

FINANCE COMMISSION OF TEXAS AUDIT COMMITTEE MEETING

Friday, October 18, 2019

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. 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 August 15, 2019, Audit Committee Meeting
- B. Review of Agencies' Activities
 - 1. Texas Department of Banking
 - 2. Department of Savings and Mortgage Lending
 - 3. Office of Consumer Credit Commissioner
- C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' August 31, 2019 Investment Officer Reports
 - 1. Texas Department of Banking
 - 2. Department of Savings and Mortgage Lending
 - 3. Office of Consumer Credit Commissioner
- D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2019 Fourth Quarter Financial Statements
 - 1. Texas Department of Banking
 - 2. Department of Savings and Mortgage Lending
 - 3. Office of Consumer Credit Commissioner
- E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Selection of an Internal Auditor for the Finance Commission Agencies for Fiscal Year 2020
- F. 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 Thursday, August 15, 2019

The Audit Committee of the Finance Commission of Texas convened at 9:30 a.m. on August 15, 2019 with the following members present:

Audit Committee Members in Attendance:

Molly Curl, Chair

Lori McCool

Phillip Holt (attending on behalf of Hector Cerna)

Molly Curl announced there was a quorum of the Audit Committee of the Finance Commission of Texas with three members present. (:09 on audio file)

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Review and Approval of the Minutes of the June 21, 2019 Audit Committee Meeting	Lori McCool made a motion to Approve the Minutes of the June 21, 2019 Audit Committee Meeting. Phillip Holt seconded, and the motion passed.	:48 start of discussion 1:02 vote
B. General Public Comment	No Action Required.	:28 start of discussion
C. Review of Agencies' Activities 1. Department of Savings and Mortgage Lending 2. Office of Consumer Credit Commissioner 3. Texas Department of Banking	No Action Required.	1:42 start of discussion
D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2019 Third Quarter Investment Officer Reports 1. Department of Savings and Mortgage Lending 2. Office of Consumer Credit Commissioner 3. Texas Department of Banking	Lori McCool made a motion to Recommend that the Finance Commission Approve the Agencies' 2019 Third Quarter Investment Officer Reports. Phillip Holt seconded, and the motion passed.	4:29 start of discussion 11:29 vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Re-adoption of the Investment Policies for:</p> <ol style="list-style-type: none"> 1. Department of Savings and Mortgage Lending 2. Office of Consumer Credit Commissioner 3. Texas Department of Banking 	<p>Lori McCool made a motion to Recommend that the Finance Commission Approve the Re-adoption of the Investment Policies for the Agencies' with the addition in the Department of Banking's Investment Policy that Jesse Saucillo will serve as the primary Investment Officer and the secondary Investment Officer will go through the training when selected. Phillip Holt seconded, and the motion passed.</p>	<p>11:55 start of discussion</p> <p>20:40 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 Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell & Jones LLP</p>	<p>Lori McCool made a motion to Recommend that the Department of Savings and Mortgage Lending's Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell & Jones LLP. Phillip Holt seconded, and the motion passed.</p>	<p>21:08 start of discussion</p> <p>23:03 vote</p>
<p>G. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's 2019 Annual Internal Audit Report as Prepared and Presented by McConnell & Jones LLP</p>	<p>Lori McCool made a motion to Recommend that the Finance Commission Approve the Department of Savings and Mortgage Lending's 2019 Annual Internal Audit Report as Prepared and Presented by McConnell & Jones LLP. Phillip Holt seconded, and the motion passed.</p>	<p>23:26 start of discussion</p> <p>25:35 vote</p>
<p>H. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of Consumer Credit Commissioner's Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell & Jones LLP</p>	<p>Lori McCool made a motion to Recommend that the Finance Commission Approve the Office of Consumer Credit Commissioner's Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell & Jones LLP. Phillip Holt seconded, and the motion passed.</p>	<p>26:28 start of discussion</p> <p>29:00 vote</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
I. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of Consumer Credit Commissioner's 2019 Annual Internal Audit Report as Prepared and Presented by McConnell & Jones LLP	Lori McCool made a motion to Recommend that the Finance Commission Approve the Office of Consumer Credit Commissioner's 2019 Annual Internal Audit Report as Prepared and Presented by McConnell & Jones LLP. Phillip Holt seconded, and the motion passed.	30:31 start of discussion 31:46 vote
J. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking's Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell & Jones LLP	Lori McCool made a motion to Recommend that the Finance Commission Approve the Texas Department of Banking's Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell & Jones LLP. Phillip Holt seconded, and the motion passed.	32:14 start of discussion 36:04 vote
K. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking's Fines, Penalties and Restitution Audit Report as Prepared and Presented by McConnell & Jones LLP	Lori McCool made a motion to Recommend that the Finance Commission Approve the Texas Department of Banking's Fines, Penalties and Restitution Audit Report as Prepared and Presented by McConnell & Jones LLP. Phillip Holt seconded, and the motion passed.	36:24 start of discussion 38:52 vote
L. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking's 2019 Annual Internal Audit Report as Prepared and Presented by McConnell & Jones LLP	Lori McCool made a motion to Recommend that the Finance Commission Approve the Texas Department of Banking's 2019 Annual Internal Audit Report as Prepared and Presented by McConnell & Jones LLP. Phillip Holt seconded, and the motion passed.	39:16 start of discussion 41:16 vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
M. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2019 Third Quarter Financial Statements	Lori McCool made a motion to Recommend that the Finance Commission Approve the Agencies' 2019 Third Quarter Financial Statements. Phillip Holt seconded, and the motion passed.	41:44 start of discussion 48:06 vote
N. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2020 Operating Budgets	Public Comment was made by Steve Scurlock on behalf of the Independent Bankers Association of Texas (IBAT). Lori McCool made a motion to Recommend that the Finance Commission Approve the Agencies' Fiscal Year 2020 Operating Budgets. Phillip Holt seconded, and the motion passed.	48:28 start of discussion 1:13:23 vote
O. Report on Activities Relating to the Texas Financial Education Endowment Fund	No Action Required.	1:13:41 start of discussion
P. 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	Lori McCool 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. Phillip Holt seconded, and the motion passed.	1:15:53 start of discussion 1:17:09 vote
Q. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Internal Auditor Function for the Finance Commission Agencies for Fiscal Year 2020	Lori McCool made a motion to Recommend that the Finance Commission issue a Request for Proposal to select an Internal Auditor for the Finance Commission Agencies for Fiscal Year 2020. Phillip Holt seconded, and the motion passed.	1:17:34 start of discussion 1:18:22 vote

Audit Committee Meeting

August 15, 2019

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There being no further business of the Audit Committee of the Finance Commission of Texas, Molly Curl adjourned the meeting at 10:48 a.m. *(1:18:45 on the audio file)*.

