

FINANCE COMMISSION OF TEXAS
AUDIT COMMITTEE MEETING

Friday, February 14, 2020

8:30 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 December 13, 2019 Audit Committee Meeting
- B. Review of Agencies' Activities
 - 1. Department of Savings and Mortgage Lending
 - 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, 2019 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' 2020 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
- F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Final Selection of Organizations to Receive Grant Funds in an Aggregate Amount Not to Exceed \$300,000 From 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, December 13, 2019**

The Audit Committee of the Finance Commission of Texas convened at 8:13 a.m. on December 13, 2019 with the following members present:

Audit Committee Members in Attendance:

Molly Curl, Chairman
Hector Cerna
Lori McCool

Chairman Curl announced there was a quorum of the Audit Committee of the Finance Commission of Texas with three members present. (:14 on audio file).

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Review and Approval of the Minutes of the October 18, 2019 and November 14, 2019 Audit Committee Meetings	Lori McCool made a motion to Approve the Minutes of the October 18, 2019 and November 14, 2019 Audit Committee Meetings. Hector Cerna seconded and the motion passed.	:23 start of discussion :32 Vote
B. Review of Agencies' Activities 1. Office of Consumer Credit Commissioner 2. Texas Department of Banking 3. Department of Savings and Mortgage Lending	No Action Required.	:48 start of discussion
C. Discussion 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	Lori McCool made a motion to recommend that the Finance Commission Approve Weaver and Tidwell, LLP as the Internal Auditor for the Finance Commission Agencies for Fiscal Year 2020. Hector Cerna seconded and the motion passed.	3:21 start of discussion 5:12 Vote
D. Report on Activities Relating to the Texas Financial Education Endowment Fund	No Action Required.	11:04 start of discussion

There being no further business of the Audit Committee of the Finance Commission of Texas, Chairman Curl adjourned the meeting at 8:25 a.m. *(12:40 on the audio file)*.

Molly Curl, Chairman, Audit Committee
Finance Commission of Texas

Charles G. Cooper, Executive Director
Finance Commission of Texas

Brenda Medina, Executive Assistant
Finance Commission of Texas

**Department of Savings and Mortgage Lending
Audit Activity Report as of January 31, 2020**

No outstanding items.

**Office of Consumer Credit Commissioner
 Status of Agency Activities and Outstanding Audit Findings and Recommendations
 as of January 31, 2020**

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>
Apply the standard across-the-board requirement related to alternative dispute resolution to the finance agencies; Develop and encourage the use of negotiated rulemaking procedures and alternative dispute resolution procedures (7.2)	Rules adopted by the Finance Commission at the December meeting.	Complete	January 2020

Future Items			
Entity	Activity	Status	Date
State Office of Risk Management	Risk Management Program Review	Pending	April 7, 2020

**Texas Department of Banking
Outstanding Audit Findings/Recommendations Report
as of January 31, 2020**

No outstanding items.

Department of Savings and Mortgage Lending

Investment Officer Report as of November 30, 2019

Recovery Fund

	Beginning Balance 9/1/2019	Additions/ Reductions	Interest Received	Bank Fees	Ending Balance 11/30/2019
Cash & Cash Equivalents	\$4,228,366.07	\$8,445.00	\$22,283.24	(\$152.46)	\$4,258,941.85

Bank Name	Type	Maturity Date	Interest Rate	Book/Market Value	Accrued Interest
Tx Treasury Safekeeping Trust Co	Overnight Repurchase Agreements	12/1/2019	1.59%	\$2,516,880.56	\$111.16
First Fed Community Bank, SSB	CD - 24 months	12/13/2019	0.95%	248,446.16	4,582.80
Spirit of Texas, SSB	CD - 24 months	12/15/2019	1.35%	250,000.00	6,703.13
Third Coast Bank SSB	CD - 24 months	2/4/2020	0.70%	250,000.00	1,448.61
South Star Bank SSB	CD - 24 months	4/17/2020	1.05%	250,000.00	320.83
Dalhart Federal Savings	CD - 24 months	10/18/2020	2.50%	250,000.00	7,083.33
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%	243,615.13	1,116.57
				\$4,258,941.85	\$21,855.11

