

# Texas Workforce Commission



## Annual Financial Report For The Year Ended August 31, 2012





## ***Texas Workforce Commission Mission***

To promote and support an effective workforce system that offers employers, individuals, and communities the opportunity to achieve and sustain economic prosperity.



**ANNUAL FINANCIAL REPORT**

**UNAUDITED**

**TEXAS WORKFORCE COMMISSION**  
**Austin, Texas**

**Year Ended August 31, 2012**





# Texas Workforce Commission

A Member of Texas Workforce Solutions

Tom Pauken, Chairman

Ronald G. Congleton  
Commissioner Representing  
Labor

Andres Alcantar  
Commissioner Representing  
the Public

Larry E. Temple  
Executive Director

November 15, 2012

The Honorable Rick Perry, Governor  
The Honorable Susan Combs, State Comptroller  
Ursula Parks, Acting Director, Legislative Budget Board  
John Keel, CPA, State Auditor

Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Workforce Commission for the year ended August 31, 2012, in compliance with TEX. GOV'T CODE ANN §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 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.

If you have any questions, please contact Randy Townsend, Chief Financial Officer, at (512) 463-2698.

Sincerely,



Larry E. Temple  
Executive Director







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**TEXAS WORKFORCE COMMISSION**



**EXHIBIT I**  
**COMBINED BALANCE SHEET / STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS**  
For the Year Ended August 31, 2012

	<u>Governmental Fund Types</u>			
	<u>General Funds</u>	<u>Capital</u>	<u>Long-Term</u>	<u>Statement</u>
	<u>(Exhibit A-1)</u>	<u>Asset</u>	<u>Liabilities</u>	<u>of Net</u>
<b>ASSETS</b>		<u>Adjustments</u>	<u>Adjustment</u>	<u>Assets</u>
<b>Current Assets:</b>				
<b>Cash and Cash Equivalents</b>				
Cash on Hand	\$ 242,904.39	\$	\$	\$ 242,904.39
Cash in Bank (Note 3)	292,111.87			292,111.87
Cash in State Treasury	132,818,250.62			132,818,250.62
Legislative Appropriations	44,585,301.55			44,585,301.55
<b>Receivables:</b>				
Federal Receivables (Note 24)	25,513,875.10			25,513,875.10
Interest and Dividends	34,919.48			34,919.48
Accounts Receivable (Note 24)	8,210,611.41			8,210,611.41
Interfund Receivable (Note 12)	7,180,488.07			7,180,488.07
Due from Other Funds (Note 12)	1,837,882.28			1,837,882.28
Due from Other Agencies (Note 12)	2,172,269.52			2,172,269.52
Consumable Inventories	1,389,336.53			1,389,336.53
Prepaid Items	170,350.00			170,350.00
<b>Total Current Assets</b>	<u>224,448,300.82</u>	<u>0.00</u>	<u>0.00</u>	<u>224,448,300.82</u>
<b>Non-Current Assets:</b>				
<b>Capital Assets (Note 2)</b>				
<b>Non-Depreciable</b>				
Land and Land Improvements		4,979,233.63		4,979,233.63
<b>Depreciable</b>				
Building and Building Improvements		34,397,564.03		34,397,564.03
Accumulated Depreciation		(25,641,868.65)		(25,641,868.65)
Infrastructure		2,156,234.96		2,156,234.96
Accumulated Depreciation		(1,586,691.60)		(1,586,691.60)
Furniture and Equipment		7,637,785.54		7,637,785.54
Accumulated Depreciation		(6,110,966.73)		(6,110,966.73)
Vehicles, Boats & Aircraft		259,938.52		259,938.52
Accumulated Depreciation		(120,710.47)		(120,710.47)
<b>Amortizable - Intangible</b>				
Computer Software		16,012,732.53		16,012,732.53
Accumulated Depreciation		(14,815,050.42)		(14,815,050.42)
<b>Total Non-Current Assets</b>	<u>0.00</u>	<u>17,168,201.34</u>	<u>0.00</u>	<u>17,168,201.34</u>
<b>Total Assets</b>	<u>\$ 224,448,300.82</u>	<u>\$ 17,168,201.34</u>	<u>\$ 0.00</u>	<u>\$ 241,616,502.16</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
<b>Payables:</b>				
Accounts Payable	\$ 24,819,538.14	\$	\$	\$ 24,819,538.14
Payroll Payable	14,721,712.47			14,721,712.47
Interfund Payable (Note 12)	7,180,488.07			7,180,488.07
Deferred Revenues	221,531.90			221,531.90
Due to Other Funds (Note 12)	14,550,324.00			14,550,324.00
Due to Other Agencies (Note 12)	2,298,849.25			2,298,849.25
Employees Compensable Leave (Note 5)			9,579,190.39	9,579,190.39
<b>Total Current Liabilities</b>	<u>63,792,443.83</u>	<u>0.00</u>	<u>9,579,190.39</u>	<u>73,371,634.22</u>

**EXHIBIT I**  
**COMBINED BALANCE SHEET / STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS**  
For the Year Ended August 31, 2012

	<u>Governmental Fund Types</u>			Statement of Net Assets
	<u>General Funds (Exhibit A-1)</u>	<u>Capital Asset Adjustments</u>	<u>Long-Term Liabilities Adjustment</u>	
<b>Non-Current Liabilities:</b>				
Employees Compensable Leave (Note 5)			1,540,234.87	1,540,234.87
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>1,540,234.87</u>	<u>1,540,234.87</u>
<b>Total Liabilities</b>	<u>63,792,443.83</u>	<u>0.00</u>	<u>11,119,425.26</u>	<u>74,911,869.09</u>
<b>Fund Financial Statement-Fund Balances</b>				
<b>Fund Balances (Deficits):</b>				
Non-Spendable	\$ 1,559,686.53	\$	\$	\$ 1,559,686.53
Restricted	3,788,092.51			3,788,092.51
Committed	107,651,925.37			107,651,925.37
Assigned	36,843,124.86			36,843,124.86
Unassigned	10,813,027.72			10,813,027.72
Total Fund Balances	<u>160,655,856.99</u>	<u>0.00</u>	<u>0.00</u>	<u>160,655,856.99</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 224,448,300.82</u>	<u>0.00</u>	<u>11,119,425.26</u>	<u>235,567,726.08</u>
<b>Government-wide Statement-Net Assets</b>				
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt		17,168,201.34		17,168,201.34
Unrestricted			(11,119,425.26)	(11,119,425.26)
Total Net Assets		<u>\$ 17,168,201.34</u>	<u>\$ (11,119,425.26)</u>	<u>\$ 166,704,633.07</u>



**EXHIBIT II**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCES / STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**  
For the Year Ended August 31, 2012

	Governmental Fund Types			
	General Funds (Exhibit A-2)	Capital Asset Adjustments	Long-Term Liabilities Adjustment	Statement of Activities
<b>REVENUES:</b>				
Legislative Appropriations				
Original Appropriations (GR)	\$ 111,715,177.72	\$	\$	\$ 111,715,177.72
Additional Appropriations (GR)	1,017,170.49			1,017,170.49
Federal Revenue	889,192,673.96			889,192,673.96
Federal Pass-Through Revenue	97,005,523.94			97,005,523.94
Licenses, Fees and Permits	111,547,038.06			111,547,038.06
Interest and Investment Income	265,085.19			265,085.19
Land Income	690.74			690.74
Sales of Goods and Services	1,232,440.14			1,232,440.14
Other Revenues	40,916,372.31			40,916,372.31
<b>Total Revenue</b>	<b>1,252,892,172.55</b>	<b>0.00</b>	<b>0.00</b>	<b>1,252,892,172.55</b>
<b>EXPENDITURES</b>				
Salaries and Wages	143,819,683.19		(231,426.04)	143,588,257.15
Payroll Related Costs	65,969,640.02			65,969,640.02
Professional Fees and Services	26,181,056.51			26,181,056.51
Travel	1,641,287.71			1,641,287.71
Materials and Supplies	11,330,644.17			11,330,644.17
Communication and Utilities	7,911,501.69			7,911,501.69
Repairs and Maintenance	5,865,588.18			5,865,588.18
Rentals and Leases	3,223,556.94			3,223,556.94
Printing and Reproduction	914,963.91			914,963.91
Claims and Judgments	858.84			858.84
Federal Pass-Through Expenditures	48,124,313.82			48,124,313.82
State Grant Pass-Through Expenditures	2,204,619.13			2,204,619.13
Intergovernmental Payments	28,048,715.23			28,048,715.23
Public Assistance Payments	845,053,666.13			845,053,666.13
Other Operating Expenditures	6,858,863.21			6,858,863.21
Capital Outlay	913,569.93	(913,569.93)		0.00
Depreciation Expense (Note 2)		1,676,479.81		1,676,479.81
Amortization Expense (Note 2)		837,335.83		837,335.83
<b>Total Expenditures</b>	<b>1,198,062,528.61</b>	<b>1,600,245.71</b>	<b>(231,426.04)</b>	<b>1,199,431,348.28</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 54,829,643.94</b>	<b>\$ (1,600,245.71)</b>	<b>\$ 231,426.04</b>	<b>\$ 53,460,824.27</b>

**EXHIBIT II**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCES / STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**  
For the Year Ended August 31, 2012

	Governmental Fund Types			Statement
	General Funds (Exhibit A-2)	Capital Asset Adjustments	Long-Term Liabilities Adjustment	of Activities
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	\$ 287,845.87	\$ (287,845.87)	\$	\$ 0.00
Transfers In (Note 12)	202,774,993.75			202,774,993.75
Transfers Out (Note 12)	(268,350,313.93)			(268,350,313.93)
Gain (Loss) on Sale of Capital Assets	0.00	252,197.25		252,197.25
<b>Total Other Financing Sources (Uses)</b>	<b>(65,287,474.31)</b>	<b>(35,648.62)</b>	<b>0.00</b>	<b>(65,323,122.93)</b>
<b>Net Change in Fund Balances / Net Assets</b>	<b>(10,457,830.37)</b>	<b>(1,635,894.33)</b>	<b>231,426.04</b>	<b>(11,862,298.66)</b>
<b>Fund Financial Statement-Fund Balances</b>				
Fund Balances, September 1, 2011	171,113,813.91			171,113,813.91
Appropriations Lapsed	(126.55)			(126.55)
<b>FUND BALANCES - August 31, 2012</b>	<b>\$ 160,655,856.99</b>	<b>\$ (1,635,894.33)</b>	<b>\$ 231,426.04</b>	<b>\$ 159,251,388.70</b>
<b>GOVERNMENT-WIDE STATEMENT-NET ASSETS</b>				
Change in Net Assets	160,655,856.99	(1,635,894.33)	231,426.04	159,251,388.70
Net Assets, Beginning		18,804,095.67	(11,350,851.30)	7,453,244.37
Net Assets, August 31, 2012	\$ 160,655,856.99	\$ 17,168,201.34	\$ (11,119,425.26)	\$ 166,704,633.07



**EXHIBIT III**  
**COMBINED STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
For the Year Ended August 31, 2012

	Total Proprietary Funds (Exhibit F-1)
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	\$ 595,154.75
Cash in State Treasury	140,850.14
Restricted:	
Cash in State Treasury (Note 3)	80,769,644.35
Cash in Federal Treasury (Note 3)	1,308,242,301.32
Receivables:	
Federal Receivables (Note 24)	7,429,132.43
Interest and Dividends	6,338,337.31
Accounts Receivable (Note 24)	302,284,020.68
Due from Other Funds (Note 12)	178,288,105.85
Deferred Charges	1,603,961.82
Other Assets	2,650.96
<b>Total Current Assets</b>	<u>1,885,694,159.61</u>
Non-Current Assets:	
Deferred Charges	4,516,882.23
<b>Total Non-Current Assets</b>	<u>4,516,882.23</u>
<b>Total Assets</b>	<u>1,890,211,041.84</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Payables:	
Accounts Payable	61,145,797.27
Interest Payable	11,857,543.33
Due to Other Funds (Note 12)	165,575,664.13
Revenue Bonds Payable (Note 5)	175,109,341.93
Deferred Revenues	54,173,150.00
<b>Total Current Liabilities</b>	<u>467,861,496.66</u>
Non-Current Liabilities:	
Revenue Bonds Payable (Note 5)	1,393,011,605.69
<b>Total Non-Current Liabilities</b>	<u>1,393,011,605.69</u>
<b>Total Liabilities</b>	<u>1,860,873,102.35</u>
<b>NET ASSETS</b>	
Restricted For:	
Unemployment Trust Fund	1,481,131,379.48
Other - Unemployment Insurance Administration	10,065,293.14
Debt Retirement	(1,461,858,733.13)
<b>Total Net Assets</b>	<u>\$ 29,337,939.49</u>

**EXHIBIT IV  
COMBINED STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS -  
PROPRIETARY FUNDS**

For the Year Ended August 31, 2012

	Total Proprietary Funds (Exhibit F-2)
<b>OPERATING REVENUES</b>	
Unemployment Assessment	\$ 2,894,245,462.21
Federal Revenue	2,734,963,241.42
Other Operating Revenue	247,080,893.23
<b>Total Operating Revenue</b>	<u>5,876,289,596.86</u>
<b>OPERATING EXPENSES</b>	
Unemployment Benefit Payments	5,064,663,986.76
<b>Total Operating Expenses</b>	<u>5,064,663,986.76</u>
<b>OPERATING INCOME (LOSS)</b>	<u>811,625,610.10</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Expense	(50,119,164.39)
Interest and Investment Income	22,551,570.50
Other Non-Operating Expenses	(3,045,967.19)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(30,613,561.08)</u>
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS</b>	<u>781,012,049.02</u>
<b>OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS</b>	
Transfers In (Note 12)	9,578,444,623.82
Transfers Out (Note 12)	(9,517,196,550.41)
<b>Total Other Revenues (Expenses), Gains/(Losses) and Transfers</b>	<u>61,248,073.41</u>
<b>CHANGE IN NET ASSETS</b>	<u>842,260,122.43</u>
<b>NET ASSETS, September 1, 2011</b>	(812,922,182.94)
<b>NET ASSETS, August 31, 2012</b>	<u>\$ 29,337,939.49</u>



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**EXHIBIT V**  
**COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Year Ended August 31, 2012