Molly Curl, Audit Committee Chair
Finance Commission of Texas

Charles G. Cooper, Executive Director
Finance Commission of Texas

Brenda Medina, Executive Assistant
Finance Commission of Texas

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Texas Department of Banking
Outstanding Audit Findings/Recommendations Report as of October 7, 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>	Completed – The Department drafted new rules for handling complaints to align with the Sunset Advisory Commission’s Licensing and Regulation Model guidelines. The new rules, 7 TAC, Part 2, Chapter 11, §§11.10, 11.11 and 11.12, were presented at the June 21, 2019 Finance Commission of Texas meeting, amended at the August 16, 2019, and became effective on September 8, 2019.		
Auditor	<i>McConnell & Jones LLP</i>	Audit Report Date	<i>August 2019</i>
Audit Area	<i>IT Change Management Program</i>		
Findings	Status Update		
<i>Implement change management framework</i>	On-going – A new software program, Jira, has been implemented that provides the framework for the agency’s change management system. The change management policy has been updated but is awaiting final review and approval. The approval will be completed by November 2019.		
<i>Develop formal risk assessment process</i>	On-going – A risk rating system has been developed. The policy has been updated but is awaiting final review and approval. The approval will be completed by November 2019.		
<i>Update the written change management process policy and procedures</i>	On-going – The policy has been updated but is awaiting final review and approval. The approval will be completed by November 2019.		
<i>Develop process to review software application updates and changes</i>	Completed – The agency has implemented a new versioning system and update all applications.		
<i>Develop formal segregation of duties process</i>	On-going – The agency has implemented a process to review code changes prior to implementation based on risk. The policy to reflect this process has been updated but is awaiting final review and approval. The approval will be completed by November 2019.		

Department of Savings and Mortgage Lending
Audit Activity Report as of September 30, 2019

Auditor	Sunset Commission	Audit Report Date
Audit Area	Sunset Review	4/29/2018
Recommendation	Status Update	
Develop updated complaint process in rule.	<i>Completed.</i> Rules were adopted at the August 19, 2019, Finance Commission meeting.	

Office of Consumer Credit Commissioner
Status of Agency Activities and Outstanding Audit Findings and Recommendations
as of October, 2019

Auditor		Audit Report Date	
McConnell & Jones		July 2019	
Audit Area		Information Technology Change Management Program	
<i>Recommendation</i>	<i>Response</i>	<i>Status Update</i>	<i>Implementation Date</i>
Develop and process to ensure action plans are created for all IT builds and changes (1.1)	The OCCC created and implemented the use of change management forms that satisfy these requirements. The OCCC intends to re-evaluate its use of these tools after six months.	Complete	July 2019
Create an IT change request form including relevant information about a change (1.2)			
Document IT change date in change request form (1.3)			
Document and maintain IT change implementation dates with test results (1.4)			
Document approval of IT changes prior to starting work (1.5)			
Implement process to capture, record and retain information on total hours expended to implement each change (1.6)	The OCCC may use a register to collect all hours expended, including the PMP Lite Gantt chart or, when appropriate, use a simplified schedule.	Complete	July 2019
Develop a formal risk assessment process for IT changes with a defined risk tolerance divided into high, medium and low categories (2)	The OCCC developed and implemented a more formal risk and impact process. The OCCC intends to re-evaluate its use of the risk and impact process after six months.	Complete	July 2019
Consider the implementation of formal segregation of duties to ensure all IT changes are reviewed prior to implementation (3)	The OCCC recognizes the need to review changes prior to implementation, but is limited in its ability to segregate duties due to the size of its IT department. The OCCC mitigates this risk through extensive testing of changes by other departmental staff.	Complete	July 2019

Auditor			Texas Workforce Commission	Audit Report Date
Audit Area			EEOC Compliance	June 2019
<i>Recommendation</i>	<i>Response</i>	<i>Status Update</i>	<i>Implementation Date</i>	
Update policies to meet best practice standards	The OCCC evaluated its employee policies and procedures manual and updated its Equal Employment Opportunity, Workplace Accommodation, Performance Review, and Disciplinary Action policies. An updated manual was published September 23, 2019.	Complete	10/1/2019	
Auditor			Garza/Gonzales	Audit Report Date
Audit Area			Property Tax Lender Examinations	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.	Complete	09/27/2019	
Auditor			Sunset Review	Audit Report Date
Audit Area			Management Action for OCCC	September 2018
<i>Recommendation</i>	<i>Response</i>	<i>Status Update</i>	<i>Implementation Date</i>	
Evaluate and update agency key performance measures (2.2)	The OCCC is evaluating its key performance measures and working towards updated measures. These measures were implemented September 1, 2019.	Complete	9/1/2019	
Develop an updated complaint process in rule (5.11)	The OCCC's legal team is working with the consumer assistance department to develop rules that accurately reflect its processes and implement the statutory requirements for complaint processing. Rules were adopted by September 1, 2019.	Complete	9/1/2019	

Future Items			
Entity	Activity	Status	Date
State Office of Risk Management	Risk Management Program Review	Pending	Spring 2020