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: 1/9/2020

Date: 1/9/2020

**Office of Consumer Credit Commissioner
Fiscal Year 2020 - 1st Quarter**

Residential Mortgage Loan Originator Recovery Trust Fund #3008

Beginning Balance at 09/01/19	Additions / *(Deductions)	Interest Paid	Paid Bank Fees	Ending Balance at 11/30/19	Current Interest Rate
\$ 155,988.68	\$ 475.00	\$ 712.86	\$ (30.38)	\$ 157,146.16	1.589%

Prepared By: /s/ Adrian Alejandro Hernandez

Date: 01/14/2020

Investment Officer: /s/ Christina Cuellar Hoke

Date: 01/15/2020

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 2020 - 1st Quarter

Texas Financial Education Endowment Fund #3071

	Beginning Balance at 9/01/19	Additions	Interest Paid	Transfers	Grant Disbursements	Paid Bank Fees	Ending Balance at 11/30/19	Current Interest Rate
Cash	\$ 2,019,402.48	\$ 7,623.39	\$ 8,936.04	\$ (650,000.00)	\$ (76,541.42)	\$ (5,560.54)	\$ 1,303,859.95	1.589%
Invested Portfolio	Beginning Balance at 09/01/19	Additions	*Change in Value	Transfers	Transfer Out	Paid Fees	Ending Balance at 11/30/19	
Investments - STIF	\$ 1,873,835.17	\$ 15,589.09	\$ 57,000.01	\$ 650,000.00		\$ (1,355.40)	\$ 2,595,068.87	
Interest & Dividends Receivable	3,764.83		(338.26)				3,426.57	
Trade Receivables	-		-				-	
Investments - Equities	10,576.39		998.15				11,574.54	
Investments - Alternatives	3,553,587.82		119,355.53				3,672,943.35	
Investments - Fixed Income	413,283.82		(40,942.58)				372,341.24	
Investments - Futures	-		-				-	
Investments - SWAPS, at Fair Value	9,979.62		5,971.54				15,951.16	
Total Assets-Invested Portfolio	\$ 5,865,027.65	\$ 15,589.09	\$ 142,044.39	\$ 650,000.00	\$ -	\$ (1,355.40)	\$ 6,671,305.73	
Liabilities								
Accounts Payable	\$ (3,009.32)	\$ (13,558.92)	\$ -	\$ -	\$ -	\$ -	\$ (16,568.24)	
Interest Payable	(1,722.16)	93.07					(1,629.09)	
Trade Payables	-	-					-	
Futures Contracts, at Fair Value	-	-					-	
Swaps, at Fair Value	(5,696.61)	5,341.69					(354.92)	
Total Liabilities	\$ (10,428.09)	\$ (8,124.16)	\$ -	\$ -	\$ -	\$ -	\$ (18,552.25)	
Total Net Fiduciary Assets-Invested Portfolio	\$ 5,854,599.56						\$ 6,652,753.48	
Total Endowment Funds	\$ 7,874,002.04						\$ 7,956,613.43	

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.

Prepared By: /s/ Adrian Alejandro Hernandez

Date: 01/15/2020

Investment Officer: /s/ Christina Cuellar Hoke

Date: 01/15/2020

**Department of Banking Quarterly Investment Report
September 1, 2019 to November 30, 2019**

Seized Prepaid Funeral Funds	Book Value at August 31, 2019	Interest Income Received	Trustee Fees Paid	Other Deductions	Other Additions	Book Value at November 30, 2019	Financial Institution	Investment Type	Maturity Date	Interest Rate
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			N/A	N/A
Total Seized Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				

Notes:

/s/ Jesse Saucillo
Investment Officer

12/16/2019
Date

/s/ Sami Chadli
Investment Officer

12/30/2019
Date

**Trust-Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report
September 1, 2019 to November 30, 2019**

<u>Book Value at August 31, 2019</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, 2019</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Accrued Interest on CDs</u>
\$1,436,029.39	\$7,777.77	\$80.57	\$11,341.25	\$2,785.00	\$1,435,170.34	--	--	\$2,052.36