	Total Proprietary Funds (Exhibit F-3)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Unemployment Assessments	\$ 2,893,605,546.29
Proceeds from Federal Revenue	2,763,302,296.20
Proceeds from Other Revenue	232,187,297.28
Unemployment Benefit Payments	(5,123,335,808.66)
Net Cash Provided by Operating Activities	<u>765,759,331.11</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Payment of Principal on Bonds	(314,335,000.00)
Payment of Interest Expense	(80,621,625.00)
Payment of Other Costs of Debt Issuance	(2,475.00)
Transfers from Other Funds	9,300,783,565.39
Transfers to Other Funds	(9,222,075,988.16)
Net Cash Provided by Non-Capital Financing Activities	<u>(316,251,522.77)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and Investment Income	21,360,375.93
Net Cash Provided by Investing Activities	<u>21,360,375.93</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>470,868,184.27</u>
Cash and Cash Equivalents, September 1, 2011	<u>918,879,766.29</u>
Net Cash and Cash Equivalents, August 31, 2012	<u>\$ 1,389,747,950.56</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income (Loss)	<u>811,625,610.10</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Operating Income and Cash Flow Categories	
Classification Differences	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(14,421,506.33)
Increase (Decrease) in Payables	(34,551,932.08)
Increase (Decrease) in Deferred Revenue	3,107,159.42
Total Adjustments	<u>(45,866,278.99)</u>
Net Cash Provided by Operating Activities	<u>\$ 765,759,331.11</u>



**EXHIBIT VI**  
**COMBINED STATEMENT OF FIDUCIARY NET ASSETS -**  
**FIDUCIARY FUNDS**  
For the Year Ended August 31, 2012

	Private Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	TOTALS
<b>ASSETS</b>			
Cash and Cash Equivalents			
Cash on Hand	\$ 129,865.30	\$	\$ 129,865.30
Cash in State Treasury	898,802.16	38,209.57	937,011.73
Receivables:			
Interest and Dividends	469.67		469.67
Accounts Receivable (Note 24)	210,223.86	185,314.40	395,538.26
<b>Total Assets</b>	<b>1,239,360.99</b>	<b>223,523.97</b>	<b>1,462,884.96</b>
<b>LIABILITIES</b>			
Payables:			
Accounts Payable	1,220,578.47	185,314.40	1,405,892.87
Interest Payable	13,831.96		13,831.96
Due to Other Agencies	4,950.56		4,950.56
Funds Held For Others		38,209.57	38,209.57
<b>Total Liabilities</b>	<b>1,239,360.99</b>	<b>223,523.97</b>	<b>1,462,884.96</b>
<b>NET ASSETS</b>			
Held in Trust For:			
Payday Law	0.00	0.00	0.00
<b>Total Net Assets</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

**EXHIBIT VII**  
**COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
For the Year Ended August 31, 2012

	Private Purpose Trust Funds (Exhibit I-2)	TOTALS
<b>ADDITIONS</b>		
Investment Income		
From Investing Activities:		
Interest and Investment Income	\$ 7,040.93	\$ 7,040.93
Net Income From Investing Activities	7,040.93	7,040.93
Total Net Investment Income (Loss)	7,040.93	7,040.93
Other Additions		
Collections from Employers for Payday Law Claims	4,910,509.85	4,910,509.85
Total Other Additions	4,910,509.85	4,910,509.85
<b>Total Additions</b>	<b>4,917,550.78</b>	<b>4,917,550.78</b>
<b>DEDUCTIONS</b>		
Settlement of Claims	4,908,475.83	4,908,475.83
Interest Expense	4,124.39	4,124.39
Transfers Out (Note 12)	4,950.56	4,950.56
<b>Total Deductions</b>	<b>4,917,550.78</b>	<b>4,917,550.78</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>0.00</b>	<b>0.00</b>
Net Assets, September 1, 2011	0.00	0.00
<b>NET ASSETS, August 31, 2012</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>



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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ENTITY

The Texas Workforce Commission (Commission) 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 State Agencies.

The Commission was created by House Bill 1863 in 1995 to create and operate an integrated workforce development system for Texas. The legislation accomplished this through the consolidation of 28 job training, employment and employment-related educational programs from 10 different state entities into the new Workforce Commission. The first transition of programs began on March 1, 1996, and the Commission completed the consolidation and began full operation on June 1, 1996.

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 of 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.

#### Component Units

##### ***Blended or Discretely Presented Component Units***

No component units have been identified that should be blended into an appropriate fund or discretely presented.

#### 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 & Government-wide Adjustment Fund Types**

##### ***General Revenue Funds***

General Fund (Fund 0001) is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those accounted for in other funds. This fund was created by various legal cites.

Unemployment Compensation Special Administration (Fund 0165) receives penalties and interest collected under the Unemployment Compensation Act and is used for paying costs of administering the Act. This fund was created by TEX. LAB. CODE ANN. §§ 203.002, 203.003, 203.005, 203.201, 203.202, 203.203.

Federal American Recovery and Reinvestment Act Fund (Fund 0369) records all transactions related to the American Recovery and Reinvestment Act except transactions relating to unemployment benefit payments.



Career School or College Tuition Trust Account (Fund 0925) holds in trust amounts related to the protection of career school or college tuition. This fund was created by TEX. EDUC.CODE ANN. §§ 132.2415, 132.242.

Workforce Commission Federal Fund (Fund 5026) records all transactions related to federal funds received by the Texas Workforce Commission. This fund was created by TEX. GOV'T CODE ANN. ch. 403.

Employment and Training Investment Holding (Fund 5128) is composed of employment and training investment assessments levied on employers. This fund was created by TEX. LAB. CODE ANN. §204.122.

International Association of Workforce Professionals – Texas Chapter Conference Account (Fund 7999). The IAWP-TC co-hosts the Texas Workforce Conference with the Commission. Since the financial activities of the IAWPTC Conference Account are generally initiated and approved by TWC staff, the financial activities of the IAWPTC Conference Account are included in the Annual Financial Report of TWC. This fund is used to record the financial activity of the Conference Account that the IAWP-TC maintains in local bank accounts.

***Capital Asset Adjustments Fund Type***

Capital Assets Adjustment Fund (Fund 0099) is used to convert governmental fund types' capital assets from modified accrual to full accrual.

***Long Term Liabilities Adjustments Fund Type***

Long-Term Liabilities Adjustment Fund (Fund 0098) is used to convert governmental fund types' debt from modified accrual to full accrual.

**Proprietary Fund Types**

***Enterprise Funds***

Enterprise funds account for any activity for which a fee is charged to external users for goods or services. The Texas Workforce Commission accounts for its proprietary activities in five separate funds, when combined, make up the Texas Unemployment Compensation Fund. These funds are discussed below.

Texas Workforce Commission Unemployment Compensation Revenue Bond Fund (Fund 0367) receives proceeds from taxable and non-taxable revenue bond issues and pays bond issuance expenses. This fund was created by S.B. 280 and H.B. 3318, 78<sup>th</sup> Leg., R.S.

Texas Workforce Commission Obligation Trust Fund (Fund 0844) is used to facilitate processing and reporting of revenues and expenditures from obligation assessments, and to pay bond obligations and bond administrative expenses. This fund was created by S.B. 280 and H.B. 3318, 78<sup>th</sup> Leg., R.S.

Unemployment Compensation Clearance Account (Fund 0936) is a clearance fund for all money payable to the Unemployment Trust Fund Account (Fund 0938). This fund was created by TEX LAB. CODE ANN. § 203.021.

Unemployment Compensation Benefit Account (Fund 0937) holds such money as is requisitioned from this state's account in the Federal Unemployment Trust Fund (Fund 0938) for paying benefits under the Texas Unemployment Compensation Act. This fund was created by TEX LAB. CODE ANN. § 203.021.

Unemployment Trust Fund Account (Fund 0938) holds money of this state collected under the Old Age and Survivors Insurance Act. The balance of this fund is on deposit with the Treasurer of the United States of America to the credit of this State. This fund was created by TEX LAB. CODE ANN. § 203.021.



## **Fiduciary Fund Types**

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and /or other funds. When assets are held under the terms of a formal trust agreement, either a pension trust fund or a private purpose trust fund is used.

### ***Private-Purpose Trust Funds***

Payday Law Wage Determination Trust Fund (Fund 0894) is used to deposit employer remittances from initial wage determinations and to hold in escrow, wages and penalties assessed by the Commission if the party required to pay said wages or penalties files a petition for judicial review in a court of competent jurisdiction contesting the final order. Claims that are not appealed are paid from this fund by processing separate claims through the Comptroller, plus any accrued interest. Appealed claims, after judicial review, are remitted to either the claimant or the party assessed the wage payment or the penalty plus the interest accrued on the escrowed amount. This fund was created by TEX. GOV'T CODE ANN. § 403.031(a) and TEX. LAB. CODE ANN. § 61.056.

### ***Agency Funds***

Child Labor Penalty (Fund 1000) accumulates administrative penalties assessed under Sec. 51.033. of the Texas Labor Code until they are remitted to the Comptroller of Public Accounts for deposit in the general revenue fund.

Child Support Employee Deductions – Offset Account (Fund 0807) accumulates money withheld from the salaries of state officers and employees for child support deductions for distribution to the statewide disbursement unit through a single direct deposit.

Departmental Suspense (Fund 0900) provides a temporary depository for money held in suspense pending final disposition. This fund was created by TEX. GOV'T CODE ANN. §403.035.

Direct Deposit Correction Account (Fund 0980) is used to hold money returned by financial institutions which had been transmitted for direct deposit where problems prevented credit being given to individual depositors. This fund was created by H. B. 889, 67<sup>th</sup> Leg., R.S.

## **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 method basis of accounting. Under the modified accrual, 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 basis of accrual. 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 method of accounting. This includes unpaid Employee Compensable leave, the unmatured debt service (principal and interest) on the general long-term liabilities, long-term capital leases and long-term claims and judgments. The activity will be recognized in these fund types.



Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

## **BUDGETS AND BUDGETARY ACCOUNTING**

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act).

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

## **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.

#### ***Restricted Assets***

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements.

#### ***Inventories and Prepaid Items***

Consumable inventories, including supplies and postage on hand at year-end, are valued at cost based upon the weighted average method of valuation. The consumption method of accounting is used to account for inventories that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are consumed.

#### ***Capital Assets***

Assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or at the 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. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

All capital assets acquired by proprietary funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each 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 non-current in the statement of net assets. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

**Bonds Payable – Revenue Bonds**

Revenue bonds are accounted for in proprietary funds for business-type activities and in the long-term liabilities adjustment column for governmental activities. These payables are reported as long-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter in the statement of net assets/balance sheet). The bonds are reported at par, net of unamortized premiums, discounts, issuance costs and gains/(losses) on bond refunding activities.

**Fund Balance/Net Assets**

Net assets is the difference between fund assets and liabilities on the government-wide, proprietary and fiduciary fund statements. Fund balance is the difference between fund assets and liabilities on the governmental fund statements.

**Fund Balance Components**

The fund balance amounts for governmental funds were reclassified in accordance with *Governmental Accounting Standards Board Statement No. 54*. Amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

**Non-spendable** fund balance includes amounts not available to be spend because they are either (1) not in spendable form or (2) 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 (1) the Texas Legislature or (2) 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 assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

**Invested in Capital Assets, Net of Related Debt**

Invested in capital assets, net of related debt 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 Assets**

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like or imposed by law through constitutional provisions or enabling legislation.



***Restricted for Unemployment Trust Fund*** represents designated funds available for payment of unemployment benefit claims.

***Restricted for Debt Retirement*** represents designated funds available for retirement of debt.

***Unrestricted Net Assets***

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources which are imposed by management but can be removed or modified.

**INTERFUND ACTIVITIES AND BALANCES**

***Transfers***

Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.

***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 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.

***Interfund Receivables and Payables***

Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as 'Current'; repayment for two (or more) years is classified as 'Non-Current'.

**Note 2: CAPITAL ASSETS**

	PRIMARY GOVERNMENT							Balance 08/31/12
	Balance 09/01/11	Completed Construction In Progress	Increase Interagency Transfers	Decrease Interagency Transfers	Adjustments	Additions	Deletions	
<b>Governmental Activities:</b>								
<b>Non-Depreciable or Non-Amortizable Assets</b>								
Land and Land Improvements	\$ 5,009,233.63	\$	\$	\$	\$	\$ (30,000.00)	\$	4,979,233.63
Total Non-Depreciable or Non-Amortizable Assets:	5,009,233.63	0.00	0.00	0.00	0.00	(30,000.00)		4,979,233.63
<b>Depreciable Assets:</b>								
Buildings and Building Improvements	34,510,536.24					(112,972.21)		34,397,564.03
Infrastructure	2,156,234.96							2,156,234.96
Furniture and Equipment	8,410,956.89					(1,686,741.28)		7,637,785.54
Vehicles, Boats & Aircraft	259,938.52							259,938.52
Total Depreciable Assets	45,337,666.61	0.00	0.00	0.00	0.00	(1,799,713.49)		44,451,523.05
Less Accumulated Depreciation For:								
Buildings and Building Improvements	(24,918,773.40)							(25,641,868.65)
Infrastructure	(1,501,982.16)					(830,418.84)		(1,586,691.60)
Furniture and Equipment	(7,057,481.40)					(740,226.61)		(6,110,966.73)
Vehicles, Boats & Aircraft	(99,585.55)					(21,124.92)		(120,710.47)
Total Accumulated Depreciation	(33,577,822.51)	0.00	0.00	0.00	0.00	(1,794,064.87)		(33,460,237.45)
Depreciable Assets, Net	11,759,844.10	0.00	0.00	0.00	0.00	(5,648.62)		10,991,285.60
<b>Amortizable Assets – Intangible:</b>								
Computer Software	16,012,732.53							16,012,732.53
Total Amortizable Assets – Intangible	16,012,732.53	0.00	0.00	0.00	0.00	0.00		16,012,732.53
Less Accumulated Amortization for:								
Computer Software	(13,977,714.59)					(837,335.83)		(14,815,050.42)
Total Accumulated Amortization	(13,977,714.59)	0.00	0.00	0.00	0.00	(837,335.83)		(14,815,050.42)
Amortizable Assets – Intangible, Net	2,035,017.94	0.00	0.00	0.00	0.00	(837,335.83)		1,197,682.11
<b>Governmental Activities Capital Assets, Net:</b>	\$ 18,804,095.67	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (1,600,245.71)	\$	\$ 17,168,201.34



**NOTE 3: DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS**

**DEPOSITS OF CASH IN BANK**

As of August 31, 2012, the carrying amount of deposits was \$292,111.87 as presented below.

Governmental and Business-Type Activities	
CASH IN BANK – CARRYING AMOUNT	\$ 292,111.87
Total Cash in Bank per AFR	\$ 292,111.87
Governmental Funds Current Assets Cash in Bank – Travel Advance	\$ 25,000.00
Governmental Funds Current Assets Cash in Bank – International Association of Workforce Professionals - Texas Chapter Conference Account	
Star of Texas Credit Union	187,016.87
Public Employees Credit Union	80,095.00
Cash in Bank per AFR	\$ 292,111.87

As of August 31, 2012, the total bank balance was as follows.

Governmental and Business-Type Activities	\$ 287,134.58
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**Restricted Cash in State Treasury**

Warrants issued from Fund 0937 reduce the Restricted Cash in State Treasury account when they are issued. Funds to cover these warrants are not drawn down until they are presented for payment. The negative Restricted Cash in State Treasury balance in Fund 0937 is the result of warrants issued but not yet presented for payment.