Department of Banking Quarterly Investment Report
June 1, 2019 to August 31, 2019

Seized Prepaid Funeral Funds	Book Value at May 31, 2019	Interest Income Received	Trustee Fees Paid	Other Deductions	Other Additions	Book Value at August 31, 2019	Financial Institution	Investment Type	Maturity Date	Interest Rate
Hernandez Funeral Home, Inc.	\$97,000.06	\$3.19	\$0.00	\$97,003.25	\$0.00	\$0.00	Funds were transferred from Capital One Bank, N.A. to Texas Treasury Safekeeping in June 2019		N/A	N/A
Total Seized Funds	\$97,000.06	\$3.19	\$0.00	\$97,003.25	\$0.00	\$0.00				

Notes:

On April 30, 2019, the Department issued Emergency Order to Cease and Desist Activity, and to Seize Prepaid Funeral Accounts and Records No. 2019-015 to Hernandez Funeral Home, Inc. and Maria De La Luz Hernandez as a result of the permit holder misappropriating, converting, illegally withholding or failing to pay prepaid funeral funds.

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

/s/ Jesse Saucillo Date: 9/11/19
Investment Officer

/s/ Sami Chadli Date: 9/13/19
Investment Officer

Trust Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report
June 1, 2019 to August 31, 2019

Book Value at	Book May 31, 2019	Interest Income Received	Trustee Fees Paid	(1) Other Deductions	(2) Other Additions	Book/Market Value at August 31, 2019	Maturity Date	Interest Rate	Accrued Interest on CDs
	\$1,354,776.33	\$8,444.67	\$137.52	\$33,884.46	\$106,830.37	\$1,436,029.39	--	--	\$2,227.13

Trust Account Balances at Trustee/Depositories

Texas Treasury Safekeeping Trust Company *	\$707,599.81	9/1/2019	2.094%	
Veritex Community Bank, Dallas, Texas (CD)	\$243,903.89	12/14/2019	2.47%	\$1,254.40
State Bank of Texas, Dallas, Texas (CD)	\$240,000.00	12/16/2019	2.60%	\$256.44
Frontier Bank of Texas, Elgin, Texas (CD)	\$244,525.69	4/18/2020	2.43%	\$716.29
Subtotal	\$1,436,029.39			

(1) Other deductions include: (a) \$900.00 payment to Central Texas Heritage Holdings related to a PFC they honored. Payment made from restitution received from Mr. Timothy Gaffney related to the sale of unlicensed PFCs; (b) \$5,400.00 Guaranty Fund claim regarding a PFC not previously reported to the Department that was sold by Tom G. Walker Funeral Home, who previously held PFC Permit Number 574; (c) \$10,329.37 restitution to consumers and \$4,944.97 escheated to the Comptroller's Office as abandoned property related to Howell-Doran Funeral Home; (d) \$6,968.00 refund to Austin Peel & Son regarding five previously serviced PFCs, one duplicate PFC payment, and three PFCs due additional funds; (e) \$3,369.42 escheated to the Comptroller's Office as abandoned property for restitution checks related to El Paso Mission Funeral Home; (f) \$33.97 escheated to the Comptroller's Office as abandoned property for restitution checks related to Howell-Doran Funeral Home; and (g) \$1,938.73 escheated to the Comptroller's Office as abandoned property for a restitution check related to Heartfield-Ritter Funeral Home.

(2) Other additions include: (a) \$1,000.00 restitution received from Mr. Kevin Keeney; (b) \$300.00 restitution received from Mr. Marc Gonzalez; (c) \$1,215.00 restitution returned from consumer related to a PFC previously serviced by Austin Peel & Son; (d) \$500.00 restitution received from Roy and Kay Bryant dba Amarillo Family Funeral Home and Best Priced Caskets and Monuments; (e) \$97,003.25 for the seizure of funds from Hernandez Funeral Home relating to Order No. 2019-015; (f) \$1,470.00 in PFC payments from consumers regarding Hernandez Funeral Home; (g) \$3,369.42 stop payment of restitution checks issued to individuals related to El Paso Mission Funeral Home that were not negotiated by consumers; (h) \$33.97 stop payment of restitution checks issued to individuals related to Howell-Doran Funeral Home that were not negotiated by consumers; and (i) \$1,938.73 stop payment of a restitution check issued to an individual related to Heartfield-Ritter Funeral Home that was not negotiated by consumer.

* 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.

/s/ Jesse Saucillo Date: 9/11/19
Investment Officer

/s/ Sami Chadli Date: 9/13/19
Investment Officer

Insurance-Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report
June 1, 2019 to August 31, 2019

<u>Book Value at</u>	<u>Book</u> <u>May 31, 2019</u>	<u>Interest Income</u> <u>Received</u>	<u>Trustee</u> <u>Fees Paid</u>	<u>Other</u> <u>Deductions</u>	(1) <u>Other</u> <u>Additions</u>	<u>Book/Market</u> <u>Value at August 31, 2019</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Accrued Interest</u> <u>on CDs</u>
	\$634,325.05	\$3,460.02	\$89.78	\$0.00	\$0.00	\$637,695.29			\$255.12

Account Balances at Trustee/Depositories

Texas Treasury Safekeeping Trust Company *	\$392,063.74	9/1/2019	2.094%	
AccessBank, Denton, Texas (CD)	<u>\$245,631.55</u>	7/14/2020	2.23%	\$255.12
Subtotal	\$637,695.29			

* 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.

