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Annual Financial Report

For the Year Ended August 31, 2026

OCCC
TEXAS OFFICE OF CONSUMER CREDIT COMMISSIONER

October 23, 2026

Honorable Greg Abbott, Governor
Honorable Don Huffines, Texas Comptroller
Phillip Ashley, Director, Legislative Budget Board
Lisa Collier, State Auditor

Ladies and Gentlemen:

We are pleased to submit the updated annual financial report of the Office of Consumer Credit Commissioner for the year ended August 31, 2026, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) 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 *Annual Comprehensive Financial Report* (ACFR); 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 Mirand Diamond, Director of Licensing and Finance at (512) 936-7617.

Sincerely,

/s/ Leslie L. Pettijohn

Leslie L. Pettijohn
Commissioner

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OFFICE OF CONSUMER CREDIT COMMISSIONER
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended August 31, 2026

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Office of the Consumer Credit Commissioner
Exhibit I — Combined Balance Sheet/Statement of Net Position — Governmental Funds
For the Fiscal Year Ended August 31, 2026

	Governmental Fund Types					
	General Funds	**Special Revenue Funds**	**Governmental Funds Total**	**Capital Assets Adjustments**	**Long-Term Liabilities Adjustments**	**Statement of Net Position**
ASSETS						
Current Assets:						
Cash (Note 3):						
Cash In Bank	$ 33,265.00	$ 2,594.55	$ 35,859.55	$ -	$ -	$ 35,859.55
Cash in State Treasury	629,595.04	-	629,595.04			629,595.04
Cash Equivalents (Note3)	13,891,957.41	776,427.22	14,668,384.63			14,668,384.63
Receivables from:						
Accounts Receivable	3,500.00	-	3,500.00			3,500.00
Interest Receivable	-	7,372.66	7,372.66			7,372.66
Invest Trade Receivable	-	-	-			-
Due from Other Fund	-	-	-			-
Total Current Assets	$ 14,558,317.45	$ 786,394.43	$ 15,344,711.88	$ -	$ -	$ 15,344,711.88
Non-Current Assets						
Capital Assets (Note 2):						
Non-Depreciable or Non-Amortizable	-	-	-			-
Depreciable or Amortizable, Net				2,408.74		2,408.74
Investments (Note 3)	-	12,616,704.27	12,616,704.27			12,616,704.27
Total Non-Current Assets	$ -	$ 12,616,704.27	$ 12,616,704.27	$ 2,408.74	$ -	$ 12,619,113.01
Total Assets	$ 14,558,317.45	$ 13,403,098.70	$ 27,961,416.15	$ 2,408.74	$ -	$ 27,963,824.89
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Payables from:						
Accounts	$ 94,767.95	$ -	$ 94,767.95	$ -	$ -	$ 94,767.95
Payroll	524,668.23	-	524,668.23			524,668.23
Interest	-	1,053.92	1,053.92			1,053.92
Invest Trade Payable	-	-	-			-
Investment Derivative Instrument	-	-	-			-
Due To Other Funds	-	-	-			-
Due To Other Agencies	40,110.54	-	40,110.54			40,110.54
Employees' Compensable Leave (Note 5)			-		325,628.52	325,628.52
Other-Current Liabilities	-		-			
Total Current Liabilities	$ 659,546.72	$ 1,053.92	$ 660,600.64	$ -	$ 325,628.52	$ 986,229.16
Non-Current Liabilities:						
Employees' Compensable Leave (Note 5)			-		182,196.81	182,196.81
Total Non-Current Liabilities	$ -	$ -	$ -	$ -	$ 182,196.81	$ 182,196.81
Total Liabilities	$ 659,546.72	$ 1,053.92	$ 660,600.64	$ -	$ 507,825.33	$ 1,168,425.97
FUND FINANCIAL STATEMENT						
Fund Balances (Deficits):						
Restricted	$ -	$ 13,402,044.78	$ 13,402,044.78	$ -	$ -	$ 13,402,044.78
Committed	13,898,770.73	-	13,898,770.73			13,898,770.73
Assigned	-	-	-			-
Unassigned	-	-	-			
Total Fund Balances	$ 13,898,770.73	$ 13,402,044.78	$ 27,300,815.51	$ -	$ -	$ 27,300,815.51
Total Liabilities and Fund Balances	$ 14,558,317.45	$ 13,403,098.70	$ 27,961,416.15			
Government-Wide Statement of Net Position						
Net Position						
Net Investment in Capital Assets				$ 2,408.74	$ -	$ 2,408.74
Unrestricted					(507,825.33)	(507,825.33)
Total Net Position				$ 2,408.74	$ (507,825.33)	$ 26,795,398.92

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

Office of the Consumer Credit Commissioner (466)
Exhibit II — Combined Statement of Revenues, Expenditures and Changes in Fund Balances/
Statement of Activities — Governmental Funds
For the Fiscal Year Ended August 31, 2026

