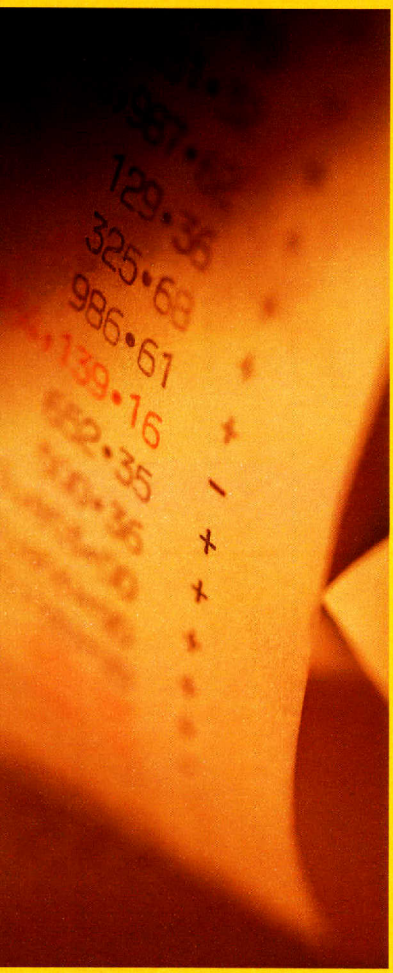




TEXAS WORKFORCE

# Annual Financial Report For The Year Ending August 31, 2013





**ANNUAL FINANCIAL REPORT**

**UNAUDITED**

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

**Year Ended August 31, 2013**





# Texas Workforce Commission

A Member of Texas Workforce Solutions

Andres Alcantar, Chairman  
Commissioner Representing  
the Public

Ronald G. Congleton  
Commissioner Representing  
Labor

Hope Andrade  
Commissioner Representing  
Employers

Larry E. Temple  
Executive Director

November 13, 2013

The Honorable Rick Perry, Governor  
The Honorable Susan Combs, State Comptroller  
Ursula Parks, 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, 2013, 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**

## TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT I****COMBINED BALANCE SHEET / STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS**

For the Year Ended August 31, 2013

	Governmental Fund Types			Statement of Net Assets
	General Funds (Exhibit A-1)	Capital Asset Adjustments	Long-Term Liabilities Adjustment	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents				
Cash on Hand	\$ 76,026.24	\$	\$	\$ 76,026.24
Cash in Bank (Note 3)	197,701.85			197,701.85
Cash in State Treasury	128,503,794.64			128,503,794.64
Legislative Appropriations	51,481,228.57			51,481,228.57
Receivables:				
Federal Receivables (Note 24)	15,020,425.21			15,020,425.21
Interest and Dividends	722.67			722.67
Accounts Receivable (Note 24)	11,251,837.43			11,251,837.43
Interfund Receivable (Note 12)	971,870.11			971,870.11
Due from Other Funds (Note 12)	768,642.86			768,642.86
Due from Other Agencies (Note 12)	1,721,502.24			1,721,502.24
Consumable Inventories	1,406,819.31			1,406,819.31
Prepaid Items	107,500.00			107,500.00
Total Current Assets	<u>211,508,071.13</u>	<u>0.00</u>	<u>0.00</u>	<u>211,508,071.13</u>
Non-Current Assets:				
Capital Assets (Note 2)				
Non-Depreciable				
Land and Land Improvements		4,979,233.63		4,979,233.63
Construction in Progress		3,102,972.80		3,102,972.80
Depreciable				
Building and Building Improvements		34,397,564.03		34,397,564.03
Accumulated Depreciation		(26,458,738.00)		(26,458,738.00)
Infrastructure		2,156,234.96		2,156,234.96
Accumulated Depreciation		(1,671,401.04)		(1,671,401.04)
Furniture and Equipment		7,546,426.28		7,546,426.28
Accumulated Depreciation		(6,217,517.54)		(6,217,517.54)
Vehicles, Boats & Aircraft		259,938.52		259,938.52
Accumulated Depreciation		(141,835.39)		(141,835.39)
Amortizable - Intangible				
Computer Software		15,737,320.41		15,737,320.41
Accumulated Depreciation		(15,234,016.82)		(15,234,016.82)
Total Non-Current Assets	<u>0.00</u>	<u>18,456,181.84</u>	<u>0.00</u>	<u>18,456,181.84</u>
<b>Total Assets</b>	<b>\$ <u>211,508,071.13</u></b>	<b>\$ <u>18,456,181.84</u></b>	<b>\$ <u>0.00</u></b>	<b>\$ <u>229,964,252.97</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current Liabilities:				
Payables:				
Accounts Payable	\$ 19,763,566.21	\$	\$	\$ 19,763,566.21
Payroll Payable	13,446,695.40			13,446,695.40
Interfund Payable (Note 12)	971,870.11			971,870.11
Deferred Revenues	1,411,090.10			1,411,090.10
Due to Other Funds (Note 12)	5,500,980.90			5,500,980.90
Due to Other Agencies (Note 12)	1,610,144.46			1,610,144.46
Employees Compensable Leave (Note 5)			9,369,222.75	9,369,222.75
Total Current Liabilities	<u>42,704,347.18</u>	<u>0.00</u>	<u>9,369,222.75</u>	<u>52,073,569.93</u>