/s/ Jesse Saucillo Date: 9/11/19
Investment Officer

/s/ Sami Chadli Date: 9/13/19
Investment Officer

TEXAS  STATE[®]

DISTANCE AND
EXTENDED LEARNING

CERTIFICATE OF COMPLETION

8 Hours
Awarded To
Sami Chadli

For the satisfactory completion of organized instruction in:

Public Funds Investment Act Training

Awarded by Texas State University's Office of Distance & Extended Learning



August 23, 2019

Completed

Department of Savings and Mortgage Lending

Investment Officer Report as of August 31, 2019

Recovery Fund

	Beginning Balance 6/1/2019	Additions/ Reductions	Interest Received	Bank Fees	Ending Balance 8/31/2019
Cash & Cash Equivalents	\$4,189,047.13	\$20,940.00	\$18,572.87	(\$193.93)	\$4,228,366.07

Bank Name	Type	Maturity Date	Interest Rate	Book/Market Value	Accrued Interest
Tx Treasury Safekeeping Trust Co	Overnight Repurchase Agreements	9/1/2019	2.09%	\$1,988,126.48	\$228.08
Austin Capital SSB	CD - 24 months	9/8/2019	1.20%	\$250,000.00	2,975.00
Cypress Bank SSB	CD - 24 months	10/2/2019	1.10%	\$250,000.00	5,331.94
First Fed Community Bank, SSB	CD - 24 months	12/13/2019	0.95%	\$248,446.16	3,986.18
Spirit of Texas, SSB	CD - 24 months	12/15/2019	1.35%	\$250,000.00	5,850.00
Third Coast Bank SSB	CD - 24 months	2/4/2020	0.70%	\$250,000.00	1,006.25
South Star Bank SSB	CD - 24 months	4/17/2020	1.05%	\$250,000.00	328.13
Dalhart Federal Savings	CD - 24 months	10/18/2020	2.50%	\$250,000.00	5,503.47
Horizon Bank SSB	CD - 24 months	1/31/2021	2.27%	\$250,000.00	488.68
TBK Bank	CD - 24 months	4/7/2021	3.00%	\$241,793.43	1,108.22
				<u>\$4,228,366.07</u>	<u>\$26,805.95</u>

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: 9/17/2019

Date: 9/17/2019

**Office of Consumer Credit Commissioner
Fiscal Year 2019 - 4th Quarter**

Residential Mortgage Loan Originator Recovery Trust Fund #3008					
<u>Beginning Balance at 06/01/19</u>	<u>Additions / *(Deductions)</u>	<u>Interest Paid</u>	<u>Paid Bank Fees</u>	<u>Ending Balance at 08/31/19</u>	<u>Current Interest Rate</u>
\$ 153,790.32	\$ 1,375.00	\$ 868.85	\$ (45.49)	\$ 155,988.68	2.094%

Investment Officer: /s/ Christina Cuellar Hoke

Date: 10/04/19

Reviewed By: /s/ Leslie Pettijohn

Date: 10/04/19

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 - 4th Quarter

Texas Financial Education Endowment Fund #3071								
	Beginning Balance at 6/01/19	Additions	Interest Paid	Transfers	Grant Disbursements	Paid Bank Fees	Ending Balance at 08/31/19	Current Interest Rate
Cash	\$ 1,262,963.28	\$ 754,396.55	\$ 7,293.10	\$ -	\$ (2,496.65)	\$ (2,753.80)	\$ 2,019,402.48	2.094%
Invested Portfolio	Beginning Balance at 06/01/19	Additions	*Change in Value	Transfers	Transfer Out	Paid Fees	Ending Balance at 08/31/19	
Investments - STIF	\$ 1,874,327.17	\$ 15,430.08	\$ (11,461.76)	\$ -		\$ (4,460.32)	\$ 1,873,835.17	
Interest & Dividends Receivable	4,133.25		(368.42)				3,764.83	
Trade Receivables	-		-				-	
Investments - Equities	10,180.04		396.35				10,576.39	
Investments - Alternatives	3,492,903.85		60,683.97				3,553,587.82	
Investments - Fixed Income	404,491.71		8,792.11				413,283.82	
Investments - Futures	-		-				-	
Investments - SWAPS, at Fair Value	5,218.89		4,760.73				9,979.62	
Total Assets-Invested Portfolio	\$ 5,791,254.91	\$ 15,430.08	\$ 62,802.98	\$ -	\$ -	\$ (4,460.32)	\$ 5,865,027.65	
Liabilities								
Accounts Payable	\$ (1,145.55)	\$ (1,863.77)	\$ -		\$ -	\$ -	\$ (3,009.32)	
Interest Payable	(1,758.82)	36.66					(1,722.16)	
Trade Payables	-	-					-	
Futures Contracts, at Fair Value	-	-					-	
Swaps, at Fair Value	(11,068.97)	5,372.36					(5,696.61)	
Total Liabilities	\$ (13,973.34)	\$ 3,545.25	\$ -	\$ -	\$ -	\$ -	\$ (10,428.09)	
Total Net Fiduciary Assets-Invested Portfolio	\$ 5,777,281.57						\$ 5,854,599.56	
Total Endowment Funds	\$ 7,040,244.85						\$ 7,874,002.04	

