

**DEPARTMENT OF
SAVINGS AND MORTGAGE LENDING**



**Annual
Financial Report**
**For the Year Ended
August 31, 2021**

**Interim Commissioner
Stephany Trotti**



October 6, 2021

Honorable Greg Abbott, Governor
Glenn Hegar, Texas Comptroller
Jerry McGinty, Director, Legislative Budget Board
Lisa Collier, First Assistant State Auditor

Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of the Department of Savings and Mortgage Lending for the year ended August 31, 2021, in compliance with Texas Government Code Annotated, Section 2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Antonia Antov, at aantov@sml.texas.gov.

Sincerely,

A handwritten signature in blue ink that reads "Stephany Trotti". The signature is written in a cursive style.

Stephany Trotti

Interim Commissioner

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Combining Financial Statements

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Exhibit I — Combined Balance Sheet/Statement of Net Position — Governmental Funds
August 31, 2021

| | Governmental Fund Types | | | Capital Assets Adjustments | Long-Term Liabilities Adjustments | Statement of Net Assets |
|--|-------------------------|--------------------------|-----------------------------|-------------------------------|---|----------------------------|
| | General Funds | Special Revenue Funds | Governmental Funds Total | | | |
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash & Cash Equivalents (Note 3) | | | | | | |
| Cash in Bank | \$ - | | \$ - | \$ - | | \$ - |
| Cash in State Treasury | 491,678.28 | - | 491,678.28 | | | 491,678.28 |
| Cash Equivalents | 10,596,584.46 | 4,647,296.05 | 15,243,880.51 | | | 15,243,880.51 |
| Accounts Receivable | 10,205.00 | 1,670.00 | 11,875.00 | | | 11,875.00 |
| Interest and Dividends | | 5,510.78 | 5,510.78 | | | 5,510.78 |
| Due From Other Agencies | 2,923.20 | | 2,923.20 | | | 2,923.20 |
| Total Current Assets | 11,101,390.94 | 4,654,476.83 | 15,755,867.77 | | | 15,755,867.77 |
| Non-Current Assets: | | | | | | |
| Capital Assets (Note 2): | | | | | | |
| Non-Depreciable or Non-amortizable | | | 615.00 | | | 615.00 |
| Depreciable or Amortizable, Net | | | 23,250.48 | | | 23,250.48 |
| Total Non-Current Assets | | | 23,865.48 | | | 23,865.48 |
| Total Assets | \$ 11,101,390.94 | \$ 4,654,476.83 | \$ 15,755,867.77 | \$ 23,865.48 | \$ 0.00 | \$ 15,779,733.25 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Current Liabilities: | | | | | | |
| Payables from: | | | | | | |
| Accounts | \$ 169,323.09 | | \$ 169,323.09 | \$ - | | \$ 169,323.09 |
| Payroll | 540,396.83 | | 540,396.83 | | | 540,396.83 |
| Due To Other Agencies | 20,173.42 | | 20,173.42 | | | 20,173.42 |
| Employees' Compensable Leave | | | | | 458,638.84 | 458,638.84 |
| Total Current Liabilities | 729,893.34 | | 729,893.34 | | 458,638.84 | 1,188,532.18 |
| Non-Current Liabilities | | | | | | |
| Employees' Compensable Leave | | | | | 301,550.00 | 301,550.00 |
| Total Non-Current Liabilities | | | | | 301,550.00 | 301,550.00 |
| Total Liabilities | 729,893.34 | | 729,893.34 | | 760,188.84 | 1,490,082.18 |
| Fund Financial Statement | | | | | | |
| Fund Balances (Deficits): | | | | | | |
| Restricted | | 4,654,476.83 | 4,654,476.83 | | | 4,654,476.83 |
| Committed | 10,371,497.60 | | 10,371,497.60 | | | 10,371,497.60 |
| Unassigned | | | | | | |
| Total Fund Balances | 10,371,497.60 | 4,654,476.83 | 15,025,974.43 | | | 15,025,974.43 |
| Total Liabilities and Fund Balances | \$ 11,101,390.94 | \$ 4,654,476.83 | \$ 15,755,867.77 | | | |
| Government-Wide Statement of Net Position | | | | | | |
| Net Position | | | | | | |
| Invested in Capital Assets, Net of Related Debt | | | 23,865.48 | | | 23,865.48 |
| Unrestricted | | | | (760,188.84) | | (760,188.84) |
| Total Net Position | | | \$ 23,865.48 | \$ (760,188.84) | | \$ 14,289,651.07 |

The accompanying notes to the financial statements are an integral part of this statement.