**EXHIBIT I  
COMBINED BALANCE SHEET / STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS**

For the Year Ended August 31, 2013

	Governmental Fund Types			Statement of Net Assets
	General Funds (Exhibit A-1)	Capital Asset Adjustments	Long-Term Liabilities Adjustment	
<b>Non-Current Liabilities:</b>				
Employees Compensable Leave (Note 5)			819,402.79	819,402.79
<b>Total Non-Current Liabilities</b>	<u>0.00</u>	<u>0.00</u>	<u>819,402.79</u>	<u>819,402.79</u>
<b>Total Liabilities</b>	<u>42,704,347.18</u>	<u>0.00</u>	<u>10,188,625.54</u>	<u>52,892,972.72</u>
<b>Fund Financial Statement-Fund Balances</b>				
<b>Fund Balances (Deficits):</b>				
Non-Spendable	\$ 1,514,319.31	\$	\$	\$ 1,514,319.31
Restricted	3,290,445.51			3,290,445.51
Committed	115,060,323.65			115,060,323.65
Assigned	46,515,987.18			46,515,987.18
Unassigned	2,422,648.30			2,422,648.30
<b>Total Fund Balances</b>	<u>168,803,723.95</u>	<u>0.00</u>	<u>0.00</u>	<u>168,803,723.95</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 211,508,071.13</u>	<u>0.00</u>	<u>10,188,625.54</u>	<u>221,696,696.67</u>
<b>Government-wide Statement-Net Position</b>				
<b>Net Position:</b>				
Invested in Capital Assets, Net of Related Debt		18,456,181.84		18,456,181.84
Unrestricted			(10,188,625.54)	(10,188,625.54)
<b>Total Net Position</b>		<u>\$ 18,456,181.84</u>	<u>\$ (10,188,625.54)</u>	<u>\$ 177,071,280.25</u>



## TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT II**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCES / STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**  
For the Year Ended August 31, 2013