Trust Account Balances at Trustee/Depositories

Texas Treasury Safekeeping Trust Company *	\$705,238.78	12/1/2019	1.59%	
Veritex Community Bank, Dallas, Texas (CD)	\$245,405.87	12/14/2019	2.47%	\$1,295.34
State Bank of Texas, Dallas, Texas (CD)	\$240,000.00	12/16/2019	2.60%	\$170.96
Frontier Bank of Texas, Elgin, Texas (CD)	\$244,525.69	4/18/2020	2.43%	\$586.06
Subtotal	\$1,435,170.34			

(1) Other deductions include: (a) \$1,588.50 guaranty fund claim paid to Vasquero related to a PFC sold by El Paso Mission Funeral Home but not previously reported to the Department; (b) \$2,578.80 refund to consumers of PFCs in default and \$6,246.75 escheated to the Comptroller's Office as abandoned property related to Hernandez Funeral Home; and (c) \$521.35 restitution to consumers and \$405.85 escheated to the Comptroller's Office as abandoned property related to Amarillo Family Funeral Home.

(2) Other additions include: (a) \$485.00 in PFC payments from consumers regarding Hernandez Funeral Home; (b) \$2,000.00 restitution received from Mr. Kevin Keeney; and (c) \$300.00 restitution received from Mr. Marc Gonzalez.

* 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
Investment Officer

12/16/2019
Date

/s/ Sami Chadli
Investment Officer

12/30/2019
Date

**Insurance-Funded Prepaid Funeral Guaranty Fund Quarterly Investment Report
September 1, 2019 to November 30, 2019**

<u>Book Value at August 31, 2019</u>	<u>Interest Income Received</u>	<u>Trustee Fees Paid</u>	<u>Other Deductions</u>	<u>Other Additions</u>	<u>Book/Market Value at November 30, 2019</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Accrued Interest on CDs</u>
\$637,695.29	\$3,175.15	\$53.42	\$0.00	\$0.00	\$640,817.02			\$150.07

Account Balances at Trustee/Depositories

Texas Treasury Safekeeping Trust Company *	\$395,185.47	12/1/2019	1.59%	
AccessBank, Denton, Texas (CD)	<u>\$245,631.55</u>	7/14/2020	2.23%	\$150.07
Subtotal	<u>\$640,817.02</u>			

* 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_____
Investment Officer
12/16/2019

Date

_____/s/ Sami Chadli_____
Investment Officer
12/30/2019

Date

Department of Savings and Mortgage Lending
Operating Statement and Budget Analysis
For the Quarter Ending November 30, 2019