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 Hoke

Date: 10/04/19

Reviewed By: /s/ Leslie Pettijohn

Date: 10/04/19

**Texas Department of Banking
Operating Statement and Budget Analysis
For Period Ending August 2019**

	FY 2018 ACTUAL	FY 2019 BUDGET	QUARTER PERFORMANCE				FY 2019 PERFORMANCE			
			4th Quarter BUDGET	4th 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	\$4,465,520.49	\$3,108,177.29	\$1,357,343.20	69.6%	\$25,299,546.49	\$22,880,930.80	\$2,418,615.69	90.4%
Nonbank Regulation	3,249,957.84	3,384,232.34	885,499.84	157,994.29	727,505.55	17.8%	3,384,232.34	3,659,867.31	(275,634.97)	108.1%
Miscellaneous Revenues	197,408.31	184,400.00	46,100.00	68,847.01	(22,747.01)	149.3%	184,400.00	492,199.62	(307,799.62)	266.9%
TOTAL REVENUES:	\$26,480,373.49	\$28,868,178.83	\$5,397,120.33	\$3,335,018.59	\$2,062,101.74	61.8%	\$28,868,178.83	\$27,032,997.73	\$1,835,181.10	93.6%
EXPENDITURES:										
Salaries and Wages										
Exempt Salaries	\$234,725.00	\$234,725.00	\$58,681.25	\$58,681.25	\$0.00	100.0%	\$234,725.00	\$234,725.00	\$0.00	100.0%
Classified Salaries	16,226,308.54	17,955,800.63	4,787,365.16	4,431,942.50	355,422.66	92.6%	17,955,800.63	16,718,068.41	1,237,732.22	93.1%
Other Personnel Costs	533,541.90	580,050.46	316,881.67	290,569.31	26,312.36	91.7%	580,050.46	578,443.61	1,606.85	99.7%
	\$16,994,575.44	\$18,770,576.09	\$5,162,928.08	\$4,781,193.06	\$381,735.02	92.6%	\$18,770,576.09	\$17,531,237.02	\$1,239,339.07	93.4%
Travel										
In-State	\$1,280,268.95	\$1,511,051.97	\$431,214.06	\$391,197.04	\$40,017.02	90.7%	\$1,511,051.97	\$1,367,829.89	\$143,222.08	90.5%
Out-of-State	588,476.17	695,637.00	224,576.00	188,362.07	36,213.93	83.9%	695,637.00	658,574.13	37,062.87	94.7%
	\$1,868,745.12	\$2,206,688.97	\$655,790.06	\$579,559.11	\$76,230.95	88.4%	\$2,206,688.97	\$2,026,404.02	\$180,284.95	91.8%
Other Expenditures										
Professional Fees & Services	\$349,935.45	\$462,440.00	\$299,249.40	\$66,875.92	\$232,373.48	22.3%	\$462,440.00	\$376,510.79	\$85,929.21	81.4%
Postage	8,030.39	9,799.00	6,284.00	5,946.80	337.20	94.6%	9,799.00	\$8,148.40	1,650.60	83.2%
Consumable Supplies	294,155.08	115,180.00	22,531.14	24,809.24	(2,278.10)	110.1%	115,180.00	\$117,676.88	(2,496.88)	102.2%
Telephone	267,091.79	334,514.28	105,995.57	97,861.13	8,134.44	92.3%	334,514.28	\$295,524.61	38,989.67	88.3%
Utilities	43,465.07	45,481.00	4,136.56	3,892.97	243.59	94.1%	45,481.00	\$41,717.18	3,763.82	91.7%
Rent - Buildings	392,638.80	415,455.44	89,414.74	66,069.78	23,344.96	73.9%	415,455.44	\$388,330.03	27,125.41	93.5%
Rent - Machinery & Other	35,949.31	35,728.00	14,832.00	6,505.96	8,326.04	43.9%	35,728.00	\$25,179.24	10,548.76	70.5%
Other Operating	799,435.02	372,940.24	203,227.51	180,836.43	22,391.08	89.0%	372,940.24	\$361,510.34	11,429.90	96.9%
Subscriptions	13,852.17	20,689.84	6,267.46	3,922.09	2,345.37	62.6%	20,689.84	\$17,301.94	3,387.90	83.6%
Employee Training / Reg. Fees	219,002.51	275,964.00	101,908.75	46,402.48	55,506.27	45.5%	275,964.00	\$206,471.00	69,493.00	74.8%
Claims/SORM Assessment	33,881.13	22,630.00	0.00	0.00	0.00	0.0%	22,630.00	\$14,486.28	8,143.72	64.0%
Capital / Other IT Expenditures	45,168.92	59,000.00	34,000.00	27,501.60	6,498.40	80.9%	59,000.00	52,385.92	6,614.08	88.8%
	\$2,502,605.64	\$2,169,821.80	\$887,847.13	\$530,624.40	\$357,222.73	59.8%	\$2,169,821.80	\$1,905,242.61	\$264,579.19	87.8%
Total Expenditures before Benefits	\$21,365,926.20	\$23,147,086.86	\$6,706,565.27	\$5,891,376.57	\$815,188.70	87.8%	\$23,147,086.86	\$21,462,883.65	\$1,684,203.21	92.7%
Employee Benefits (Less BRP)	\$4,805,392.70	\$5,395,952.84	\$1,490,557.86	\$1,266,897.11	\$223,660.75	85.0%	\$5,395,952.84	\$4,905,695.92	\$490,256.92	90.9%
Payroll Hlth. Care/Retirement Cont.	237,902.15	270,139.13	\$69,971.95	\$60,327.68	\$9,644.27	86.2%	\$270,139.13	\$283,368.83	(\$13,229.70)	89.5%
SWCAP	\$50,548.00	\$55,000.00	\$0.00	\$0.00	\$0.00	0.0%	\$55,000.00	\$58,678.00	(\$3,678.00)	106.7%
TOTAL EXPENDITURES:	\$26,459,769.05	\$28,868,178.83	\$8,267,095.08	\$7,218,601.36	\$1,048,493.72	87.3%	\$28,868,178.83	\$26,669,027.87	\$2,199,150.96	92.4%
EXPENDITURES (OVER) / UNDER REVENUE:	\$20,604.44	\$0.00	(\$2,869,974.75)	(\$3,883,582.77)	\$1,013,608.02		\$0.00	\$363,969.86	(\$363,969.86)	

Texas Department of Banking

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

Bank & Trust Regulation – Actual revenues were less than budgeted due to the reduction in the fourth quarter bank assessments of 60% or approximately \$3.9 million. For the year, \$5.2 million in bank assessments were forgiven. Year to date bank and trust regulation revenue is at 90.4% of budget and was adequate to cover all direct and indirect costs of the Bank and Trust area.

Nonbank Regulation – The variance for the quarter is due to less assessment fees collected than budgeted. For the year, excess revenue is attributed to collecting unanticipated fines and penalties from unlicensed money services businesses and a prepaid funeral contract permit seller. Year to date nonbank regulation revenue is at 108.1% of budget.