	Governmental Fund Types					
	General Funds	**Special Revenue Funds**	**Governmental Funds Total**	**Capital Assets Adjustments**	**Long-Term Liabilities Adjustments**	**Statement of Activities**
REVENUES						
License, Fees & Permits (PR)	$ 10,045,833.51	$ 226,100.00	$ 10,271,933.51	$ -	$ -	$ 10,271,933.51
Interest and Other Investment Income (PR)	552,149.46	186,336.27	738,485.73			738,485.73
Settlement of Claims (PR)	-	-	-			-
Sales of Goods and Services (PR)	500.00	-	500.00			500.00
Net Increase (Decrease) in Fair Value (PR)		1,504,953.53	1,504,953.53			1,504,953.53
Other (PR)	739.94	-	739.94			739.94
Total Revenues	$ 10,599,222.91	$ 1,917,389.80	$ 12,516,612.71	$ -	$ -	$ 12,516,612.71
EXPENDITURES						
Salaries and Wages	$ 4,936,754.35	$ 32,400.00	$ 4,969,154.35	$ -	$ (71,715.59)	$ 4,897,438.76
Payroll Related Costs	1,721,297.65	9,766.32	1,731,063.97			1,731,063.97
Professional Fees and Services	155,328.65	14,006.86	169,335.51			169,335.51
Travel	312,156.21	-	312,156.21			312,156.21
Materials and Supplies	43,863.78	-	43,863.78			43,863.78
Communication and Utilities	93,060.36	-	93,060.36			93,060.36
Repairs and Maintenance	176,004.73	-	176,004.73			176,004.73
Rentals and Leases	3,773.89	-	3,773.89			3,773.89
Printing and Reproduction	5,482.92	-	5,482.92			5,482.92
Public Assistance Payments	-	312,569.34	312,569.34			312,569.34
Other Expenditures	501,725.22	14,782.94	516,508.16			516,508.16
Capital Outlay	2,068,260.00	-	2,068,260.00	-		2,068,260.00
Depreciation and Amortization Expense	-	-	-	2,408.28		2,408.28
Total Expenditures/Expenses	$ 10,017,707.76	$ 383,525.46	$ 10,401,233.22	$ 2,408.28	$ (71,715.59)	$ 10,331,925.91
Excess (Deficiency) of Revenues over Expenditures	$ 581,515.15	$ 1,533,864.34	$ 2,115,379.49	$ (2,408.28)	$ 71,715.59	$ 2,184,686.80
OTHER FINANCING SOURCES (USES)						
Transfer In	$ 10,812,753.25	$ 312,569.34	$ 11,125,322.59	$ -	$ -	$ 11,125,322.59
Transfer Out	(10,183,464.00)	(941,858.59)	(11,125,322.59)			(11,125,322.59)
Inc (Dec) in Net Position Due to Interagency Transfer						
Total Other Financing Sources (Uses)	$ 629,289.25	$ (629,289.25)	$ -	$ -	$ -	$ -
Net Change in Fund Balances/Net Position	$ 1,210,804.40	$ 904,575.09	$ 2,115,379.49			$ 2,184,686.80
Fund Financial Statement - Fund Balances						
Fund Balances, September 1, 2025, as Restated	$ 12,687,966.33	$ 12,497,469.69	$ 25,185,436.02			$ 25,185,436.02
Restatements	-	-	-			-
Fund Balances, September 1, 2025, as Restated	$ 12,687,966.33	$ 12,497,469.69	$ 25,185,436.02			$ 25,185,436.02
Appropriations Lapsed						
Fund Balances, August 31, 2026	$ 13,898,770.73	$ 13,402,044.78	$ 27,300,815.51			$ 27,370,122.82
Government-Wide Statement of Net Position						
Net Position/Net Change in Net Position			$ 27,300,815.51	$ (2,408.28)	$ 71,715.59	$ 27,370,122.82
Net Position, September 1, 2025, as Restated				4,817.02	(579,540.92)	(574,723.90)
Restatements						-
Net Position, September 1, 2025, as Restated				4,817.02	(579,540.92)	(574,723.90)
Net Position, August 31, 2026			$ 27,300,815.51	$ 2,408.74	$ (507,825.33)	$ 26,795,398.92

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

The Office of Consumer Credit Commissioner (OCCC) is an agency of the state of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

