

FINANCE COMMISSION OF TEXAS
AUDIT COMMITTEE MEETING

Friday, February 16, 2018

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 the Minutes of the December 15, 2017, 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, 2017 Investment Officer Reports
 - 1. Department of Savings and Mortgage Lending
 - 2. Office of Consumer Credit Commissioner
 - 3. Texas Department of Banking
- D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2018 First Quarter Financial Statements
 - 1. Department of Savings and Mortgage Lending
 - 2. Office of Consumer Credit Commissioner
 - 3. Texas Department of Banking
- E. Presentation from the Texas Treasury Safekeeping Trust Company
- F. Report on Activities Relating to the Texas Financial Education Endowment Fund
- G. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Proposal for the Department of Savings and Mortgage Lending to contribute \$750,000.00 to the Texas Financial Education Endowment Fund

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**MINUTES OF THE
AUDIT COMMITTEE MEETING
Friday, December 15, 2017**

The Audit Committee of the Finance Commission of Texas convened at 8:02 a.m. on December 15, 2017, with the following members present:

Audit Committee Members in Attendance:

Molly Curl, Chairman
Lori McCool
Vince E. Puente

Additional Members in Attendance:

Stacy G. London
Jay Shands
Hector Cerna
Phillip Holt
Will Lucas
Paul Plunket

Audit Committee Chairman Curl announced that there was a quorum of the Audit Committee of the Finance Commission of Texas with three members present.

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Review and Approval of the Minutes of the October 20, 2017, Audit Committee Meeting	Lori McCool made a motion to Approve the Minutes of the October 20, 2017 Audit Committee Meeting. Vince Puente seconded, and the motion passed.	00:21 start of discussion 00:34 vote
B. Audit Committee Review of Agencies' Activities	No Action Required.	00:54 start of discussion
C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2018 Internal Auditor's Risk Assessment and Audit Plan	Lori McCool made a motion to Recommend that the Finance Commission Approve the Agencies' Fiscal Year 2018 Internal Auditor's Risk Assessment and Audit Plan. Vince Puente seconded, and the motion passed.	05:00 start of discussion 22:26 vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
D. Report on Activities Relating to the Texas Financial Education Endowment Fund	No Action Required.	22:48 start of discussion

There being no further business of the Audit Committee of the Finance Commission of Texas, Molly Curl adjourned the meeting at 8:26 a.m. (24:10) *on the audio file*)

Molly Curl, Audit Committee Chair
Finance Commission of Texas

Charles G. Cooper, Commissioner
Texas Department of Banking

Anne Benites, Executive Assistant
Finance Commission of Texas

**Department of Savings and Mortgage Lending
Outstanding Audit Issues Report as of January 31, 2017**

Auditor	Garza/Gonzalez	Audit Report Date
Audit Area	Management Information Systems	7/25/2016
Recommendation	Status Update	
Establish audit trails	<i>In progress.</i> The Department is working with its contracted managed service provider to establish and implement this recommendation.	

Office of Consumer Credit Commissioner
Outstanding Audit Findings Report as of 1/31/2018

Auditor	Garza/Gonzales & Associates	Audit Report Date
Audit Area	Motor Vehicle Sales Finance Examination	Jul-17
Finding	Status Update	
Strengthen controls to comply with the established goal.	<p>Completed. While audit testing revealed one examination that was reviewed after the target guideline, the OCCC worked to improve the review process. The tools and controls in the ACE system further support performance in this area. Further, management has filled a vacancy to assist with the review of examinations to meet the established goal. Additionally, the procedures and guidelines for examination review have been modified are now finalized.</p>	

**Texas Department of Banking
Outstanding Audit Findings/Recommendations Report as of February 28, 2018**

None.

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Department of Savings and Mortgage Lending

Recovery Fund

Investment Officer Report as of November 30, 2017

Current Investments/Securities as of November 30, 2017

Purchase Date	Beginning Market Value	Ending Market Value	Accrued Interest - Estimated	Interest Rate	Maturity Date	Description	Fin. Institution
12/13/2015	243,813.70	243,813.70	4,503.78	0.95%	12/13/2017	CD - 24 months	First Fed Community Bank, SSB
12/15/2015	250,000.00	250,000.00	6,712.50	1.35%	12/15/2017	CD - 24 months	Spirit of Texas, SSB
2/4/2016	250,000.00	250,000.00	1,453.47	0.70%	2/4/2018	CD - 24 months	Third Coast Bank SSB
10/9/2016	245,000.00	245,000.00	1,606.11	1.00%	4/9/2018	CD - 18 months	Capital Bank
4/17/2016	250,000.00	250,000.00	2,982.29	1.05%	4/17/2018	CD - 24 months	South Star Bank SSB
6/15/2016	250,000.00	250,000.00	2,644.17	1.14%	6/15/2018	CD - 24 months	Trust Texas Bank SSB
8/4/2016	240,000.00	241,263.57	78.41	0.45%	8/4/2018	CD - 24 months	First Bank SSB
10/18/2016	250,000.00	250,000.00	741.32	1.75%	10/18/2018	CD - 24 months	Dalhart Federal Savings
1/31/2017	250,000.00	250,000.00	312.50	1.50%	1/31/2019	CD - 24 months	Horizon Bank SSB
4/7/2017	240,000.00	241,874.18	576.47	1.56%	4/7/2019	CD - 24 months	TBK Bank
5/5/2017	240,000.00	240,000.00	627.00	0.45%	5/5/2019	CD - 24 months	Angelina Savings Bank
6/14/2017	250,000.00	250,000.00	1,169.27	1.00%	6/14/2019	CD - 24 months	Pioneer Bank SSB
9/8/2017	247,537.83	247,537.83	684.85	1.20%	9/8/2017	CD - 24 months	Austin Capital SSB
10/2/2017	250,000.00	250,000.00	450.69	1.10%	10/2/2019	CD - 24 months	Cypress Bank SSB
Totals	<u>3,456,351.53</u>	<u>3,459,489.28</u>	<u>24,542.83</u>				

