

FINANCE COMMISSION OF TEXAS AUDIT COMMITTEE MEETING

Thursday, February 14, 2019

3:30 p.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. Finance Commission members who are not members of the Audit Committee may be present at this committee meeting creating a quorum of the Finance Commission.

- A. Review and Approval of the Minutes of the October 19, 2018, Audit Committee Meeting
- B. Review of Agencies' Activities
 - 1. Department of Savings and Mortgage Lending
 - Comptroller Post Payment Audit
 - 2. Office of Consumer Credit Commissioner
 - 3. Texas Department of Banking
- C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' November 30, 2018 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' 2019 First Quarter Financial Statements
 - 1. Department of Savings and Mortgage Lending
 - 2. Office of Consumer Credit Commissioner
 - 3. Texas Department of Banking
- 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, October 19, 2018**

The Audit Committee of the Finance Commission of Texas convened at 8:30 a.m. on October 19, 2018 with the following members present:

Audit Committee Members in Attendance:

Lori McCool (serving as Chair in Molly Curl's absence)
Vince E. Puente
Stacy G. London (serving on Committee in Molly Curl's absence)
Molly Curl (absent)

Additional Members in Attendance:

Stacy G. London
Hector Cerna
Phillip Holt
Will Lucas
Paul Plunket
Vince Puente

Lori McCool 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 August 16-17, 2018, Audit Committee Meeting	Vince Puente made a motion to Approve the Minutes of the August 16-17, 2018 Audit Committee Meeting. Stacy G. London seconded, and the motion passed.	00:01 start of discussion 00:23 vote
B. Audit Committee Review of Agencies' Activities	No Action Required.	01:01 start of discussion
C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' August 31, 2018 Investment Officer Reports <ol style="list-style-type: none">1. Texas Department of Banking2. Department of Savings and Mortgage Lending3. Office of Consumer Credit Commissioner	Vince Puente made a motion to Recommend that the Finance Commission Approve the Agencies' August 31, 2018 Investment Officer Reports. Stacy G. London seconded, and the motion passed.	07:01 start of discussion 11:03 vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>D. Discussion of and Possible Vote to Recommend that the Finance Commission take Action on the Agencies' 2018 Fourth Quarter Financial Statements</p> <ol style="list-style-type: none"> 1. Texas Department of Banking 2. Department of Savings and Mortgage Lending 3. Office of Consumer Credit Commissioner 	<p>Vince Puente made a motion to Recommend that the Finance Commission Approve the Agencies' 2018 Fourth Quarter Financial Statements. Stacy G. London seconded, and the motion passed.</p>	<p>11:21 start of discussion</p> <p>26:24 vote</p>
<p>E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on an additional Finance Commission audit to be provided under the current Internal Auditor Contract</p>	<p>Vince Puente made a motion to Recommend that the Finance Commission Approve an additional Finance Commission audit to be provided under the current Internal Auditor Contract not to exceed \$23,735. Stacy G. London seconded, and the motion passed.</p>	<p>26:30 start of discussion</p> <p>53:02 vote</p>
<p>F. Discussion of and Possible Vote to Recommend that the Finance Commission take Action on the Department of Savings and Mortgage Lending's Contribution of \$750,000 to the Texas Financial Education Endowment Fund</p>	<p>Vince Puente made a motion to Recommend that the Finance Commission Approve the Department of Savings and Mortgage Lending's Contribution of \$750,000 to the Texas Financial Education Endowment Fund. Stacy G. London seconded, and the motion passed.</p>	<p>53:48 start of discussion</p> <p>1:18:30 vote</p>
<p>G. Report on Activities Relating to the Texas Financial Education Endowment Fund</p>	<p>No Action Required.</p>	<p>1:19:20 start of discussion</p>

There being no further business of the Audit Committee of the Finance Commission of Texas, Lori McCool adjourned the meeting at 9:53 a.m. (1:23:10) *on the audio file*)

Lori McCool
Finance Commission of Texas

Charles G. Cooper, Executive Director
Finance Commission of Texas

Anne Benites, Executive Assistant
Finance Commission of Texas

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Department of Savings and Mortgage Lending
Outstanding Audit Issues Report as of January 31, 2019

Auditor	Sunset Commission	Audit Report Date						
Audit Area	Sunset Review	4/29/2018						
<table><tr><td>Recommendation</td><td>Status Update</td></tr><tr><td>Develop updated complaint process in rule.</td><td><i>In progress.</i> To be completed by September 1, 2019.</td></tr><tr><td>Modify the penalty matrix to ensure consistent application of administrative penalties.</td><td><i>In progress.</i> To be completed by May 1, 2019.</td></tr></table>			Recommendation	Status Update	Develop updated complaint process in rule.	<i>In progress.</i> To be completed by September 1, 2019.	Modify the penalty matrix to ensure consistent application of administrative penalties.	<i>In progress.</i> To be completed by May 1, 2019.
Recommendation	Status Update							
Develop updated complaint process in rule.	<i>In progress.</i> To be completed by September 1, 2019.							
Modify the penalty matrix to ensure consistent application of administrative penalties.	<i>In progress.</i> To be completed by May 1, 2019.							

November 15, 2018

Ms. Caroline Jones
Commissioner
Texas Department of Savings and Mortgage Lending
929 E. 41st St.
Austin, Texas 78751-4807

Dear Ms. Jones:

We have completed a post-payment audit of certain payroll, purchase and travel transactions of the Texas Department of Savings and Mortgage Lending (Department). We would like to thank you and your staff for your responsiveness and cooperation in assisting us with this audit. A draft of this audit report was sent to the Director of Administration and Finance, Ms. Antonia Antov, on Aug. 27, 2018. The Department's response to the draft is included in this report.

Our purpose was to determine whether the Department's expenditures complied with certain state laws and rules concerning expenditures and with the processing requirements of the Uniform Statewide Accounting System (USAS) and the Uniform Statewide Payroll/Personnel System (USPS). The Department is responsible for ensuring that its staff is knowledgeable in these areas.

We intend for this report to be used by the Department's management and certain state officials and agencies as listed in Texas Government Code, Section 403.071. However, this report is a public record and its distribution is not limited.

We noted other matters involving the processing of expenditures by the Department that we communicated to Ms. Antov in an email dated Aug. 27, 2018.

The Department may inquire about and register for training related to expenditures through the Fiscal Management [Training Center](#).

We would like input from you or your designee on the quality of the audit process and the service the audit staff provided while conducting this audit. Please take our [Post-Payment Audit Survey](#) to rate and comment on the post-payment audit process. Your feedback is greatly appreciated.



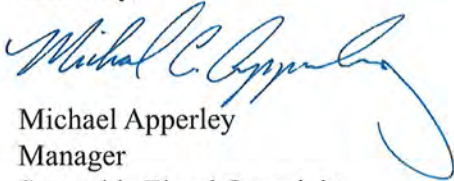
Comptroller.Texas.Gov
P.O. Box 13528
Austin, Texas 78711-3528

512-463-4444
Toll Free: 1-800-531-5441 ext: 3-4444
Fax: 512-463-4902

Ms. Caroline Jones
November 15, 2018
Page Two

Thank you for your cooperation. If we can be of any further assistance, please contact amanda.price@cpa.texas.gov or 512-475-1426.