The OCCC is a financial regulatory agency with responsibilities for the regulation of certain nonbank financial service providers. The mission of the OCCC is to regulate non depository financial services and to educate consumers and creditors, fostering a fair, lawful, and healthy credit environment for economic prosperity in Texas. The OCCC licenses and examines the following nonbank financial service providers: regulated lenders, property tax lien lenders, certain residential mortgage loan originators, motor vehicle sales finance dealers and holders, credit access businesses, pawnshops, and certain pawnshop employees. The OCCC also registers debt management service providers, refund anticipation loan facilitators, crafted precious metal dealers, and retail sellers (creditors) who finance the sales of their goods and services. The OCCC performs its regulatory responsibilities through core functions of licensing and registration; examination and investigation; consumer assistance; legal and enforcement; and financial education.
The Finance Commission of Texas is responsible for overseeing and coordinating the OCCC and its sister agencies and for appointing the agency head. The Finance Commission is comprised of 11 individuals appointed by the Governor and confirmed by the Senate. The membership of the Finance Commission is apportioned by statute as follows: 2 banking executives; 1 savings bank executive; 1 residential mortgage loan originator; 1 consumer credit executive and 6 public members, one of whom must be a certified public accountant.
The OCCC's revenues are derived through the collection of license and registration application fees, renewal fees and assessments, administrative penalties, charges for agency publications and administrative services, and potentially examination charges collected from regulated entities. Various provisions in the Finance Code authorize the Commissioner to recover the cost of examination, the equitable or proportionate cost of maintenance and operation of the agency, and the cost of enforcement. The OCCC is responsible for all direct and indirect costs and does not receive any general revenue funds. The Legislature designated the OCCC as a self-directed, semi-independent (SDSI) agency in 2009. All revenues for operations are placed in a separate account at the Texas Treasury Safekeeping Trust Company.

The OCCC does not have any component units.

Due to the statewide requirements embedded in GASB 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 is considered for audit by the state auditor as part of the audit of the state's *Annual Comprehensive Financial Report* (ACFR); 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 OCCC operating fund (Fund 1012/Fund 2973) is used to account for most of the agency's operations, except those reported in the special revenue funds.

Special Revenue Funds

The Texas Financial Education Endowment fund (Fund 0826/Fund 0851/Fund 3710) and the State-Licensed Mortgage Loan Originator Recovery Fund (Fund 0826/Fund 3800) are accounted for as special revenue funds. The Texas Financial Education Endowment fund contains activities related to an endowment established to improve consumer credit, financial education, and asset-building opportunities in the state. The fund operates a grant program to award grants to entities that support statewide financial education and consumer credit building activities and programs. The State-Licensed Mortgage Loan Originator Recovery Fund operates as a recovery fund to reimburse residential mortgage loan applicants for actual damages incurred because of acts committed by an OCCC-licensed residential mortgage loan originator, respectively.

Capital Assets Adjustment Fund Type
The capital assets adjustment fund (Fund 9998) is used to convert governmental fund types' capital assets from modified accrual to full accrual basis.

Long-Term Liabilities Adjustment Fund Type

The long-term liabilities adjustment fund (Fund 9997) is used to convert governmental fund types' debt from modified accrual to full accrual basis.

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 are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period that 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 60 days after fiscal 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.

Basis conversion adjustment fund types convert modified accrued basis to full accrued basis of accounting. The following activities are recognized in these fund types:

- Capital assets
- Accumulated depreciation
- Unpaid employee compensable leave

Budget and Budgetary Accounting

The OCCC is self-directed, semi-independent pursuant to Tex Fin Code §16.002. The budget is prepared annually and represents amounts authorized by the Finance Commission of Texas.

Assets, Liabilities and Fund Balances/Net Position

Assets

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

Investments
Investments are generally stated at fair value with certain exceptions in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Invested security lending collaterals are measured at fair value.

Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses on the operating statement. These costs are reported at gross.

Capital Assets
Assets that meet the reporting threshold and useful life are capitalized. The capitalization threshold and the estimated useful life vary depending on the asset type. These assets are capitalized at cost or, if purchased, at 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 and historical treasures) are not depreciated. Other depreciable 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.

Employees' Compensable Leave Balances
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 position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

Fund Balance/Net Position

"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.

The OCCC uses resources in the following order:

- When both restricted and unrestricted resources are available, use:
    1. restricted resources
    2. unrestricted resources (as they are needed)
- When only unrestricted resources are available for use in governmental funds, use:
    1. committed resources
    2. assigned resources
    3. unassigned resources

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
    - Legally or contractually required to be maintained intact.
- **Restricted fund balance** includes those resources that have constraints placed on their use through external parties — such as creditors, grantors, contributors, laws or regulations of other governments — or by law through constitutional provisions or enabling legislation.
- **Committed fund balance** can be used only for specific purposes pursuant to constraints imposed through legislation passed into law 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 the constraints do not meet the requirements to be reported as restricted or committed. Intent is expressed by either:
    - The Texas Legislature
    - A body (for example, 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 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.

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 Transactions

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.
2. **Reimbursements** – Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
3. **Interfund receivables and payables** – Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as "current." Balances for repayment due in two (or more) years are classified as "noncurrent."
4. **Interfund Sales and Purchases** – Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund (interfund services provided) and expenditures or expenses of the disbursing fund (interfund services used).