	FY 2019 ACTUAL	FY 2020 BUDGET	QUARTER PERFORMANCE				FY 2020 PERFORMANCE				
			1st Quarter BUDGET	1st Quarter ACTUAL	(Over)/Under BUDGET	Percent BUDGET	YTD BUDGET	YTD ACTUAL	(Over)/Under BUDGET	Percent BUDGET	
REVENUES											
Thrift Industry											
Assessments	\$ 2,517,501	\$ 2,609,638	\$ 639,911	\$ 639,911	\$ -	0.0%	\$ 639,911	\$ 639,911	\$ -	0.0%	
Application Fees	14,600	20,000	11,000	15,500	(4,500)	-40.9%	11,000	15,500	(4,500)	-40.9%	
Mortgage Industry											
Licensing Fees	3,117,153	3,024,935	1,510,605	1,613,786	(103,181)	-6.8%	1,510,605	1,613,786	(103,181)	-6.8%	
Administrative Penalties	410,869	-	-	134,399	(134,399)	0.0%	-	134,399	(134,399)	0.0%	
Misc. Revenues	239,605	203,000	50,100	43,731	6,369	12.7%	50,100	43,731	6,369	12.7%	
TOTAL REVENUES	\$ 6,299,727	\$ 5,857,573	\$ 2,211,616	\$ 2,447,327	\$ (235,711)	-10.7%	\$ 2,211,616	\$ 2,447,327	\$ (235,711)	-10.7%	
EXPENDITURES											
Personnel Costs											
Employee Compensation	\$ 3,718,849	\$ 4,019,558	\$ 951,729	\$ 942,375	\$ 9,354	1.0%	\$ 951,729	\$ 942,375	\$ 9,354	1.0%	
Employee Benefits	1,228,137	1,335,363	311,600	305,940	5,660	1.8%	311,600	305,940	5,660	1.8%	
Add'l Health/Retirement	53,983	60,011	14,500	13,975	525	3.6%	14,500	13,975	525	3.6%	
Other Personnel Costs	72,435	78,795	16,677	16,377	300	1.8%	16,677	16,377	300	1.8%	
Subtotal Personnel Costs	\$ 5,073,403	\$ 5,493,727	\$ 1,294,506	\$ 1,278,667	\$ 15,839	1.2%	\$ 1,294,506	\$ 1,278,667	\$ 15,839	1.2%	
Travel											
In-State	\$ 211,440	\$ 213,500	\$ 56,875	\$ 55,350	\$ 1,525	2.7%	\$ 56,875	\$ 55,350	\$ 1,525	2.7%	
Out-of-State	46,827	72,700	18,425	17,849	576	3.1%	18,425	17,849	576	3.1%	
Subtotal Travel	\$ 258,267	\$ 286,200	\$ 75,300	\$ 73,199	\$ 2,101	2.8%	\$ 75,300	\$ 73,199	\$ 2,101	2.8%	
Operating Costs											
Professional Fees	\$ 75,959	\$ 83,500	\$ 29,400	\$ 16,307	\$ 13,093	44.5%	\$ 29,400	\$ 16,307	\$ 13,093	44.5%	
Consumables	10,785	11,000	2,750	2,265	485	17.6%	2,750	2,265	485	17.6%	
Office Utilities	15,401	16,761	4,150	3,727	423	10.2%	4,150	3,727	423	10.2%	
Rent - Building/Space	2,690	6,050	3,375	3,169	206	6.1%	3,375	3,169	206	6.1%	
Rent - Equipment/Other	1,085	1,250	1,250	1,223	27	2.2%	1,250	1,223	27	2.2%	
Communications	56,364	74,566	35,601	34,474	1,127	3.2%	35,601	34,474	1,127	3.2%	
Information Technology	110,597	128,183	17,918	17,880	38	0.2%	17,918	17,880	38	0.2%	
Employee Training	47,550	54,000	14,000	13,878	122	0.9%	14,000	13,878	122	0.9%	
Misc. Operating Costs	226,769	159,740	51,983	48,222	3,761	7.2%	51,983	48,222	3,761	7.2%	
Subtotal Operating Costs	\$ 547,198	\$ 535,050	\$ 160,427	\$ 141,144	\$ 19,283	12.0%	\$ 160,427	\$ 141,144	\$ 19,283	12.0%	
TOTAL EXPENDITURES	\$ 5,878,869	\$ 6,314,977	\$ 1,530,233	\$ 1,493,010	\$ 37,223	2.4%	\$ 1,530,233	\$ 1,493,010	\$ 37,223	2.4%	
EXPENDITURES (OVER)/ UNDER REVENUES	\$ 420,858	\$ (457,404)	\$ 681,383	\$ 954,317	\$ (272,934)	-40.1%	\$ 681,383	\$ 954,317	\$ (272,934)	-40.1%	

Department of Savings and Mortgage Lending
Budget Variance Analysis
For the Quarter Ending November 30, 2019

Revenues:

Overall revenues are at 10.7% over budget.

Licensing Revenues – Overall licensing revenues are 6.8% over budget due to higher than budgeted RMLO license renewal applications received.

Fines and Penalties – No amount was budgeted.

Expenditures:

Overall expenditures are at 2.4% under budget.

Professional Fees – This category is under budget due to lower than budgeted expenditures for legal services performed by Office of Attorney General.

Travel – This category is 2.8% under budget.

Travel Breakdown 1 st Qtr FY20			
Category	In-State	Out-of-State	Total
Regulation and Supervision	\$49,959	\$2,649	\$52,608
Development and Training	5,139	14,755	19,894
Other Regulatory Activities	0	445	445
Non-Employee Travel	252		252
Total	\$55,350	\$17,849	\$73,199

Department of Savings and Mortgage Lending
Liquidity Report
For the Quarter Ending November 30, 2019