**Cash in Federal Treasury**

Deposits in the Federal Treasury at August 31, 2012, were \$1,308,242,301.32. Unemployment Compensation funds are deposited with the United States Secretary of the Treasury, to the credit of this State in the Unemployment Trust Fund, established and maintained pursuant to Section 904 of the Social Security Act.

**NOTE 4: SHORT-TERM DEBT**

During the 73<sup>rd</sup> Legislative Session, legislation was passed which addressed a federal fund cash flow problem affecting state agencies using federal program funds for payroll purposes. The legislation, as codified in V.T.C.A., Government Code, Section 403.092, Chapter 449, Acts of the 73<sup>rd</sup> Legislature, R.S., provides authority for the Comptroller to make temporary transfers (loans) of general revenue under certain conditions to avoid interest liabilities related to the Cash Management Improvement Act (CMIA).

Governmental Activities	Balance 09-01-11	Additions	Reductions	Balance 08-31-12	Amount Due Within One Year
General Revenue Advances	\$ 0.00	\$ 176,325,461.00	\$ 176,325,461.00	\$ 0.00	\$ 0.00
Total Governmental Activities	\$ 0.00	\$ 176,325,461.00	\$ 176,325,461.00	\$ 0.00	\$ 0.00

**NOTE 5: LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2012, the following changes occurred in liabilities reported in the general long-term debt account.



**Employee's Compensable Leave**

If a state employee has had continuous employment with the state for at least six months, the state employee is entitled to payment 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 assets. 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.

Governmental Activities	Balance 09-01-11	Additions	Reductions	Balance 08-31-12	Amount Due Within One Year	Amount Due Thereafter
Compensable Leave	\$ 11,350,851.30	\$ 9,709,870.58	\$ 9,941,296.62	\$ 11,119,425.26	\$ 9,579,190.39	\$ 1,540,234.87
Total Governmental Activities	\$ 11,350,851.30	\$ 9,709,870.58	\$ 9,941,296.62	\$ 11,119,425.26	\$ 9,579,190.39	\$ 1,540,234.87

**Revenue Bonds Payable**

Under the provisions of Title IV, Subtitle A, Section 203.251 of the Labor Code, the Texas Workforce Commission was authorized to seek alternative methods of replenishing the unemployment compensation fund that could reduce the costs of providing these benefits and employers' cost of doing business in the state. With the coordination of the Texas Public Finance Authority, the state issued three series of bonds to finance the unemployment insurance program.

Detailed information on the bond issuance can be found in Note 6: Bonded Indebtedness.

Business-Type Activities	Balance 09-01-11	Additions	Reductions	Balance 08-31-12	Amount Due Within One Year	Amount Due Thereafter
Revenue Bonds Payable	1,911,133,029.89	0.00	343,012,082.27	1,568,120,947.62	175,109,341.93	1,393,011,605.69
Total Business-Type Activities	\$ 1,911,133,029.89	\$ 0.00	\$ 343,012,082.27	\$ 1,568,120,947.62	\$ 175,109,341.93	\$ 1,393,011,605.69

**NOTE 6: BOND INDEBTEDNESS**

**Bonds Payable**

Detailed supplemental bond information is disclosed in Schedule 2A - Miscellaneous Bond Information, Schedule 2B – Changes in Bonded Indebtedness, Schedule 2C – Debt Service Requirements, Schedule 2D – Analysis of Funds Available for Debt Service and Schedule 2F – Early Extinguishment and Refunding.

General information related to bonds is summarized below

**Revenue Bonds**

Although Texas has enjoyed significant economic growth in recent years, the “great recession” that began in 2008 caused unemployment benefit payments in Texas to increase dramatically. By July 22, 2009, the Texas Unemployment Trust Fund became insolvent. At that time Texas began receiving advances from the federal government under Title XII of the Social Security Act in order to continue to pay unemployment benefits.



Under Section 2004 of the American Recovery and Reinvestment Act the interest that would have been due on the Title XII advances was waived through December 31, 2010. However, beginning January 1, 2011, interest at a rate of 4.1% was set to be charged on outstanding balances.

Texas employers not only pay state unemployment taxes but federal unemployment taxes under the Federal Unemployment Tax Act (FUTA). During 2010 the FUTA tax was 6.2% on wages up to \$7,000. However, employers generally received a credit of 5.4%. Thus the effective FUTA tax rate, at that time, was 0.8% (6.2% - 5.4%). However, Title XII of the Social Security Act provides that if a state has an outstanding advance on January 1 for two consecutive years, and the full amount of the loan is not repaid by November 10 of the second year, the FUTA credit will be decreased to 5.1% and will continue to decrease until the outstanding advances are paid. Thus Texas employers faced the prospect of having their effective FUTA taxes increase by 37.5% from .8% to 1.1% with additional increases on the horizon.

Because of the high interest rates about to become effective under Title XII, the prospect of Texas employers losing their FUTA credit, and the success of the TWC's 2003 Revenue Bond issuance, the Texas Workforce Commission approved the sale of revenue bonds on August 17, 2010.

On November 18, 2010, the Texas Public Finance Authority (TPFA) sold Texas Public Finance Authority Unemployment Compensation Obligation Assessment Bond Revenue Bonds Series 2010A in a par amount of \$1,110,415,000. Subsequently, on December 7, 2010, TPFA issued additional Unemployment Compensation Obligation Assessment Bond Revenue Bonds, in Series 2010B and Series 2010C, in par amounts of \$549,465,000 and \$300,000,000, respectively.

These bonds were issued under the authority provided in Labor Code Chapter 203, subchapter F. The bonds were sold in two separate pricings to ensure that the issuance did not exceed the statutory limitation of \$2 billion for a single bond issue. The bonds were sized to work within the statutory limit of the ten year maximum maturity and provide the flexibility to retire the bonds early. All obligations were sold as fixed rate, tax exempt obligations

The bond sale garnered a net deposit of approximately \$2.1 billion to the UI Trust Fund. The true interest cost to maturity at the time of sale was 3.01%; however, if the debt can be repaid early as projected, the true interest cost could be as low as 2.76%. With the interest rate on federal advances at 4.08%, the transaction, at that time, provided a savings to the State.

The \$2.1 billion in bond proceeds was used to pay off all outstanding federal advances of \$1.7 billion on December 15, 2010. The remaining \$400 million was deposited to the Unemployment Trust Fund. The bond issue had been sized (1) to pay off the federal advances (2) to completely expend the bond issue prior to the collection of first quarter tax collections to avoid potential IRS arbitrage issues, and (3) to avoid a deficit tax in 2012 by having a balance greater than or equal to the statutory trust fund floor on October 1, 2011, that is 1% of taxable wages, or approximately \$870 million.

The revenue for debt service is being collected through an Unemployment Insurance Obligation Tax Assessment. The Commission is required to set the Obligation Tax Assessment tax at a rate to produce revenues equal to 1.50 times the amount of the bond obligations due in the next year. Because of this requirement the bonds will be paid off early, and thus, the bonds are structured with callable and redemptive options to help achieve this goal.

#### **NOTE 7: DERIVATIVE INSTRUMENTS**

Not Applicable.



**NOTE 8: LEASES**

**Operating Leases**

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating leases.

Fund Type	Amount
General Fund	\$ 486,813.24

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows.

Year Ended August 31	Amount
2013	\$ 466,306.28
2014	320,930.75
2015	104,524.83
2016	0.00
2017	0.00
Total Minimum Future Lease Rental Payments	\$ 891,761.86

**NOTE 9: PENSION PLANS**

Not Applicable

**NOTE 10: DEFERRED COMPENSATION**

Not Applicable

**NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

Not Applicable

**NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS**

As explained in Note 1 on Interfund Transactions and Balances there are transactions between funds and agencies. At year-end, amounts to be received or paid are reported as:

- ◆ Interfund Receivables or Interfund Payables
- ◆ Due From Other Agencies or Due To Other Agencies
- ◆ Due From Other Funds or Due To Other Funds
- ◆ Operating Transfers In or Operating Transfers Out
- ◆ Legislative Transfers In or Legislative Transfers Out

The agency experienced routine transfers between its funds, and with other state agencies, which included unemployment compensation reimbursements, interest transfers, transfers within the Unemployment Trust Fund, bond proceeds transfers, and transfers to record amortization costs. Repayment of current interfund balances will occur within one year from the date of the financial statements.



Individual balances and activity at August 31, 2012, were as follows.

	INTERFUND RECEIVABLE	INTERFUND PAYABLE	PURPOSE
<b>GENERAL</b>			
<b>Appd Fund 0001, D23 Fund 0001</b>			
(Agency 320, Fund 5026)	\$ 5,688,518.16	\$	Allocation
<b>Total Appropriated Fund 0001</b>	5,688,518.16	0.00	
<b>Appd Fund 0165, D23 Fund 0165</b>			
(Agency 320, Fund 5026)		386,207.24	Allocation
<b>Total Appropriated Fund 0165</b>	0.00	386,207.24	
<b>Appd Fund 0369, D23 Fund 0369</b>			
(Agency 320, Fund 5026)		1,105,762.67	Allocation
<b>Total Appropriated Fund 0369</b>	0.00	1,105,762.67	
<b>Appd Fund 5026, D23 Fund 5026</b>			
(Agency 320, Fund 0001)		5,688,518.16	Allocation
(Agency 320, Fund 0165)	386,207.24		Allocation
(Agency 320, Fund 0369)	1,105,762.67		Allocation
<b>Total Appropriated Fund 5026</b>	1,491,969.91	5,688,518.16	
<b>TOTAL CURRENT INTERFUND RECEIVABLE/PAYABLE</b>	\$ 7,180,488.07	\$ 7,180,488.07	

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS	SOURCE
<b>GENERAL</b>			
<b>Appd Fund 0001, Fund 0001</b>			
(Agency 320, Fund 0925)	\$ 347,882.28	\$	Career Schools Transfer
(Agency 320, Fund 5026)		1,490,000.00	Inter-Fund Loan
<b>Total Appropriated Fund 0001</b>	347,882.28	1,490,000.00	
<b>Appd Fund 0165, D23 Fund 0165</b>			
(Agency 320, Fund 0936)		12,678,933.90	UC Reimbursement
<b>Total Appropriated Fund 0165</b>	0.00	12,678,933.90	
<b>Appd Fund 0925, D23 Fund 0925</b>			
(Agency 320, Fund 0001)		347,882.28	Career Schools Transfer
<b>Total Appropriated Fund 0925</b>	0.00	347,882.28	
<b>Appd Fund 5026, D23 Fund 5026</b>			
(Agency 320, Fund 0001)	1,490,000.00		Inter-Fund Loan
<b>Total Appropriated Fund 5026</b>	1,490,000.00	0.00	

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS	SOURCE
<b>Appd Fund 5128, D23 Fund 5128</b>			
(Agency 320, Fund 0936)		33,507.82	Accrued Interest Transfer
<b>Total Appropriated Fund 5128</b>	0.00	33,507.82	
<b>PROPRIETARY</b>			
<b>Appd Fund 0936, D23 Fund 0936</b>			
(Agency 320, Fund 0165)	12,678,933.90		UC Reimbursement
(Agency 320, Fund 5128)	33,507.82		Accrued Interest Transfer
(Agency 320, Fund 0938)		164,617,469.84	UI Trust Fund Transfer
<b>Total Appropriated Fund 0936</b>	12,712,441.72	164,617,469.84	
<b>Appd Fund 0937, D23 Fund 0937</b>			
(Agency 320, Fund 0938)		958,194.29	UI Trust Fund Transfer
<b>Total Appropriated Fund 0937</b>	0.00	958,194.29	
<b>Appd Fund 0938, D23 Fund 0938</b>			
(Agency 320, Fund 0936)	164,617,469.84		UI Trust Fund Transfer
(Agency 320, Fund 0937)	958,194.29		UI Trust Fund Transfer
<b>Total Appropriated Fund 0938</b>	165,575,664.13	0.00	
<b>TOTAL DUE FROM/DUE TO OTHER FUNDS</b>	<b>\$ 180,125,988.13</b>	<b>\$ 180,125,988.13</b>	

	DUE FROM OTHER AGENCIES	DUE TO OTHER AGENCIES	SOURCE
<b>GENERAL</b>			
<b>Appd Fund 0001, D23 Fund 0001</b>			
(Agency 719, Fund 7999)		75,177.83	State Pass Through
(Agency 787, Fund 7999)		66,281.27	State Pass Through
(Agency 902, Fund 0001)		4,474.77	Earned Federal Funds
<b>Total Appropriated Fund 0001</b>	0.00	145,933.87	
<b>Appd Fund 0165, D23 Fund 0165</b>			
(Agency 554, Fund 0001)	976.50		
(Agency 761, Fund 0001)	5,417.64		
(Agency 761, Fund 0231)	1,250.38		
(Agency 808, Fund 0001)	792.00		
(Agency 808, Fund 0139)	904.80		
<b>Total Appropriated Fund 0165</b>	9,341.32	0.00	



	DUE FROM OTHER AGENCIES	DUE TO OTHER AGENCIES	SOURCE
<b>Appd Fund 5026, D23 Fund 5026</b>			
(Agency 300, Fund 2134)		136,426.93	Federal Pass Through
(Agency 529, Fund 0001)	2,110,297.18		Federal Pass Through
(Agency 701, Fund 0001)		1,598,372.81	Federal Pass Through
(Agency 701, Fund 0148)	52,631.02		Federal Pass Through
(Agency 712, Fund 7999)		2,386.96	Federal Pass Through
(Agency 714, Fund 7999)		13,101.20	Federal Pass Through
(Agency 716, Fund 7999)		27,543.60	Federal Pass Through
(Agency 719, Fund 7999)		74,203.79	Federal Pass Through
(Agency 721, Fund 7999)		47,922.29	Federal Pass Through
(Agency 724, Fund 7999)		24,149.84	Federal Pass Through
(Agency 732, Fund 7999)		40,479.36	Federal Pass Through
(Agency 733, Fund 7999)		33,836.19	Federal Pass Through
(Agency 734, Fund 7999)		40,577.51	Federal Pass Through
(Agency 736, Fund 7999)		16,870.76	Federal Pass Through
(Agency 744, Fund 7999)		20,643.25	Federal Pass Through
(Agency 747, Fund 7999)		35,606.73	Federal Pass Through
(Agency 754, Fund 7999)		40,794.16	Federal Pass Through
<b>Total Appropriated Fund 5026</b>	<b>2,162,928.20</b>	<b>2,152,915.38</b>	
<b>FIDUCIARY</b>			
<b>Appd Fund 0894, D23 Fund 0894</b>			
(Agency 902, Fund 0001)		4,950.56	
<b>Total Appropriated Fund 0894</b>	<b>0.00</b>	<b>4,950.56</b>	
<b>TOTAL DUE FROM/ DUE TO OTHER AGENCIES</b>	<b>\$ 2,172,269.52</b>	<b>\$ 2,303,799.81</b>	