Sincerely,



Michael Apperley
Manager
Statewide Fiscal Oversight
Fiscal Management Division

Attachments

cc: Antonia Antov, Director of Administration and Finance, Texas Department of Savings
and Mortgage Lending
Amanda Price, Auditor, Texas Comptroller of Public Accounts



Fiscal Management Division
Statewide Fiscal Services Dept.
Expenditure Audit Section
Auditor: Amanda Price

Audit Report # 450-18-01
November 15, 2018

Post-Payment Audit of Texas Department of Savings and Mortgage Lending



Glenn Hegar
Texas Comptroller of Public Accounts

Table of Contents

Executive Summary

Audit scope	i
Payroll transactions and payroll deductions	i
Contracting and procurement processes	i
Purchase transactions	ii
Travel transactions	ii
Travel card transactions	ii
Security	ii
Internal control structure	ii
Fixed assets	ii
Prior post-payment audit and current audit recurring findings	iii

Detailed Findings — Expenditure Approvals

Control Weakness Over Expenditure Processing	1
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Appendices

Appendix 1 — Summary of Sample Errors Detected	A.1
Appendix 2 — Audit Process Overview	A.2

EXECUTIVE SUMMARY

Audit scope

We audited a sample of the Texas Department of Savings and Mortgage Lending (Department) payroll, purchase and travel transactions that processed through the Uniform Statewide Accounting System (USAS) and the Uniform Statewide Payroll/Personnel System (USPS) during the period beginning Dec. 1, 2016 through Nov. 30, 2017, to determine compliance with applicable state laws.

The Department receives appendices with the full report that includes a list of the identified errors. Copies of the appendices may be requested through a [Public Information Act](#) inquiry.

The audit provides a reasonable basis for the findings set forth in this report. The Department should implement the recommendations listed in the Detailed Findings of this report. It is the Department's responsibility to seek refunds for all overpayments unless it determines it is not cost effective to do so. If necessary, the Comptroller's office may take the actions set forth in Texas Government Code, Section 403.071(h), to ensure that the Department's documents comply in the future. The Department must ensure that the findings discussed in this report are resolved.

Texas law requires the Texas Comptroller of Public Accounts (Comptroller's office) to audit claims submitted for payment through the Comptroller's office. All payment transactions are subject to audit regardless of amount or materiality.

Payroll transactions and payroll deductions

Fifteen payroll transactions were audited for compliance with the General Appropriations Act (GAA), the [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and other pertinent statutes. A limited sample of voluntary contributions was also audited.

- No issues were identified.

Contracting and procurement processes

The audit included the review of one contract to Garza/Gonzalez for internal audit service with a contract value of \$12,740. All phases of contract development, planning, solicitation, award, payments, and monitoring were reviewed for compliance with the [State of Texas Procurement and Contract Management Guide](#), the Texas Government Code, the GAA, [eXpendit \(FPP I.005\)](#), and best practices.

- No issues were identified.

Purchase transactions

Thirty purchase transactions were audited for compliance with the GAA, [eXpendit](#), the [State of Texas Procurement and Contract Management Guide](#) and other pertinent statutes.

- No issues were identified.

The Department paid \$0.00 in prompt payment interest during the audit period.

Travel transactions

Twenty travel transactions were audited for compliance with the GAA, [Texttravel \(FPP G.005\)](#) and other pertinent statutes.

- No issues were identified.

Travel card transactions

Ten travel card transactions were audited for compliance with the GAA, [Texttravel](#) and other pertinent statutes.

- No issues were identified.

Security

The audit included a security review to identify any of the Department's employees with security in USAS or on the voucher signature cards who were no longer employed or whose security had been revoked. Upon termination or revocation, certain deadlines must be observed so that security can be revoked in a timely manner.

- No issues were identified.

Internal control structure

The Department's internal control structure was reviewed. The review was limited to obtaining an understanding of the Department's controls sufficient to plan the audit and did not include tests of control policies and procedures.

The audit identified:

- Control Weakness Over Expenditure Processing

Fixed assets

The audit included a review of a limited number of fixed assets acquired by expenditures during our audit period to test for proper tracking in the Department's internal system. All assets tested were in their intended location and properly recorded in the State Property Accounting (SPA) System.

- No issues were identified.

Prior post-payment audit and current audit recurring findings

A prior post-payment audit of the Department's payroll, purchase and travel transactions was concluded on Nov. 26, 2013. There were no findings noted in the prior report, therefore, there were no recurring errors noted.

Contact:

Amanda Price, CFE
Lead Auditor
512-463-3254

Contributing Auditors:

Max Viescas, CPA
Aleks Nećak

DETAILED FINDINGS — EXPENDITURE APPROVALS

Control Weakness Over Expenditure Processing

Finding

As part of our planning process for the post-payment audit, we reviewed certain limitations that the Department placed on its accounting staff's ability to process expenditures. We reviewed the Department's security in USAS, USPS, the Texas Identification Number System (TINS) and voucher signature cards that were in effect on April 17, 2018. We did not review or test any internal or compensating controls that the Department might have relating to USAS, USPS or TINS security or internal transaction approvals.

The Department has two employees with conflicts. These employees can:

- process and release a payroll in USPS,
- edit direct deposit information for an employee in TINS and hire an employee in USPS,
- edit direct deposit information for an employee in TINS and process and/or release payroll in USPS,
- hire an employee in USPS and process and/or release a payroll in USPS,
- pick up warrants and approve paper vouchers,
- create/edit a vendor and vendor direct deposit information in TINS and enter and/or approve a payment voucher in USAS, and
- enter a voucher and release/approve the payment voucher in USAS.

The Department explained that due to its accounting staffing limitations it had some overlapping responsibility in its transaction approval process. However, based on the recommendation in the 2009 post-payment audit, the department implemented tools to strengthen internal controls and reduce the risk to state funds by activating an edit within USAS that warns the user when a document that the user entered is about to be released by the same user. They also implemented the use of a report to identify documents that the same user entered or altered and then released. The department was provided with a schedule of this finding during fieldwork.

We ran a report to see whether any of the Department's payment documents were processed through USAS during the audit because of the action of only one person; no issues were identified.

Recommendation/Requirement

To reduce risks to state funds, agencies must have controls over expenditure processing that segregate each accounting task to the greatest extent possible. Ideally, no individual should be able to process transactions without another person's involvement.

The Department must implement the following recommendations:

1. The Department must work with Comptroller's office Statewide Fiscal Systems security staff to set up user profiles that separate the entry and approval of payroll transactions in USPS.
2. The Department must limit the access of users who can create an employee profile in USPS to view only access in TINS (PTINS02). An individual must not be able to create an employee profile in USPS and change the employee payment instructions in TINS.
3. The Department must limit the access of users who can process and release/approve payroll in USPS to view only access in TINS (PTINS02). An individual must not be able to change an employee payment instruction and process and release payroll.
4. The Department must work with Comptroller's office Statewide Fiscal Systems security staff to set up user profiles that separate the ability to hire an employee in USPS and to process and release payroll transactions in USPS.
5. The Department must limit user access by removing the user from the Agency Authorization for Warrant Pickup list or by removing the user from the department's signature card.
6. The Department must limit the access of users who can enter/change voucher or release/approve batch in USAS to view only access in TINS (PTINS02). An individual must not be able to create a vendor or change a vendor profile, create a payment, and approve the payment.
7. Although the Department had implemented mitigating controls to decrease risks associated with the same user entering and releasing payments in USAS, the risks still exist and segregation of these functions must be considered.

Department Response

Brief summary of actions taken to ensure compliance:

The Department has implemented recommendations 1,4, and 7, as required above, by modifying the access of users to the statewide systems USAS, USPS, and TINS.

The Department has implemented recommendation 5 by modifying the Agency Authorization for Warrant Pickup List.

The implementation of recommendations 2,3, and 6 was modified. Two of the accounting staff members will retain access in TINS that will allow them to have hold-maintenance update capabilities (PTINS 17). The new level of access is unrelated to vendor payments or payroll, and the Department believes it addresses the security concern.