Department of Savings and Mortgage Lending
Recovery Fund


Investment Officer Report as of November 30, 2017 (continued)

Fund Position for the Quarter Ended November 30, 2017	
Beginning Cash Balance as of September 1, 2017	\$ 520,191.63
Receipts	
Licenses' Remittances	18,162.00
Interest from CDs	7,716.44
Interest from overnight repos	1,297.56
CD - Maturity	250,000.00
Total Received	\$ 277,176.00
Disbursements	
CD - Purchase	(250,000.00)
Recovery Fund Claims	(2,000.00)
Bank Fees and Charges	(82.91)
Total Disbursed	\$ (252,082.91)
Total Cash Balance in Trust and Treasury Reserve	545,284.72
Reserved for Potential Payment of Claims w/in 90 days	\$ (23,517.16)
Available Cash Balance as of November 30, 2017	521,767.56
Total Amount of Investments	3,459,489.28
Accrued Receivables	24,916.51
Accrued Payables	(5,202.64)
Fund Balance as of November 30, 2017	\$ 4,024,487.87

Claim Payment History		
Fiscal Year	Total Amount \$	# of Payments
2000-2008	234,555.90	12
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
2016	-	0
2017	8,566.00	2
2018 YTD	2,000.00	1
Totals	518,185.05	49

Investment Position:
The Fund is capable of meeting all known obligations.

Investment Compliance:
The Department's Investment Policy has been followed.



Antonia Antov, Investment Officer 1/15/2018
Date



Steven O'Shields, Investment Officer 1/15/2018
Date

**Office of Consumer Credit Commissioner
Fiscal Year 2018 - 1st Quarter**

Residential Mortgage Loan Originator Recovery Trust Fund #3008

Beginning Balance at 09/01/17	Additions / *(Deductions)	Interest Paid	Paid Bank Fees	Ending Balance at 011/30/17	Current Interest Rate
\$ 143,046.05	\$ 750.00	\$ 351.14	\$ (44.38)	\$ 144,102.81	0.97%

Investment Officer: /s/ Christina Cuellar Hoke

Date: 1/11/2018

Reviewed By: /s/ Leslie L. Pettijohn

Date: 1/11/2018

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.

**Office of Consumer Credit Commissioner
Fiscal Year 2018 - 1st Quarter**

Texas Financial Education Endowment Fund #3071

	Beginning Balance at 09/01/17	**Additions	Interest Paid	Transfer	**Paid Bank Fees	Ending Balance at 11/30/17	Current Interest Rate
Cash	\$ 1,108,482.34	\$ 506,800.73	\$ 2,836.39	\$ (700,000.00)	\$ (5,494.89)	\$ 912,624.57	0.97%
Invested Portfolio	Beginning Balance at 09/01/17	Additions	*Change in Value	Transfer	Paid Fees	Ending Balance at 11/30/17	
Investments - STIF	\$ 132,845.67	\$ 9,825.22	\$ 13,219.35	\$ 700,000.00	\$ (2,428.82)	\$ 853,461.42	
Interest & Dividends Receivable	100.65		198.85			299.50	
Trade Receivables	889.33		2,546.39			3,435.72	
Investments - Equities	33,439.80		3,142.18			36,581.98	
Investments - Alternatives	2,554,732.65		45,936.34			2,600,668.99	
Investments - Fixed Income	239,168.98		7,252.46			246,421.44	
Invested Portfolio	<u>\$ 2,961,177.08</u>	<u>\$ 9,825.22</u>	<u>\$ 72,295.57</u>	<u>\$ 700,000.00</u>	<u>\$ (2,428.82)</u>	<u>\$ 3,740,869.05</u>	
Liabilities							
Accounts Payable	\$ (1,504.09)	\$ (188.37)	\$ -	\$ -	\$ -	\$ (1,692.46)	
Trade Payables	-	-				\$ -	
Total Liabilities	<u>\$ (1,504.09)</u>	<u>\$ (188.37)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,692.46)</u>	
Total Net Fiduciary Assets	<u>\$ 2,959,672.99</u>					<u>\$ 3,739,176.59</u>	
Total Endowment Funds	<u>\$ 4,068,155.33</u>					<u>\$ 4,651,801.16</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.