	ACTUAL
Cash at Beginning of Period	\$ 10,403,154
Revenues Over (Under) Expenditures CY	954,317
Revenues Over (Under) Expenditures PY	2,215
Increase (Decrease) in Payables	(265,614)
(Increase) Decrease in Receivables	(12,758)
Cash at End of Period	<u>\$ 11,081,314</u>
Reserved Cash Balance:	
Bldg. maintenance/IT	\$ -
Long-term facilities planning	6,250,364
Payables (net of receivables)	488,029
Lump Sums for Retirements	200,900
Program Funds	-
Other	-
Total Reserved Cash Balance	<u>\$ 6,939,293</u>
Unreserved Cash Balance:	
Future Operations	<u>\$ 4,142,021</u>
Total Unreserved Cash Balance	<u>\$ 4,142,021</u>
Total Cash Balance	<u><u>\$ 11,081,314</u></u>
Unreserved Cash/FY2020 Monthly Budget	7.9 months

**Office of Consumer Credit Commissioner
Operating Statement and Budget Analysis
For the Quarter Ending November 30, 2019**

	FY 2019 ACTUAL	FY 2020 BUDGET	QUARTER PERFORMANCE				FY 2020 PERFORMANCE			
			1st Quarter BUDGET	1st Quarter ACTUAL	(Over)/Under BUDGET	Percent BUDGET	YTD BUDGET	YTD ACTUAL	(Over)/Under BUDGET	Percent BUDGET
REVENUES										
Industry										
Consumer Lending Industry	\$2,072,126	\$2,140,633	\$1,114,801	\$573,083	\$541,718	51.4%	\$1,114,801	\$573,083	\$541,718	51.4%
Credit Access Industry	1,181,425	1,166,200	481,209	54,375	426,834	11.3%	481,209	54,375	426,834	11.3%
MVSF Industry	4,397,417	933,300	233,325	381,714	(148,389)	163.6%	233,325	381,714	(148,389)	163.6%
Pawn	1,059,100	925,632	11,893	18,073	(6,180)	152.0%	11,893	18,073	(6,180)	152.0%
Registered Industry of Entities	315,676	293,760	72,373	71,505	868	98.8%	72,373	71,505	868	98.8%
Penalties	143,500	0	0	30,250	(30,250)	0.0%	0	30,250	(30,250)	0.0%
Miscellaneous Revenue	262,431	210,000	45,896	55,650	(9,754)	121.3%	45,896	55,650	(9,754)	121.3%
TOTAL REVENUES	\$9,431,675	\$5,669,525	\$1,959,498	\$1,184,650	\$774,848	60.5%	\$1,959,498	\$1,184,650	\$774,848	60.5%
EXPENDITURES										
Personnel Costs										
Employee Compensation	\$5,084,961	\$5,247,775	\$1,272,532	\$1,195,312	\$77,220	93.9%	\$1,272,532	\$1,195,312	\$77,220	93.9%
Employee Benefits	1,787,102	1,608,490	386,266	369,805	16,461	95.7%	386,266	369,805	16,461	95.7%
Add'l Health/Retirement	74,870	308,745	76,403	70,315	6,088	92.0%	76,403	70,315	6,088	92.0%
Other Personnel Costs	174,451	113,870	27,377	23,417	3,961	85.5%	27,377	23,417	3,961	85.5%
Subtotal Personnel Costs	\$7,121,384	\$7,278,880	\$1,762,578	\$1,658,848	\$103,731	94.1%	\$1,762,578	\$1,658,848	\$103,731	94.1%
Travel										
In-State	\$771,680	\$769,500	\$192,375	\$187,833	\$4,542	97.6%	\$192,375	\$187,833	\$4,542	97.6%
Out-of-State	7,834	8,500	2,125	7,197	(5,072)	338.7%	2,125	7,197	(5,072)	338.7%
Subtotal Travel	\$779,513	\$778,000	\$194,500	\$195,029	(\$530)	100.3%	\$194,500	\$195,029	(\$530)	100.3%
Operating Costs										
Professional Fees	\$101,035	\$226,450	\$56,613	\$102,132	(\$45,520)	180.4%	\$56,613	\$102,132	(\$45,520)	180.4%
Consumables	12,190	16,000	4,000	2,875	1,125	71.9%	4,000	2,875	1,125	71.9%
Office Utilities	18,732	21,400	5,350	4,514	836	84.4%	5,350	4,514	836	84.4%
Rent - Building/Space	23,908	24,750	6,188	8,506	(2,319)	137.5%	6,188	8,506	(2,319)	137.5%
Rent - Equipment/Other	2,995	3,300	825	875	(50)	106.1%	825	875	(50)	106.1%
Communications	69,932	69,775	17,444	16,782	662	96.2%	17,444	16,782	662	96.2%
Information Technology	274,972	237,699	59,425	15,778	43,647	26.6%	59,425	15,778	43,647	26.6%
Employee Training	13,553	13,500	3,375	524	2,851	15.5%	3,375	524	2,851	15.5%
Misc. Operating Costs	340,929	330,187	82,547	71,973	10,574	87.2%	82,547	71,973	10,574	87.2%
Subtotal Operating Costs	\$858,245	\$943,061	\$235,766	\$223,959	\$11,806	95.0%	\$235,766	\$223,959	\$11,806	95.0%
TOTAL EXPENDITURES	\$8,759,143	\$8,999,941	\$2,192,844	\$2,077,836	\$115,007	94.8%	\$2,192,844	\$2,077,836	\$115,007	94.8%
EXPENDITURES (OVER) / UNDER REVENUES	\$672,532	(\$3,330,416)	(\$233,346)	(\$893,187)	\$659,841		(\$233,346)	(\$893,187)	\$659,841	