The Department has updated all related procedures.

Appendices

APPENDICES

Appendix 1 — Summary of Sample Errors Detected

Audit Period: Dec. 1, 2016 through Nov. 30, 2017

GROUP 1 (USPS) — PAYROLL TRANSACTIONS — Limited Sampling

Low Range	High Range	Audited Transactions	Errors Detected (A)	Sample Base (B)	Error Rate (C)	Population Base
\$0.00	\$999,999,999.99	68	\$0.00	\$234,304.58	.000000	\$3,934,104.84

GROUP 2 (USAS) — PURCHASE TRANSACTIONS — Limited Sampling

Low Range	High Range	Audited Transactions	Errors Detected (A)	Sample Base (B)	Error Rate (C)	Population Base
\$0.00	\$999,999,999.99	20	\$0.00	\$142,644.03	.000000	\$345,931.66

GROUP 3 (USAS) — TRAVEL TRANSACTIONS — Limited Sampling

Low Range	High Range	Audited Transactions	Errors Detected (A)	Sample Base (B)	Error Rate (C)	Population Base
\$0.00	\$999,999,999.99	20	\$0.00	\$10,150.88	.000000	\$253,569.65

Legend

Sample Error Rate (C) = (A) ÷ (B)

Note: All dollar amounts rounded to the second decimal place. All error rates rounded to the sixth decimal place.

Appendix 2 — Audit Process Overview

Post-payment audits are conducted by the Expenditure Audit section of the Comptroller's Statewide Fiscal Oversight department within the Fiscal Management Division.

Audit objectives

The primary objectives of a post-payment audit are to:

- Ensure payments are documented so a proper audit can be conducted.
- Ensure payment vouchers are processed according to the requirements of the Uniform Statewide Accounting System (USAS) and either:
 - ◊ The Uniform Statewide Payroll/Personnel System (USPS),
 - ◊ The Standardized Payroll/Personnel Report System (SPRS) or
 - ◊ The Human Resource Information System (HRIS).
- Verify payments are made in accordance with certain applicable state laws.
- Verify assets are in their intended locations.
- Verify assets are properly recorded for agencies and institutions of higher education that use the State Property Accounting (SPA) system.
- Verify voucher signature cards and systems security during the audit period are consistent with applicable laws, rules and other requirements.

Comptroller's office responsibilities / Supporting statute

A state agency may request the Texas Comptroller of Public Accounts (Comptroller's office) to pay a claim against the agency only by submitting the appropriate payment voucher to the Comptroller's office.

- [Texas Government Code, Sections 404.046, 404.069, 2103.003, 2103.0035, 2103.004.](#)

State law prohibits the Comptroller's office from paying a claim against a state agency unless the Comptroller's office audits the corresponding voucher.

- [Texas Government Code, Sections 403.071\(a\), 403.078, 2103.004\(a\)\(3\).](#)

State law allows the Comptroller's office to audit a payment voucher before or after the Comptroller's office makes a payment in response to that voucher.

- [Texas Government Code, Section 403.071\(g\)-\(h\).](#)

In addition, state law authorizes the Comptroller's office to conduct pre-payment or post-payment audits on a sample basis.

- [Texas Government Code, Sections 403.011\(a\)\(13\), 403.079, 2155.324.](#)

Methodology

The Expenditure Audit section uses one or more of the following generally recognized auditing techniques to conduct a post-payment audit:

- Detailed audit (100 percent of a given population)
- Stratified random sampling
- Randomly generated sampling
- Non-probability sampling
- Limited sampling

Fieldwork

Each auditor in the Expenditure Audit section is required to approach the fieldwork phase of each audit with an appropriate level of professional skepticism based upon the results of the initial planning procedures.

If an auditor suspects during an audit that fraud, defalcations or intentional misstatement of the facts has occurred, the auditor will meet with his or her supervisor or the Statewide Fiscal Oversight manager, or both, to decide what course of action or additional procedures would be appropriate.

Reporting

Each auditor audits payment vouchers according to established policies and procedures. The audit findings are reported to the audited agency in the form of a report.

The audit report:

- Discloses the total dollar amount of any unsubstantiated payments or overpayments noted in the audit.
- Includes recommendations and requirements for the audited agency.

Each auditor:

- Discusses the management issues noted during the audit at the exit, and
- Includes details of these issues to the chief fiscal officer after the exit.

Office of Consumer Credit Commissioner

Status of Agency Activities and Outstanding Audit Findings as of February, 2019

Auditor			Audit Report Date
Garza/Gonzales			
Audit Area			August 2018
<i>Recommendation</i>	<i>Response</i>	<i>Status Update</i>	<i>Implementation Date</i>
Revise Annual Report template to enhance data quality and improve efficiency	Data Validation. The OCCC has a project for new functionality associated with annual reporting by licensees that will improve and enhance data validation.	In progress	08/31/2019
Auditor			Audit Report Date
Sunset Review			
Audit Area			September 2018
<i>Recommendation</i>	<i>Response</i>	<i>Status Update</i>	<i>Implementation Date</i>
Make enforcement orders available online (5.13)	All new enforcement orders that are issued 9/1/18 or later will be uploaded to the website for the prior month during month-end processing. Historical information for the prior fiscal year will be uploaded as resources are available.	Completed	10/19/2018
Auditor			Audit Report Date
Comptroller of Public Accounts			
Audit Area			September 2018
<i>Recommendation</i>	<i>Response</i>	<i>Status Update</i>	<i>Implementation Date</i>
Prior State Service Verification missing	A review of all personnel files will be conducted for prior state service verification forms.	Completed	12/31/2018
Control Weakness over Expenditure Processing	The OCCC has made significant efforts to ensure proper internal controls and segregation of duties exist in expenditure processing.	Completed	12/31/2018

Future Items			
Entity	Activity	Status	Date
McConnell & Jones	Information Technology Change Management Audit	In progress	
McConnell & Jones	Investment Administration Controls Audit – Texas Financial Education Endowment (TEFEE)	In progress	
McConnell & Jones	Efficiency Audit – Sunset Recommendations	In progress	
DIR/AT&T	Information Technology Security Assessment	In progress	
Texas Workforce Commission	Personnel Policies and Procedures Review	Scheduled	3/12/2019

Texas Department of Banking
Outstanding Audit Findings/Recommendations Report as of February 1, 2019

Auditor	<i>Texas Sunset Advisory Commission</i>	Audit Report Date	<i>September 2018</i>
Audit Area	<i>Agency Review</i>		
Findings	Status Update		
<i>Update complaint process in rule</i>	<i>On-going</i> – <i>The rule research and drafting has begun. Our goal is to propose complaint process rules at the April Finance Commission meeting.</i>		

Department of Savings and Mortgage Lending

Investment Officer Report as of November 30, 2018

Recovery Fund

	Beginning Balance 9/1/2018	Additions/ Reductions	Interest Received	Bank Fees	Ending Balance 11/30/2018
Cash & Cash Equivalents	\$4,092,921.02	\$25,754.68	\$11,468.21	(\$138.55)	\$4,130,005.36