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

Classified Salaries and Employee Benefits – The positive variance relates to vacant staff positions. Vacancies in terms of FTEs as of August 31, 2019 are listed below:

Administrative	5
Examiners	13

Other Personnel Costs – The positive variance is due to certain budgeted lump sum retirements that did not materialize in the fourth quarter. This positive variance was offset in prior quarters by unexpected departures. Year to date expenditures are at 99.7% of budget.

Travel Breakdown

	In-State Travel	Out-of-State Travel
Regulatory Supervision	\$339,866.42	\$69,897.23
Development and Training	\$42,803.07	\$112,607.47
Other Regulatory Activities	\$4,912.68	\$5,857.37
Non-Employee	\$3,614.87	\$0.00
Total	\$391,197.04	\$188,362.07

In-State Travel – The positive variance is due to vacant examiner positions and examination and training related travel that did not occur or was postponed to fiscal year 2020.

Out-of-State Travel – The positive variance is due to: (1) vacant examiner positions; (2) training related travel that did not occur or was postponed to fiscal year 2020; and (3) meetings and conferences that were not attended.

Professional Fees and Services – The positive variance is due to: (1) lower than budgeted investigator fees; (2) unincurred expenditures for a financial literacy services contract; (3) training course instructor expenditures that were reimbursed by the training sponsor; (4) lower expenditures than budgeted for Attorney General fees and Outside Counsel fees; (5) an information technology contract that did not materialize; and (6) a budgeted penetration test expenditure for a new web app that the Department of Information Resources covered.

Consumable Supplies – The negative variance is due to several consumable purchases that were deferred during the year and made in the fourth quarter. Year to date expenditures are at 102.2% of budget.

Telephone – The positive variance is due to data line upgrade costs that were lower than anticipated.

Rent – Buildings – The positive variance is due to an additional monthly lease payment budgeted in error and reimbursed rental expenditures related to the training course above under professional fees and services. Year to date expenditures are at 93.5% of budget.

Rent – Machinery and Other – The positive variance is due to budgeted lift rentals to repair Headquarters building video cameras that were not needed and reimbursed audio/visual rental expenditures related to the same training course under Rent – Buildings above.

Other Operating – The positive variance is due to lower than anticipated deferred maintenance expenditures.

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

Employee Training – The positive variance is due to examiner vacancies and training classes that did not materialize or were postponed to fiscal year 2020.

Capital/Other IT Expenditures – The positive variance is due to lower pricing than projected for four servers, one for each region.

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 August 31, 2019

	Actual
Cash at Beginning of Period	\$ 18,659,892
Revenues Over (Under) Expenditures	\$ (3,883,583)
Increase (Decrease) in Payables/Encumbrances	\$ 473,425
(Increase) Decrease in Receivables	\$ (28,115)
Cash at End of Period	<u>\$ 15,221,619</u>
Reserved Cash Balance:	
Bldg. maintenance/IT	\$ -
Long-term facilities planning	\$ 6,222,395
Payables (net of receivables)	\$ 2,309,543
Lump Sums for Retirements	\$ 487,651
Program Funds	\$ -
Other	\$ -
Total Reserved Cash Balance	<u>\$ 9,019,589</u>
Unreserved Cash Balance:	
Future Operations	\$ 6,202,031
Total Unreserved Cash Balance	<u>\$ 6,202,031</u>
Total Cash Balance	<u>\$ 15,221,619</u>
Unreserved Cash/FY2020 Monthly Budget	2.51 months

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

OPERATING STATEMENT AND BUDGET ANALYSIS

For the Period Ended August 31, 2019

	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2019 PERFORMANCE			
			YTD BUDGET	YTD ACTUAL*	(OVER)/UNDER BUDGET	PERCENT BUDGET
REVENUE:						
Annual Assessment	1,884,681	2,540,764	2,540,764	2,517,502	23,262	99.1%
Thrift Application Fees	26,900	20,000	20,000	14,600	5,400	73.0%
Licensing Fees	3,887,825	3,372,025	3,372,025	3,117,153	254,872	92.4%
Fines and Penalties	485,604	0	0	410,869	(410,869)	0.0%
Recovery Fund Offset	0	8,000	8,000	0	8,000	0.0%
Depository Interest	164,018	90,000	90,000	236,743	(146,743)	263.0%
Miscellaneous	1,917	3,000	3,000	2,862	138	95.4%
Judgements and Settlements	84,483	0	0	0	0	0.0%
TOTAL REVENUE	6,535,428	6,033,789	6,033,789	6,299,729	(265,940)	104.4%
EXPENDITURES:						
Salaries and Wages-						
Exempt	194,750	194,750	194,750	194,750	0	100.0%
Classified	3,918,338	3,868,872	3,868,872	3,644,702	224,170	94.2%
Other Personnel Costs	149,467	250,352	250,352	246,568	3,784	98.5%
	4,262,555	4,313,974	4,313,974	4,086,020	227,954	94.7%
Travel-						
In-State	203,007	220,000	220,000	210,931	9,069	95.9%
Out-of-State	69,631	69,000	69,000	46,827	22,173	67.9%
	272,638	289,000	289,000	257,758	31,242	89.2%
Other Expenditures-						
Professional Services/Fees	119,176	89,345	89,345	85,084	4,261	95.2%
Consumable Supplies	10,600	12,000	12,000	10,785	1,215	89.9%
Utilities	31,537	34,910	34,910	30,442	4,468	87.2%
Rent-Space & Equipment	7,038	6,000	6,000	3,775	2,225	62.9%
Other Operating Expenses	571,833	338,138	338,138	306,193	31,945	90.6%
	740,184	480,393	480,393	436,279	44,114	90.8%
Other Agency Costs						
Employee Benefits	1,274,041	1,321,883	1,321,883	1,239,459	82,424	93.8%
SWCAP Indirect Costs	20,299	21,000	21,000	20,892	108	99.5%
	1,294,340	1,342,883	1,342,883	1,260,351	82,532	93.9%
TOTAL EXPENDITURES	6,569,717	6,426,250	6,426,250	6,040,408	385,842	94.0%
EXPENDITURES (OVER)/ UNDER REVENUE	(34,289)	(392,461)	(392,461)	259,321	(651,782)	N/A

* Amounts include accruals and encumbrances.