Office of Consumer Credit Commissioner

Overview of Budget Variances for 1st Quarter FY 2020

Revenues- 60.5% of budget

Consumer Lending Industry

The renewal period for the consumer lending industry began in late November and continues until the end of December. Timing differences in receipt of revenue across the renewal period account for the variance.

Credit Access Industry

The renewal period for the credit access industry began in late November and continues until the end of December. Timing differences in receipt of revenue across the renewal period account for the variance.

MVSF Industry

The revenue variance for the MVSF industry relates to a higher than expected rate of reinstatements (73 late renewals) and for new license applications with late filing fees, generally for retroactive effect to cover unlicensed activity.

Pawn Industry

The revenue variance for the pawn industry relates to the fees associated with the filing of sixteen new and transfer applications that exceeded the projection of nine applications for the quarter.

Miscellaneous Revenue

Miscellaneous revenue is comprised of interest earnings on agency funds. The earnings exceeded the quarterly projection, with the highest earnings early in the quarter and earnings at the end of the quarter more in line with expectations.

Expenditures- 94.8% of budget

Salaries and Wages

Expenditures are 94.1% of the projected budget. The variance is primarily due to vacancies. The OCCC has chosen to defer the hiring of three financial examiners until later in the calendar year. Additionally, the agency has one posted position that has been difficult to fill.

Travel

Expenditures are 100% of the projected budget.

	In-State	Out-State
Regulatory Supervision	\$140,529.79	\$951.29
Development & Training	46,942.19	6,245.44
Other Reg Activities	-	-
Non-Employee	360.74	-
Total	\$187,832.72	\$7,196.73

Professional Fees and Information Technology

Professional fees are over budget and IT costs are under budget due to a misclassification when the accruals were being done in FY 19. The reversal of the accrual has an impact in FY 20, because the accrual does not offset the payment of the invoice in the same category. In addition, the costs associated with the project to implement the legislation making optional the Pawn Employee license were recognized during the first quarter.

Misc Operating Costs

Miscellaneous operating costs are recorded at 67.5% of the projection which is under budget because the OCCC has not yet been assessed an amount due for the Statewide Cost Allocation Plan (SWCAP). Payments are usually made to the Comptroller on a quarterly basis.

**Office of Consumer Credit Commissioner
Liquidity Report
For the Quarter Ending November 30, 2019**

	Actual
Cash at Beginning of Period	\$ 13,448,839.94
Revenues Over (Under) Expenditures	(893,186.66)
Increase (Decrease) in Payables/Encumbrances	(43,468.70)
(Increase) Decrease in Receivables	<u>(99,753.45)</u>
Cash at End of Period	<u><u>\$ 12,412,431.13</u></u>
Reserved Cash Balance:	
Building Maintenance/IT	\$ -
Long-term facilities planning	6,249,088.58
Payables (net of receivables)	685,785.86
Lump sums for Retirements	202,642.84
Program Funds	-
Other	-
Total Reserved Cash Balance	<u><u>\$ 7,137,517.28</u></u>
Unreserved Cash Balance:	
Future Operations	<u>5,274,913.85</u>
Total Unreserved Cash Balance	<u><u>\$ 5,274,913.85</u></u>
Total Cash Balance	<u><u>\$ 12,412,431.13</u></u>
Unreserved Cash / FY 2020 Monthly Budget	7.0