	Governmental Fund Types			Statement of Activities
	General Funds (Exhibit A-2)	Capital Asset Adjustments	Long-Term Liabilities Adjustment	
<b>REVENUES:</b>				
Legislative Appropriations				
Original Appropriations (GR)	\$ 111,696,256.67	\$	\$	\$ 111,696,256.67
Additional Appropriations (GR)	1,094,187.54			1,094,187.54
Federal Revenue	868,205,875.22			868,205,875.22
Federal Pass-Through Revenue	96,100,612.59			96,100,612.59
Licenses, Fees and Permits	117,506,217.13			117,506,217.13
Interest and Investment Income	148,036.80			148,036.80
Land Income	343.32			343.32
Sales of Goods and Services	1,581,503.05			1,581,503.05
Other Revenues	52,902,886.07			52,902,886.07
<b>Total Revenue</b>	<b>1,249,235,918.39</b>	<b>0.00</b>	<b>0.00</b>	<b>1,249,235,918.39</b>
<b>EXPENDITURES</b>				
Salaries and Wages	138,235,131.61		(930,799.72)	137,304,331.89
Payroll Related Costs	63,758,767.06			63,758,767.06
Professional Fees and Services	24,606,286.21			24,606,286.21
Travel	1,594,912.40			1,594,912.40
Materials and Supplies	11,985,214.87			11,985,214.87
Communication and Utilities	7,663,915.13			7,663,915.13
Repairs and Maintenance	6,134,720.48			6,134,720.48
Rentals and Leases	3,400,697.21			3,400,697.21
Printing and Reproduction	430,952.49			430,952.49
Claims and Judgments	22,500.00			22,500.00
Federal Pass-Through Expenditures	52,331,100.55			52,331,100.55
State Grant Pass-Through Expenditures	852,027.99			852,027.99
Intergovernmental Payments	19,265,981.11			19,265,981.11
Public Assistance Payments	814,408,061.37			814,408,061.37
Other Operating Expenditures	6,866,823.20			6,866,823.20
Capital Outlay	3,544,971.31	(3,544,971.31)		0.00
Depreciation Expense (Note 2)		1,562,612.29		1,562,612.29
Amortization Expense (Note 2)		694,378.52		694,378.52
<b>Total Expenditures</b>	<b>1,155,102,062.99</b>	<b>(1,287,980.50)</b>	<b>(930,799.72)</b>	<b>1,152,883,282.77</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 94,133,855.40</b>	<b>\$ 1,287,980.50</b>	<b>\$ 930,799.72</b>	<b>\$ 96,352,635.62</b>



TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT II**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCES / STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**  
For the Year Ended August 31, 2013

	Governmental Fund Types			Statement of Activities
	General Funds (Exhibit A-2)	Capital Asset Adjustments	Long-Term Liabilities Adjustment	
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Note 12)	\$ 180,034,628.42	\$	\$	\$ 180,034,628.42
Transfers Out (Note 12)	(265,990,855.04)			(265,990,855.04)
<b>Total Other Financing Sources (Uses)</b>	<u>(85,956,226.62)</u>	<u>0.00</u>	<u>0.00</u>	<u>(85,956,226.62)</u>
<b>Net Change in Fund Balances / Net Assets</b>	<u>8,177,628.78</u>	<u>1,287,980.50</u>	<u>930,799.72</u>	<u>10,396,409.00</u>
<b>Fund Financial Statement-Fund Balances</b>				
Fund Balances, September 1, 2012	160,655,856.99			160,655,856.99
Appropriations Lapsed	(29,761.82)			(29,761.82)
<b>FUND BALANCES - August 31, 2013</b>	<u>\$ 168,803,723.95</u>	<u>\$ 1,287,980.50</u>	<u>\$ 930,799.72</u>	<u>\$ 171,022,504.17</u>
<b>GOVERNMENT-WIDE STATEMENT-NET POSITION</b>				
Change in Net Position	<u>168,803,723.95</u>	<u>1,287,980.50</u>	<u>930,799.72</u>	<u>171,022,504.17</u>
Net Position, September 1, 2012		17,168,201.34	(11,119,425.26)	6,048,776.08
Net Position, August 31, 2013	<u>\$ 168,803,723.95</u>	<u>\$ 18,456,181.84</u>	<u>\$ (10,188,625.54)</u>	<u>\$ 177,071,280.25</u>

TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT III**  
**COMBINED STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
For the Year Ended August 31, 2013