	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT	PURPOSE
<b>GENERAL</b>			
<b>Appd Fund 0001, D23 Fund 0001</b>	\$	\$	
(Agency 320, Fund 0925)	347,882.28		Tuition Trust Transfer
(Agency 902, Fund 0001)		4,318,048.21	Transfer Lapsed Cash
<b>Total Appropriated Fund 0001</b>	<b>347,882.28</b>	<b>4,318,048.21</b>	
<b>Appd Fund 0925, D23 Fund 0925</b>			
(Agency 320, Fund 0001)		347,882.28	Tuition Trust Transfer
<b>Total Appropriated Fund 0925</b>	<b>0.00</b>	<b>347,882.28</b>	
<b>Appd Fund 0369, D23 Fund 0369</b>			
(Agency 902, Fund 0001)		9,198.56	EFF Transfer to CPA
(Agency 320, Fund 0936)		524,537.95	ARRA – UI Admin
(Agency 320, Fund 0937)	26,101,650.47		ARRA – UI Admin
<b>Total Appropriated Fund 0369</b>	<b>26,101,650.47</b>	<b>533,736.51</b>	



	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT	PURPOSE
<b>Appd Fund 5026, D23 Fund 5026</b>			
(Agency 903, Fund 5026)	176,325,461.00	176,325,461.00	CMIA Loan and Repayment
<b>Total Appropriated Fund 5026</b>	176,325,461.00	176,325,461.00	
<b>Appd Fund 5128, D23 Fund 5128</b>			
(Agency 320, Fund 0936)		86,825,185.93	ETIA Transfer to Trust Fund
<b>Total Appropriated Fund 5128</b>	0.00	86,825,185.93	
<b>PROPRIETARY</b>			
<b>Appd Fund 0367, D23 Fund 1367</b>			
(Agency 320, Fund 2844)	174,917,082.27		Bond Fund Transfer
(Agency 320, Fund 3844)	168,095,000.00		Bond Fund Transfer
<b>Total Appropriated Fund 0367</b>	343,012,082.27	0.00	
<b>Appd Fund 0844, D23 Fund 0844</b>			
(Agency 320, Fund 1844)		2,475.00	Bond Fund Transfer
(Agency 320, Fund 2844)		226,861,201.91	Bond Fund Transfer
(Agency 320, Fund 3844)		168,095,000.00	Bond Fund Transfer
<b>Appd Fund 0844, D23 Fund 1844</b>			
(Agency 320, Fund 0844)	2,475.00		Bond Fund Transfer
<b>Appd Fund 0844, D23 Fund 2844</b>			
(Agency 320, Fund 0844)	226,861,201.91		Bond Fund Transfer
(Agency 320, Fund 1367)		174,917,082.27	Bond Fund Transfer
<b>Appd Fund 0844, D23 Fund 3844</b>			
(Agency 320, Fund 0844)	168,095,000.00		Bond Fund Transfer
(Agency 320, Fund 1367)		168,095,000.00	Bond Fund Transfer
<b>Total Appropriated Fund 0844</b>	394,958,676.91	737,970,759.18	
<b>Appd Fund 0936, D23 Fund 0936</b>			
(Agency 320, Fund 0369)	524,537.95		ARRA – UI Admin
(Agency 320, Fund 0937)	302,180,000.00		UI Trust Fund Transfer
(Agency 320, Fund 0938)		3,098,608,531.97	UI Trust Fund Transfer
(Agency 320, Fund 5128)	86,825,185.93		ETIA Transfer to Trust Fund
<b>Total Appropriated Fund 0936</b>	389,529,723.88	3,098,608,531.97	
<b>Appd Fund 0937, D23 Fund 0937</b>			
(Agency 320, Fund 0369)		26,101,650.47	ARRA – UI Admin
(Agency 320, Fund 0936)		302,180,000.00	UI Trust Fund Transfer
(Agency 320, Fund 0938)	5,351,377,414.50	958,194.29	UI Trust Fund Transfer
<b>Total Appropriated Fund 0937</b>	5,351,377,414.50	329,239,844.76	
<b>Appd Fund 0938, D23 Fund 0938</b>			
(Agency 320, Fund 0936)	3,098,608,531.97		UI Trust Fund Transfer
(Agency 320, Fund 0937)	958,194.29	5,351,377,414.50	UI Trust Fund Transfer
<b>Total Appropriated Fund 0938</b>	3,099,566,726.26	5,351,377,414.50	



	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT	PURPOSE
<b>FIDUCIARY</b>			
<b>Appd Fund 0894, D23 Fund 0894</b>			
(Agency 902, Fund 0001)		4,950.56	Transfer Excess Funds
<b>Total Appropriated Fund 0894</b>	0.00	4,950.56	
<b>TOTAL OPERATING TRANSFERS</b>	<b>\$ 9,781,219,617.57</b>	<b>\$ 9,785,551,814.90</b>	

**NOTE 13: CONTINUANCE SUBJECT TO REVIEW**

Under the *Texas Sunset Act*, the Commission will be abolished effective September 1, 2015, unless continued in existence by the 84<sup>th</sup> Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2016, to close out its operations.

**NOTE 14: ADJUSTMENTS TO FUND BALANCES AND NET ASSETS**

Not Applicable

**NOTE 15: CONTINGENCIES AND COMMITMENTS**

The Commission was involved in several lawsuits touching on civil rights, tort claims and unemployment compensation benefits at August 31, 2012, but management feels it is unlikely that the outcome for these claims will materially affect the financial position of the Commission.

One of the lawsuits The Commission is involved in was tried before a Travis County jury in January 2009. The jury awarded the plaintiff \$900,000.00. The Third Court of Appeals modified the judgment, reducing it to approximately \$650,000.00 plus interest. The Office of the Attorney General explored settlement options and filed a Petition for Review with the Texas Supreme Court. The Texas Supreme Court reversed judgment and remanded the case back to the trial court.

The Career School or College Tuition Trust Fund (0925) provides refunds to students when the school or college they are attending closes and alternative training cannot be obtained. At the end of the year the Commission accrues a liability for these potential refunds, if any, and reflects them in Exhibit A-1. However in some cases the Commission has been unable to obtain any records from certain closed schools. Because the likelihood of refunding tuition in these situations is uncertain, the potential liability to these students is considered contingent. At year end the potential liability arising from these schools is estimated at \$150,000.

Sick Leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid to the employee only in case of illness or to the employee's estate in the event of his/her death while employed by the Commission. The maximum sick leave that may be paid an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. The Commission's policy is to recognize the cost of any sick leave when paid. No liability is recorded in the General Long-Term Liabilities Adjustment Fund type since experience indicates the probability of a material effect on any given year's operations as a result of death or abnormally high rate of illness is minimal.



## TEXAS WORKFORCE COMMISSION (320)

The Commission, as an administrator of federal funds, awards contracts to subgrantees. The costs incurred by each subgrantee under contract are the responsibility of the Commission. Consequently, the Commission becomes contingently liable for any questioned costs that are ultimately disallowed by the granting federal agency. Although the Commission pursues aggressive debt collection for the subgrantees, collection cannot be assured. As of August 31, 2012, records of the Audit Resolution Unit indicate that federal grantor agency audits identified \$15,376.53 in questionable cost for which the Texas Workforce Commission is contingently liable.

As of August 31, 2012, the Texas Workforce Commission encumbered expenditures in governmental funds for signed contracts and purchase orders as presented in the table below:

		General Revenue Fund (0001)		Unemployment Compensation Special Admin Fund (0165)		Federal American Recovery and Reinvestment Act Fund (0369)		Workforce Commission Federal Fund (5026)
Encumbrances	\$	36,736,362.79	\$	139,698.16	\$	10,088.64	\$	200,151,959.80

*\*Revenues are not recognized for federal grants until expenditures are recorded. Therefore the fund balances in Exhibits A-2 and Exhibit II do not reflect revenues for the future payment of encumbrances.*

**NOTE 16: SUBSEQUENT EVENTS**

On September 8, 2012 the provisions of the Middle Class Tax Relief and Job Creation Act of 2012 regarding the eligible weeks for Tier 1 of the EUC program, became effective reducing the number of weeks of eligibility for Tier 1 from 20 weeks to 14 weeks. This reduced the maximum potential of a Texas claimant to 54 weeks. On October 13, 2012 Texas triggered back on to Tier 3 of the EUC program as the 3-month average unemployment rate climbed back above 7%. Under the Middle Class Tax Relief and Job Creation Act of 2012 this meant claimants were eligible for an additional 9 weeks of benefits or potentially 63 weeks of benefits.

According to the provisions of the Middle Class Tax Relief and Job Creation Act of 2012 the 100% funded EB program and the EUC program are schedule to expire at the end of December 2012.

In accordance with Section 204.123 of the Labor Code, \$92.7 million deposited to the Employment Training Investment Act (ETIA) Holding Fund during the 2012 fiscal year was transferred to the Unemployment Trust Fund Account in September 2012. This transfer was made since the balance in the Unemployment Trust Fund Account was below the statutorily defined floor as computed under Section 204.061, (that is, i.e., floor equals one percent of the total taxable wages for the four calendar quarters ending June 30, 2012).

**NOTE 17: RISK MANAGEMENT**

The Texas Workforce Commission is exposed to a variety of civil claims resulting from the performance of its duties. It is the Commission'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 Commission assumes substantially all risks associated with tort claims and liability claims due to the performance of its duties. The Commission does purchase liability insurance for Commission owned vehicles. The Commission is not involved in any risk pools with other government entities.

The Commission'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 are re-evaluated periodically to consider current settlements, frequency of claims, past experience, and economic factors.



An annual assessment is paid to the State Office of Risk Management to cover risk management costs. Unemployment benefits are paid as they are claimed. Health insurance is purchased by the state and by each employee through the Employee Retirement System of Texas. Property losses are reported to the State Auditor's Office as they occur.

The following occurred in fiscal year 2012:

State Office of Risk Management Payment	\$ 423,840.90
Unemployment Insurance Payment	673,532.40
Lost or Stolen Property	10,619.92
<b>TOTAL</b>	<b>\$ 1,107,993.22</b>

#### **NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS**

The unemployment rate for Texas averaged 7.3% for the 2012 fiscal year. This rate was significantly below the Texas unemployment rate for fiscal 2011 of 8.2%. Unemployment benefits paid during the fiscal year declined to \$5.06 billion (\$2.73 billion in federal benefits and \$2.33 billion in state benefits) compared to \$6.0 billion in the prior year.

The number of weeks that Texas unemployed claimants were eligible to receive benefits changed repeatedly during the fiscal year as the unemployment rate changed. As the 2012 fiscal year began claimants were eligible to receive up to 93 weeks of unemployment compensation based on the parameters of three separate programs. 26 weeks under the regular state funded program, 47 weeks under the federally funded EUC (Emergency Unemployment Compensation) program and 20 weeks under the federally fund EB (Extended Benefit) program. The number of weeks of eligibility under the federally funded EUC and EB program are based on the rate and the related change of a state's unemployment statistics. The weeks of eligibility, at the beginning of the fiscal year were separated into four tiers for the EUC program and two tiers for the EB program.

In December 2011, Texas "triggered" on (became eligible for) Tier IV of the EUC program which allowed an additional 6 weeks of unemployment for a total of 99 potential weeks for Texas claimants. This trigger occurred because the 3-month average of the Texas unemployment rate, as calculated at that time, had reached 8.5%.

Texas triggered off Tier IV of the EUC program on March 10, 2012 dropping the potential weeks of unemployment compensation to 93 weeks. This occurred because the 3-month Texas unemployment rate fell below 8.5%. On April 7, 2012, Texas triggered off Tier II of the EB program which reduced the potential weeks of unemployment compensation by 7 weeks to a potential duration of 86 weeks. This occurred because the 3-month Texas unemployment rate fell below 8%. On May 12, 2012 Texas triggered off Tier 1 of the EB program which reduced the potential weeks of unemployment compensation by 13 weeks to a potential duration of 73 weeks. This occurred because the ratio of the then 3-month unemployment rate compared to the unemployment rate for the 3-month cohort period in the period 3 years previously was less than 110% as required by the EB program. On June 15, 2012 Texas triggered off Tier III of the EUC program which reduced the potential weeks of unemployment compensation by 13 weeks to a potential duration of 60 weeks. This occurred because the 3-month Texas unemployment rate fell below 7%.

The Middle Class Tax Relief and Job Creation Act of 2012 was passed on February 22, 2012. This law continued the EUC and EB laws which were scheduled to expire, but reduced the number of weeks of federally funded benefits in several of the tiers and increased the unemployment rates necessary to qualify for each tier. Additionally the law required that each unemployment claimant who began receiving benefits under Tier I or Tier II of the EUC program had to receive "in-person" reemployment and eligibility assessments. That is, the claimant was required to visit a One-Stop (unemployment) Center to receive career information, labor market information, undergo a skill assessment and have their job search activities evaluated. A claimant who failed to comply with this requirement risked losing their remaining unemployment benefits. An evaluation at the end of the fiscal year indicated that nearly 30% of claimants required to attend these assessments had not done so.



In addition the Middle Class Tax Relief and Job Creation Act of 2012 will require Texas to change state statute to conform to certain requirements set in this Act. Statutory change needed include a mandatory 15% penalty on willful fraud by a unemployment insurance claimant, mandate that a claimant is "actively seeking work", (currently required by Commission rule, but not statute), and that minor changes be made in the state's current statute regarding short term compensation. Failure to statutorily conform to the federal act in the next legislative session could risk losing federal unemployment insurance administrative funding and the ability of Texas employers to take the full credit (5.4%) on their federal unemployment tax returns.

**NOTE 19: THE FINANCIAL REPORTING ENTITY**

Not Applicable.

**NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

As of October 31, 2012, management is unaware of any material violations of finance-related contract provisions. With regard to compliance and accountability there are the following:

- 1) No expenditures exceeded appropriations in individual funds.
- 2) There were no changes in accounting principles during the year.
- 3) Net assets reported in Fund 0367 were negative at year end. The liability created by the issuance of revenue bonds was reported solely in this fund.

**NOTE 21: RESERVED FOR COMPTROLLER**

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**

Receivables represent amounts due to the State at August 31, 2012, which will be collected in the future. Receivables do not include accounts that have been deemed uncollectible and are recorded in the accompanying Exhibits net of allowances for doubtful amounts.

The disaggregation of those amounts is as follows.