Bank Name	Type	Maturity Date	Interest Rate	Book/Market Value	Accrued Interest
Tx Treasury Safekeeping Trust Co	Overnight Repurchase Agreements	12/1/2018	2.13%	\$1,145,904.40	69.62
Horizon Bank SSB	CD - 24 months	1/31/2019	1.50%	\$250,000.00	\$312.50
TBK Bank	CD - 24 months	4/7/2019	1.56%	\$245,654.80	\$1,558.72
Angelina Savings Bank	CD - 24 months	5/5/2019	0.45%	\$240,000.00	\$1,722.00
Pioneer Bank SSB	CD - 24 months	6/14/2019	1.00%	\$250,000.00	\$1,169.27
TrustTexas Bank SSB	CD - 12 months	6/15/2019	1.77%	\$250,000.00	\$2,058.03
Austin Capital SSB	CD - 24 months	9/8/2019	1.20%	\$250,000.00	\$691.67
Cypress Bank SSB	CD - 24 months	10/2/2019	1.10%	\$250,000.00	\$3,238.89
First Fed Community Bank, SSB	CD - 24 months	12/13/2019	0.95%	\$248,446.16	\$2,189.78
Spirit of Texas, SSB	CD - 24 months	12/15/2019	1.35%	\$250,000.00	\$3,281.25
Third Coast Bank SSB	CD - 24 months	2/4/2020	0.70%	\$250,000.00	\$1,453.47
South Star Bank SSB	CD - 24 months	4/17/2020	1.05%	\$250,000.00	\$277.08
Dalhart Federal Savings	CD - 24 months	10/18/2020	2.50%	\$250,000.00	\$746.53
				\$4,130,005.36	\$17,952.66

Investment Position:

The Fund is capable of meeting all known obligations.

Investment Officer: /s/Antonia Antov

Investment Officer: /s/Steven O'Shields

Investment Compliance:

The Department's Investment Policy has been followed.

Date: 1/7/2019

Date: 1/7/2019

**Office of Consumer Credit Commissioner
Fiscal Year 2019 - 1st Quarter**

Residential Mortgage Loan Originator Recovery Trust Fund #3008

<u>Beginning Balance at 09/01/18</u>	<u>Additions / *(Deductions)</u>	<u>Interest Paid</u>	<u>Paid Bank Fees</u>	<u>Ending Balance at 11/30/18</u>	<u>Current Interest Rate</u>
\$ 148,668.62	\$ 800.00	\$ 763.24	\$ (44.97)	\$ 150,186.89	2.15%

Investment Officer: /s/ Christina Cuellar

Date: 1/17/19

Reviewed By: /s/ Leslie Pettijohn

Date: 1/17/19

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 2019 - 1st Quarter

Texas Financial Education Endowment Fund #3071						
	Beginning Balance at 09/01/18	Additions	Interest Paid	Grant Disbursements	Paid Bank Fees	Ending Balance at 11/30/18
Cash	\$ 1,386,669.38	\$ 755,402.65	\$ 8,212.44	\$ (37,571.30)	\$ (3,388.83)	\$ 2,109,324.34
						2.15%
	Beginning Balance at 09/01/18	Additions	*Change in Value	Transfer Out	Paid Fees	Ending Balance at 11/30/18
Invested Portfolio						
Investments - STIF	\$ 2,409,149.04	\$ 11,761.76	\$ (2,005,791.81)		\$ (3,307.08)	\$ 411,811.91
Interest & Dividends Receivable	2,690.58		(2,016.02)			674.56
Trade Receivables	-		-			-
Investments - Equities	-		10,578.52			10,578.52
Investments - Alternatives	1,874,453.09		1,786,356.22			3,660,809.31
Investments - Fixed Income	154,011.38		180,248.39			334,259.77
Investments - Futures	-		-			-
Investments - SWAPS, at Fair Value	127,960.75		(123,104.71)			4,856.04
Total Assets-Invested Portfolio	\$ 4,568,264.84	\$ 11,761.76	\$ (153,729.41)	\$ -	\$ (3,307.08)	\$ 4,422,990.11
Liabilities						
Accounts Payable	\$ (2,106.36)	\$ (104.43)	\$ -	\$ -	\$ -	\$ (2,210.79)
Trade Payables	(110.57)	(1,196.46)				(1,307.03)
Futures Contracts, at Fair Value	(1,359.68)	290.25				(1,069.43)
Swaps, at Fair Value	(128,120.62)	119,106.50				(9,014.12)
Total Liabilities	\$ (131,697.23)	\$ 118,095.86	\$ -	\$ -	\$ -	\$ (13,601.37)
Total Net Fiduciary Assets-Invested Portfolio	\$ 4,436,567.61					\$ 4,409,388.74
Total Endowment Funds	<u>\$ 5,823,236.99</u>					<u>\$ 6,518,713.08</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.

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

Investment Officer: /s/ Christina Cuellar

Date: 1/17/19

Reviewed By: /s/ Leslie Pettijohn

Date: 1/17/19

Trust Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report
September 1, 2018 to November 30, 2018

<u>Book Value at August 31, 2018</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, 2018</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Accrued Interest on CDs</u>
\$1,334,006.33	\$5,671.99	\$106.54	\$190,996.20	\$179,899.89	\$1,328,475.47	--	--	\$1,318.27

Trust Account Balances at Trustee/Depositories

Texas Treasury Safekeeping Trust Company *	\$603,949.78	12/1/2018	2.19%	
Veritex Community Bank, Dallas, Texas (CD)	\$240,000.00	12/14/2018	1.55%	\$781.20
State Bank of Texas, Dallas, Texas (CD)	\$240,000.00	12/16/2018	1.55%	\$111.60
Frontier Bank of Texas, Elgin, Texas (CD)	\$244,525.69	1/18/2019	1.45%	\$425.47
Subtotal	\$1,328,475.47			

(1) Other deductions include: (a) \$9,250.00 payment of partial restitution to seventeen consumers related to Kevin Keeney owner of Howell-Doran Funeral Home (b) \$4,030.00 payment of remaining balance of restitution owed to F. Cox related to Lonnie Wright owner of Angel Hills Funeral Home; (c) \$9,000.00 partial payment of restitution due to four consumers related to Ronald Ritter owner of Heartfield-Ritter Funeral Home; (d) \$155,000.28 payment of principal due to consumers related to El Paso Mission Funeral Home; (e) \$398.49 payment to Texas Department of Banking for court and attorney fees related to Lonnie Wright owner of Angel Hills Funeral Home; (f) \$2,524.50 payment to Central Texas Heritage Holdings, related to an illegal PFC sold by Timothy Gaffney through Lake Road Cemetery, Inc. who previously held PFC Permit Number 804; (g) \$6,499.00 withdrawal for a PFC purchased by V. Mayes that was sold illegally by Tom G. Walker Funeral Home, who previously held PFC Permit Number 574 (*notably, initial payment of \$6,524.99 was reversed in September 2018*); (h) \$3,155.93 escheated to the Comptroller's Office as abandoned property related to restitution checks related to El Paso Mission Funeral Home and (i) \$1,138.00 guaranty claim paid on behalf of consumer B. Brown related to a discrepancy in the amount paid by consumer associated with Community Funeral Home, which previously held PFC permit number 603.

(2) Other additions include: (a) \$300.00 restitution received from Mr. Dan L. Brothers; (b) \$963.00 restitution received from Mr. Kevin Keeney; (c) \$300.00 restitution received from Mr. Marc Gonzalez; (d) \$3,028.49 restitution received from Lonnie Wright / Angel Hills Funeral Directors; (e) \$7,500.00 restitution received from Timothy Gaffney; (f) \$3,000.00 restitution received from R. Ritter / Heartfield-Ritter Funeral Home; (g) \$155,000.28 received from receiver appointed by the Texas Office of Attorney General related to El Paso Mission Funeral Home; (h) \$6,524.99 reversal of initial payment to V. Mayes related to Tom G. Walker Funeral Home; (i) \$127.20 restitution received from Roy and Kay Bryant dba Amarillo Family Funeral Home and Best Priced Caskets and Monuments; and (j) \$3,155.93 stop payment of restitution checks issued to individuals related to El Paso Mission Funeral Home that were not negotiated.