NOTE 2: CAPITAL ASSETS

Asset Type	Balance 09/01/2025	Adjustments	Additions	Deletions	Balance 08/31/2026
GOVERNMENTAL ACTIVITIES					
Non-depreciable Assets					
Construction in Progress		$(2,068,260.00)	$2,068,260.00		
Depreciable Assets					
Furniture & Equipment	$ 43,359.34	$ 0.00	$ 0.00	$(15,021.30)	$28,338.04
Other Capital Assets					
Less Accumulated Depreciation for:					
Furniture & Equipment	(38,542.32)	0.00	(2,408.28)	15,021.30	(25,929.30)
Other Capital Assets					
Governmental Activities Capital Assets, Net	**$ 4,817.02**	**$(2,068,260.00)**	**$2,065,851.72**	**$ 0.00**	**$2,408.74**

NOTE 3: DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS

The OCCC reports investments held and managed by the Texas Treasury Safekeeping Trust Company. The Texas Financial Education Endowment Fund (TFEE) is authorized by statute to make investments under the prudent person standard described by Section 11b, Article VII, Texas Constitution. There were no significant violations of legal provisions during the period.

DEPOSITS OF CASH IN BANK

As of August 31, 2026, the carrying amount of deposits was $ 35,859.55 as presented below.

Governmental and Business-Type Activities

CASH IN BANK – CARRYING VALUE	$	35,859.55
Total Cash in Bank per AFR	$	35,859.55
Governmental Funds Current Assets Cash in Bank	$	35,859.55
Cash in Bank per AFR	$	35,859.55

These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the combined statement of net position as part of the “cash and cash equivalents” accounts.

As of August 31, 2026 total bank balance was as follows:

Governmental and Business-Type Activities	**$**	35,859.55

INVESTMENTS

The OCCC reports investments held and managed by the Texas Treasury Safekeeping Trust Company (the "Trust Company"). The Trust Company was created by the Legislature as a special purpose entity to efficiently and economically manage, invest and safeguard funds for state agencies and various political subdivisions.

The Trust Company invests funds for the TFEE in a diversified manner designed to preserve the purchasing power of the funds' assets and provide stable distributions to fund grants.

As of August 31, 2026, the fair value of investments was:

Governmental and Business-Type Activities

	Fair Value Hierarchy					
	Level 1 Inputs	**Level 2 Inputs**	**Level 3 Inputs**	**Amortized Cost**	**Net Asset Value**	**(Fair Value)**
Repurchase Agreements-Texas Treasury Safekeeping Trust Co❶				$14,521,176.40		$ 14,521,176.40
Fixed Income Money Market and Bond Mutual Funds	$147,208.23					$147,208.23
Global Equities	$852,813.50					$852,813.50
Domestic Fixed Income – US Government		$903,311.84				$903,311.84
Hedge Funds – direct funds – fixed income					$2,059,358.44	$2,059,358.44
Hedge Funds – direct funds - equities					$6,170,018.62	$6,170,018.62
Derivatives		$(2,098.13)				$ (2,098.13)
Alternative Investments					$2,633,300.00	$2,633,300.00
Total Investments	$1,000,021.73	$901,213.71		$14,521,176.40	$10,862,677.06	$ 27,285,088.90
Reconciliation of Exhibits – Governmental and Business Type Activities						
Governmental Funds Current Assets Short-term Investments						$14,668,384.63
Governmental Funds Noncurrent Assets Investments						$12,616,704.27
Investments per Exhibits						$27,285,088.90

Repurchase Agreements with the Texas Treasury Safekeeping Trust Company are recorded as Cash Equivalents – Miscellaneous Investments in the Financial Statements and as Repurchase Agreements in the Notes, based on Reporting Requirements for Annual Financial Reports of State Agencies and Universities.

Valuations are intended to be made in a manner that is consistent with the Governmental Accounting Standard Board's ("GASB") Statement No. 72, *Fair Value Measurement and Application*. GASB 72 generally requires state and local governments to measure investments at fair value with some exceptions.

GASB defines an investment as a security or other asset that: (a) a government holds primarily for the purpose of income or profit, and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. The investment designation is made at acquisition and remains for the life of the asset.

Investments not measured at fair value continue to include, for example, money market instruments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

Investments are categorized based on the fair value hierarchy of inputs summarized below:

Level 1 Inputs – Quoted (unadjusted) prices in active markets for identical assets or liabilities. Examples of markets in which inputs might be observable include exchange markets, dealer markets, brokered markets, and principal-to-principal markets.

Level 2 Inputs – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves, implied volatilities, credit spreads; or market-corroborated inputs.

Level 3 Inputs - Unobservable inputs for the asset or liability. They should be used only when relevant Level 1 and Level 2 inputs are unavailable. A government should develop Level 3 inputs using the best information available under the circumstances, which might include the government's own data. It should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants. A government need not undertake exhaustive efforts to obtain information about market participant assumptions.