* May reflect redistributed amount among the asset classes in addition to market value adjustment.

** The amount of \$3,160.28 was received and then withdrawn. The funds flowed in and out of the account as "Additions" and "Paid Bank Fees"

Investment Officer: /s/ Christina Cuellar Hoke

Date: 1/19/2018

Reviewed By: /s/ Leslie L. Pettijohn

Date: 1/19/2018

**Trust Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report
September 1, 2017 to November 30, 2017**

<u>Book Value at August 31, 2017</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 November 30, 2017</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Accrued Interest on CDs</u>
\$1,345,641.77	\$4,087.70	\$89.29	\$65,617.28	\$11,815.00	\$1,295,837.90	--	--	\$1,005.75

Trust Account Balances at Trustee/Depositories

Texas Treasury Safekeeping Trust Company *	\$330,948.57	12/1/2017	0.98%	
First Bank and Trust of Childress (CD)	\$240,000.00	12/11/2017	1.00%	\$129.00
State Bank of Texas (CD)	\$240,000.00	12/16/2017	1.35%	\$110.07
Lone Star State Bank of West Texas	\$243,136.32	1/5/2018	1.50%	\$766.68
Pilgrim Bank (money market)	<u>\$241,753.01</u>	n/a	0.84%	
Subtotal	\$1,295,837.90			

(1) Other deductions include: (a) restitution in the amount of \$4,781.60 paid to consumer N. Sackett related to the sale of an illegal PFC sold by Tom G. Walker Funeral Home; (b) restitution in the amount of \$23,878.75 paid to various consumers related to Howell-Doran Funeral Home; (c) restitution in the amount of \$11,174.00 paid to various consumers regarding Gonzalez Funeral Home; (d) payment of \$13,482.93 to the Texas Comptroller of Public Accounts related to El Paso Mission Funeral Home unclaimed interest payments; (e) reissue restitution checks returned unclaimed totaling \$340.00 to Texas Comptroller of Public Accounts related to El Paso Mission Funeral Home; and (e) return of remaining balance of \$11,960.00 to Funeral Agency, Inc. related to Order No. 2004-039.

(2) Other additions include: (a) \$200.00 restitution received from Mr. Dan L. Brothers; (b) \$3,075.00 restitution received from Mr. Kevin Keeney; (c) \$300.00 restitution received from Mr. Marc Gonzalez; (d) \$400.00 restitution received from Lonnie Wright; (d) stop payment of two restitution checks totaling \$340.00 issued to consumers related to El Paso Mission Funeral Home; 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: Jesus Saucillo

Date: 1/8/2018

Reviewed By: Stephanie Newberg

Date: 1/8/2018

**Insurance-Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report
September 1, 2017 to November 30, 2017**

<u>Book Value at August 31, 2017</u>	<u>Interest Income Received</u>	<u>Trustee Fees Paid</u>	<u>Other Deductions</u>	<u>(1) Other Additions</u>	<u>Book/Market Value at November 30, 2017</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Accrued Interest on CDs</u>
\$478,919.60	\$1,310.47	\$66.21			\$480,163.86			\$132.40
<u>Account Balances at Trustee/Depositories</u>								
					Texas Treasury Safekeeping Trust Company *	12/1/2017	0.98%	
					AccessBank Texas (CD)	7/14/2018	1.19%	\$132.40
				Subtotal	\$480,163.86			

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: Jesus Saucillo

Date: 1/8/2018

Reviewed By: Stephanie Newberg

Date: 1/8/2018

Department of Banking Quarterly Investment Report
 September 1, 2017 to November 30, 2017

Seized Prepaid Funeral Funds	Book Value at August 31, 2017	Interest Income Received	Trustee Fees Paid	Other Deductions	Other Additions	Book Value at November 30, 2017	Trustee	Investment Type	Maturity Date	Interest Rate
None										
Total Seized Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				

Notes:

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

Prepared By: Jesus Saucillo

Date: 1/8/2018

Reviewed By: Stephanie Newberg

Date: 1/8/2018

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DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