**Texas Department of Banking
Operating Statement and Budget Analysis
For the Quarter Ending November 30, 2019**

	FY 2019 ACTUAL	FY 2020 BUDGET	QUARTER PERFORMANCE				FY 2020 PERFORMANCE			
			1st Quarter BUDGET	1st Quarter ACTUAL	(Over)/Under BUDGET	Percent BUDGET	YTD BUDGET	YTD ACTUAL	(Over)/Under BUDGET	Percent BUDGET
REVENUES										
Bank & Trust Regulation	\$22,740,931	\$25,521,034	\$6,699,045	\$6,713,422	(\$14,377)	100.2%	\$6,699,045	\$6,713,422	(\$14,377)	100.2%
Penalties - Bank & Trust Regulation	140,000	0	0	0	0	0.0%	0	0	0	0.0%
Non-Depository Supervision	2,562,127	3,604,957	895,089	1,147,499	(252,410)	128.2%	895,089	1,147,499	(252,410)	128.2%
Penalties - Non-Depository Supervision	1,097,740	82,600	21,500	32,100	(10,600)	149.3%	21,500	32,100	(10,600)	149.3%
Miscellaneous Revenues	492,200	404,800	101,200	60,379	40,821	59.7%	101,200	60,379	40,821	59.7%
TOTAL REVENUES	\$27,032,998	\$29,613,391	\$7,716,835	\$7,953,400	(\$236,565)	103.1%	\$7,716,835	\$7,953,400	(\$236,565)	103.1%
EXPENDITURES										
Personnel Costs										
Employee Compensation	\$16,952,793	\$18,890,947	\$4,450,798	\$4,261,627	\$189,171	95.7%	\$4,450,798	\$4,261,627	\$189,171	95.7%
Employee Benefits	4,905,696	5,545,899	1,293,943	1,207,687	86,255	93.3%	1,293,943	1,207,687	86,255	93.3%
Add'l Health/Retirement	241,770	279,995	66,567	61,490	5,076	92.4%	66,567	61,490	5,076	92.4%
Other Personnel Costs	578,444	406,089	57,714	67,431	(9,717)	116.8%	57,714	67,431	(9,717)	116.8%
Subtotal Personnel Costs	\$22,678,703	\$25,122,930	\$5,869,021	\$5,598,236	\$270,785	95.4%	\$5,869,021	\$5,598,236	\$270,785	95.4%
Travel										
In-State	\$1,367,830	\$1,513,093	\$466,342	\$380,460	\$85,883	81.6%	\$466,342	\$380,460	\$85,883	81.6%
Out-of-State	658,574	709,330	176,510	182,941	(6,431)	103.6%	176,510	182,941	(6,431)	103.6%
Subtotal Travel	\$2,026,404	\$2,222,423	\$642,852	\$563,401	\$79,451	87.6%	\$642,852	\$563,401	\$79,451	87.6%
Operating Costs										
Professional Fees	\$300,071	\$321,504	\$22,241	\$21,209	\$1,032	95.4%	\$22,241	\$21,209	\$1,032	95.4%
Consumables	37,249	38,000	13,800	13,640	160	98.8%	13,800	13,640	160	98.8%
Office Utilities	41,717	46,022	17,887	17,769	118	99.3%	17,887	17,769	118	99.3%
Rent - Building/Space	388,330	426,635	149,766	149,659	107	99.9%	149,766	149,659	107	99.9%
Rent - Equipment/Other	25,179	35,178	10,582	10,287	295	97.2%	10,582	10,287	295	97.2%
Communications	298,025	303,074	70,248	68,629	1,619	97.7%	70,248	68,629	1,619	97.7%
Information Technology	165,118	334,818	139,882	140,945	(1,064)	100.8%	139,882	140,945	(1,064)	100.8%
Employee Training	282,911	329,264	71,679	68,912	2,767	96.1%	71,679	68,912	2,767	96.1%
Misc. Operating Costs	425,321	433,543	85,092	111,839	(26,747)	131.4%	85,092	111,839	(26,747)	131.4%
Subtotal Operating Costs	\$1,963,921	\$2,268,038	\$581,177	\$602,890	(\$21,714)	103.7%	\$581,177	\$602,890	(\$21,714)	103.7%
TOTAL EXPENDITURES	\$26,669,028	\$29,613,391	\$7,093,050	\$6,764,527	\$328,523	95.4%	\$7,093,050	\$6,764,527	\$328,523	95.4%
EXPENDITURES (OVER) / UNDER REVENUES	\$363,970	\$0	\$623,785	\$1,188,873	(\$565,088)		\$623,785	\$1,188,873	(\$565,088)	