Investments in private equity, real estate, and hedge funds are generally limited partner interests in the funds and reported at net asset value ("NAV").

A. Private Equity and Real Estate Investments

Investments are valued monthly at NAV using the latest account statements from the funds. NAV is adjusted for cash flows that occur after the date of the statements through the month-end date. Account statements are typically issued quarterly.

B. Hedge Funds

Investments are valued monthly at NAV using the current monthly account statements from the funds. If a current monthly account statement is unavailable, the value is calculated by using the estimated monthly return from the fund. Once a statement is received, the value is adjusted to reflect the NAV from the statement adjusted for cash flows that occur after the statement date.

C. Mutual Funds

Investments are valued daily or monthly, as appropriate, at NAV per share.

D. Exchange Traded Funds ("ETFs")

Investments are valued daily using electronic feeds from pricing vendors.

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternate investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The Trust Company values these investments based on the partnerships' audited financial statements. If August 31st statements are available, those values are used preferentially. However, most partnerships have fiscal years ending at other than August 31. If August 31 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the Endowments' alternative investments measured at NAV:

Investments Reported at Net Asset Value (NAV)

Investment Strategy	**Fair Value**	**Frequency Range Low**	**Frequency Range High**	**Notice Period Range Low**	**Notice Period Range High**	**Unfunded Commitment**
Hedge Funds – Fund of Funds						
Hedge Funds – Direct Funds	$8,229,377.06	Daily	Annually	1 day	120 days	N/A
Alternative investments	$2,633,300.01	N/A	N/A	N/A	N/A	N/A

Total Investments Reported at NAV	$10,862,677.07					

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The OCCC's investments are held in the Trust Company which is responsible for limiting foreign currency risk. The exposure to foreign currency risk as of Aug. 31, 2026 was:

Fund Type	Foreign Currency	International Obligation	International Equity	International Other Commingled Funds
02	Euros			$49,396.63

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Trust Company is responsible for limiting credit risk. As of August 31, 2025, the OCCC's credit quality distribution for securities with credit risk exposure was:

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA+	AA	A
01	1012	Repurchase Agreements Texas Treasury Safekeeping Trust Co		$13,891,957.41		
02	0826	Repurchase Agreements Texas Treasury Safekeeping Trust Co		$360,143.66		
02	0826	Repurchase Agreements Texas Treasury Safekeeping Trust Co		$269,075.33		
02	0826	Investments in Short Term Investment Fund	$147,208.23			

NOTE 4: SHORT-TERM DEBT

The OCCC did not have short-term debt during FY2026.

NOTE 5: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities
During the year ended August 31, 2026, the following changes occurred in liabilities.

Governmental Activities	Balance 09-01-2025	Additions	Reductions	Balance 08-31-2026	Amounts Due Within One Year
Compensable Leave	$ 579,540.92	$ 463,929.82	$ 535,645.41	$507,825.33	$ 325,628.52
Total Governmental Activities	**$ 579,540.92**	**$ 463,929.82**	**$ 535,645.41**	**$507,825.33**	**$ 325,628.52**

Employees Compensable Leave
If a state employee has had continuous employment with the state for at least six months, the state employee is entitled to be paid for all unused vacation time accrued in the event of the employee's resignation, dismissal or separation from state employment. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the statement of net position. Both an expense and a liability for business-type activities are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid.

NOTE 6: BONDED INDEBTEDNESS

Not Applicable

NOTE 7: DERIVATIVES

Derivatives are financial instruments whose values are derived, in whole or in part, from the value of any one or more underlying securities or assets, or index of securities or assets, such as stocks, bonds, commodities, or currencies. The Endowment funds use derivatives as part of the portfolio of hedging and overlays program. The objective of the program is to facilitate risk management and provide efficiency in the implementation of various investment strategies. Permitted applications of the portfolio hedging and overlays program are: to implement strategies in a low cost and efficient manner; to hedge and control risks; to alter the Endowment funds' market (systemic) exposure without trading the underlying cash market securities; to construct portfolios with risk and return characteristics that could not be created with cash market securities; or to facilitate transition trading.

Through the use of derivatives, the risks that are bound together in traditional cash market investments that can be separated and managed independently. The primary intent of the Endowment funds' investment in derivative instruments is to manage and implement investment strategies more effectively and at a lower cost than would be possible in the cash market. All of the Endowment funds' derivative instruments are considered investment derivatives and therefore are measured and reported at fair value.

Summary of Derivative Activity

The fair value, changes in fair value, and notional value of the Fund's derivative investments, classified by derivative type, are displayed in the following table as of August 31, 2026.