OPERATING STATEMENT AND BUDGET ANALYSIS

For the Period Ended November 30, 2017

	FY 2017 EXPENDED	FY 2018 BUDGET	FY 2018 PERFORMANCE			
			YTD BUDGET	YTD EXPENDED*	(OVER)/UNDER BUDGET	PERCENT BUDGET
REVENUE:						
Annual Assessment	1,656,500	1,783,534	572,666	604,954	(32,288)	105.6%
Thrift Application Fees	17,600	15,000	3,000	900	2,100	30.0%
Licensing Fees	4,012,638	3,715,105	1,795,725	1,795,380	345	100.0%
Fines and Penalties	778,869	0	0	220,407	(220,407)	0.0%
Recovery Fund Offset	6,281	10,000	0	0	0	0.0%
Depository Interest	68,152	45,000	11,250	30,742	(19,492)	273.3%
Miscellaneous	4,761	3,000	100	53	47	0.0%
Judgements and Settlements	0	0	0	4,500	(4,500)	0.0%
TOTAL REVENUE	6,544,801	5,571,639	2,382,741	2,656,936	(274,195)	111.5%
EXPENDITURES:						
Salaries and Wages-						
Exempt	194,750	194,750	48,687	48,687	0	100.0%
Classified	3,601,610	4,017,586	962,522	911,784	50,738	94.7%
Other Personnel Costs	90,552	89,203	20,533	19,604	929	95.5%
	3,886,912	4,301,539	1,031,742	980,075	51,667	95.0%
Travel-						
Transportation & Mileage	262,365	327,500	76,825	74,783	2,042	97.3%
	262,365	327,500	76,825	74,783	2,042	97.3%
Other Expenditures-						
Professional Services/Fees	108,327	125,090	28,639	28,126	513	98.2%
Consumable Supplies	11,353	14,000	3,750	3,727	23	99.4%
Utilities	30,865	36,088	8,496	7,467	1,029	87.9%
Rent-Space & Equipment	6,086	6,000	1,960	1,646	314	84.0%
Other Operating Expenses	279,568	368,080	82,535	79,965	2,570	96.9%
	436,199	549,258	125,380	120,931	4,449	96.5%
Other Agency Costs						
Employee Benefits	1,216,266	1,336,996	322,618	304,179	18,439	94.3%
SWCAP Indirect Costs	21,708	22,000	0	0	0	0.0%
	1,237,974	1,358,996	322,618	304,179	18,439	94.3%
TOTAL EXPENDITURES	5,823,450	6,537,293	1,556,565	1,479,968	76,597	95.1%
EXPENDITURES (OVER)/ UNDER REVENUE	721,351	(965,654)	826,176	1,176,968	(350,792)	N/A

* Amounts include accruals and encumbrances.

Department of Savings and Mortgage Lending

Budget Variance Analysis as of November 30, 2017

Revenues:

Overall revenues are at 11.5% over budget.

Thrift Assessments – Revenues are 5.6% over budget, mostly due to higher than budgeted level of assets.

Depository Interest – Revenues over budget due to higher interest rates and increased account balances.

Fines and Penalties – No amount was budgeted.

Expenditures:

Overall expenditures are at 95% of budget.

Employees' Salaries and Related Benefits – These categories are at 5% under budget due to several vacancies.

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

CHANGES IN CASH BALANCE

For the Quarter Ending November 30, 2017

	Actual
Cash at Beginning of Period	\$ 12,651,144
Revenues Over (Under) Expenditures CY	\$ 1,176,968
Revenues Over (Under) Expenditures PY	\$ (9,013)
Increase (Decrease) in Payables/Encumbrances	\$ (13,217)
(Increase) Decrease in Receivables	\$ (16,726)
TFEE Transfer	(500,000.00)
Cash at End of Period	<u>\$ 13,289,156</u>