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: /s/ Jesse Saucillo

Date: 12/20/2018

Reviewed By: /s/ Stephanie Newberg

Date: 12/20/2018

Insurance-Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report
September 1, 2018 to November 30, 2018

<u>Book</u> <u>Book Value at August 31, 2018</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, 2018</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Accrued Interest</u> <u>on CDs</u>
\$553,335.51	\$2,807.92	\$77.51			\$556,065.92			\$194.54
<u>Account Balances at Trustee/Depositories</u>								
					\$310,434.37	12/1/2018	2.19%	
					<u>\$245,631.55</u>	7/14/2019	1.98%	\$194.54
				Subtotal	\$556,065.92			

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: /s/ Jesse Saucillo

Date: 12/20/2018

Reviewed By: /s/ Stephanie Newberg

Date: 12/20/2018

Department of Banking Quarterly Investment Report
 September 1, 2018 to November 30, 2018

Seized Prepaid Funeral Funds	Book Value at August 31, 2018	Interest Income Received	Trustee Fees Paid	Other Deductions	Other Additions	Book Value at November 30, 2018	Financial Institution	Investment Type	Maturity Date	Interest Rate
Billy F. Peel and Austin Peel and Son Funeral Home, Inc.	\$3,849.13	\$0.35	\$0.00	\$0.00	\$0.00	\$3,849.48	Wells Fargo Bank	deposit in-transit to Texas Treasury Safekeeping	N/A	N/A
Total Seized Funds	\$3,849.13	\$0.35	\$0.00	\$0.00	\$0.00	\$3,849.48				

Notes:

On August 1, 2018, the Department issued Emergency Order to Cease and Desist Activity, and to Seize Records and Funds (Order) to Billy F. Peel, individually and as President of Austin Peel and Son Funeral Home, Inc. (Peel and Son). Order No. 2018-019 was issued as a result of Peel and Son violating Section 154.101 of the Texas Finance Code by selling PFCs without a permit. On November 6, 2018, the Department issued Consent Order No. 2018-032 requiring Billy F. Peel to pay restitution of \$524,780.38 and a penalty of \$520,000.00. Payment is due on or before February 15, 2019.

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

Prepared By: /s/ Jesse Saucillo
 Date: 12/20/2018

Reviewed By: /s/ Stephanie Newberg
 Date: 12/20/2018

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

OPERATING STATEMENT AND BUDGET ANALYSIS

For the Period Ended November 30, 2018

	FY 2018 EXPENDED	FY 2019 BUDGET	FY 2019 PERFORMANCE			
			YTD BUDGET	YTD EXPENDED*	(OVER)/UNDER BUDGET	PERCENT BUDGET
REVENUE:						
Annual Assessment	1,884,681	2,540,764	722,849	726,893	(4,044)	100.6%
Thrift Application Fees	26,900	20,000	5,000	8,100	(3,100)	162.0%
Licensing Fees	3,872,600	3,372,025	1,530,875	1,557,875	(27,000)	101.8%
Fines and Penalties	485,604	0	0	83,037	(83,037)	0.0%
Recovery Fund Offset	0	8,000	0	0	0	0.0%
Depository Interest	164,018	90,000	22,500	51,773	(29,273)	230.1%
Miscellaneous	1,917	3,000	100	66	34	0.0%
Judgements and Settlements	84,483	0	0	0	0	0.0%
TOTAL REVENUE	6,520,203	6,033,789	2,281,324	2,427,744	(146,420)	106.4%
EXPENDITURES:						
Salaries and Wages-						
Exempt	194,750	194,750	48,687	48,687	0	100.0%
Classified	3,918,338	3,868,872	894,056	886,209	7,847	99.1%
Other Personnel Costs	149,467	250,352	21,750	21,192	558	97.4%
	4,262,555	4,313,974	964,493	956,088	8,405	99.1%
Travel-						
In-State	199,369	220,000	55,250	54,019	1,231	97.8%
Out-of-State	69,631	69,000	10,750	6,106	4,644	56.8%
	269,000	289,000	66,000	60,125	5,875	91.1%
Other Expenditures-						
Professional Services/Fees	119,176	89,345	34,025	33,866	159	99.5%
Consumable Supplies	10,513	12,000	2,500	1,622	878	64.9%
Utilities	31,537	34,910	8,294	7,814	480	94.2%
Rent-Space & Equipment	7,038	6,000	2,275	2,145	130	94.3%
Other Operating Expenses	563,242	338,138	81,623	80,993	630	99.2%
	731,506	480,393	128,717	126,440	2,277	98.2%
Other Agency Costs						
Employee Benefits	1,274,041	1,321,883	301,686	295,910	5,776	98.1%
SWCAP Indirect Costs	20,299	21,000	0	0	0	0.0%
	1,294,340	1,342,883	301,686	295,910	5,776	98.1%
TOTAL EXPENDITURES	6,557,401	6,426,250	1,460,896	1,438,563	22,333	98.5%
EXPENDITURES (OVER)/ UNDER REVENUE	(37,198)	(392,461)	820,428	989,181	(168,753)	N/A

* Amounts include accruals and encumbrances.

Department of Savings and Mortgage Lending

Budget Variance Analysis as of November 30, 2018

Revenues:

Overall revenues are at 6.4% over budget.

Depository Interest – Revenues are over budget due to higher interest rates.

Fines and Penalties – No amount was budgeted.

Expenditures:

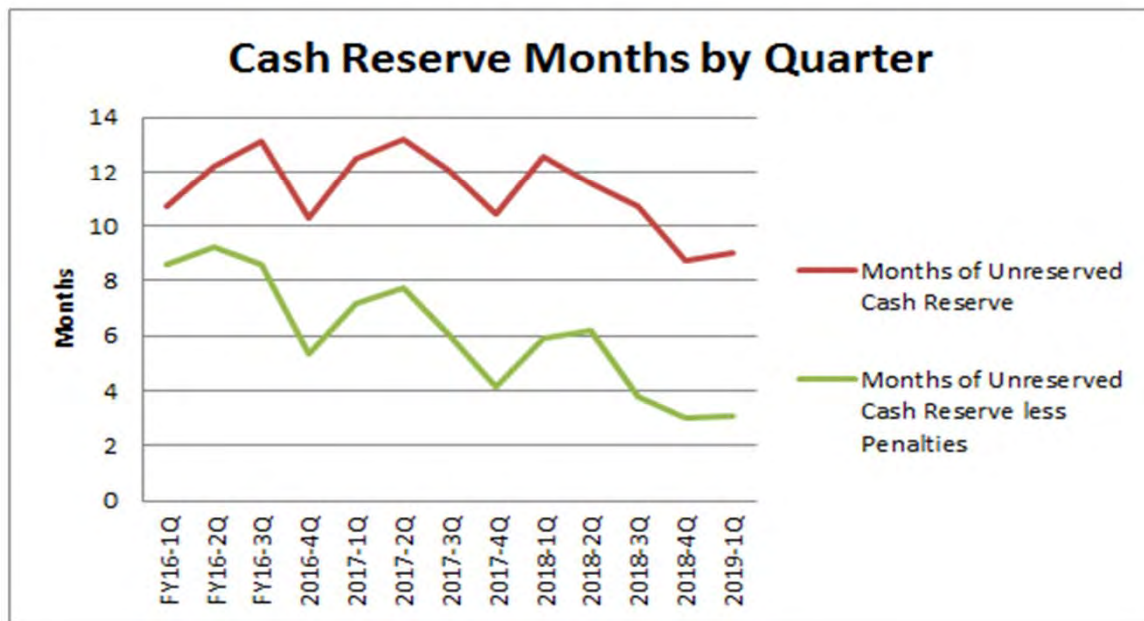
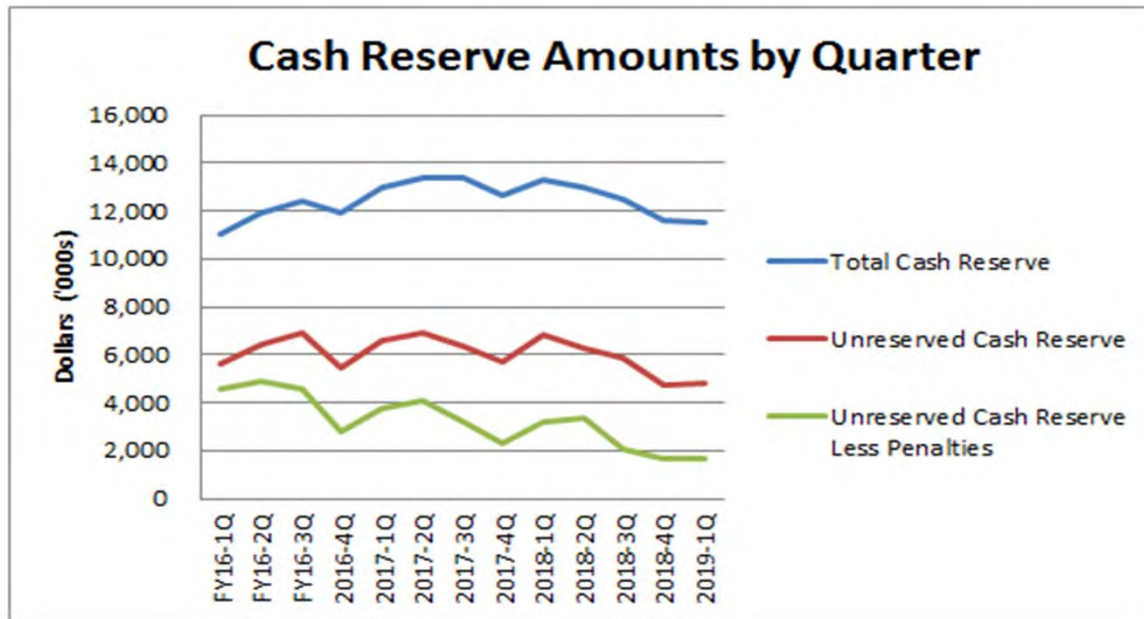
Overall expenditures are at 1.5% under budget.

Travel – This category is 8.9% under budget mostly due to less out-of-state travel expenses incurred.

Travel Breakdown 1 st Qtr FY19			
Category	In-State	Out-of-State	Total
Regulation and Supervision	\$52,485	\$1,418	\$53,903
Development and Training	1,389	3,178	4,567
Other Regulatory Activities		1,510	1,510
Non-Employee Travel	145		145
Total	\$54,019	\$6,106	\$60,125

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING LIQUIDITY REPORT <i>For the Quarter Ending November 30, 2018</i>	
	Actual
Cash at Beginning of Period	\$ 11,591,553
Revenues Over (Under) Expenditures CY	\$ 989,181
Revenues Over (Under) Expenditures PY	\$ (21,272)
Increase (Decrease) in Payables/Encumbrances	\$ (215,022)
(Increase) Decrease in Receivables	(58,183)
Contribution to TFEE	(750,000)
Cash at End of Period	\$ 11,536,257
Reserved Cash Balance:	
Bldg. maintenance/IT	\$ -
Long-term facilities planning	\$ 6,115,525
Payables (net of receivables)	\$ 435,184
Lump Sums for Retirements	\$ 142,663
Program Funds	\$ -
Other	\$ -
Total Reserved Cash Balance	\$ 6,693,372
Unreserved Cash Balance:	
Future Operations	\$ 4,842,885
Total Unreserved Cash Balance	\$ 4,842,885
Total Cash Balance	\$ 11,536,257
Unreserved Cash/FY2019 Monthly Budget	9 months

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING



OFFICE OF CONSUMER CREDIT COMMISSIONER
OPERATING STATEMENT & BUDGET ANALYSIS
For the Period Ended November 30, 2018

25.0%

	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2019 PERFORMANCE			
			YTD BUDGET	YTD ACTUAL	(OVER)/UND BUDGET	PERCENT BUDGET
REVENUES:						
Regulated Lenders	\$ 2,197,475	\$ 2,065,414	\$ 882,773	\$ 1,019,847	\$ (137,074)	115.5% (1)
Pawn Industry	986,540	1,006,835	26,547	32,404	(5,857)	122.1% (2)
MV Industry	3,717,789	4,227,965	306,156	227,709	78,447	74.4%
Credit Access Industry	1,188,900	1,213,200	759,207	487,775	271,432	64.2% (3)
Penalties / Late Fees	413,410	-	-	130,160	(130,160)	- (4)
Debt Management Services	47,120	45,140	3,933	2,040	1,893	51.9%
Debt Cancellation	43,000	42,707	11,173	10,500	673	-
RAL Assessment	134,025	122,100	3,553	4,825	(1,272)	135.8% (5)
Precious Metals	40,075	45,000	7,187	5,450	1,737	75.8%
Tax Liens	70,803	64,100	15,236	53,922	(38,686)	353.9% (6)
Sale of Publications	1,307	-	-	457	(457)	-
Creditor Registration	83,220	89,420	75,854	76,365	(511)	100.7%
Mortgage Loan Originators	88,125	70,600	31,425	9,300	22,125	29.6% (6)
Other Revenue	85,384	-	-	308	(308)	-
Investment / Interest Income	161,958	-	-	57,411	(57,411)	-
TOTAL REVENUES	\$ 9,259,131	\$ 8,992,481	\$ 2,123,043	\$ 2,118,473	\$ 4,570	99.8%
EXPENDITURES:						
Salaries and Wages-						
Base Pay	\$ 5,079,765	\$ 5,602,012	\$ 1,400,503	\$ 1,267,009	133,494	90.5%
Benefit Replacement Pay	6,247	6,162	1,540	770	770	50.0%
Longevity	75,700	84,680	21,170	18,860	2,310	89.1%
	\$ 5,161,712	\$ 5,692,854	\$ 1,423,213	\$ 1,286,639	\$ 136,574	90.4% (7)
Travel-						
Public Transportation, Lodging, Meals & Mileage	688,536	877,225	219,306	197,380	21,926	90.0%
	\$ 688,536	\$ 877,225	\$ 219,306	\$ 197,380	\$ 21,926	90.0% (8)
Other Expenditures-						
Professional Services & Fees	327,740	225,520	56,380	36,712	19,668	65.1% (9)
Consumable Supplies	18,110	22,000	5,500	3,543	1,957	64.4%
Postage & Freight	11,717	17,750	4,438	10,526	(6,089)	237.2%
Telephone & Communications	69,146	77,175	19,294	19,108	186	99.0%
Bldg. & Utilities	298,227	96,770	24,193	13,905	10,288	57.5% (10)
Publication / Printing & Reproduction	2,192	2,000	500	183	317	36.6%
Other Operating	354,961	366,725	91,681	105,325	(13,644)	114.9% (11)
	\$ 1,082,093	\$ 807,940	\$ 201,985	\$ 189,302	\$ 12,683	93.7%
Acquisition of Info Technology	\$ 127,117	\$ 100,630	\$ 25,158	\$ 27,493	\$ (2,336)	109.3%
Employee Benefits	1,858,812	2,108,309	527,077	455,886	71,191	86.5%
SWCAP Reimb to Unapp Gr 0001	32,902	35,000	8,750	-	8,750	0.0%
SORM Assessment	6,230	6,500	1,625	5,144	(3,519)	316.6%
Unemployment Benefits	6,925	10,000	2,500	-	2,500	0.0%
	\$ 2,031,986	\$ 2,260,439	\$ 565,110	\$ 488,523	\$ 76,587	86.4%
TOTAL EXPENDITURES:	\$ 8,964,327	\$ 9,638,458	\$ 2,409,614	\$ 2,161,844	\$ 247,770	89.7%
EXPENDITURES (OVER) / UNDER REVENUE	\$ 294,804	\$ (645,977)	\$ (286,572)	\$ (43,371)	\$ (243,201)	