	Changes in Fair Value		**Fair Value as of Aug. 31, 2026**		
	Classification	**Amount**	**Classification**	**Amount**	**Notional Amount**
Governmental Activities					
Investment Derivative Instruments					
Commodities Futures	Investment revenue		Investment	$ -	$ -
Total Return Swaps (fixed income)	Investment revenue	$(3,180.15)	Investment	$(2,098.13)	$312,872.19
Total Return Swaps (equity)	Investment revenue		Investment		
Total Swaps		$(3,180.15)	Investment	$(2,098.13)	$312,872.19

Investment Derivatives

The OCCC classified its derivative instruments in the fair value hierarchy. Investments are valued using a market approach that considers benchmark interest rates and foreign exchange rates.

Investment Derivative Instruments	08/31/2026	**(Level 1)**	**(Level 2)**	**(Level 3)**
Interest Rate Swaps (assets)	$(2,098.13)		$(2,098.13)	
Interest Rate Swaps (liabilities)				
Total Investment Derivative Instruments	$(2,098.13)		$(2,098.13)	
Fair Value Measurements: • **Level 1** — Quoted Prices in Active Markets for Identical Assets • **Level 2** — Significant Observable Inputs • **Level 3** — Significant Unobservable Inputs				

Investment derivatives expose OCCC to certain investment-related risks. OCCC discloses more detail about investment derivatives in Note 3.

NOTE 8: LEASES

Not Applicable

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 OCCC will be abolished effective September 1, 2031, unless continued in existence by the Legislature as provided by the Act.

NOTE 14: ADJUSTMENTS TO FUND BALANCES AND NET POSITION

Not Applicable

NOTE 15: CONTINGENCIES AND COMMITMENTS

Unpaid Claims and Lawsuits Unpaid Claims and Lawsuits
As of August 31, 2026, there were no lawsuits pending against the OCCC. In the agency's execution of its normal regulatory activities, occasional litigation may arise, including appeals of contested cases. These cases generally do not result in monetary recoveries against the agency.

NOTE 16: SUBSEQUENT EVENTS

Not Applicable

NOTE 17: RISK MANAGEMENT

The OCCC is exposed to a variety of civil claims resulting from the performance of its duties. It is the OCCC's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

The OCCC has purchased property insurance, auto insurance, public officials liability, employment practices liability, and privacy and network security liability insurance coverage through the State Office of Risk Management.

The OCCC assumes all risks associated with tort and liability claims due to the performance of its duties not covered by insurance and within applicable statutory limits on damages.

Currently, the OCCC is not involved in any risk pools with other governmental entities.

The OCCC's liabilities are reported when it is both probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience, and economic factors. The OCCC had no liabilities of this nature at fiscal year-end.

The agency had no unreported claims.

NOTE 18: MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements
The financial statements of the OCCC present the financial position and results of operations of the agency for the fiscal year ended Aug. 31, 2026, in accordance with generally accepted accounting principles for state and local governments.
The financial statements include government-wide financial statements, fund financial statements and notes to the financial statements. These statements provide information about the agency's financial position and changes in financial position for the fiscal year.

Financial Summary

Financial Summary	FY 26	FY 25
Total Assets and Deferred Outflows	$0	$0
Total Liabilities and Deferred Inflows	$0	$0
Net Position	26,795,398.92	24,610,712.12
Total Revenues	12,516,612.71	9,937,022.13
Total Expenses	10,331,925.91	9,848,455.43
Change in Net Position	$2,184,686.80	$88,566.70

Significant Financial Highlights

- Net position increased due to a net increase in fair value of TFEE investment portfolio.
- Revenues increased due to a net increase in fair value of TFEE investment portfolio.

Significant Financial Changes
The most significant changes in financial activity during the fiscal year include:
In FY 2026 the OCCC, under the direction of the Audit Committee of the Finance Commission of Texas, executed an interfund transfer of $500,000, plus accumulated interest, from the Texas Financial Education Endowment Fund (TFEE) to the OCCC's operating fund. This $500,000 was seed money from the OCCC's operating fund to establish TFEE in the beginning phases of the program in 2012.

Capital Assets and Long-Term Debt Activity
Capital Assets
On behalf of the Finance Commission of Texas agencies (the Texas Department of Banking, the Department of Savings and Mortgage Lending, and the Office of Consumer Credit Commissioner), or Finance Commission Agencies, under the direction of the Finance Commission of Texas, the Texas Department of Banking completed the purchase of land with building asset at 3500 Jackson Avenue in Austin, Texas from the Texas Department of Transportation (TxDOT). As such, TxDOT transferred the asset via State Property Accounting to the Department of Banking in FY25. In March 2026, the Finance Commission of Texas agencies entered into an Interagency Agreement with the Texas Facilities Commission (TFC) for the construction of a future facility located at the land site at 3500 Jackson Avenue.