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**Exhibit II — Combined Statement of Revenues, Expenditures and Changes in Fund Balances/
Statement of Activities — Governmental Funds
For the Fiscal Year Ended August 31, 2021**

| | General Funds | Special Revenue Funds | Governmental Funds Total | Capital Assets Adjustments | Long-Term Liabilities Adjustments | Statement of Activities |
|--|-------------------------|-----------------------------|-----------------------------|----------------------------------|---|----------------------------|
| REVENUES | | | | | | |
| Licenses, Fees & Permits (PR) | \$ 6,240,767.41 | \$ 236,868.33 | \$ 6,477,635.74 | | | \$ 6,477,635.74 |
| Interest and Other Investment Income (PR) | 2,448.41 | 20,943.68 | 23,392.09 | | | 23,392.09 |
| Settlement of Claims (GR) | | | | | | |
| Other (GR) | 7,125.35 | | 7,125.35 | | | 7,125.35 |
| Total Revenues | <u>6,250,341.17</u> | <u>257,812.01</u> | <u>6,508,153.18</u> | | | <u>6,508,153.18</u> |
| EXPENDITURES | | | | | | |
| Salaries and Wages | 4,556,454.98 | | 4,556,454.98 | | 77,216.66 | 4,633,671.64 |
| Payroll Related Costs | 1,459,508.57 | | 1,459,508.57 | | | 1,459,508.57 |
| Professional Fees and Services | 277,966.59 | | 277,966.59 | | | 277,966.59 |
| Travel | 4,722.47 | | 4,722.47 | | | 4,722.47 |
| Materials and Supplies | 134,597.79 | | 134,597.79 | | | 134,597.79 |
| Communication and Utilities | 97,844.39 | | 97,844.39 | | | 97,844.39 |
| Repairs and Maintenance | 26,515.59 | | 26,515.59 | | | 26,515.59 |
| Rentals and Leases | 1,434.38 | | 1,434.38 | | | 1,434.38 |
| Printing and Reproduction | 2,503.66 | | 2,503.66 | | | 2,503.66 |
| Other Expenditures | 243,400.11 | 332.48 | 243,732.59 | | | 243,732.59 |
| Depreciation Expense | | | | 6,320.28 | | 6,320.28 |
| Total Expenditures/Expenses | <u>6,804,948.53</u> | <u>332.48</u> | <u>6,805,281.01</u> | <u>6,320.28</u> | <u>77,216.66</u> | <u>6,888,817.95</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(554,607.36)</u> | <u>257,479.53</u> | <u>(297,127.83)</u> | <u>(6,320.28)</u> | <u>(77,216.66)</u> | <u>(380,664.77)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of Capital Assets | \$ - | | \$ - | | \$ - | \$ - |
| Transfer In | 6,686,651.08 | | 6,686,651.08 | | | 6,686,651.08 |
| Transfer Out | (6,686,651.08) | | (6,686,651.08) | | | (6,686,651.08) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | | <u>-</u> |
| Net Change in Fund Balances/Net Position | <u>(554,607.36)</u> | <u>257,479.53</u> | <u>(297,127.83)</u> | | | <u>(380,664.77)</u> |
| Fund Balances, September 1, 2020 | 10,926,104.96 | 4,396,997.30 | 15,323,102.26 | | | 15,323,102.26 |
| Restatements | | | | | | |
| Fund Balances, September 1, 2020, as Restated | <u>10,926,104.96</u> | <u>4,396,997.30</u> | <u>15,323,102.26</u> | | | <u>15,323,102.26</u> |
| Appropriations Lapsed | | | | | | |
| Fund Balances, August 31, 2021 | <u>\$ 10,371,497.60</u> | <u>\$ 4,654,476.83</u> | <u>\$ 15,025,974.43</u> | | | <u>\$ 14,942,437.49</u> |
| Government-Wide Statement of Net Position | | | | | | |
| Net Position/Net Change in Net Position | | | <u>15,025,974.43</u> | <u>(6,320.28)</u> | <u>(77,216.66)</u> | <u>14,942,437.49</u> |
| Net Position, September 1, 2020 | | | | 30,185.76 | (682,972.18) | (652,786.42) |
| Restatements | | | | | | |
| Net Position, September 1, 2020, as Restated | | | | <u>30,185.76</u> | <u>(682,972.18)</u> | <u>(652,786.42)</u> |
| Net Position, August 31, 2021 | | | <u>\$ 15,025,974.43</u> | <u>\$ 23,865.48</u> | <u>\$ (760,188.84)</u> | <u>\$ 14,289,651.07</u> |