Office of Consumer Credit Commissioner

Overview of Budget Variances for 1st Quarter FY 2019

Revenues- 99.8% of budget

- 1.) Regulated Lenders is over budget in the 1st quarter due to the timing of the renewal period occurring between 1st and 2nd quarters.
- 2.) Pawn is over budget due to more applications being received. There appears to be a change in the industry that has caused this shift.
- 3.) Credit Access Business is under budget due to timing of the renewal period which carries over into the 2nd quarter.
- 4.) Penalties/Late Fees are comprised of approximately 3.2% penalties and 96.8% late filing fees.
- 5.) RAL Assessment is above budget because there was an increase in applications submitted during the 1st quarter.
- 6.) Tax Lien and MLO (over)/under budget are offsets of each other due to a misclassification that will be corrected in 2nd quarter. This correction will put the revenues in line with their 1st quarter projected budgeted amounts.

Expenditures- 89.7% of budget

- 7.) Salaries and Wages expenditures are 90.4% of the projected budget. The variance is primarily due to vacant positions. The agency is in the process of trying to fill these positions.
- 8.) Travel expenditures are at 90% of the projected budget. Employee vacancies within the Exam department has contributed to this variance. Development and training includes costs associated with the annual examiner meeting, which provides employees with updates regarding changes in regulation, statutes, & agency policies.

	Regulatory Supervision	Development & Training	Other Reg Activities	Non-Employee
In-State	\$146,619	\$50,533	-	\$228
Out-State	-	-	-	-

- 9.) Professional Fee expenditures are below budget due to deferring of ALECS enhancements to the second and third quarters.
- 10.) Building and utilities are under budget due to deferred maintenance. In addition, some utility invoices for 1st quarter were not received until 2nd quarter.
- 11.) Other Operating is over budget due to the delay by the vendor in the receipt of some modular furniture modifications for the legal and human resource departments that were planned for FY 18.

	Actual
Cash at Beginning of Period	\$ 12,747,006.69
Revenues Over (Under) Expenditures CY	(43,026.00)
Increase (Decrease) in Payables	192,900.64
(Increase) Decrease in Receivables	<u>(686,090.73)</u>
Cash at End of Period	<u><u>\$ 12,210,790.60</u></u>
Restricted Cash Balance	
Payroll and Payroll Related Payables	\$ 866,516.36
Reserve for Building	<u>6,114,365.01</u>
Total Restricted Cash Balance	<u><u>\$ 6,980,881.37</u></u>
Assigned Cash Balance	
Retirement	254,736.69
Future Operations	<u>4,975,172.54</u>
Total Assigned Cash Balance	<u><u>\$ 5,229,909.23</u></u>
Total Restricted and Assigned Cash Balance	\$ 12,210,790.60
Assigned Cash Balance - Future Operations / FY 2019	
Monthly Budget	6.19

**Texas Department of Banking
Operating Statement and Budget Analysis
For Period Ending November 2018**

	FY 2018 ACTUAL	FY 2019 BUDGET	QUARTER PERFORMANCE				FY 2019 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	\$23,033,007.34	\$25,299,546.49	\$6,825,252.00	\$6,997,440.89	(\$172,188.89)	102.5%	\$6,825,252.00	\$6,997,440.89	(\$172,188.89)	102.5%
Nonbank Regulation	3,249,957.84	3,384,232.34	1,918,145.50	2,654,651.36	(736,505.86)	138.4%	1,918,145.50	2,654,651.36	(736,505.86)	138.4%
Miscellaneous Revenues	197,408.31	184,400.00	46,100.00	73,627.55	(27,527.55)	159.7%	46,100.00	73,627.55	(27,527.55)	159.7%
TOTAL REVENUES:	\$26,480,373.49	\$28,868,178.83	\$8,789,497.50	\$9,725,719.80	(\$936,222.30)	110.7%	\$8,789,497.50	\$9,725,719.80	(\$936,222.30)	110.7%
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	16,226,308.54	17,955,800.63	4,192,364.41	4,096,060.29	96,304.12	97.7%	4,192,364.41	4,096,060.29	96,304.12	97.7%
Other Personnel Costs	533,541.90	580,050.46	56,797.62	57,360.98	(563.36)	101.0%	56,797.62	57,360.98	(563.36)	101.0%
	\$16,994,575.44	\$18,770,576.09	\$4,307,843.28	\$4,212,102.52	\$95,740.76	97.8%	\$4,307,843.28	\$4,212,102.52	\$95,740.76	97.8%
Travel										
In-State	\$1,280,268.95	\$1,511,051.97	\$331,549.77	\$264,215.57	\$67,334.20	79.7%	\$331,549.77	\$264,215.57	\$67,334.20	79.7%
Out-of-State	588,476.17	695,637.00	193,285.00	198,082.14	(4,797.14)	102.5%	193,285.00	198,082.14	(4,797.14)	102.5%
	\$1,868,745.12	\$2,206,688.97	\$524,834.77	\$462,297.71	\$62,537.06	88.1%	\$524,834.77	\$462,297.71	\$62,537.06	88.1%
Other Expenditures										
Professional Fees & Services	\$349,935.45	\$462,440.00	\$23,222.12	\$66,325.69	(\$43,103.57)	285.6%	\$23,222.12	\$66,325.69	(\$43,103.57)	285.6%
Postage	8,030.39	9,799.00	1,540.00	961.45	578.55	62.4%	1,540.00	\$961.45	578.55	62.4%
Consumable Supplies	294,155.08	115,180.00	30,579.99	30,786.50	(206.51)	100.7%	30,579.99	\$31,686.49	(1,106.50)	103.6%
Telephone	267,091.79	334,514.28	77,430.57	66,060.80	11,369.77	85.3%	77,430.57	\$66,060.80	11,369.77	85.3%
Utilities	43,465.07	45,481.00	18,110.44	18,260.07	(149.63)	100.8%	18,110.44	\$18,260.07	(149.63)	100.8%
Rent - Buildings	392,638.80	415,455.44	127,635.48	127,349.11	286.37	99.8%	127,635.48	\$127,349.11	286.37	99.8%
Rent - Machinery & Other	35,949.31	35,728.00	6,332.00	6,349.55	(17.55)	100.3%	6,332.00	\$6,349.55	(17.55)	100.3%
Other Operating	799,435.02	372,940.24	107,631.00	113,113.82	(5,482.82)	105.1%	107,631.00	\$112,213.83	(4,582.83)	104.3%
Subscriptions	13,852.17	20,689.84	4,907.46	3,689.70	1,217.76	75.2%	4,907.46	\$3,689.70	1,217.76	75.2%
Employee Training / Reg. Fees	219,002.51	275,964.00	54,409.85	53,112.94	1,296.91	97.6%	54,409.85	\$53,112.94	1,296.91	97.6%
Claims/SORM Assessment	33,881.13	22,630.00	17,098.00	13,345.54	3,752.46	78.1%	17,098.00	\$13,345.54	3,752.46	78.1%
Capital / Other IT Expenditures	45,168.92	59,000.00	25,000.00	24,884.32	115.68	99.5%	25,000.00	24,884.32	115.68	99.5%
	\$2,502,605.64	\$2,169,821.80	\$493,896.91	\$524,239.49	(\$30,342.58)	106.1%	\$493,896.91	\$524,239.49	(\$30,342.58)	106.1%
Total Expenditures before Benefits	\$21,365,926.20	\$23,147,086.86	\$5,326,574.96	\$5,198,639.72	\$127,935.24	97.6%	\$5,326,574.96	\$5,198,639.72	\$127,935.24	97.6%
Employee Benefits (Less BRP)	\$4,805,392.70	\$5,395,952.84	\$1,236,351.02	\$1,185,742.64	\$50,608.38	95.9%	\$1,236,351.02	\$1,185,742.64	\$50,608.38	95.9%
Payroll Hlth. Care/Retirement Cont.	237,902.15	270,139.13	\$63,765.68	\$60,425.35	\$3,340.33	94.8%	\$63,765.68	\$60,425.35	\$3,340.33	94.8%
SWCAP	\$50,548.00	\$55,000.00	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00	0.0%
TOTAL EXPENDITURES:	\$26,459,769.05	\$28,868,178.83	\$6,626,691.66	\$6,444,807.71	\$181,883.95	97.3%	\$6,626,691.66	\$6,444,807.71	\$181,883.95	97.3%
EXPENDITURES (OVER) / UNDER REVENUE:	\$20,604.44	\$0.00	\$2,162,805.84	\$3,280,912.09	(\$1,118,106.25)		\$2,162,805.84	\$3,280,912.09	(\$1,118,106.25)	