The Finance Commission agencies made their first payment of $7,894,121 to the TFC for Construction in Progress. Each agency established Construction in Progress assets as pre-determined by an Interagency Agreement as follows:

- The Texas Department of Banking: $4,018,107
- The Department of Savings and Mortgage Lending: $1,807,754
- The Office of Consumer Credit Commissioner: $2,068,260

The full FY26 Construction in Progress costs of $7,894,121 are reflected in the Texas Department of Banking report. The allocated portions for the Department of Savings and Mortgage Lending and the Office of Consumer Credit Commissioner are shown in Note2: Capital Assets as a "transfer out." At time of building acceptance, each Finance Commission Agency will carry their portion of the building asset based on a final interagency agreement.

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

NOTE 30: NON-EXCHANGE FINANCIAL GUARANTEES

Not Applicable

NOTE 31: TAX ABATEMENTS

Not Applicable

NOTE 32: GOVERNMENTAL FUND BALANCES

GAAP FUND	Fund	AFR 54 Class	Citation	Comments
1012	1012	Committed	TEX FIN CODE § 16.002 *et seq*	Funds for a designated purpose by enabling legislation, Self-Directed, Semi-Independent Agency
1012	2973	Committed	TEX FIN CODE § 16.002 *et seq*	Funds for a designated purpose by enabling legislation, Self-Directed, Semi-Independent Agency

COMBINING FINANCIAL STATEMENTS

Office of the Consumer Credit Commissioner (466)
Exhibit A-1 — Combining Balance Sheet- All General and Consolidated Funds
August 31, 2026

	General Fund (1012) U/F (1012)	General Fund (1012) U/F (2973)	**Total**
ASSETS			
Current Assets:			
Cash (Note 3):			
Cash In Bank	-	33,265.00	33,265.00
Cash in State Treasury	629,595.04	-	629,595.04
Cash Equivalents	-	13,891,957.41	13,891,957.41
Receivables from:			
Accounts Receivable	-	3,500.00	3,500.00
Due from Other Funds	-	-	-
Interfund Receivables	-	-	-
Total Assets	$ 629,595.04	$ 13,928,722.41	$ 14,558,317.45
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Payables from:			
Accounts	94,767.95		94,767.95
Payroll	524,668.23	-	524,668.23
Due To Other Funds	-		-
Due To Other Agency	40,110.54	-	40,110.54
Interfund Payable		-	-
Employees' Compensable Leave (Note 5)	-	-	-
Other Current Liabilities	-	-	-
Non-Current Liabilities:			-
Employees' Compensable Leave (Note 5)	-	-	-
Total Liabilities	$ 659,546.72	$ -	$ 659,546.72
FUND FINANCIAL STATEMENT			
Fund Balances (Deficits):			
Restricted	-	-	-
Committed	(29,951.68)	13,928,722.41	13,898,770.73
Unassigned	-	-	-
Total Fund Balances	$ (29,951.68)	$ 13,928,722.41	$ 13,898,770.73
Total Liabilities and Fund Balances	$ 629,595.04	$ 13,928,722.41	$ 14,558,317.45

Office of the Consumer Credit Commissioner (466)
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, 2026

	General		
	Fund (1012) U/F (1012)	Fund (1012) U/F (2973)	**Total**
REVENUES			
License, Fees & Permits (PR)	(893.91)	10,046,727.42	10,045,833.51
Interest and Other Investment Income (PR)	-	552,149.46	552,149.46
Settlement of Claims (PR)	-	-	-
Sales of Goods and Services (PR)	-	500.00	500.00
Other (PR)	-	739.94	739.94
Total Revenues	$ (893.91)	$ 10,600,116.82	$ 10,599,222.91
EXPENDITURES			
Salaries and Wages	4,969,154.35	(32,400.00)	4,936,754.35
Payroll Related Costs	1,731,063.97	(9,766.32)	1,721,297.65
Professional Fees and Services	155,328.65		155,328.65
Travel	313,053.28	(897.07)	312,156.21
Materials and Supplies	43,863.78		43,863.78
Communication and Utilities	93,060.36	-	93,060.36
Repairs and Maintenance	176,004.73	-	176,004.73
Rentals and Leases	3,773.89	-	3,773.89
Printing and Reproduction	5,482.92	-	5,482.92
Public Assistance Payments	-	-	-
Other Expenditures	494,510.16	7,215.06	501,725.22
Capital Outlay	2,068,260.00	-	2,068,260.00
			-
Total Expenditures	$ 10,053,556.09	$ (35,848.33)	$ 10,017,707.76
Excess (Deficiency) of Revenues over Expenditures	$ (10,054,450.00)	$ 10,635,965.15	$ 581,515.15
OTHER FINANCING SOURCES (USES)			
Transfer In	10,122,260.00	690,493.25	10,812,753.25
Transfer Out	(61,204.00)	(10,122,260.00)	(10,183,464.00)
Total Other Financing Sources (Uses)	$ 10,061,056.00	$ (9,431,766.75)	$ 629,289.25
Net Change in Fund Balances	$ 6,606.00	$ 1,204,198.40	$ 1,210,804.40
Fund Financial Statement - Fund Balances			
Fund Balances, September 1, 2025	(36,557.68)	12,724,524.01	12,687,966.33
Restatements	-	-	-
Fund Balances, September 1, 2025, as Restated	$ (36,557.68)	$ 12,724,524.01	$ 12,687,966.33
Appropriations Lapsed			
Fund Balances, August 31, 2026	$ (29,951.68)	$ 13,928,722.41	$ 13,898,770.73