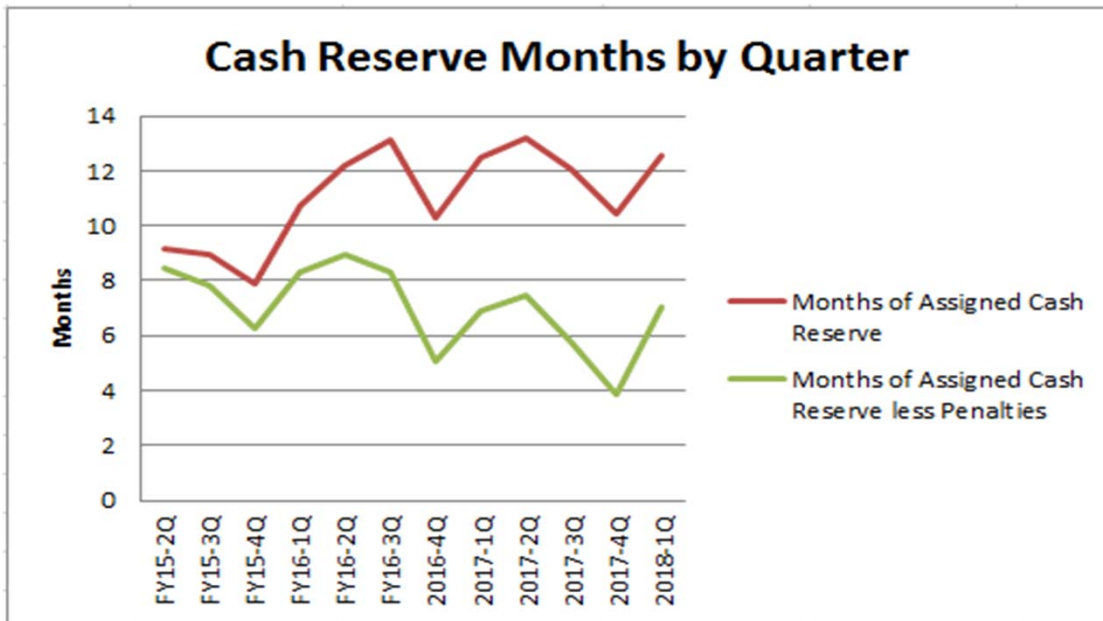
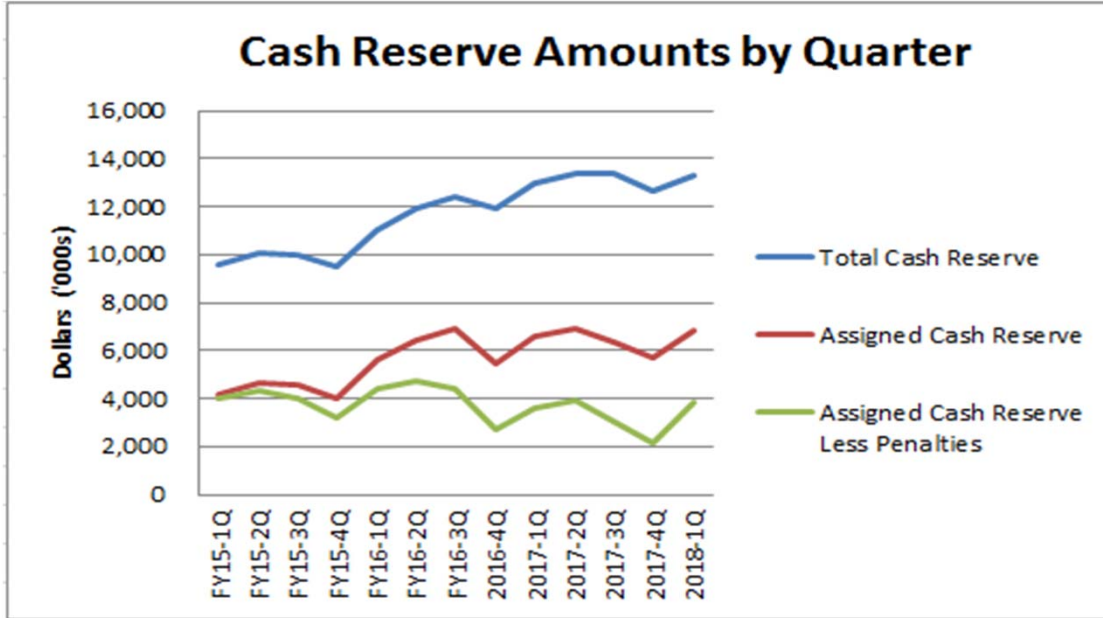
Restricted Cash Balance:	
Payroll Payable	\$ 423,972
Other Payables (Net of Receivables)	\$ 35,135
Building	\$ 6,000,000
Total Restricted Cash Balance	<u>\$ 6,459,108</u>

Assigned Cash Balance:	
Retirements	\$ 100,000
Mortgage Enforcement Funds	\$ 114,509
Future Operations	\$ 6,615,539
Total Assigned Cash Balance	<u>\$ 6,830,048</u>

Total Restricted and Assigned Cash Balance	<u>\$ 13,289,156</u>
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Assigned Cash Balance/FY2018 Monthly Budget	12.5 months
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DEPARTMENT OF SAVINGS AND MORTGAGE LENDING



OFFICE OF CONSUMER CREDIT COMMISSIONER
OPERATING STATEMENT & BUDGET ANALYSIS
For the Period Ended November 30, 2017