Texas Department of Banking

Overview of Budget Variances for the First Quarter of Fiscal Year 2019 – (Variances in excess of \$1,000 and 5% from budget are reported).

Nonbank Regulation – Actual revenues were in excess of budget due to unanticipated penalties from unlicensed money service businesses. The next assessment will be adjusted to offset this overage.

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

Travel Breakdown

	In-State Travel	Out-of-State Travel
Regulatory Supervision	\$249,464.00	\$124,235.35
Development and Training	\$12,188.45	\$70,154.48
Other Regulatory Activities	\$1,510.42	\$3,692.31
Non-Employee	\$1,052.70	\$0.00
Total	\$264,215.57	\$198,082.14

In-State Travel – The positive variance is due to: (1) vacant examiner positions; (2) Bank and Trust and Special Audits procedures performed off-site; (3) examinations that did not occur; and (4) regulatory meetings that were not attended.

Professional Fees and Services – The negative variance relates to a contract IT programmer that was budgeted as a full-time employee. We were unable to hire a qualified employee from our external posting and opted to use a contract programmer.

Telephone – The positive variance is due to budgeted regional offices voice over IP phone migration and related network upgrades that did not occur in the first quarter.

Other Operating – The negative variance is due to an unbudgeted purchase of cyber security insurance and expenditures related to the three-agency shared imaging system for which the Department will be reimbursed in the second quarter from the Office of Consumer Credit Commissioner and the Department of Savings and Mortgage Lending.

Subscriptions – The positive variance is due to lower than anticipated subscription renewal fees.

Claims/SORM Assessment – The positive variance relates to an unanticipated reimbursement by the Texas Workforce Commission for a previous unemployment claim payment.

Payroll Health Insurance/Retirement Contribution – The positive variance is due to staff vacancies and the budgeted amount being based on the additional state contribution of 1% and 0.5% to health care and retirement respectively for all employees. However, the 1% healthcare contribution is not calculated for new employees until after 60 days of their employment. In addition, the 0.5% calculation does not include return to work retirees.

TEXAS DEPARTMENT OF BANKING
Liquidity Report
For the Quarter Ending November 30, 2018

	Actual
Cash at Beginning of Period	\$ 14,742,684
Revenues Over (Under) Expenditures	\$ 3,280,912
Increase (Decrease) in Payables/Encumbrances	\$ (382,817)
(Increase) Decrease in Receivables	\$ 59,997
Cash at End of Period	<u>\$ 17,700,775</u>

Reserved Cash Balance:	
Bldg. maintenance/IT	\$ -
Long-term facilities planning	\$ 6,104,656
Payables (net of receivables)	\$ 1,883,560
Lump Sums for Retirements	\$ 665,552
Program Funds	\$ -
Other	\$ -
Total Reserved Cash Balance	<u>\$ 8,653,768</u>
Unreserved Cash Balance:	
Future Operations	\$ 9,047,007
Total Unreserved Cash Balance	<u>\$ 9,047,007</u>
Total Cash Balance	<u>\$ 17,700,775</u>
Unreserved Cash/FY2019 Monthly Budget	3.79 months



TEXAS FINANCIAL EDUCATION ENDOWMENT

TFEE Report – January 31, 2019

Juan V. Garcia, Program Director

Grant activities for the second reporting period of the 2018-19 (3rd) grant cycle ended on December 31, 2018. Grant program progress and expense reports were due on January 31st, 2019. The Grant Coordinator will review the expense reports for accuracy and prepare a summary of program progress for the Finance Commission Meeting in April.

Additionally, the Grant Coordinator prepared a timeline for the 2020-21 TFEE Grant Cycle.



TEXAS FINANCIAL EDUCATION ENDOWMENT 2020-21 GRANT CYCLE TIMELINE

MAY, 2019	JUNE, 2019	AUGUST, 2019
Meeting #1- May 17, 2019 <ul style="list-style-type: none"> To discuss/review 2018-19 Application Process and review TFEE Cycle 2020-21 Forms Grant Advisory Committee (GAC) <ul style="list-style-type: none"> Will review TFEE Cycle 2020-21 Forms dispersed at Meeting #1 Grant Coordinator (GC) <ul style="list-style-type: none"> Will provide GAC with Meeting #1 materials 	GAC <ul style="list-style-type: none"> TFEE Cycle 2020-21 Forms review comments due to GC by Monday, June 3, 2019 GC <ul style="list-style-type: none"> Final 2020-21 Grant Cycle documents submitted for FC approval at August 21st FC meeting Will finalize & publish changes to TFEE website 	GC <ul style="list-style-type: none"> Application Submission begins on 8/20 Will provide funding recommendation to August 21 FC meeting
SEPTEMBER, 2019	OCTOBER, 2019	NOVEMBER, 2019
(Application submission deadline 9/20) GAC <ul style="list-style-type: none"> Eligibility & Conflict of Interest (COI) Forms due to GC between 9/24-9/26 GC <ul style="list-style-type: none"> Will provide GAC with Meeting #2 materials & application process details 	Meeting #2 – October 17, 2019 <ul style="list-style-type: none"> To discuss recipients applications, recommendations, and awards GAC <ul style="list-style-type: none"> Individual application review and scoring (9/30 - 10/13) Final Applicant scores due to GC by Monday, October 14, 2019 GC <ul style="list-style-type: none"> Will facilitate GAC meeting Will present GAC grantee recommendations during FC October 18th meeting 	GC <ul style="list-style-type: none"> Will make award announcements & press release & finalize contracts
DECEMBER		
GC <ul style="list-style-type: none"> Will provide a New Grantee Orientation webinar 		

January 2020 – Grant Cycle and Program activities begin