Office of the Consumer Credit Commissioner (466)
Exhibit B-1 — Combining Balance Sheet - Special Revenue Funds
August 31, 2026

	Special Revenue		
	Fund (0826) U/F (3800)	Fund (0826) U/F (3710)	Total
ASSETS			
Current Assets:			
Cash (Note 3):			
Cash In Bank	-	2,594.55	2,594.55
Cash in State Treasury	-	-	-
Cash Equivalents	269,075.33	507,351.89	776,427.22
Receivables from:			-
Accounts Receivable	-	-	-
Interest Receivable	-	7,372.66	7,372.66
Invest Trade Receivable	-		-
Due from Other Funds	-	-	-
Non-Current Assets:			-
Investments	-	12,616,704.27	12,616,704.27
			-
Total Assets	$ 269,075.33	$ 13,134,023.37	$ 13,403,098.70
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Payables from:			
Accounts	-	-	-
Payroll	-	-	-
Interest	-	1,053.92	1,053.92
Invest Trade Payable	-	-	-
Investment Derivative Instrument	-	-	-
Due To Other Fund	-	-	-
Due to Other Agency	-	-	-
Employees' Compensable Leave (Note 5)	-	-	-
Non-Current Liabilities:			
Employees' Compensable Leave (Note 5)	-	-	-
Total Liabilities	$ -	$ 1,053.92	$ 1,053.92
FUND FINANCIAL STATEMENT			
Fund Balances (Deficits):			
Restricted	269,075.33	13,132,969.45	13,402,044.78
Committed	-		-
Unassigned			-
Total Fund Balances	$ 269,075.33	$ 13,132,969.45	$ 13,402,044.78
Total Liabilities and Fund Balances	$ 269,075.33	$ 13,134,023.37	$ 13,403,098.70

Office of the Consumer Credit Commissioner (466)
Exhibit B-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances — Special Revenue Funds
For the Fiscal Year Ended August 31, 2026

	Special Revenue			
	Fund (0826) U/F (0851)	Fund (0826) U/F (3800)	Fund (0826) U/F (3710)	**Total**
REVENUES				
License, Fees & Permits (PR)	-	13,500.00	212,600.00	226,100.00
Interest and Other Investment Income (PR)	-	9,690.49	176,645.78	186,336.27
Settlement of Claims (PR)	-	-	-	-
Sales of Goods and Services (PR)	-	-	-	-
Net Increase (Decrease) in Fair Value (PR)	-	-	1,504,953.53	1,504,953.53
Other (PR)	-	-	-	-
Total Revenues	$ -	$ 23,190.49	$ 1,894,199.31	$ 1,917,389.80
EXPENDITURES				
Salaries and Wages	-	-	32,400.00	32,400.00
Payroll Related Costs	-	-	9,766.32	9,766.32
Professional Fees and Services	-	-	14,006.86	14,006.86
Travel	-	-	-	-
Materials and Supplies	-	-	-	-
Communication and Utilities	-	-	-	-
Repairs and Maintenance	-	-	-	-
Rentals and Leases	-	-	-	-
Printing and Reproduction	-	-	-	-
Public Assistance Payments	312,569.34	-	-	312,569.34
Other Expenditures	-	222.15	14,560.79	14,782.94
Capital Outlay	-	-		-
Depreciation	-	-	-	-
Total Expenditures	$ 312,569.34	$ 222.15	$ 70,733.97	$ 383,525.46
Excess (Deficiency) of Revenues over Expenditures	$ (312,569.34)	$ 22,968.34	$ 1,823,465.34	$ 1,533,864.34
OTHER FINANCING SOURCES (USES)				
Transfer In	312,569.34			312,569.34
Transfer Out	-	-	(941,858.59)	(941,858.59)
Total Other Financing Sources (Uses)	$ 312,569.34	$ -	$ (941,858.59)	$ (629,289.25)
Net Change in Fund Balances	$ -	$ 22,968.34	$ 881,606.75	$ 904,575.09
Fund Financial Statement - Fund Balances				
Fund Balances, September 1, 2025, as Restated	-	246,106.99	12,251,362.70	12,497,469.69
Restatements	-	-	-	-
Fund Balances, September 1, 2025, as Restated	$ -	$ 246,106.99	$ 12,251,362.70	$ 12,497,469.69
Appropriations Lapsed				
Fund Balances, August 31, 2026	$ -	$ 269,075.33	$ 13,132,969.45	$ 13,402,044.78

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