25.00%

	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2018 PERFORMANCE			
			YTD BUDGET	YTD ACTUAL	(OVER)/UND BUDGET	PERCENT BUDGET
REVENUES:						
Regulated Lenders	\$ 2,152,309	\$ 2,251,268	\$ 1,224,421	\$ 934,799	\$ 289,622	76.3% (1)
Pawn Industry	1,065,539	1,035,415	34,707	23,635	11,072	68.1%
MV Industry	4,037,505	4,020,994	251,157	258,591	(7,434)	103.0%
Credit Access Industry	1,258,815	1,152,740	425,425	743,975	(318,550)	174.9% (2)
Penalties / Late Fees	600,337	-	-	191,265	(191,265)	-
Debt Management Services	39,640	40,856	713	4,105	(3,392)	575.6% (3)
Debt Cancellation	42,000	-	-	11,250	(11,250)	-
RAL Assessment	132,050	118,530	9,952	3,900	6,052	39.2%
Precious Metals	47,475	38,750	6,382	6,450	(68)	101.1%
Tax Liens	65,424	58,856	10,037	15,916	(5,879)	158.6%
Sale of Publications	137	-	-	244	(244)	-
Creditor Registration	82,955	93,515	49,689	70,675	(20,986)	142.2%
Mortgage Loan Originators	75,500	66,840	26,967	39,225	(12,258)	145.5% (4)
Other Revenue	4,063	-	-	5,557	(5,557)	-
Investment / Interest Income	61,019	-	-	26,912	(26,912)	-
TOTAL REVENUES	\$ 9,664,769	\$ 8,877,764	\$ 2,039,449	\$ 2,336,499	\$ (297,050)	114.6%
EXPENDITURES:						
Salaries and Wages-						
Base Pay	\$ 5,052,138	\$ 5,398,145	\$ 1,349,536	\$ 1,269,898	79,638	94.1%
Benefit Replacement Pay	7,188	6,761	1,690	856	834	50.6%
Longevity	70,280	82,600	20,650	18,500	2,150	89.6%
	\$ 5,129,606	\$ 5,487,506	\$ 1,371,877	\$ 1,289,254	\$ 82,623	94.0% (5)
Travel-						
Public Transportation, Lodging, Meals & Mileage	758,716	797,200	199,300	184,748	14,552	92.7%
	\$ 758,716	\$ 797,200	\$ 199,300	\$ 184,748	\$ 14,552	92.7% (6)
Other Expenditures-						
Professional Services & Fees	176,634	403,000	100,750	69,713	31,037	69.2% (7)
Consumable Supplies	17,121	27,000	6,750	5,238	1,512	77.6%
Postage & Freight	22,345	31,000	7,750	254	7,496	3.3%
Telephone & Communications	68,505	85,550	21,388	16,734	4,654	78.2%
Bldg. & Utilities	54,320	68,900	17,225	14,986	2,239	87.0%
Publication / Printing & Reproduction	476	2,500	625	1,125	(500)	180.0% (8)
Other Operating	222,274	306,783	76,696	82,690	(5,994)	107.8%
	\$ 561,675	\$ 924,733	\$ 231,183	\$ 190,740	\$ 40,443	82.5%
Acquisition of Info Technology	\$ 56,699	\$ 94,600	\$ 23,650	\$ 51,377	\$ (27,727)	217.2% (9)
Development in Progress	589,389	-	-	-	-	0.0%
Employee Benefits	1,853,669	2,047,768	511,942	456,449	55,493	89.2%
SWCAP Reimb to Unapp Gr 0001	28,706	35,000	8,750	-	8,750	0.0%
SORM Assessment	6,059	6,500	1,625	4,685	(3,060)	288.3%
Unemployment Benefits	13,046	15,000	3,750	503	3,247	13.4%
	\$ 2,547,568	\$ 2,198,868	\$ 549,717	\$ 513,014	\$ 36,703	93.3%
TOTAL EXPENDITURES:	\$ 8,997,565	\$ 9,408,307	\$ 2,352,077	\$ 2,177,756	\$ 174,321	92.6%
EXPENDITURES (OVER) / UNDER REVENUE	\$ 667,204	\$ (530,543)	\$ (312,628)	\$ 158,743	\$ (471,371)	

Office of Consumer Credit Commissioner

Overview of Budget Variances for 1st Quarter FY 2018

Revenues- 114.5% of budget

- 1.) Regulated Lenders is below budget due to timing with renewal periods occurring between 1st and 2nd quarters.
- 2.) Credit Access Industry revenue has exceeded budget due to timing of renewals being cyclical and due at the end of December.
- 3.) Debt Management is above budget due to cyclical reasons with renewal being in the second quarter of the year.
- 4.) Mortgage Loan Originator is above budget due to the receipt of more renewals than anticipated during the 1st quarter.

Expenditures- 92.9% of budget

- 5.) Personnel & Employee Benefit costs are below budget generally due to turnover and vacancies.
- 6.) Travel expenditures are below budget. Employee turnover within the Exam department, as well as fewer out of state exams in the 1st quarter has had a direct impact on the travel budget.
- 7.) Professional Fees is below budget due to the timing of two projects which are scheduled for later in the fiscal year.
- 8.) Publication/Printing & Reproduction are above budget due to early printing of pawn brochures.
- 9.) Acquisition of Information Technology is over budget due to the purchase of security software that was not fully anticipated during the budget process.

**Office of Consumer Credit Commissioner
Changes in Cash Balance
For the Quarter Ending November 30, 2017**

	Actual
Cash at Beginning of Period	\$ 12,432,387.44
Revenues Over (Under) Expenditures CY	158,743.00
Increase (Decrease) in Payables	279,882.28
(Increase) Decrease in Receivables	<u>(562,957.71)</u>
Cash at End of Period	<u>\$ 12,308,055.01</u>
Restricted Cash Balance	
Payroll and Payroll Related Payables	\$ 943,156.56
Reserve for Building	<u>6,000,000.00</u>
Total Restricted Cash Balance	<u>\$ 6,943,156.56</u>
Assigned Cash Balance	
Retirement	133,893.85
Future Operations	<u>5,231,004.60</u>
Total Assigned Cash Balance	<u>\$ 5,364,898.45</u>
Total Restricted and Assigned Cash Balance	\$ 12,308,055.01
Assigned Cash Balance - Future Operations / FY 2018 Monthly Budget	6.67