## TEXAS WORKFORCE COMMISSION (320)

**A. Accounts Receivable**

## General Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0001 – General	\$ 2,906,531.01	\$ (638,944.88)	\$ 2,267,586.13
Fund 0165 – Penalty & Interest	10,193,646.38	(4,864,715.43)	5,328,930.95
Fund 5026 – Disallowed Costs, Civil Rights & Performance Contracts	185,814.56	0.00	185,814.56
Fund 5128 – ETIA	1,308,124.72	(879,844.95)	428,279.77
<b>Total General Funds</b>	<b>\$ 14,594,116.67</b>	<b>\$ (6,383,505.26)</b>	<b>\$ 8,210,611.41</b>

## Proprietary Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0844 – Obligation Assessment	31,120,487.83	(2,627,634.13)	28,492,853.70
Fund 0936 – Unemployment Assessment	236,074,771.29	(30,552,088.73)	205,522,682.56
Fund 0937 – Benefit Overpayments	480,574,932.39	(421,592,086.57)	58,982,845.82
Fund 0938 – Unemployment Trust Fund Account	9,285,638.60	0.00	9,285,638.60
<b>Total Proprietary Funds</b>	<b>\$ 757,055,830.11</b>	<b>\$ (454,771,809.43)</b>	<b>\$ 302,284,020.68</b>

## Fiduciary Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0894 – Payday Law Collections	\$ 26,234,044.65	\$ (26,023,820.79)	\$ 210,223.86
<b>Total Fiduciary Funds</b>	<b>\$ 26,234,044.65</b>	<b>\$ (26,023,820.79)</b>	<b>\$ 210,223.86</b>

## Agency Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0900 – Departmental Suspense - Settlements	\$ 185,314.40	\$ 0.00	\$ 185,314.40
<b>Total Fiduciary Funds</b>	<b>\$ 185,314.40</b>	<b>\$ 0.00</b>	<b>\$ 185,314.40</b>

**B. Federal Receivables**

Federal receivables, as reported in the General and Consolidated Funds (Exhibit I), are detailed by program as follows:

Federal Receivable Program	Federal Receivables	Allowance for Doubtful	Net Federal Receivable
Department of Agriculture	\$ 327,983.79	\$ 0.00	\$ 327,983.79
Department of Health and Human Services	19,771,579.78	0.00	19,771,579.78
Department of Labor	5,414,311.53	0.00	5,414,311.53
<b>Total Federal Receivables</b>	<b>\$ 25,513,875.10</b>	<b>\$ 0.00</b>	<b>\$ 25,513,875.10</b>



## TEXAS WORKFORCE COMMISSION (320)

Federal receivables, as reported in the Proprietary Funds (Exhibit III), are detailed by program as follows:

<b>Federal Receivable Program</b>	<b>Federal Receivables</b>	<b>Allowance for Doubtful</b>	<b>Net Federal Receivable</b>
Department of Labor	7,429,132.43	0.00	7,429,132.43
Total Federal Receivables	\$ 7,429,132.43	\$ 0.00	\$ 7,429,132.43

**NOTE 25: TERMINATION BENEFITS**

Not Applicable.

**NOTE 26: SEGMENT INFORMATION**

Not Applicable.



## TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT A-1**  
**COMBINING BALANCE SHEET - ALL GENERAL AND CONSOLIDATED FUNDS**  
For the Year Ended August 31, 2012

	General Revenue (Fund 0001) U/F (0001)	Consolidated Accounts	Consolidated Accounts
		Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents			
Cash on Hand	\$ 168,700.81	\$ 68,685.72	\$
Cash in Bank (Note 3)			
Cash in State Treasury		21,265,806.97	1,347,882.28
Legislative Appropriations	44,585,301.55		
Receivables:			
Federal Receivables (Note 24)			
Interest and Dividends	1,411.66		
Accounts Receivable (Note 24)	2,267,586.13	5,328,930.95	
Interfund Receivable (Note 12)	5,688,518.16		
Due from Other Funds (Note 12)	347,882.28		
Due from Other Agencies (Note 12)		9,341.32	
Consumable Inventories			
Prepaid Items			
<b>Total Assets</b>	<b>\$ 53,059,400.59</b>	<b>\$ 26,672,764.96</b>	<b>\$ 1,347,882.28</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Current Liabilities:			
Payables:			
Accounts Payable	3,847,896.21	90,475.40	
Payroll Payable			
Interfund Payable (Note 12)		386,207.24	
Deferred Revenues	26,180.00	35,002.10	
Due to Other Funds (Note 12)	1,490,000.00	12,678,933.90	347,882.28
Due to Other Agencies (Note 12)	145,933.87		
<b>Total Current Liabilities</b>	<b>5,510,010.08</b>	<b>13,190,618.64</b>	<b>347,882.28</b>
<b>Total Liabilities</b>	<b>5,510,010.08</b>	<b>13,190,618.64</b>	<b>347,882.28</b>
<b>Fund Financial Statement-Fund Balances</b>			
Fund Balances (Deficits):			
Non-Spendable			
Restricted			
Committed		13,482,146.32	1,000,000.00
Assigned	36,736,362.79		
Unassigned	10,813,027.72		
<b>Total Fund Balances</b>	<b>47,549,390.51</b>	<b>13,482,146.32</b>	<b>1,000,000.00</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 53,059,400.59</b>	<b>\$ 26,672,764.96</b>	<b>\$ 1,347,882.28</b>

\* See Note 16 for additional details.



UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	TOTALS
Workforce Commission Federal (Fund 5026) U/F (5026)	Federal American Recovery and Reinvestment Act Fund (Fund 5026) U/F (0369)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
\$ 5,517.86	\$	\$	\$	\$ 242,904.39
25,000.00			267,111.87	292,111.87
17,463,058.82	3.27	92,741,499.28		132,818,250.62
				44,585,301.55
24,399,904.63	1,113,970.47			25,513,875.10
		33,507.82		34,919.48
185,814.56		428,279.77		8,210,611.41
1,491,969.91				7,180,488.07
1,490,000.00				1,837,882.28
2,162,928.20				2,172,269.52
1,389,336.53				1,389,336.53
			170,350.00	170,350.00
<u>\$ 48,613,530.51</u>	<u>\$ 1,113,973.74</u>	<u>\$ 93,203,286.87</u>	<u>\$ 437,461.87</u>	<u>\$ 224,448,300.82</u>
20,872,955.46	8,211.07			24,819,538.14
14,721,712.47				14,721,712.47
5,688,518.16	1,105,762.67			7,180,488.07
			160,349.80	221,531.90
		33,507.82		14,550,324.00
<u>2,152,915.38</u>				<u>2,298,849.25</u>
<u>43,436,101.47</u>	<u>1,113,973.74</u>	<u>33,507.82</u>	<u>160,349.80</u>	<u>63,792,443.83</u>
43,436,101.47	1,113,973.74	33,507.82	160,349.80	63,792,443.83
1,389,336.53			170,350.00	1,559,686.53
3,788,092.51				3,788,092.51
		93,169,779.05 *		107,651,925.37
			106,762.07	36,843,124.86
				10,813,027.72
<u>5,177,429.04</u>	<u>0.00</u>	<u>93,169,779.05</u>	<u>277,112.07</u>	<u>160,655,856.99</u>
<u>\$ 48,613,530.51</u>	<u>\$ 1,113,973.74</u>	<u>\$ 93,203,286.87</u>	<u>\$ 437,461.87</u>	<u>\$ 224,448,300.82</u>



## TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT A-2**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCES - ALL GENERAL AND CONSOLIDATED FUNDS**  
For the Year Ended August 31, 2012

	General Revenue (Fund 0001) U/F (0001)	Consolidated Accounts  Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Consolidated Accounts  Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
<b>REVENUES:</b>			
Legislative Appropriations			
Original Appropriations (GR)	\$ 111,715,177.72	\$	\$
Additional Appropriations (GR)	1,017,170.49		
Federal Revenue			
Federal Pass-Through Revenue			
Licenses, Fees and Permits	3,346,857.14	14,639,081.73	
Interest and Investment Income	79,983.08		
Land Income	67.88		
Sales of Goods and Services	227,648.88		
Other Revenues	40,916,372.31		
<b>Total Revenue</b>	<b>157,303,277.50</b>	<b>14,639,081.73</b>	<b>0.00</b>
<b>EXPENDITURES</b>			
Salaries and Wages	4,499,125.49	3,442,254.81	
Payroll Related Costs	1,037,244.76	12,970,350.08 *	
Professional Fees and Services	262,406.84	149,955.51	
Travel	232,120.24	132,774.41	
Materials and Supplies	828,043.11	198,555.57	
Communication and Utilities	1,628,904.84	230,839.48	
Repairs and Maintenance	545,460.97	219,001.93	
Rentals and Leases	387,728.87	113,490.93	
Printing and Reproduction	198,892.88	41,654.35	
Claims and Judgments		858.84	
Federal Pass-Through Expenditures			
State Grant Pass-Through Expenditures	2,204,619.13		
Intergovernmental Payments	23,745,727.31		
Public Assistance Payments	134,513,207.45	126,175.03	(347,882.28)
Other Operating Expenditures	670,043.29	294,261.40	
Capital Outlay	37,379.03	26,030.29	
<b>Total Expenditures</b>	<b>170,790,904.21</b>	<b>17,946,202.63</b>	<b>(347,882.28)</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (13,487,626.71)</b>	<b>\$ (3,307,120.90)</b>	<b>\$ 347,882.28</b>

\* This amount includes \$11,610,758.10 in Unemployment Insurance payments made to former state employees on behalf of other agencies.



UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	TOTALS
Workforce Commission Federal (Fund 5026) U/F (5026)	Federal American Reinvestment Act Fund (Fund 5026) U/F (0369)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
\$	\$	\$	\$	\$
				111,715,177.72
				1,017,170.49
885,641,634.76	3,551,039.20			889,192,673.96
93,841,315.36	3,164,208.58			97,005,523.94
218,795.99		93,055,513.43	286,789.77	111,547,038.06
5,362.96	9,198.56	169,859.57	681.02	265,085.19
622.86				690.74
926,945.26			77,846.00	1,232,440.14
				40,916,372.31
980,634,677.19	6,724,446.34	93,225,373.00	365,316.79	1,252,892,172.55
121,596,739.87	14,281,563.02			143,819,683.19
47,743,063.31	4,218,981.87			65,969,640.02
17,865,392.88	7,838,981.86		64,319.42	26,181,056.51
1,242,935.61	15,042.91		18,414.54	1,641,287.71
9,472,447.33	7,416.96	682,443.01	141,738.19	11,330,644.17
6,035,522.14	12,236.71		3,998.52	7,911,501.69
5,033,686.12	67,439.16			5,865,588.18
2,642,350.58	4,011.56		75,975.00	3,223,556.94
673,126.27	2.91		1,287.50	914,963.91
				858.84
48,149,710.58	(25,396.76)			48,124,313.82
				2,204,619.13
4,302,987.92				28,048,715.23
705,008,336.54	5,753,829.39			845,053,666.13
5,733,472.02	118,250.71		42,835.79	6,858,863.21
850,160.61				913,569.93
976,349,931.78	32,292,360.30	682,443.01	348,568.96	1,198,062,528.61
4,284,745.41	\$ (25,567,913.96)	92,542,929.99	16,747.83	54,829,643.94



**EXHIBIT A-2**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCES - ALL GENERAL AND CONSOLIDATED FUNDS**  
 For the Year Ended August 31, 2012

	General Revenue (Fund 0001) U/F (0001)	Consolidated Accounts  Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Consolidated Accounts  Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Capital Assets	\$	\$	\$
Transfers In (Note 12)	347,882.28		
Transfers Out (Note 12)	(4,318,048.21)		(347,882.28)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,970,165.93)</b>	<b>0.00</b>	<b>(347,882.28)</b>
<b>Net Change in Fund Balances / Net Assets</b>	<b>(17,457,792.64)</b>	<b>(3,307,120.90)</b>	<b>0.00</b>
<b>Fund Financial Statement-Fund Balances</b>			
Fund Balances, September 1, 2011	65,007,309.70	16,789,267.22	1,000,000.00
Appropriations Lapsed	(126.55)		
<b>FUND BALANCES - August 31, 2012</b>	<b>\$ 47,549,390.51</b>	<b>\$ 13,482,146.32</b>	<b>\$ 1,000,000.00</b>



UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	TOTALS
Workforce Commission Federal (Fund 5026) U/F (5026)	Federal American Recovery and Reinvestment Act Fund (Fund 5026) U/F (0369)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
\$ 287,845.87	\$ 26,101,650.47	\$ (86,825,185.93)	\$ 0.00	\$ 287,845.87
176,325,461.00	26,101,650.47	(86,825,185.93)	0.00	202,774,993.75
(176,325,461.00)	(533,736.51)	(86,825,185.93)	0.00	(268,350,313.93)
287,845.87	25,567,913.96	(86,825,185.93)	0.00	(65,287,474.31)
4,572,591.28	(0.00)	5,717,744.06	16,747.83	(10,457,830.37)
604,837.76	0.00	87,452,034.99	260,364.24	171,113,813.91
				(126.55)
\$ 5,177,429.04	\$ (0.00)	\$ 93,169,779.05	\$ 277,112.07	\$ 160,655,856.99



## TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT F-1**  
**COMBINING STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
For the Year Ended August 31, 2012

	TWC Unemployment Compensation Revenue Bond Fund (Fund 0367) U/F (0367, 1367, 3367)	TWC Obligation Trust Fund (Fund 0844) U/F (0844, 1844, 2844, 3844)
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents		
Cash on Hand	\$	\$
Cash in State Treasury		
Restricted:		
Cash in State Treasury (Note 3)		83,481,461.17
Cash in U. S. Treasury (Note 3)		
Receivables:		
Federal Receivables (Note 24)		
Interest and Dividends		29,598.90
Accounts Receivable (Note 24)		28,492,853.70
Due from Other Funds (Note 12)		
Deferred Charges	1,603,961.82	
Other Assets		
<b>Total Current Assets</b>	<u>1,603,961.82</u>	<u>112,003,913.77</u>
Non-Current Assets:		
Deferred Charges	4,516,882.23	
<b>Total Non-Current Assets</b>	<u>4,516,882.23</u>	<u>0.00</u>
<b>Total Assets</b>	<u>6,120,844.05</u>	<u>112,003,913.77</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Payables:		
Accounts Payable		5,000.00
Interest Payable		11,857,543.33
Due to Other Funds (Note 12)		
Revenue Bonds Payable	175,109,341.93	
Deferred Revenues		
<b>Total Current Liabilities</b>	<u>175,109,341.93</u>	<u>11,862,543.33</u>
Non-Current Liabilities:		
Revenue Bonds Payable	1,393,011,605.69	
<b>Total Non-Current Liabilities</b>	<u>1,393,011,605.69</u>	<u>0.00</u>
<b>Total Liabilities</b>	<u>1,568,120,947.62</u>	<u>11,862,543.33</u>
<b>NET ASSETS</b>		
Restricted For:		
Unemployment Trust Fund		
Other - Unemployment Insurance Administration		
Debt Retirement	(1,562,000,103.57)	100,141,370.44
<b>Total Net Assets</b>	<u>\$ (1,562,000,103.57)</u>	<u>\$ 100,141,370.44</u>



UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Unemployment Compensation Clearance Account (Fund 0936) U/F (0936, 9001)	Unemployment Compensation Benefit Account (Fund 0937) U/F (0937)	Unemployment Trust Fund Account (Fund 0938) U/F (0938)	TOTALS
\$ 411,994.46	\$ 183,160.29	\$	\$ 595,154.75
140,850.14			140,850.14
	(2,711,816.82)		80,769,644.35
		1,308,242,301.32	1,308,242,301.32
	116,580.00	7,312,552.43	7,429,132.43
		6,308,738.41	6,338,337.31
205,522,682.56	58,982,845.82	9,285,638.60	302,284,020.68
12,712,441.72		165,575,664.13	178,288,105.85
			1,603,961.82
2,650.96			2,650.96
<u>218,790,619.84</u>	<u>56,570,769.29</u>	<u>1,496,724,894.89</u>	<u>1,885,694,159.61</u>
			4,516,882.23
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>4,516,882.23</u>
<u>218,790,619.84</u>	<u>56,570,769.29</u>	<u>1,496,724,894.89</u>	<u>1,890,211,041.84</u>
	55,612,575.00	5,528,222.27	61,145,797.27
			11,857,543.33
164,617,469.84	958,194.29		165,575,664.13
			175,109,341.93
54,173,150.00			54,173,150.00
<u>218,790,619.84</u>	<u>56,570,769.29</u>	<u>5,528,222.27</u>	<u>467,861,496.66</u>
			1,393,011,605.69
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,393,011,605.69</u>
<u>218,790,619.84</u>	<u>56,570,769.29</u>	<u>5,528,222.27</u>	<u>1,860,873,102.35</u>
		1,481,131,379.48	1,481,131,379.48
		10,065,293.14	10,065,293.14
			(1,461,858,733.13)
\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>1,491,196,672.62</u>	\$ <u>29,337,939.49</u>







UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Unemployment Compensation Clearance Account (Fund 0936) U/F (0936, 9001)	Unemployment Compensation Benefit Account (Fund 0937) U/F (0937)	Unemployment Trust Fund Account (Fund 0938) U/F (0938)	TOTALS
\$ 2,517,493,456.05	\$ 7,270,569.00	\$ 2,727,692,672.42	\$ 2,894,245,462.21
191,572,300.97	1,877,141.54	53,631,450.72	247,080,893.23
<u>2,709,065,757.02</u>	<u>9,147,710.54</u>	<u>2,781,324,123.14</u>	<u>5,876,289,596.86</u>
	5,031,285,319.81	33,378,666.95	5,064,663,986.76
<u>0.00</u>	<u>5,031,285,319.81</u>	<u>33,378,666.95</u>	<u>5,064,663,986.76</u>
<u>2,709,065,757.02</u>	<u>(5,022,137,609.27)</u>	<u>2,747,945,456.19</u>	<u>811,625,610.10</u>
			(50,119,164.39)
13,051.07	39.53	22,174,861.66	22,551,570.50
<u>13,051.07</u>	<u>39.53</u>	<u>22,174,861.66</u>	<u>(3,045,967.19)</u>
<u>2,709,078,808.09</u>	<u>(5,022,137,569.74)</u>	<u>2,770,120,317.85</u>	<u>781,012,049.02</u>
389,529,723.88	5,351,377,414.50	3,099,566,726.26	9,578,444,623.82
<u>(3,098,608,531.97)</u>	<u>(329,239,844.76)</u>	<u>(5,351,377,414.50)</u>	<u>(9,517,196,550.41)</u>
<u>(2,709,078,808.09)</u>	<u>5,022,137,569.74</u>	<u>(2,251,810,688.24)</u>	<u>61,248,073.41</u>
<u>0.00</u>	<u>(0.00)</u>	<u>518,309,629.61</u>	<u>842,260,122.43</u>
<u>0.00</u>	<u>0.00</u>	<u>972,887,043.01</u>	<u>(812,922,182.94)</u>
\$ <u>0.00</u>	\$ <u>(0.00)</u>	\$ <u>1,491,196,672.62</u>	\$ <u>29,337,939.49</u>



## TEXAS WORKFORCE COMMISSION (320)

## EXHIBIT F-3

## COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended August 31, 2012

	TWC Unemployment Compensation Revenue Bond Fund (Fund 0367) U/F (0367, 1367, 3367)	TWC Obligation Trust Fund (Fund 0844) U/F (0844, 1844, 2844, 3844)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Unemployment Assessments	\$	\$ 384,638,051.67
Proceeds from Federal Revenue		
Proceeds from Other Revenue		
Unemployment Benefit Payments		
Net Cash Provided by Operating Activities	<u>0.00</u>	<u>384,638,051.67</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Payment of Principal on Bonds		(314,335,000.00)
Payment of Interest Expense		(80,621,625.00)
Payment of Other Costs of Debt Issuance		(2,475.00)
Transfers from Other Funds		394,958,676.91
Transfers to Other Funds		(394,958,676.91)
Net Cash Provided By Non-Capital Financing Activities	<u>0.00</u>	<u>(394,959,100.00)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and Investment Income		397,162.08
Net Cash Provided by Investing Activities	<u>0.00</u>	<u>397,162.08</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>0.00</u>	<u>(9,923,886.25)</u>
Cash and Cash Equivalents, September 1, 2011		<u>93,405,347.42</u>
Net Cash and Cash Equivalents, August 31, 2012	\$ <u>0.00</u>	\$ <u>83,481,461.17</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)		<u>376,752,006.16</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Operating Income and Cash Flow Categories		
Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables		7,886,045.51
Increase (Decrease) in Payables		
Increase (Decrease) in Deferred Revenue		
Total Adjustments	<u>0.00</u>	<u>7,886,045.51</u>
Net Cash Provided by Operating Activities	\$ <u>0.00</u>	\$ <u>384,638,051.67</u>



UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Unemployment Compensation Clearance Account (Fund 0936) U/F (0936, 9001)	Unemployment Compensation Benefit Account (Fund 0937) U/F (0937)	Unemployment Trust Fund Account (Fund 0938) U/F (0938)	TOTALS
\$ 2,508,967,494.62	\$ 7,343,042.00	\$ 2,755,959,254.20	\$ 2,893,605,546.29
176,187,620.55	1,877,141.54	54,122,535.19	232,187,297.28
<u>2,685,155,115.17</u>	<u>(5,086,331,232.63)</u>	<u>(37,004,576.03)</u>	<u>(5,123,335,808.66)</u>
	<u>(5,077,111,049.09)</u>	<u>2,773,077,213.36</u>	<u>765,759,331.11</u>
			(314,335,000.00)
			(80,621,625.00)
			(2,475.00)
406,989,227.70	5,406,601,280.99	3,092,234,379.79	9,300,783,565.39
<u>(3,092,234,379.79)</u>	<u>(328,281,650.47)</u>	<u>(5,406,601,280.99)</u>	<u>(9,222,075,988.16)</u>
<u>(2,685,245,152.09)</u>	<u>5,078,319,630.52</u>	<u>(2,314,366,901.20)</u>	<u>(316,251,522.77)</u>
13,051.07	39.53	20,950,123.25	21,360,375.93
<u>13,051.07</u>	<u>39.53</u>	<u>20,950,123.25</u>	<u>21,360,375.93</u>
<u>(76,985.85)</u>	<u>1,208,620.96</u>	<u>479,660,435.41</u>	<u>470,868,184.27</u>
<u>629,830.45</u>	<u>(3,737,277.49)</u>	<u>828,581,865.91</u>	<u>918,879,766.29</u>
\$ <u>552,844.60</u>	\$ <u>(2,528,656.53)</u>	\$ <u>1,308,242,301.32</u>	\$ <u>1,389,747,950.56</u>
<u>2,709,065,757.02</u>	<u>(5,022,137,609.27)</u>	<u>2,747,945,456.19</u>	<u>811,625,610.10</u>
(27,017,801.27)	(24,047,416.82)	28,757,666.25	(14,421,506.33)
	(30,926,023.00)	(3,625,909.08)	(34,551,932.08)
<u>3,107,159.42</u>	<u>(54,973,439.82)</u>	<u>25,131,757.17</u>	<u>3,107,159.42</u>
<u>(23,910,641.85)</u>			<u>(45,866,278.99)</u>
\$ <u>2,685,155,115.17</u>	\$ <u>(5,077,111,049.09)</u>	\$ <u>2,773,077,213.36</u>	\$ <u>765,759,331.11</u>



## TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT I-1**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS -**  
**PRIVATE PURPOSE TRUST FUNDS**  
For the Year Ended August 31, 2012

		Payday Law Wage Determination Trust Fund (Fund 0894) U/F (0894)
<b>ASSETS</b>		
Cash and Cash Equivalents		
Cash on Hand	\$	129,865.30
Cash in State Treasury		898,802.16
Receivables:		
Interest and Dividends		469.67
Accounts Receivable (Note 24)		210,223.86
<b>Total Assets</b>		<b>1,239,360.99</b>
<b>LIABILITIES</b>		
Payables:		
Accounts Payable		1,220,578.47
Interest Payable		13,831.96
Due to Other Agencies (Note 12)		4,950.56
<b>Total Liabilities</b>		<b>1,239,360.99</b>
<b>NET ASSETS</b>		
Held in Trust For:		
Payday Law		0.00
<b>Total Net Assets</b>	<b>\$</b>	<b>0.00</b>



## TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT I-2**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -**  
**PRIVATE PURPOSE TRUST FUNDS**  
For the Year Ended August 31, 2012

	Payday Law Wage Determination Trust Fund (Fund 0894) U/F (0894)
<b>ADDITIONS</b>	
Investment Income	
From Investing Activities:	
Interest and Investment Income	\$ 7,040.93
Net Income From Investing Activities	7,040.93
<b>Total Net Investment Income (Loss)</b>	<b>7,040.93</b>
Other Additions	
Collections from Employers for Payday Law Claims	4,910,509.85
<b>Total Other Additions</b>	<b>4,910,509.85</b>
<b>Total Additions</b>	<b>4,917,550.78</b>
<b>DEDUCTIONS</b>	
Settlement of Claims	4,908,475.83 *
Interest Expense	4,124.39
Transfers Out (Note 12)	4,950.56
<b>Total Deductions</b>	<b>4,917,550.78</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>0.00</b>
Net Assets, September 1, 2011	0.00
Net Assets, August 31, 2012	\$ 0.00

\* In addition to the amount shown above for Settlement of Claims, the Texas Workforce Commission was instrumental in resolving another \$1,206,844.98 in claims where the claimant was paid directly by the employer.



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## TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT J-1**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
For the Year Ended August 31, 2012

	Balances September 1, 2011	Additions	Deductions	Balances August 31, 2012
<b>Child Labor Penalty (0001) U/F (1000)</b>				
<b>ASSETS:</b>				
Cash in State Treasury	0.00	72,654.42	72,654.42	0.00
Total Assets	\$ 0.00	\$ 72,654.42	\$ 72,654.42	\$ 0.00
<b>LIABILITIES:</b>				
Funds Held for Others	0.00	72,654.42	72,654.42	0.00
Total Liabilities	\$ 0.00	\$ 72,654.42	\$ 72,654.42	\$ 0.00
<b>Child Support Employee Deducts (0807) U/F (8070)</b>				
<b>ASSETS:</b>				
Cash in State Treasury	35,125.60	495,673.64	492,589.67	38,209.57
Total Assets	\$ 35,125.60	\$ 495,673.64	\$ 492,589.67	\$ 38,209.57
<b>LIABILITIES:</b>				
Funds Held for Others	35,125.60	495,673.64	492,589.67	38,209.57
Total Liabilities	\$ 35,125.60	\$ 495,673.64	\$ 492,589.67	\$ 38,209.57
<b>Departmental Suspense (0900) U/F (0900, 9015, 9016)</b>				
<b>ASSETS:</b>				
Cash in State Treasury	0.00	5,544,880.79	5,544,880.79	0.00
Accounts Receivable (Note 24)	221,487.34	185,314.40	221,487.34	185,314.40
Total Assets	\$ 221,487.34	\$ 5,730,195.19	\$ 5,766,368.13	\$ 185,314.40
<b>LIABILITIES:</b>				
Accounts Payable	221,487.34	185,314.40	221,487.34	185,314.40
Funds Held for Others	0.00	5,766,368.13	5,766,368.13	0.00
Total Liabilities	\$ 221,487.34	\$ 5,951,682.53	\$ 5,987,855.47	\$ 185,314.40
<b>Direct Deposit Correction Account (0980) UF (0980, 9014)</b>				
<b>ASSETS:</b>				
Cash in State Treasury	0.00	220,424.93	220,424.93	0.00
Total Assets	\$ 0.00	\$ 220,424.93	\$ 220,424.93	\$ 0.00
<b>LIABILITIES:</b>				
Funds Held for Others	0.00	220,424.93	220,424.93	0.00
Total Liabilities	\$ 0.00	\$ 220,424.93	\$ 220,424.93	\$ 0.00
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS:</b>				
Cash in State Treasury	35,125.60	6,333,633.78	6,330,549.81	38,209.57
Accounts Receivable (Note 24)	221,487.34	185,314.40	221,487.34	185,314.40
Total Assets	\$ 256,612.94	\$ 6,518,948.18	\$ 6,552,037.15	\$ 223,523.97
<b>LIABILITIES:</b>				
Accounts Payable	221,487.34	185,314.40	221,487.34	185,314.40
Funds Held for Others	35,125.60	6,555,121.12	6,552,037.15	38,209.57
Total Liabilities	\$ 256,612.94	\$ 6,740,435.52	\$ 6,773,524.49	\$ 223,523.97



TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From		
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount
<b>U.S. Department of Labor</b>				
Direct Programs:				
Labor Force Statistics	17.002			
Unemployment Insurance	17.225			
Pass-Through To:				
Other Non-State Entities				
Unemployment Insurance - ARRA*	17.225			
Senior Community Service Employment Program	17.235			
Pass-Through To:				
Other Non-State Entities				
Trade Adjustment Assistance	17.245			
Pass-Through To:				
Other Non-State Entities				
One-Stop Career Initiative	17.257			
WIA Pilots, Demonstrations, and Research Projects	17.261			
Pass-Through To:				
University of Texas at Austin				
Incentive Grants - WIA Section 503	17.267			
Pass-Through From:				
Texas Education Agency				
Pass-Through To:				
Other Non-State Entities				
Work Opportunity Tax Credit Program	17.271			
Temporary Labor Certification For Foreign Workers	17.273			
Pass-Through To:				
Other Non-State Entities				
Workforce Investment Act - National Emergency Grants	17.277			
Pass-Through To:				
Other Non-State Entities				
<b>Subtotal, Non-Clustered Programs</b>			<b>1,039,865.61</b>	<b>0.00</b>
<b>Employment Services Cluster</b>				
<b>U.S. Department of Labor</b>				
Direct Program:				
Employment Service	17.207			
Pass-Through To:				
Texas A&M Engineering Experiment Station				
Texas State Technical College System				
University of Houston				
Texas Tech University				
University of Texas - Health Science Center at Houston				
Texas State University - San Marcos				
Other Non-State Entities				
<b>Subtotal, Employment Services Cluster</b>			<b>0.00</b>	<b>0.00</b>



UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Direct Program Amount	Total PT from & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agency, Univ. #	State Agency or Univ Amount	Non-State Entities Amount		
3,402,670.03	3,402,670.03				3,402,670.03	3,402,670.03
5,205,202,385.21	5,205,202,385.21				5,205,202,385.21	5,205,202,385.21
2,018,130.28	2,018,130.28			2,018,130.28		2,018,130.28
39,865,081.36	39,865,081.36				39,865,081.36	39,865,081.36
116,831.91	116,831.91				116,831.91	116,831.91
6,122,764.46	6,122,764.46			6,122,764.46		6,122,764.46
1,846,267.94	1,846,267.94				1,846,267.94	1,846,267.94
10,163,174.59	10,163,174.59			10,163,174.59		10,163,174.59
23,243.92	23,243.92				23,243.92	23,243.92
46,902.43	46,902.43				46,902.43	46,902.43
131,817.36	131,817.36	721	131,817.36			131,817.36
	1,039,865.61			1,039,865.61		1,039,865.61
1,304,854.80	1,304,854.80				1,304,854.80	1,304,854.80
541,630.03	541,630.03				541,630.03	541,630.03
4,295.90	4,295.90			4,295.90		4,295.90
38,593.34	38,593.34				38,593.34	38,593.34
8,240,077.15	8,240,077.15			8,240,077.15		8,240,077.15
<b>5,279,068,720.71</b>	<b>5,280,108,586.32</b>		<b>131,817.36</b>	<b>27,588,307.99</b>	<b>5,252,388,460.97</b>	<b>5,280,108,586.32</b>
30,180,646.10	30,180,646.10				30,180,646.10	30,180,646.10
98,458.64	98,458.64	712	98,458.64			98,458.64
640,202.84	640,202.84	719	640,202.84			640,202.84
116,139.13	116,139.13	730	116,139.13			116,139.13
371,720.22	371,720.22	733	371,720.22			371,720.22
214,798.07	214,798.07	744	214,798.07			214,798.07
508,730.51	508,730.51	754	508,730.51			508,730.51
10,332,395.50	10,332,395.50			10,332,395.50		10,332,395.50
<b>42,463,091.01</b>	<b>42,463,091.01</b>		<b>1,950,049.41</b>	<b>10,332,395.50</b>	<b>30,180,646.10</b>	<b>42,463,091.01</b>



TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From			
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount	Non-State Entities Amount
<b>Direct Programs:</b>					
Workforce Investment Act - Adult Program	17.258				
Tarleton State University Texas State Technical College System					
Texas A&M University - Kingsville Lamar University					
Other Non-State Entities					
Workforce Investment Act - Youth Activities	17.259				
University of Texas at Arlington University of Texas at San Antonio					
<b>Pass-Through To:</b>					
Texas Youth Commission					
University of Houston Texas Tech University					
Other Non-State Entities					
Workforce Investment Act - Dislocated Workers - ARRA*	17.260				
Other Non-State Entities					
WIA Dislocated Worker Formula Grants	17.278				
Texas State Technical College System University of Houston					
Lamar State College - Orange Other Non-State Entities					
<b>Total, U.S. Department of Labor</b>			<b>1,039,865.61</b>	<b>0.00</b>	



TEXAS WORKFORCE COMMISSION (320)

Direct Program Amount	Total PT from & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agency, Univ. #	State Agency or Univ Amount	Non-State Entities Amount		
3,531,055.99	3,531,055.99				3,531,055.99	3,531,055.99
3,000.00	3,000.00	538	3,000.00			3,000.00
45.13	45.13	713	45.13			45.13
3,668.77	3,668.77	719	3,668.77			3,668.77
1,363.13	1,363.13	721	1,363.13			1,363.13
15,750.00	15,750.00	729	15,750.00			15,750.00
35,388.64	35,388.64	732	35,388.64			35,388.64
50,053.59	50,053.59	734	50,053.59			50,053.59
4,944.40	4,944.40	738	4,944.40			4,944.40
9,772.86	9,772.86	752	9,772.86			9,772.86
45,107,060.54	45,107,060.54			45,107,060.54		45,107,060.54
4,093,798.29	4,093,798.29				4,093,798.29	4,093,798.29
95,173.51	95,173.51	300	95,173.51			95,173.51
49,704.68	49,704.68	714	49,704.68			49,704.68
10,036.91	10,036.91	743	10,036.91			10,036.91
48,922,289.81	48,922,289.81			48,922,289.81		48,922,289.81
1,551,016.19	1,551,016.19				1,551,016.19	1,551,016.19
9,207.03	9,207.03	694	9,207.03			9,207.03
351,336.97	351,336.97	712	351,336.97			351,336.97
33,335.74	33,335.74	721	33,335.74			33,335.74
916.37	916.37	730	916.37			916.37
152,220.53	152,220.53	733	152,220.53			152,220.53
(116.29)	(116.29)	738	(116.29)			(116.29)
65,219.17	65,219.17	750	65,219.17			65,219.17
2,345,556.73	2,345,556.73			2,345,556.73		2,345,556.73
135,300.70	135,300.70				135,300.70	135,300.70
(25,396.76)	(25,396.76)	733	(25,396.76)			(25,396.76)
2,629,335.27	2,629,335.27			2,629,335.27		2,629,335.27
119,803.09	119,803.09				119,803.09	119,803.09
298,807.43	298,807.43	300	298,807.43			298,807.43
18,523.30	18,523.30	719	18,523.30			18,523.30
47,233.83	47,233.83	730	47,233.83			47,233.83
198,107.87	198,107.87	736	198,107.87			198,107.87
69,834.20	69,834.20	743	69,834.20			69,834.20
66,486.06	66,486.06	787	66,486.06			66,486.06
53,243,131.71	53,243,131.71			53,243,131.71		53,243,131.71
<b>163,242,965.39</b>	<b>163,242,965.39</b>		<b>1,564,617.07</b>	<b>152,247,374.06</b>	<b>9,430,974.26</b>	<b>163,242,965.39</b>
<b>5,484,774,777.11</b>	<b>5,485,814,642.72</b>		<b>3,646,483.84</b>	<b>190,168,077.55</b>	<b>5,292,000,081.33</b>	<b>5,485,814,642.72</b>



TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From			
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount	Non-State Entities Amount
<b>U.S. Department of Health &amp; Human Services</b>					
Social Services Block Grant	93.667				
Pass-Through From:					
Health and Human Services Commission					
Pass-Through To:					
Other Non-State Entities		529		2,000,018.63	
<b>Subtotal, Non-Clustered Programs</b>				<b>2,000,018.63</b>	<b>0.00</b>
<b>Child Care Cluster</b>					
<b>U.S. Department of Health &amp; Human Services</b>					
Child Care and Development Block Grant	93.575				
Pass-Through To:					
Department of Family and Protective Services					
Texas Education Agency					
Other Non-State Entities					
Child Care and Development Fund	93.596				
Pass-Through To:					
Texas Education Agency					
Other Non-State Entities					
<b>Subtotal, Child Care Cluster</b>				<b>0.00</b>	<b>0.00</b>
<b>TANF Cluster</b>					
<b>U.S. Department of Health &amp; Human Services</b>					
Temporary Assistance for Needy Families	93.558				
Pass-Through From:					
Health and Human Services Commission		529		7,166,884.03	
Pass-Through To:					
University of Texas at Arlington		529		23,101.20	
Texas A&M Engineering Extension Service		529		36,724.80	
Texas State Technical College System		529		46,620.00	
University of Texas at Austin		529		120,911.44	
University of Texas at El Paso		529		24,149.84	
Texas A&M University - Kingsville		529		108,942.03	
Lamar University		529		106,332.54	
University of Texas at Brownsville		529		50,743.53	
Texas State University - San Marcos		529		61,474.00	
Other Non-State Entities		529		83,055,547.71	
Emergency Contingency Fund for TANF St. Prgms. - ARRA*	93.714				
Pass-Through From:					
Health and Human Services Commission		529		39,714.46	
Pass-Through To:					
Other Non-State Entities		529		3,124,494.12	
<b>Subtotal, TANF Cluster</b>				<b>93,965,639.70</b>	<b>0.00</b>
<b>Total, U.S. Dept. of Health &amp; Human Services</b>				<b>95,965,658.33</b>	<b>0.00</b>
<b>Department of Homeland Security</b>					
Direct Program:					
Disaster Unemployment Assistance	97.034				
<b>Total, Department of Homeland Security</b>				<b>0.00</b>	<b>0.00</b>



TEXAS WORKFORCE COMMISSION (320)

Direct Program Amount	Total PT from & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agency, Univ. #	State Agency or Univ Amount	Non-State Entities Amount		
	2,000,018.63			2,000,018.63		2,000,018.63
<b>0.00</b>	<b>2,000,018.63</b>		<b>0.00</b>	<b>2,000,018.63</b>	<b>0.00</b>	<b>2,000,018.63</b>
8,571,767.36	8,571,767.36			8,571,767.36		8,571,767.36
31,856,798.22	31,856,798.22	530	31,856,798.22			31,856,798.22
3,119,387.59	3,119,387.59	701	3,119,387.59			3,119,387.59
199,663,321.99	199,663,321.99			199,663,321.99		199,663,321.99
8,900,248.31	8,900,248.31	701	8,900,248.31			8,900,248.31
223,612,202.50	223,612,202.50			223,612,202.50		223,612,202.50
<b>475,723,725.97</b>	<b>475,723,725.97</b>		<b>43,876,434.12</b>	<b>423,275,524.49</b>	<b>8,571,767.36</b>	<b>475,723,725.97</b>
	7,166,884.03			7,166,884.03		7,166,884.03
	23,101.20	714	23,101.20			23,101.20
	36,724.80	716	36,724.80			36,724.80
	46,620.00	719	46,620.00			46,620.00
	120,911.44	721	120,911.44			120,911.44
	24,149.84	724	24,149.84			24,149.84
	108,942.03	732	108,942.03			108,942.03
	106,332.54	734	106,332.54			106,332.54
	50,743.53	747	50,743.53			50,743.53
	61,474.00	754	61,474.00			61,474.00
	83,055,547.71			83,055,547.71		83,055,547.71
	39,714.46			39,714.46		39,714.46
	3,124,494.12			3,124,494.12		3,124,494.12
<b>0.00</b>	<b>93,965,639.70</b>		<b>578,999.38</b>	<b>86,180,041.83</b>	<b>7,206,598.49</b>	<b>93,965,639.70</b>
<b>475,723,725.97</b>	<b>571,689,384.30</b>		<b>44,455,433.50</b>	<b>511,455,584.95</b>	<b>15,778,365.85</b>	<b>571,689,384.30</b>
53,630.55	53,630.55			53,630.55		53,630.55
<b>53,630.55</b>	<b>53,630.55</b>		<b>0.00</b>	<b>0.00</b>	<b>53,630.55</b>	<b>53,630.55</b>



**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Agency/ Univ. #	Identifying Number	Pass-Through From	
				Agencies or Univ Amount	Non-State Entities Amount
Direct Programs:					
State Admin. Match for Supplemental Nutrition Assist Prog.	10.561				
Other Non-State Entities					
<b>Total, U. S. Department of Agriculture</b>				<b>0.00</b>	<b>0.00</b>

\* American Recovery and Reinvestment Act



TEXAS WORKFORCE COMMISSION (320)

Direct Program Amount	Total PT from & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agency, Univ. #	State Agency or Univ Amount	Non-State Entities Amount		
773,786.06	773,786.06				773,786.06	773,786.06
22,396.48	22,396.48	787	22,396.48			22,396.48
16,880,481.41	16,880,481.41			16,880,481.41		16,880,481.41
<b>17,676,663.95</b>	<b>17,676,663.95</b>		<b>22,396.48</b>	<b>16,880,481.41</b>	<b>773,786.06</b>	<b>17,676,663.95</b>
<b>5,978,228,797.58</b>	<b>6,075,234,321.52</b>		<b>48,124,313.82</b>	<b>718,504,143.91</b>	<b>5,308,605,863.79</b>	<b>6,075,234,321.52</b>



TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2012

**Note 1 - Reconciliation**

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Expenditures of Federal Awards to the total of federal revenues and federal pass-through revenues as reported in the general purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Per Combined Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities  
 Governmental Fund Types (Exhibit II) and Combined  
 Statement of Revenues, Expenses and Changes in Net  
 Assets - Enterprise Funds (Exhibit IV)

Federal Revenues - Governmental	\$	889,192,673.96
Federal Pass-Through Revenues		97,005,523.94
Federal Revenues - Proprietary		2,734,963,241.42
Subtotal		<u>3,721,161,439.32</u>
<b>RECONCILING ITEMS</b>		
State UI funds		2,329,700,745.34
* Federal Fixed Fee Contracts		(1,731,706.00)
**Expenditure of Non-Grant ARRA Funds		25,577,112.52
UI Federal Program Income		505,613.04
Other Federal Program Income		21,117.30
Per Federal Schedule	\$	<u>6,075,234,321.52</u>

**Note 2 - Unemployment Insurance Funds**

The expenditures in CFDA 17.225 consists of the following:

<b>NON ARRA Expenditures</b>		
UI Administrative Grant Funds	\$	155,527,084.54
UI Federal Program Income		505,613.04
Extended Benefits (EB)		297,289,834.63
State UI Benefits Paid		2,329,700,745.34
Emergency Unemployment Comp. (EUC)		2,314,234,294.05
Former Federal Employees		102,691,956.89
Disaster Unemployment Assistance		60,336.00
TRA Federal Benefits		7,210,651.00
Total Non-ARRA Expenditures		<u>5,207,220,515.49</u>
<b>ARRA Expenditures</b>		
Federal Additional Compensation (FAC)		(382,598.31)
Extended Benefits (EB)		112,523.00
Former Federal Employees		13,746,244.16
Administrative Funds		26,388,912.51
Total ARRA Expenditures		<u>39,865,081.36</u>
<b>Total</b>	\$	<u>5,247,085,596.85</u>

\* The Civil Rights Division of the Texas Workforce Commission conducts investigations arising from complaints regarding employment and housing discrimination. The Equal Employment Opportunity Commission (EEOC) and the U.S. Department of Housing and Urban Development (HUD) pay for these investigations on a fixed fee basis.



**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended August 31, 2012

Per the provisions of OMB Circular A-133, "a Federal award means Federal financial assistance and Federal Cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors." The Texas Comptroller of Public Accounts has interpreted this statement to mean that fixed fee contracts are not Federal awards, and therefore, not subject to the provisions of OMB Circular A-133. Thus, the fixed fee contracts that TWC maintains with EEOC and HUD are not considered federal awards, and therefore, should not be included in the Schedule of Federal Financial Assistance.