The accompanying notes to the financial statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Summary of Significant Accounting Policies

ENTITY

The Department of Savings and Mortgage Lending (the Department) is a regulatory agency of the State of Texas and its financial records comply with state statutes and regulations, including compliance with the Texas Comptroller of Public Accounts Reporting Requirements for State Agencies.

The Department administers the Texas Savings Bank Act and the Texas Savings and Loan Act, which provide for regulation and supervision of state chartered state savings banks and savings and loan associations, the Mortgage License Act, which provides for licensing and inspecting mortgage originators, the Mortgage Banker Registration Act, which provides for registering mortgage bankers, and the Mortgage Servicers Act, which provides for registering mortgage servicers. Major functions of the Department are chartering, regulating, and examining thrift institutions, and licensing and inspecting residential mortgage loan originators. The chief executive officer of the Department, the Savings and Mortgage Lending Commissioner of Texas, is appointed by the Finance Commission of Texas. The Commissioner serves an open-ended term under the direction and oversight of the Finance Commission. The Commission, which operates under the Texas Banking Act of 1995, as amended, consists of eleven members appointed by the Governor and confirmed by the Texas Senate. The composition of the Finance Commission is as follows: two state bankers, one state savings executive, one consumer credit executive, one residential mortgage loan originator, and six public members, one of whom must be a certified public accountant. The Governor appoints the presiding officer.

The Department does not have any component units.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

Governmental Fund Types and Government-Wide Adjustment Fund Types

General Funds

The general fund (Fund 1007/Fund 2970) is the principal operating fund used to account for most of the agency's general activities. It accounts for all financial resources except those accounted for in other funds.

Mortgage Appeal Fees Fund (Fund 2831/Fund 3969) is used to collect payments from licensed individuals requesting administrative hearing to deposit against hearing costs. During FY2021, as a result of the implementation of GASB 84, Fiduciary Activities, the fund was converted from an agency fund to a general fund.

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Special Revenues Funds

Recovery Trust Fund (Fund 1831/Fund 3968) is used to reimburse residential mortgage loan applicants for actual damages incurred because of certain acts committed by a residential mortgage loan originator, licensed under the Mortgage License Act. During FY2021, as a result of the implementation of GASB 84, Fiduciary Activities, the fund was converted from a private-purpose trust fund to a special revenue fund.

Capital Assets Adjustment Fund Type

The capital assets adjustment fund (Fund 0998) is used to convert governmental fund types' capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

The long-term liabilities adjustment fund (Fund 0997) is used to convert governmental fund types' debt from modified accrual to full accrual.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. The state of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that build the government-wide financial statements are accounted for using the full accrual basis method of accounting. This includes capital assets, accumulated depreciation, unpaid employee compensable leave, and full accrual revenues and expenses. The activity will be recognized in these fund types.

Budgets and Budgetary Accounting

The budget is prepared annually and represents amounts approved by the Finance Commission according to Finance Code, Sec. 16.003.

Assets, Liabilities and Fund Balances/Net Assets

Assets

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. They are capitalized at cost or, if not purchased, at

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appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all “exhaustible” assets. “Inexhaustible” assets such as works of art are not depreciated. Assets are depreciated over the estimated useful life of the asset using the straight line method.

Liabilities

Accounts Payable

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Current Payables - Other

Other Payables are the accrual at year end of expenditure transactions not included in any of the other payable descriptions.

Employees' Compensable Leave

Employees' compensable leave balances represent the liability that becomes due upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

Fund Balance/Net Assets

“Fund balance” is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the governmental fund statements. “Net position” is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the government-wide, proprietary and fiduciary fund statements.

Fund Balance Components

Fund balances for governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

Nonspendable fund balance includes amounts not available to be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.

Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the state’s highest level of decision-making authority.

