Cash Balance:	
Retirements	\$623,797.71
Future Operations	<u>7,096,014.72</u>
Total Assigned Cash Balance	<u><u>\$ 7,719,812.43</u></u>
Total Restricted and Assigned Cash Balance	\$ 14,662,204.47
Assigned Cash Balance/FY2016 Monthly Budget	3.37 months

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DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

OPERATING STATEMENT AND BUDGET ANALYSIS

For the Period Ended February 29, 2016

	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	811,550	826,970	(15,420)	101.9%
Thrift Application Fees	12,850	12,000	6,000	19,500	(13,500)	325.0%
Licensing Fees	4,244,341	4,161,600	3,163,775	3,405,400	(241,625)	107.6%
Fines and Penalties	827,886	155,000	77,500	918,292	(840,792)	1184.9%
Recovery Fund Offset	11,043	15,000	0	0	0	0.0%
Depository Interest	4,053	3,000	1,500	6,704	(5,204)	446.9%
Miscellaneous	5,044	3,000	100	86	14	86.5%
Judgments and Settlements	60,000	0	0	60,000	(60,000)	0.0%
TOTAL REVENUE	6,356,071	5,769,813	4,060,425	5,236,952	(1,176,527)	129.0%
EXPENDITURES:						
Salaries and Wages-						
Exempt	190,000	202,540	105,165	105,165	0	100.0%
Classified	3,457,048	3,979,168	1,954,359	1,735,794	218,565	88.8%
Other Personnel Costs	167,662	100,315	51,698	67,088	(15,390)	129.8%
	3,814,710	4,282,023	2,111,222	1,908,047	203,175	90.4%
Travel-						
Transportation & Mileage	324,252	367,500	158,750	122,901	35,849	77.4%
	324,252	367,500	158,750	122,901	35,849	77.4%
Other Expenditures-						
Professional Services/Fees	56,885	53,540	12,300	11,984	316	97.4%
Consumable Supplies	11,197	12,500	6,850	6,994	(144)	102.1%
Utilities	24,296	36,252	18,124	14,373	3,751	79.3%
Rent-Space & Equipment	3,697	5,000	4,000	3,421	579	85.5%
Other Operating Expenses	232,222	233,539	110,118	102,723	7,395	93.3%
Capital Expenditures		12,000				
	328,297	352,831	151,392	139,495	11,897	92.1%
Other Agency Costs						
Employee Benefits	1,041,854	1,313,260	654,098	585,038	69,060	89.4%
SWCAP Indirect Costs	28,881	26,000	13,000	11,698	1,302	90.0%
	1,070,735	1,339,260	667,098	596,736	70,362	89.5%
TOTAL EXPENDITURES	5,537,994	6,341,614	3,088,462	2,767,179	321,283	89.6%
EXPENDITURES (OVER)/ UNDER REVENUE	818,077	(571,801)	971,963	2,469,774	(\$1,497,811)	N/A

* Amounts include accruals and encumbrances.

Department of Savings and Mortgage Lending

Budget Variance Analysis as of February 29, 2016

Revenues:

Overall revenues are at 129% of budget.

Licensing Revenues – Revenues from license and registration fees are 7.6% over budget. The overage is due to higher volume of license applications.

Fines and Penalties – Actual amounts collected are 1184.9% over budget due to collections of penalties assessed for unlicensed activities.

Expenditures:

Overall expenditures are at 90% of budget.

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

Other Personnel Costs – This category is 29.8% over budget due to higher than budgeted lump sums paid out to separating employees.

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

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

CHANGES IN CASH BALANCE

For the Quarter Ending February 29, 2016

	Actual
Cash at Beginning of Period	\$ 11,019,131
Revenues Over (Under) Expenditures CY	\$ 810,967
Revenues Over (Under) Expenditures PY	\$ (1,031)
Increase (Decrease) in Payables/Encumbrances	\$ 90
(Increase) Decrease in Receivables	\$ 82,880
Cash at End of Period	<u>\$ 11,912,038</u>
Restricted Cash Balance:	
Payroll Payable	\$ 402,594
Other Payables (Net of Receivables)	\$ 49,457
Building	\$ 5,000,000
Total Restricted Cash Balance	<u>\$ 5,452,050</u>
Assigned Cash Balance:	
Retirements	\$ 100,000
Mortgage Enforcement Funds	\$ 618,195
Future Operations	\$ 5,741,792
Total Assigned Cash Balance	<u>\$ 6,459,987</u>
Total Restricted and Assigned Cash Balance	<u>\$ 11,912,038</u>
Assigned Cash Balance/FY2016 Monthly Budget	12.2 months

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2601 North Lamar Boulevard
Austin, Texas 78705
Phone: 512.936.7639
Facsimile: 512.936.7610
www.tfee.texas.gov

Texas Financial Education Endowment Report

The 82nd Texas Legislature established the Texas Financial Education Endowment (TFEE) to support statewide financial capability and consumer credit building activities and programs. The endowment is funded through assessments on each credit access businesses and is administered by the Finance Commission of Texas.

The first grant cycle awarded an aggregate total of \$250,000 to eight organizations in 2014-2015. These grantees submitted their fourth and final TFEE reports by January 31, 2016 and have now received reimbursements. A summary publication has been prepared to demonstrate highlights from the first two years of the TFEE grant program.

The Financial Education Specialist departed early March and an active search continues for a suitable replacement.