\*\* During State Fiscal Year 2009, Section 2003 of the American Recovery and Reinvestment Act (ARRA) provided each state a one-time transfer to pay for administration, outreach, reemployment services and improving benefit and tax services. When awarded, these funds were deposited to the Unemployment Trust Fund Account (TWC Fund 0938), and the federal revenue was recognized on the State Fiscal Year 2009 Annual Financial Report. The funds were recognized as a restricted net asset on the corresponding combined statement of net assets for Proprietary Funds. These funds are subsequently transferred out of the Unemployment Trust Proprietary Fund, to the Federal American Recovery and Reinvestment Act Governmental Fund (TWC Fund 0369), as they are expended.



## TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended August 31, 2012

## Note 3 - Summary of Federal Reimbursable Grants

Program Title	CFDA Number	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
		State Agency or Univ Amount	Non-State Entities Amount		
State Admin. Match for Supplemental Nutrition Assist Prog.	10.561	22,396.48	16,880,481.41	773,786.06	17,676,663.95
Labor Force Statistics	17.002			3,402,670.03	3,402,670.03
Employment Service	17.207	1,950,049.41	10,332,395.50	30,180,646.10	42,463,091.01
Unemployment Insurance	17.225		2,018,130.28	154,014,567.30	156,032,697.58
Unemployment Insurance - ARRA*	17.225			26,388,912.51	26,388,912.51
Senior Community Service Employment Program	17.235		6,122,764.46	116,831.91	6,239,596.37
Trade Adjustment Assistance	17.245		10,163,174.59	1,846,267.94	12,009,442.53
One-Stop Career Center Initiatives	17.257			23,243.92	23,243.92
Workforce Investment Act - Adult Program	17.258	123,986.52	45,107,060.54	3,531,055.99	48,762,103.05
Workforce Investment Act - Youth Activities	17.259	154,915.10	48,922,289.81	4,093,798.29	53,171,003.20
Workforce Investment Act - Dislocated Workers	17.260	612,119.52	2,345,556.73	1,551,016.19	4,508,692.44
Workforce Investment Act - Dislocated Workers - ARRA*	17.260	(25,396.76)	2,629,335.27	135,300.70	2,739,239.21
Workforce Investment Act - Pilots, Demonstrations and Rese	17.261	131,817.36		46,902.43	178,719.79
Incentive Grants - Workforce Investment Act Section 503	17.267		1,039,865.61		1,039,865.61
Work Opportunity Tax Credit Program	17.271			1,304,854.80	1,304,854.80
Temporary Labor Certification For Foreign Workers	17.273		4,295.90	541,630.03	545,925.93
Workforce Investment Act - National Emergency Grants	17.277		8,240,077.15	38,593.34	8,278,670.49
WIA - Dislocated Worker Formula Grants	17.278	698,992.69	53,243,131.71	119,803.09	54,061,927.49
Temporary Assistance for Needy Families	93.558	578,999.38	83,055,547.71	7,166,884.03	90,801,431.12
Child Care and Development Block Grant	93.575	34,976,185.81	199,663,321.99	8,571,767.36	243,211,275.16
Child Care and Development Fund	93.596	8,900,248.31	223,612,202.50		232,512,450.81
Social Services Block Grant	93.667		2,000,018.63		2,000,018.63
Emergency Contingency Fund For TANF - ARRA*	93.714		3,124,494.12	39,714.46	3,164,208.58
Disaster Unemployment Assistance	97.034			53,630.55	53,630.55
		48,124,313.82	718,504,143.91	243,941,877.03	1,010,570,334.76

\*American Recovery and Reinvestment Act

Federal Revenues - Governmental	914,769,786.48
Federal Pass-Through Revenues	97,005,523.94
Federal Fixed Fee Contracts	(1,731,706.00)
Federal Program Income	526,730.34
Total	<u>1,010,570,334.76</u>



TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 1B**  
**SCHEDULE OF STATE PASS-THROUGH GRANT FROM/TO STATE AGENCIES**  
 For the Year Ended August 31, 2012

**Pass-Through To Other Agencies:**

Apprenticeship	
Texas State Technical College System (Agency 719)	\$ 36,213.70
Lamar State College - Orange (Agency 787)	132,889.46
Subtotal	<u>169,103.16</u>
Skills Development	
Texas Engineering Extension Service (Agency 716)	\$ 1,620.00
Texas State Technical College System (Agency 719)	968,359.26
Lamar State College - Orange (Agency 787)	317,811.71
Lamar State College Institute of Technology (Agency 789)	747,725.00
Subtotal	<u>2,035,515.97</u>
<b>Total Pass-Through To Other Agencies</b>	<b>\$ <u>2,204,619.13</u></b>



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TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 2A**  
**MISCELLANEOUS BOND INFORMATION**  
 For Fiscal Year Ended August 31, 2012

**Business-Type Activities**

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
					First Year	Last Year	
Revenue Bonds							
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010A	\$1,110,415,000.00	2.000%	5.000%		2011	2017	01/01/2016
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010B	\$ 549,465,000.00	5.000%	5.000%		2018	2020	07/01/2013
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010C	\$ 300,000,000.00	2.60%	2.60%		2020	2020	07/01/2011
	<u>\$1,959,880,000.00</u>						



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TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 2B  
CHANGES IN BONDED INDEBTEDNESS**

For Fiscal Year Ended August 31, 2012

**Business-Type Activities**

Description of Issue	Bonds Outstanding 9/1/2011	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2012	(For Proprietary Funds Only: Reconciliation)			Net Bonds Outstanding 8/31/2012	Amounts Due Within One Year
						Unamortized Premium	Unamortized Discount	Gain / (Loss) on Refunding		
Revenue Bonds										
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010A	\$ 1,017,415,000.00		146,240,000.00		871,175,000.00	64,001,686.26	-	-	\$ 935,176,686.26	\$ 169,910,348.00
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010B	\$ 549,465,000.00		-		549,465,000.00	37,494,261.36	-	-	\$ 586,959,261.36	\$ 5,198,993.93
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010C	\$ 214,080,000.00		-	168,095,000.00	45,985,000.00		-	-	\$ 45,985,000.00	\$ -
	<u>\$ 1,780,960,000.00</u>	<u>\$ -</u>	<u>\$ 146,240,000.00</u>	<u>\$ 168,095,000.00</u>	<u>\$ 1,466,625,000.00</u>	<u>\$ 101,495,947.62</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,568,120,947.62</u>	<u>\$ 175,109,341.93</u>



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## TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 2C**  
**DEBT SERVICE REQUIREMENTS**  
 For Fiscal Year Ended August 31, 2012

**Business-Type Activities**

Description of Issue	Year	Principal	Interest
Revenue Bonds			
Texas Public Finance Authority	2013	149,265,000.00	41,889,850.00
Unemployment Compensation	2014	159,990,000.00	34,777,900.00
Obligation Assessment	2015	172,860,000.00	26,769,200.00
Revenue Bonds, Series 2010A	2016	186,990,000.00	18,266,275.00
	2017	202,070,000.00	8,814,700.00
		871,175,000.00	130,517,925.00
Texas Public Finance Authority	2013		27,473,250.00
Unemployment Compensation	2014		27,473,250.00
Obligation Assessment	2015		27,473,250.00
Revenue Bonds, Series 2010B	2016		27,473,250.00
	2017		27,473,250.00
	2018	209,480,000.00	25,986,250.00
	2019	189,985,000.00	15,999,625.00
	2020	150,000,000.00	3,750,000.00
		549,465,000.00	183,102,125.00
Texas Public Finance Authority	2013		1,195,610.00
Unemployment Compensation	2014		1,195,610.00
Obligation Assessment	2015		1,195,610.00
Revenue Bonds, Series 2010C	2016		1,195,610.00
	2017		1,195,610.00
	2018		1,195,610.00
	2019		1,195,610.00
	2020	45,985,000.00	1,195,610.00
		45,985,000.00	9,564,880.00



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**SCHEDULE 2D**  
**ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE**  
 For Fiscal Year Ended August 31, 2012

**Business-Type Activities**

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2012			
	Net Available for		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Debt Service	
			Principal	Interest
Revenue Bonds				
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bond Series 2010A, B, & C	\$ 377,115,624.40	\$ -	\$ 146,240,000.00	\$ 80,621,625.00
	<u>\$ 377,115,624.40</u>	<u>\$ -</u>	<u>\$ 146,240,000.00</u>	<u>\$ 80,621,625.00</u>



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TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 2F  
EARLY EXTINGUISHMENT AND REFUNDING**  
For Fiscal Year Ended August 31, 2012

**Business-Type Activities**

<u>Description of Issue</u>	<u>Category</u>	<u>Amount Extinguished or Refunded</u>
Revenue Bonds		
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010C	Early Extinguishment	168,095,000.00
		<u>\$ 168,095,000.00</u>



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**ADDENDA**  
**ORGANIZATION, RESPONSIBILITIES AND GENERAL COMMENTS**

For the Year Ended August 31, 2012

The Texas Workforce Commission was created by the 74<sup>th</sup> Legislature with the passage of House Bill 1863. The Commission is comprised of three full-time members appointed by the Governor, with the advice and consent of the Senate, to serve six-year overlapping terms. Board members serving the Commission at August 31, 2012 are as follows.

<u>Commission Member</u>	<u>Dates of Term</u>	<u>Hometown</u>
Tom Pauken (Commissioner Representing Employers)	March 2008 – February 2015	Dallas
Ronald G. Congleton (Commissioner Representing Labor)	October 2003 – February 2017	Rockwall
Andres Alcantar (Chair and Commissioner Representing the Public)	August 2008 – February 2013 (May 1, 2012 named TWC Chair)	Pflugerville

Larry E. Temple was named Executive Director on September 12, 2003.

The Commission had a total of 3,556 Full-time employees at August 31, 2012.

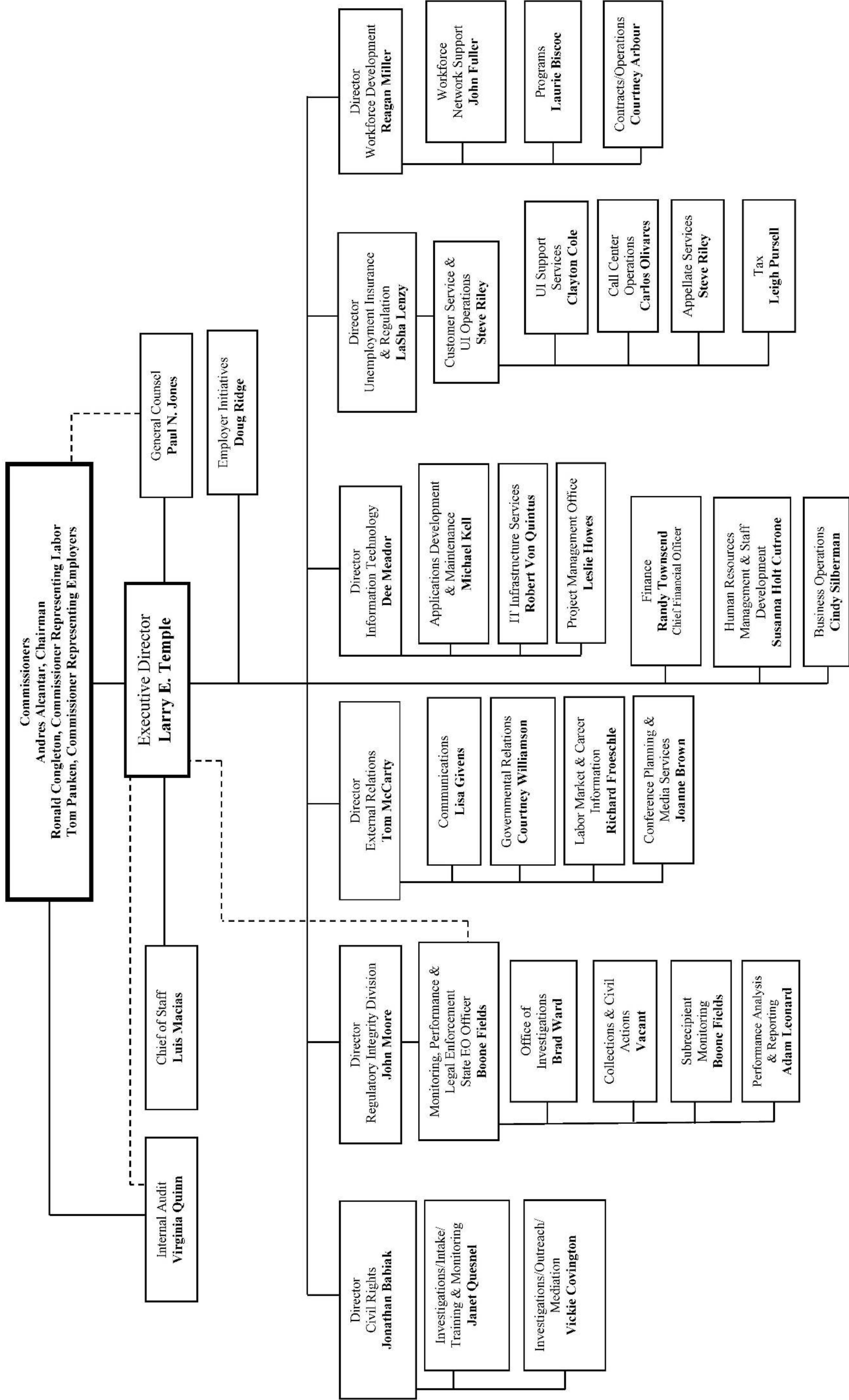


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TEXAS WORKFORCE COMMISSION  
September 2012

Our mission is to promote and support an effective workforce system that offers employers, individuals and communities the opportunity to achieve and sustain economic prosperity.







**Texas Workforce Commission  
101 East 15th Street  
Austin, Texas 78778-0001  
(512) 463-2222**

**<http://www.texasworkforce.org>**

**Equal Opportunity Employer/Program**

**Auxiliary aids and services are available upon request to individuals with disabilities.**

**Relay Texas: 800-735-2989 (TTY) and 711 (Voice).**

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TEXAS • EAST TEXAS • GOLDEN CRESCENT  
• GULF COAST • HEART OF TEXAS • LOWER  
RIO GRANDE VALLEY • MIDDLE RIO GRANDE  
• NORTH CENTRAL • NORTHEAST TEXAS •  
NORTH TEXAS • PANHANDLE •  
PERMIAN BASIN • RURAL CAPITAL AREA  
• SOUTHEAST TEXAS • SOUTH PLAINS •  
SOUTH TEXAS • TARRANT COUNTY • TEXOMA  
• UPPER RIO GRANDE •  
WEST CENTRAL