Department of Savings and Mortgage Lending

Budget Variance Analysis as of August 31, 2019

Revenues:

Overall revenues are at 4.4% over budget.

Licensing Revenues – Overall licensing revenues are 7.6% under budget due to fewer license applications received during the year.

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

Fines and Penalties – No amount was budgeted.

Expenditures:

Overall expenditures are at 6.7% under budget.

Employees' Salaries and Related Benefits – These categories are at 5.9% under budget due to vacancies.

Travel – This category is 10.8% under budget mostly due to less out-of-state travel expenses incurred.

Travel Breakdown FY19			
Category	In-State	Out-of-State	Total
Regulation and Supervision	\$193,733	\$5,958	\$199,691
Development and Training	13,846	34,849	48,695
Other Regulatory Activities	896	6,020	6,916
Non-Employee Travel	2,456		2,456
Total	\$210,931	\$46,827	\$257,758

Utilities – Lower telecommunication charges due to vacancies and lower electricity bills cause this category to be 12.8 % under budget.

Rent-Space & Equipment – Staff training originally scheduled for FY19 was rescheduled to FY20 and related budgeted costs for renting a meeting room were not incurred in FY19.

Other Operating Expenses – The category is 9.4% under budget mainly due to lower than anticipated costs for software, building maintenance, and computer equipment for new employees.

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING	
LIQUIDITY REPORT	
<i>For the Quarter Ending August 31, 2019</i>	
	Actual
Cash at Beginning of Period	\$ 11,772,713
Revenues Over (Under) Expenditures CY	\$ (908,485)
Revenues Over (Under) Expenditures PY	\$ 16,426
Increase (Decrease) in Payables/Encumbrances	\$ 268,003
(Increase) Decrease in Receivables	\$ 4,497
Contribution to TFEF	(750,000)
Cash at End of Period	\$ 10,403,154
Reserved Cash Balance:	
Bldg. maintenance/IT	\$ -
Long-term facilities planning	\$ 6,222,475
Payables (net of receivables)	\$ 774,111
Lump Sums for Retirements	\$ 200,900
Program Funds	\$ -
Other	\$ -
Total Reserved Cash Balance	\$ 7,197,485
Unreserved Cash Balance:	
Future Operations	\$ 3,205,669
Total Unreserved Cash Balance	\$ 3,205,669
Total Cash Balance	\$ 10,403,154
Unreserved Cash/FY2019 Monthly Budget	5.99 months

OFFICE OF CONSUMER CREDIT COMMISSIONER
OPERATING STATEMENT & BUDGET ANALYSIS
For the Period Ended Aug 31, 2019

100.0%

	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2019 PERFORMANCE			
			YTD	YTD	(OVER)/UND	PERCENT
			BUDGET	ACTUAL	BUDGET	BUDGET
REVENUES:						
Regulated Lenders	\$ 2,197,475	\$ 2,032,936	\$ 2,032,936	\$ 1,939,781	\$ 93,155	95.4%
Pawn Industry	986,540	990,596	990,596	1,059,100	(68,504)	106.9% (1)
MV Industry	3,717,789	4,129,497	4,129,497	4,352,213	(222,716)	105.4% (2)
Credit Access Industry	1,188,900	1,213,200	1,213,200	1,181,425	31,775	97.4%
Penalties	413,410	-	-	143,500	(143,500)	-
Debt Management Services	47,120	45,140	45,140	45,565	(425)	100.9%
Debt Cancellation	43,000	27,500	27,500	42,000	(14,500)	-
RAL Assessment	134,025	122,100	122,100	140,625	(18,525)	115.2% (3)
Precious Metals	40,075	45,000	45,000	26,700	18,300	59.3% (4)
Tax Liens	70,803	64,100	64,100	58,920	5,180	91.9%
Sale of Publications	1,307	-	-	1,908	(1,908)	-
Creditor Registration	83,220	89,420	89,420	102,785	(13,365)	114.9% (5)
Mortgage Loan Originators	88,125	70,600	70,600	73,425	(2,825)	104.0%
Other Revenue	85,384	2,392	2,392	1,040	1,352	43.5%
Investment / Interest Income	161,958	160,000	160,000	262,687	(102,687)	164.2% (6)
TOTAL REVENUES	\$ 9,259,131	\$ 8,992,481	\$ 8,992,481	\$ 9,431,676	\$ (439,195)	104.9%
EXPENDITURES:						
Salaries and Wages-						
Base Pay	\$ 5,079,765	\$ 5,602,012	\$ 5,602,012	\$ 5,181,175	420,837	92.5%
Benefit Replacement Pay	6,247	6,162	6,162	6,418	(256)	104.2%
Longevity	75,700	84,680	84,680	71,820	12,860	84.8%
	\$ 5,161,712	\$ 5,692,854	\$ 5,692,854	\$ 5,259,412	\$ 433,441	92.4% (7)
Travel-						
Public Transportation, Lodging, Meals & Mileage	688,536	877,225	877,225	779,513	97,712	88.9%
	\$ 688,536	\$ 877,225	\$ 877,225	\$ 779,513	\$ 97,712	88.9% (8)
Other Expenditures-						
Professional Services & Fees	327,740	225,520	225,520	123,498	102,022	54.8%
Consumable Supplies	18,110	22,000	22,000	12,190	9,810	55.4%
Postage & Freight	11,717	17,750	17,750	14,823	2,927	83.5%
Telephone & Communications	69,146	77,175	77,175	69,932	7,243	90.6%
Bldg. & Utilities	298,227	96,770	96,770	56,160	40,610	58.0%
Publication / Printing & Reproduction	2,192	2,000	2,000	6,047	(4,047)	302.3%
Other Operating	354,961	366,725	366,725	416,157	(49,432)	113.5%
	\$ 1,082,093	\$ 807,940	\$ 807,940	\$ 698,807	\$ 109,133	86.5% (9)
Acquisition of Info Technology	\$ 127,117	\$ 100,630	\$ 100,630	\$ 117,808	\$ (17,178)	117.1% (10)
Employee Benefits	1,858,812	2,108,309	2,108,309	1,861,972	246,337	88.3%
SWCAP Reimb to Unapp Gr 0001	32,902	35,000	35,000	36,079	(1,079)	103.1%
SORM Assessment	6,230	6,500	6,500	5,551	949	85.4%
Unemployment Benefits	6,925	10,000	10,000	-	10,000	0.0%
	\$ 2,031,986	\$ 2,260,439	\$ 2,260,439	\$ 2,021,410	\$ 239,029	89.4%
TOTAL EXPENDITURES:	\$ 8,964,327	\$ 9,638,458	\$ 9,638,458	\$ 8,759,143	\$ 879,315	90.9%
EXPENDITURES (OVER) / UNDER REVENUE	\$ 294,804	\$ (645,977)	\$ (645,977)	\$ 672,533	\$ (1,318,509)	