**Texas Department of Banking
Operating Statement and Budget Analysis
For Period Ending November 2017**

	FY 2017 ACTUAL	FY 2018 BUDGET	QUARTER PERFORMANCE				FY 2018 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	\$23,019,360.93	\$25,451,783.00	\$6,670,875.00	\$6,787,492.50	(\$116,617.50)	101.7%	\$6,670,875.00	\$6,787,492.50	(\$116,617.50)	101.7%	
Nonbank Regulation	3,169,412.72	3,223,561.31	1,969,169.30	1,935,158.98	34,010.32	98.3%	1,969,169.30	1,935,158.98	34,010.32	98.3%	
Miscellaneous Revenues	78,639.40	62,400.00	15,600.00	34,115.39	(18,515.39)	218.7%	15,600.00	34,115.39	(18,515.39)	218.7%	
TOTAL REVENUES:	\$26,267,413.05	\$28,737,744.31	\$8,655,644.30	\$8,756,766.87	(\$101,122.57)	101.2%	\$8,655,644.30	\$8,756,766.87	(\$101,122.57)	101.2%	
EXPENDITURES:											
Salaries and Wages											
Exempt Salaries	\$234,725.00	\$234,725.00	\$58,681.25	\$58,681.25	\$0.00	100.0%	\$58,681.25	\$58,681.25	\$0.00	100.0%	
Classified Salaries	16,479,871.06	17,743,138.31	4,130,801.08	4,098,156.69	32,644.39	99.2%	4,130,801.08	4,098,156.69	32,644.39	99.2%	
Other Personnel Costs	368,971.41	548,847.04	62,617.83	65,358.28	(2,740.45)	104.4%	62,617.83	65,358.28	(2,740.45)	104.4%	
	\$17,083,567.47	\$18,526,710.35	\$4,252,100.16	\$4,222,196.22	\$29,903.94	99.3%	\$4,252,100.16	\$4,222,196.22	\$29,903.94	99.3%	
Travel											
In-State	\$1,419,601.57	\$1,566,470.30	\$454,709.07	\$365,225.41	\$89,483.66	80.3%	\$454,709.07	\$365,225.41	\$89,483.66	80.3%	
Out-of-State	654,309.12	737,909.00	217,210.00	184,860.01	32,349.99	85.1%	217,210.00	184,860.01	32,349.99	85.1%	
	\$2,073,910.69	\$2,304,379.30	\$671,919.07	\$550,085.42	\$121,833.65	81.9%	\$671,919.07	\$550,085.42	\$121,833.65	81.9%	
Other Expenditures											
Professional Fees & Services	\$252,417.61	\$384,390.00	\$31,360.00	\$22,543.82	\$8,816.18	71.9%	\$31,360.00	\$22,543.82	\$8,816.18	71.9%	
Postage	11,912.37	10,049.00	840.00	135.85	704.15	16.2%	840.00	\$135.85	704.15	16.2%	
Consumable Supplies	193,618.31	297,030.00	48,478.39	32,086.09	16,392.30	66.2%	48,478.39	\$32,086.09	16,392.30	66.2%	
Telephone	247,735.71	270,784.52	60,580.13	58,638.40	1,941.73	96.8%	60,580.13	\$58,638.40	1,941.73	96.8%	
Utilities	39,674.43	46,263.00	16,974.09	16,827.05	147.04	99.1%	16,974.09	\$16,827.05	147.04	99.1%	
Rent - Buildings	383,095.41	407,919.04	122,557.26	121,941.69	615.57	99.5%	122,557.26	\$121,941.69	615.57	99.5%	
Rent - Machinery & Other	31,126.06	38,834.00	11,271.00	10,929.05	341.95	97.0%	11,271.00	\$10,929.05	341.95	97.0%	
Other Operating	346,413.76	415,088.64	93,761.00	109,650.04	(15,889.04)	116.9%	93,761.00	\$109,650.04	(15,889.04)	116.9%	
Subscriptions	16,870.64	18,558.00	3,259.96	3,224.54	35.42	98.9%	3,259.96	\$3,224.54	35.42	98.9%	
Employee Training / Reg. Fees	237,659.82	264,803.30	56,740.90	59,445.50	(2,704.60)	104.8%	56,740.90	\$59,445.50	(2,704.60)	104.8%	
Claims/SORM Assessment	25,387.76	34,911.00	19,776.00	17,950.82	1,825.18	90.8%	19,776.00	\$17,950.82	1,825.18	90.8%	
Capital / Other IT Expenditures	69,013.30	37,500.00	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	
	\$1,854,925.18	\$2,226,130.50	\$465,598.73	\$453,372.85	\$12,225.88	97.4%	\$465,598.73	\$453,372.85	\$12,225.88	97.4%	
Total Expenditures before Benefits	\$21,012,403.34	\$23,057,220.15	\$5,389,617.96	\$5,225,654.49	\$163,963.47	97.0%	\$5,389,617.96	\$5,225,654.49	\$163,963.47	97.0%	
Employee Benefits (Less BRP)	\$4,834,156.07	\$5,287,762.45	\$1,211,848.55	\$1,184,276.55	\$27,572.00	97.7%	\$1,211,848.55	\$1,184,276.55	\$27,572.00	97.7%	
Payroll Hlth. Care/Retirement Cont.	241,200.25	266,859.20	\$62,842.23	\$60,967.58	\$1,874.65	97.0%	\$62,842.23	\$60,967.58	\$1,874.65	97.0%	
SWCAP	\$46,228.00	\$50,000.00	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.0%	
TOTAL EXPENDITURES:	\$26,133,987.66	\$28,661,841.80	\$6,664,308.75	\$6,470,898.62	\$193,410.13	97.1%	\$6,664,308.75	\$6,470,898.62	\$193,410.13	97.1%	
EXPENDITURES (OVER) /											
	\$133,425.39	\$75,902.51	\$1,991,335.55	\$2,285,868.25	(\$294,532.70)		\$1,991,335.55	\$2,285,868.25	(\$294,532.70)		