Texas Department of Banking

Overview of Budget Variances for the First Quarter of Fiscal Year 2020 - (Variances in excess of \$1,000 and 5% from budget are reported).

Non-Depository Supervision – The variance for the quarter is due to the timing of collected assessments. This variance will be offset in future quarter assessments.

Penalties - Non-Depository Supervision – The variance is due to higher than anticipated collected penalties from prepaid funeral contract permit and perpetual care cemetery certificate holders. This variance was partially offset by lower than budgeted penalties for unlicensed money service businesses.

Miscellaneous Revenues – The variance for the quarter relates to lower than budgeted interest payments from the Treasury than anticipated. This is due to bank assessments that are now reduced quarterly which lowered the available bank balance.

Employee Compensation and Benefits – The positive variance relates to vacant staff positions. Vacancies in terms of FTEs as of November 30, 2019 are listed below:

Administrative	6
Examiners	18

Other Personnel Costs – The negative variance is due lump sum payments related to three unanticipated resignations.

Travel Breakdown

	In-State Travel	Out-of-State Travel
Regulatory Supervision	\$249,093.31	\$95,361.51
Development and Training	\$125,381.71	\$82,242.18
Other Regulatory Activities	\$3701.13	\$5,337.80
Non-Employee	\$2,283.45	\$0.00
Total	\$380,459.60	\$182,941.49

In-State Travel – The positive variance is due to: (1) vacant examiner positions; (2) training and examination related travel that did not occur; (3) examinations that were performed off-site; and (4) overall efficient use of staff.

Misc. Operating Costs – The negative variance is due to higher workers' compensation claims than budgeted as based on history.

TEXAS DEPARTMENT OF BANKING
Liquidity Report
For the Quarter Ending November 30, 2019

	Actual
Cash at Beginning of Period	\$ 15,221,619
Revenues Over (Under) Expenditures	\$ 1,188,873
Increase (Decrease) in Payables/Encumbrances	\$ (546,275)
(Increase) Decrease in Receivables	\$ 111,135
Cash at End of Period	<u>\$ 15,975,352</u>

Reserved Cash Balance:	
Bldg. maintenance/IT	\$ -
Long-term facilities planning	\$ 6,250,224
Payables (net of receivables)	\$ 1,868,094
Lump Sums for Retirements	\$ 649,380
Program Funds	\$ -
Other	\$ -
Total Reserved Cash Balance	<u>\$ 8,767,698</u>

Unreserved Cash Balance:	
Future Operations	\$ 7,207,654
Total Unreserved Cash Balance	<u>\$ 7,207,654</u>

Total Cash Balance	<u>\$ 15,975,352</u>
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Unreserved Cash/FY2020 Monthly Budget	2.92 months
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TFEE Report – February 14, 2020

ACTIVITIES RELATING TO THE TEXAS FINANCIAL ENDOWMENT FUND

The 2018-2019 TFEE Grant cycle ended December 31, 2019. Semi-annual Program Activities and Reimbursement reports are under review. These reports reflect activities related to the TFEE Grant from July 1, 2019 through December 31, 2019. To date, \$17,758.50 has been requested for reimbursement this period.

The agency received 26 TFEE grant applications for the 2020-2021 grant cycle. The Grant Advisory Committee has reviewed these applications and submitted recommendations for grant award recipients.

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