Assigned fund balance includes amounts constrained by the state’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the Texas Legislature or a body (i.e. a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

Net Investment In Capital Assets

Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bond, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

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Restricted Net Position

Restricted net position results when constraints placed on net resources are either externally imposed by creditors, grantors, contributors and the like or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

Unrestricted net position consists of net resources that do not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management but can be removed or modified.

Interfund Activities and Balances

The agency has the following types of transactions between funds:

- (1) Transfers: Legally required transfers that are reported when incurred as “transfers in” by the recipient fund and as “transfers out” by the disbursing fund.

The composition of the agency’s interfund activities and balances are presented in Note 12.

NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2021, is presented below:

| GOVERNMENTAL ACTIVITIES | PRIMARY GOVERNMENT | | | | | Balance 8/31/2021 |
|---|---------------------|-----------------------------------|------------------------------------|--------------|---------------|----------------------|
| | Balance 9/1/2020 | Increase- Interagy Xfers In | Decrease- Interagy Xfers Out | Additions | Deleti ons | |
| Non-Depreciable Assets | | | | | | |
| Other Assets | \$ 615.00 | | | | | \$ 615.00 |
| Total Non-Depreciable Assets | \$ 615.00 | | | | | \$ 615.00 |
| Depreciable Assets | | | | | | |
| Furniture and Equipment | \$ 66,136.29 | | (3,191.00) | 3,191.00 | | \$ 66,136.29 |
| Total Depreciable Assets at Historical Costs | \$ 66,136.29 | | | | | \$ 66,136.29 |
| Less Accumulated Depreciation for: | | | | | | |
| Furniture and Equipment | \$(36,565.53) | | | \$(6,320.28) | | \$(42,885.81) |
| Total Accumulated Depreciation | \$(36,565.53) | | | \$(6,320.28) | | \$(42,885.81) |
| Depreciable Assets, Net | \$30,185.76 | | | \$(6,320.28) | | \$23,865.48 |
| Amortizable Assets – Intangible | | | | | | |
| Computer Software | \$ 23,718.21 | | | | | \$ 23,718.21 |
| Total Amortizable Assets – Intangible | \$ 23,718.21 | | | | | \$ 23,718.21 |
| Less Accumulated Depreciation for: | | | | | | |
| Computer Software | \$(23,718.21) | | | | | \$(23,718.21) |
| Total Accumulated Amortization | \$(23,718.21) | | | | | \$(23,718.21) |
| Amortizable Assets, Net | - | | | | | - |
| Governmental Activities Capital Assets, Net | \$30,185.76 | | | \$(6,320.28) | | \$23,185.76 |

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NOTE 3: Deposits, Investments, and Repurchase Agreements

The Department of Savings and Mortgage Lending reports investments held in the Texas Treasury Safekeeping Trust Company. The investments are authorized by 81st Legislature, HB 2774. The Texas Treasury Safekeeping Trust Company is authorized by statute to make investments following the “prudent person” investment standard. There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2021, the carrying amount of deposits was as presented below:

| | |
|--|----------------|
| Governmental and Business-Type Activities | |
| CASH IN BANK – CARRYING AMOUNT | \$1,500,000.00 |
| Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalents | \$1,500,000.00 |
| Total Cash in Bank per AFR | \$ 0.00 |

These amounts consist of all cash in local banks. These amounts are included on the combined statement of net assets as part of the “cash and cash equivalents” account.

As of August 31, 2021, the total **bank balance** was as follows:

| | | | | |
|---|--------|---------------|---------|--------|
| Governmental and Business-Type Activities | \$0.00 | Special Funds | Revenue | \$0.00 |
|---|--------|---------------|---------|--------|

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The agency does not have a deposit policy for custodial credit risk as the bank balances are not exposed to such risk.

Foreign currency risk for deposits is the risk that changes in exchange rates will adversely affect the deposit. The agency does not have exposure to foreign currency risk for deposits as of August 31, 2021.

Investments

As of August 31, 2021, the fair value of investments was as presented below:

| Governmental and Business-Type Activities | Level 1 Inputs | Fair Value |
|--|-----------------------|-------------------|
| Repurchase Agreements (Texas Treasury Safekeeping Trust Co) | \$13,743,880.51 | \$13,743,880.51 |
| Non-negotiable Certificates of Deposit | \$ 1,500,000.00 | \$1,500,000.00 |
| Total Investments | \$15,243,880.51 | \$15,243,880.51 |
| Reconciliation of Investments per Exhibits – Governmental and Business-Type Activities | | |
| | \$15,243,880.51 | \$15,243,880.51 |
| Investments per Exhibits | | |

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of August 31, 2021, the agency’s credit quality distribution for securities with credit risk exposure was as follows:

All funds held in Texas Treasury Safekeeping Trust were invested in repurchase agreements with credit rating AA+ according to Standard & Poor’s.