UNDER REVENUE:

Texas Department of Banking

Overview of Budget Variances for the First Quarter of Fiscal Year 2018 - (Variances in excess of \$1,000 and 5% from budget are reported).

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

In-State Travel – The positive variance is due to: (1) lower Department conference expenditures than budgeted; (2) a scheduled on-site loan review that was performed off-site; (3) various meetings that were not attended; and (4) overall efficient use of staff and resources.

Out-of-State Travel – The positive variance is due to: (1) a securities review that was not conducted; (2) lower than budgeted expenditures for an asset quality and trust review; (3) MSB examinations that were performed off-site; (4) fewer Special Audit examiners utilized in one MSB and one PFC examination; and (5) meetings that were not attended.

Professional Fees and Services – The positive variance is due to no architect fees incurred and lower expenditures than budgeted for Attorney General fees, building related outside counsel fees and administrative law judge fees.

Consumable Supplies – The positive variance is due to IT purchases that were incorrectly budgeted under consumables but were charged to other operating expenses. These expenditures were for software maintenance and a camera that is a controlled item.

Other Operating – The negative variance is due to: (1) the IT purchases under the consumables supplies narrative; (2) higher than anticipated shared receptionist expenditures; and (3) higher than budgeted deferred maintenance expenditures.

Claims/SORM Assessment – The positive variance relates to an unemployment claim expenditure that was lower than budgeted.

TEXAS DEPARTMENT OF BANKING

Changes in Cash Balance

For the Quarter Ending November 30, 2017

	<u>Actual</u>
Cash at Beginning of Period	\$14,711,348.85
Revenues Over (Under) Expenditures	\$2,285,868.25
Increase (Decrease) in Payables/Encumbrances	(\$434,652.80)
(Increase) Decrease in Receivables	<u>(\$21,530.71)</u>
Cash at End of Period	<u><u>\$ 16,541,033.59</u></u>
Restricted Cash Balance:	
Payroll and Related Payables	\$1,908,878.34
Reserve for Building	<u>6,000,000.00</u>
Total Restricted Cash Balance	<u><u>\$ 7,908,878.34</u></u>
Assigned Cash Balance:	
Retirements	\$685,233.47
Future Operations	<u>7,946,921.78</u>
Total Assigned Cash Balance	<u><u>\$ 8,632,155.25</u></u>
Total Restricted and Assigned Cash Balance	\$ 16,541,033.59
Assigned Cash Balance/FY2018 Monthly Budget	3.61 months



TFEE Report – February 16, 2018

Juan V. Garcia, Program Director

Grant Activities for the 2016-17 Grant Cycle ended on December 31, 2017. The final expense and activities reports were due on January 31, 2018. The Grant Coordinator will prepare a summary of these reports for the Finance Commission Meeting in April.

Also, program activities for the nine 2018-19 TFEE Grant recipients commenced on January 1st, 2018. The Grant Coordinator will be coordinating two site visits this reporting cycle.

Mr. Paul Ballard, CEO & Chief Investment Officer with the Texas Treasury Safekeeping Trust Company will present a portfolio review of the TFEE Fund during the February Audit Committee meeting.

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DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

PROJECTED CHANGES IN CASH BALANCE

For fiscal year 2018

Assigned Cash Balance/FY2018 Monthly Budget	In 000's	Months
FY 2018, 1st Q - Actual	\$ 6,830	12.5
Less: TFEE Contribution \$750,000 - Recommended	\$ 6,080	11.2
FY 2018, 2nd Q - Budgeted*	\$ 6,219	11.4
FY 2018, 3rd Q - Budgeted*	\$ 5,519	10.1
FY 2018, 4th Q - Budgeted*	\$ 4,284	7.8
Less: Boiler/Elevator Replacement \$250,000 - Estimated	\$ 4,034	7.4
Less: TFEE Contribution \$750,000 - Estimated	\$ 3,284	6.0

* Amounts do not include administrative penalties and settlements.