Office of Consumer Credit Commissioner

Overview of Budget Variances for 4rd Quarter FY 2019

Revenues- 104.9% of budget

- 1.) Pawn Industry is above budget due to renewal rates approaching 100%, including reinstatements, when estimates projected a 98% renewal rate.
- 2.) Motor Vehicle Industry is over budget primarily due to a renewal rate of approximately 91% compared to an estimated renewal rate of 87% which was consistent with historical trends.
- 3.) Ral revenue is higher than projected due to changes with major market participants. Additionally, new stakeholders have entered the refund anticipation industry and obtained a significant number of registrations.
- 4.) Precious Metals is under budget due to a transition period associated with the registration renewal cycle. Many registrants do not have to renew until December 2020.
- 5.) Creditor Registration is above budget due to a 12% increase in the number of registrants since 10/1/2018.
- 6.) Interest income exceed the budgeted forecast by 64% due to higher balances earning interest and higher yields received on those funds. The budgeted amount was also underestimated.

Expenditures- 90.9% of budget

- 7.) Salaries and Wages expenditures are 92.4% of the projected budget. The variance is primarily due to vacancies throughout the year. The OCCC chose to leave several of these positions unfilled when the position was vacated and ultimately reduced headcount in FY20.
- 8.) Travel expenditures are at 88.9% of the projected budget. Employee vacancies within the Exam department contributed to this variance.

	In-State	Out-State
Regulatory Supervision	\$703,701.99	\$1,097.33
Development & Training	64,606.13	6,736.39
Other Reg Activities	-	-
Non-Employee	3,371.51	
Total	\$771,679.63	\$7,833.72

- 9.) Other Expenditures are recorded at 86.5% of the projection. Professional Fee expenditures are below budget due to the allocation of information technology expenditures between professional fees and acquisition of IT resources. Professional fee expenditures is under budget due to this allocation to the acquisition of IT resources and a budgeted amount for legal services which was not expended. Consumable expenditures are under budget due to a trend towards the use of digital communications and less consumption of resources in the form of toner, paper and similar supplies. Building and utilities are under budget due to an estimate for deferred maintenance that was not expended. Other Operating is over budget due to expenses for some modular furniture modifications for legal and human resources

which were not expected for FY19. In addition, fees for receiving electronic payments were higher due to a transition on how these fees are charged.

- 10.) Acquisition of Info Technology exceeds the budget due to a misclassification in expenditures when the accruals were being done. This caused the expenditures for Professional Fees to show less than what they actually are, and for Acquisition of Info Technology to show more.

**Office of Consumer Credit Commissioner
Liquidity Report
For the Quarter Ending August 31, 2019**

	Actual
Cash at Beginning of Period	\$ 11,286,501.42
Revenues Over (Under) Expenditures	2,127,055.44
Increase (Decrease) in Payables/Encumbrances	43,412.06
(Increase) Decrease in Receivables	(8,128.98)
Cash at End of Period	<u><u>\$ 13,448,839.94</u></u>
Reserved Cash Balance:	
Building Maintenance/IT	\$ -
Long-term facilities planning	6,221,139.50
Payables (net of receivables)	729,254.56
Lump sums for Retirements	254,736.69
Program Funds	-
Other	-
Total Reserved Cash Balance	<u>7,205,130.75</u>
Unreserved Cash Balance:	
Future Operations	<u>6,243,709.19</u>
Total Unreserved Cash Balance	<u>6,243,709.19</u>
Total Cash Balance	<u><u>\$ 13,448,839.94</u></u>
Unreserved Cash / FY 2019 Monthly Budget	7.8



TFEE Report – October 17, 2019

ACTIVITIES RELATING TO THE TEXAS FINANCIAL ENDOWMENT FUND

Semi-annual grant reports and reimbursement requests for 2018-2019 were submitted at the end of July. Staff have been reviewing the submitted materials. A summary of the reports will be provided to the Grant Advisory Committee (GAC) and Audit Committee. The 4th and final semi-annual reports and reimbursement requests for the 2018-2019 grant cycle are due January 30, 2020.

Applications for the 2020-2021 grant cycle were made available in July with an initial submission deadline of September 20, 2019. On September 26, 2019, the GAC met by phone conference and decided to extend the application deadline to December 31, 2019, to allow for greater outreach and participation. The 2020-2021 grant cycle will begin on March 1, 2020, rather than January 1, 2020, shortening the grant cycle to 22 months. Staff reached out to those applicants who had filed by the September 20, 2019, deadline and encouraged them to review and amend their applications if desired. The GAC will review applications in January and submit their award recommendations to the Finance Commission at the February meeting.

TFEE welcomed a new grant coordinator, Andrea Johnson, on October 1, 2019. Staff are working together to acclimate Ms. Johnson to the TFEE grant program.