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All non-negotiable certificates of deposit are held in institutions members of FDIC and were fully insured as of August 31, 2021.

NOTE 4: Short-Term Debt

Not applicable.

NOTE 5: Long-Term Liabilities

Changes In Long-Term Liabilities

During the year ended August 31, 2021, the following changes occurred in liabilities.

| Governmental Activities | Balance 9-1-2020 | Additions | Reductions | Balance 8-31-2021 | Amounts Due Within One Year |
|-------------------------------|------------------|---------------|---------------|-------------------|-----------------------------|
| Compensable Leave | \$ 686,802.13 | \$ 657,560.02 | \$ 584,173.31 | \$ 760,188.84 | \$ 458,638.84 |
| Total Governmental Activities | \$ 686,802.13 | \$ 657,560.02 | \$ 584,173.31 | \$ 760,188.84 | \$ 458,638.84 |

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Upon termination or death, all unpaid overtime balances must be paid in full. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types.

Compensatory leave is allowed for exempt employees who are not eligible for overtime pay. This leave is accumulated on an hour-for-hour basis and must be taken within one year from date earned or it lapses. There is no death or termination benefit for compensatory leave and it is non-transferable. For these reasons, this category is reported as a current liability.

For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Position. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 6: Bonded Indebtedness

Not applicable.

NOTE 7: Derivative Instruments

Not applicable.

NOTE 8: Leases

Not applicable.

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NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

Not applicable.

NOTE 10: Deferred Compensation

Not applicable.

NOTE 11: Postemployment Benefits Other than Pensions

Not applicable.

NOTE 12: Interfund Activity and Transactions

Not applicable.

NOTE 13: Continuance Subject to Review

Under the Texas Sunset Act, the Department will be abolished effective September 1, 2031, unless continued in existence by the 92nd Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2032, to close out its operations.

NOTE 14: Adjustments to Fund Balances/Net Position

Not applicable.

NOTE 15: Contingencies and Commitments

Not applicable.

NOTE 16: Subsequent Events

Not applicable.

NOTE 17: Risk Management

Not applicable.

NOTE 18: Management Discussion and Analysis

Not applicable.

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NOTE 19: The Financial Reporting Entity

Not applicable.

NOTE 20: Stewardship, Compliance and Accountability

Not applicable.

NOTE 21: Not applicable to the AFR

Not applicable.

NOTE 22: Donor-Restricted Endowments

Not applicable.

NOTE 23: Extraordinary and Special Items

Not applicable.

NOTE 24: Disaggregation of Receivable and Payable Balances

Not applicable.

NOTE 25: Termination Benefits

Not applicable.

NOTE 26: Segment Information

Not applicable.

NOTE 27: Service Concession Arrangements

Not applicable.

NOTE 28: Deferred Outflows of Resources and Deferred Inflows of Resources

Not applicable.

NOTE 29: Troubled Debt Restructuring

Not applicable.

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NOTE 30: Non-Exchange Financial Guarantees

Not applicable.

NOTE 31: Tax Abatements

Not applicable.

NOTE 32: Governmental Fund Balances

Not applicable.

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**Exhibit A-1 — Combining Balance Sheet — All General and Consolidated Funds
August 31, 2021**

| | <u>General</u> | <u>General</u> | <u>General</u> | <u>General</u> | |
|--------------------------------------|---------------------------|-----------------------------|---------------------------------------|---|-------------------------|
| | Operating Fund | Oper Fund- TTSTC | HB955 Appeal Fees Fund | HB955 Appeal Fees Fund - TTSTC | |
| | (1007)* | (9999)* | (0831)* | (0831)* | |
| | U/F (1007) | U/F (2970) | U/F (2831) | U/F (3969) | Total |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash & Cash Equivalents (Note 3) | | | | | |
| Cash in Bank | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cash in State Treasury | 491,678.28 | | | | 491,678.28 |
| Cash Equivalents | | 10,592,454.22 | | 4,130.24 | 10,596,584.46 |
| Receivables from: | | | | | |
| Accounts Receivable | | 10,205.00 | | | 10,205.00 |
| Due From Other Agencies | 2,923.20 | | | | 2,923.20 |
| Total Current Assets | <u>494,601.48</u> | <u>10,602,659.22</u> | | <u>4,130.24</u> | <u>11,101,390.94</u> |
| Non-Current Assets | | | | | |
| Total Non-Current Assets | | | | | |
| Total Assets | <u>\$ 494,601.48</u> | <u>\$ 10,602,659.22</u> | <u>\$.00</u> | <u>\$ 4,130.24</u> | <u>\$ 11,101,390.94</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Payables from | | | | | |
| Accounts | \$ 168,823.09 | \$.00 | \$ 500.00 | \$.00 | \$ 169,323.09 |
| Payroll | 540,396.83 | | | | 540,396.83 |
| Due To Other Funds | | | | | |
| Due To Other Agencies | 20,173.42 | | | | 20,173.42 |
| Total Current Liabilities | <u>729,393.34</u> | | <u>500.00</u> | | <u>729,893.34</u> |
| Non-Current Liabilities | | | | | |
| Total Non-Current Liabilities | | | | | |
| Total Liabilities | <u>729,393.34</u> | | <u>500.00</u> | | <u>729,893.34</u> |
| Fund Balances (Deficits): | | | | | |
| Committed | (234,791.86) | 10,602,659.22 | (500.00) | 4,130.24 | 10,371,497.60 |
| Assigned | | | | | |
| Unassigned | | | | | |
| Total Fund Balances | <u>(234,791.86)</u> | <u>10,602,659.22</u> | <u>(500.00)</u> | <u>4,130.24</u> | <u>10,371,497.60</u> |
| Total Liabilities and Fund Balances | <u>\$ 494,601.48</u> | <u>\$ 10,602,659.22</u> | <u>\$.00</u> | <u>\$ 4,130.24</u> | <u>\$ 11,101,390.94</u> |

* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)

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**Exhibit A-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —
All General and Consolidated Funds
For the Fiscal Year Ended August 31, 2021**

| | Operating Fund (1007)* U/F (1007) | Operating Fund- TTSTC (0831)* U/F (2970) | HB955 Appeal Fees Fund (0831)* U/F (2831) | HB955 Appeal Fees Fund - TTSTC (0831)* U/F (3969) | Total |
|---|---|---|--|---|-------------------------|
| REVENUES | | | | | |
| License, Fees & Permits (PR) | \$ (1,400.00) | \$ 6,242,167.41 | | \$ - | \$ 6,240,767.41 |
| Interest and Other Investment Income (PR) | | 2,447.87 | | 0.54 | 2,448.41 |
| Settlement of Claims (GR) | | | | | |
| Other (GR) | (2,600.00) | 10,225.35 | (500.00) | | 7,125.35 |
| Total Revenues | \$ (4,000.00) | \$ 6,254,840.63 | \$ (500.00) | \$ 0.54 | \$ 6,250,341.17 |
| EXPENDITURES | | | | | |
| Salaries and Wages | \$ 4,556,454.98 | \$ - | | \$ - | \$ 4,556,454.98 |
| Payroll Related Costs | 1,459,508.57 | | | | 1,459,508.57 |
| Professional Fees and Services | 277,966.59 | | | | 277,966.59 |
| Travel | 4,722.47 | | | | 4,722.47 |
| Materials and Supplies | 134,597.79 | | | | 134,597.79 |
| Communication and Utilities | 97,844.39 | | | | 97,844.39 |
| Repairs and Maintenance | 26,515.59 | | | | 26,515.59 |
| Rentals and Leases | 1,434.38 | | | | 1,434.38 |
| Printing and Reproduction | 2,503.66 | | | | 2,503.66 |
| Other Expenditures | 241,306.79 | 1,093.32 | | 1,000.00 | 243,400.11 |
| Total Expenditures | \$ 6,802,855.21 | \$ 1,093.32 | \$ - | \$ 1,000.00 | \$ 6,804,948.53 |
| Excess (Deficiency) of Revenues over Expenditures | \$ (6,806,855.21) | \$ 6,253,747.31 | \$ (500.00) | \$ (999.46) | \$ (554,607.36) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | \$ 6,686,651.08 | \$ - | \$ - | \$ - | \$ 6,686,651.08 |
| Transfers Out | | (6,686,651.08) | | | (6,686,651.08) |
| Total Other Financing Sources (Uses) | \$ 6,686,651.08 | \$ (6,686,651.08) | \$ - | \$ - | \$ - |
| Net Change in Fund Balances | \$ (120,204.13) | \$ (432,903.77) | \$ (500.00) | \$ (999.46) | \$ (554,607.36) |
| Fund Financial Statement - Fund Balances | | | | | |
| Fund Balances, September 1, 2020 | \$ (114,587.73) | \$ 11,035,562.99 | \$ - | \$ 5,129.70 | \$ 10,926,104.96 |
| Restatements | | | | | |
| Fund Balances, September 1, 2020, as Restated | \$ (114,587.73) | \$ 11,035,562.99 | \$ - | \$ 5,129.70 | \$ 10,926,104.96 |
| Appropriations Lapsed | \$ - | \$ - | | \$ - | \$ - |
| Fund Balances, August 31, 2021 | \$ (234,791.86) | \$ 10,602,659.22 | \$ (500.00) | \$ 4,130.24 | \$ 10,371,497.60 |

* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)

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**Exhibit B-1 — Combining Balance Sheet — Special Revenue Funds
August 31, 2021**

| | Mortgage RecoveryFund (0831)* U/F (1831) | Mortgage RecoveryFund- TTSTC (0831)* U/F (3968) | Totals |
|---------------------------|---|--|------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Cash in State Treasury | \$ | \$ | \$ |
| Cash Equivalents | | 4,647,296.05 | 4,647,296.05 |
| Receivables from: | | | |
| Accounts Receivable | | 1,670.00 | 1,670.00 |
| Interest and Dividends | | 5,510.78 | 5,510.78 |
| Due From Other Funds | | | 0 |
| Total Assets | <u>\$ -</u> | <u>\$ 4,654,476.83</u> | <u>\$ 4,654,476.83</u> |
| LIABILITIES | | | |
| Payables from: | | | |
| Accounts | \$ - | \$ - | \$ - |
| Total Liabilities | <u>\$ -</u> | <u>\$ 0.00</u> | <u>\$ 0.00</u> |
| FUND BALANCES | | | |
| Nonspendable | \$ | \$ | \$ |
| Restricted | | 4,654,476.83 | 4,654,476.83 |
| Committed | | | |
| Assigned | | | |
| Total Fund Balances | <u>\$ -</u> | <u>\$ 4,654,476.83</u> | <u>\$ 4,654,476.83</u> |

* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)

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**Exhibit B-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —
Special Revenue Funds
For the Fiscal Year Ended August 31, 2021**

| | Mortgage Recovery Fund (0831)* U/F (1831) | Mortgage Recovery Fund-TTSTC (0831)* U/F (3968) | Total |
|--|---|--|-------------------------------|
| REVENUES | | | |
| License, Fees & Permits (PR) | \$ - | \$ 236,868.33 | \$ 236,868.33 |
| Interest and Other Investment Income (PR) | | 20,943.68 | 20,943.68 |
| Settlement of Claims (GR) | | | |
| Other (GR) | | | |
| Total Revenues | <u>\$ -</u> | <u>\$ 257,812.01</u> | <u>\$ 257,812.01</u> |
| EXPENDITURES | | | |
| Other Expenditures | | \$ 332.48 | 332.48 |
| Total Expenditures | <u>\$ -</u> | <u>\$ 332.48</u> | <u>\$ 332.48</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>\$ -</u> | <u>\$ 257,479.53</u> | <u>\$ 257,479.53</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | | \$ - | - |
| Transfers Out | | | |
| Total Other Financing Sources (Uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ 257,479.53</u> | <u>\$ 257,479.53</u> |
| Fund Financial Statement - Fund Balances | | | |
| Fund Balances, September 1, 2020 | \$ - | \$ 4,396,997.30 | \$ 4,396,997.30 |
| Restatements | | | |
| Fund Balances, September 1, 2020, as Restated | <u>\$ -</u> | <u>\$ 4,396,997.30</u> | <u>\$ 4,396,997.30</u> |
| Appropriations Lapsed | \$ - | - | - |
| Fund Balances, August 31, 2021 | <u><u>\$ -</u></u> | <u><u>\$ 4,654,476.83</u></u> | <u><u>\$ 4,654,476.83</u></u> |

* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)