	Total Proprietary Funds (Exhibit F-1)
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	\$ 218,704.90
Cash in State Treasury	220,757.72
Restricted:	
Cash in State Treasury (Note 3)	73,720,516.37
Cash in Federal Treasury (Note 3)	1,726,708,943.59
Receivables:	
Federal Receivables (Note 24)	28,414,756.08
Interest and Dividends	7,544,541.69
Accounts Receivable (Note 24)	297,270,201.07
Due from Other Funds (Note 12)	217,173,838.79
Deferred Charges	1,586,803.81
Total Current Assets	<u>2,352,859,064.02</u>
Non-Current Assets:	
Deferred Charges	2,316,882.92
Total Non-Current Assets	<u>2,316,882.92</u>
<b>Total Assets</b>	<u>2,355,175,946.94</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Payables:	
Accounts Payable	123,539,748.30
Interest Payable	9,749,283.33
Due to Other Funds (Note 12)	212,441,500.75
Revenue Bonds Payable (Note 5)	187,165,013.33
Deferred Revenues	63,816,981.00
Total Current Liabilities	<u>596,712,526.71</u>
Non-Current Liabilities:	
Revenue Bonds Payable (Note 5)	1,081,186,331.76
Total Non-Current Liabilities	<u>1,081,186,331.76</u>
<b>Total Liabilities</b>	<u>1,677,898,858.47</u>
<b>NET POSITION</b>	
Restricted For:	
Unemployment Trust Fund	1,844,950,164.43
Debt Retirement	(1,167,673,075.96)
<b>Total Net Position</b>	<u>\$ 677,277,088.47</u>

TEXAS WORKFORCE COMMISSION (320)

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

For the Year Ended August 31, 2013

	Total Proprietary Funds (Exhibit F-2)
<b>OPERATING REVENUES</b>	
Unemployment Assessment	\$ 2,749,160,250.59
Federal Revenue	1,475,602,222.96
Other Operating Revenue	162,171,651.40
Total Operating Revenue	<u>4,386,934,124.95</u>
<b>OPERATING EXPENSES</b>	
Unemployment Benefit Payments	3,819,188,328.67
Total Operating Expenses	<u>3,819,188,328.67</u>
<b>OPERATING INCOME (LOSS)</b>	<u>567,745,796.28</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Expense	(33,453,042.47)
Interest and Investment Income	33,206,616.55
Other Non-Operating Expenses	(2,227,607.32)
Gifts/Pledges/Donations - Nonpledged	5,964.00
Total Non-Operating Revenues (Expenses)	<u>(2,468,069.24)</u>
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS</b>	<u>565,277,727.04</u>
<b>OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS</b>	
Transfers In (Note 12)	7,939,373,838.07
Transfers Out (Note 12)	(7,856,712,416.13)
Total Other Revenues (Expenses), Gains/(Losses) and Transfers	<u>82,661,421.94</u>
<b>CHANGE IN NET POSITION</b>	<u>647,939,148.98</u>
<b>NET POSITION, September 1, 2012</b>	29,337,939.49
<b>NET POSITION, August 31, 2013</b>	<u>\$ 677,277,088.47</u>

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TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT V**  
**COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

For the Year Ended August 31, 2013

	Total Proprietary Funds (Exhibit F-3)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Unemployment Assessments	\$ 2,751,092,053.25
Proceeds from Federal Revenue	1,454,616,599.31
Proceeds from Other Revenue	176,485,398.42
Unemployment Benefit Payments	(3,750,438,679.89)
Net Cash Provided by Operating Activities	<u>631,755,371.09</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Payment of Principal on Bonds	(265,370,000.00)
Payment of Interest Expense	(69,960,905.00)
Payment of Other Costs of Debt Issuance	(4,800.00)
Proceeds From Gifts	5,964.00
Transfers from Other Funds	7,592,771,906.74
Transfers to Other Funds	(7,510,076,976.98)
Net Cash Provided by Non-Capital Financing Activities	<u>(252,634,811.24)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and Investment Income	32,000,412.17
Net Cash Provided by Investing Activities	<u>32,000,412.17</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>411,120,972.02</u>
Cash and Cash Equivalents, September 1, 2012	<u>1,389,747,950.56</u>
Net Cash and Cash Equivalents, August 31, 2013	<u>\$ 1,800,868,922.58</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income (Loss)	<u>567,745,796.28</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	(8,022,557.22)
Increase (Decrease) in Payables	62,388,301.03
Increase (Decrease) in Deferred Revenue	9,643,831.00
Total Adjustments	<u>64,009,574.81</u>
Net Cash Provided by Operating Activities	<u>\$ 631,755,371.09</u>

TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT VI**  
**COMBINED STATEMENT OF FIDUCIARY NET POSITION -**  
**FIDUCIARY FUNDS**

For the Year Ended August 31, 2013

	Private Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	TOTALS
<b>ASSETS</b>			
Cash and Cash Equivalents			
Cash on Hand	\$ 56,990.54	\$	\$ 56,990.54
Cash in State Treasury	800,400.83	34,155.33	834,556.16
Receivables:			
Interest and Dividends	376.45		376.45
Accounts Receivable (Note 24)	167,158.21	305,910.71	473,068.92
Due From Other Agencies (Note 12)	1,287.17		1,287.17
<b>Total Assets</b>	<u>1,026,213.20</u>	<u>340,066.04</u>	<u>1,366,279.24</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payable	1,015,841.31	305,910.71	1,321,752.02
Interest Payable	10,371.89		10,371.89
Funds Held For Others		34,155.33	34,155.33
<b>Total Liabilities</b>	<u>1,026,213.20</u>	<u>340,066.04</u>	<u>1,366,279.24</u>
<b>NET POSITION</b>			
Held in Trust For:			
Payday Law	(0.00)	0.00	(0.00)
<b>Total Net Position</b>	<u>\$ (0.00)</u>	<u>\$ 0.00</u>	<u>\$ (0.00)</u>

TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT VII**  
**COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
For the Year Ended August 31, 2013

	Private Purpose Trust Funds (Exhibit I-2)	TOTALS
<b>ADDITIONS</b>		
Investment Income		
From Investing Activities:		
Interest and Investment Income	\$ 5,110.84	\$ 5,110.84
Net Income From Investing Activities	<u>5,110.84</u>	<u>5,110.84</u>
Total Net Investment Income (Loss)	<u>5,110.84</u>	<u>5,110.84</u>
Other Additions		
Collections from Employers for Payday Law Claims	4,201,813.69	4,201,813.69
Transfers In (Note 12)	1,287.17	1,287.17
Total Other Additions	<u>4,203,100.86</u>	<u>4,203,100.86</u>
<b>Total Additions</b>	<u>4,208,211.70</u>	<u>4,208,211.70</u>
<b>DEDUCTIONS</b>		
Settlement of Claims	4,203,846.16	4,203,846.16
Interest Expense	4,365.54	4,365.54
<b>Total Deductions</b>	<u>4,208,211.70</u>	<u>4,208,211.70</u>
<b>Increase (Decrease) in Net Position</b>	<u>0.00</u>	<u>0.00</u>
<b>NET POSITION</b>		
Net Position, September 1, 2012	0.00	0.00
<b>NET POSITION, August 31, 2013</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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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. Although the IAWP-TC is an organization legally separate from the Commission, the financial activities of the IAWP-TC Conference Account are included in the Annual Financial Report of the Commission since these activities are generally initiated and approved by Commission staff. 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 are capitalized using standard capitalization thresholds, established by the Texas Comptroller of Public Accounts, for each major class of asset. The estimated useful life must be in excess of one year. 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.

### **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 08/31/13
	Balance 09/01/12	Reclassifications			Adjustments	Additions	Deletions	
		Completed Construction In Progress	Increase Interagency Transfers	Decrease Interagency Transfers				
<b>Governmental Activities:</b>								
<b>Non-Depreciable or Non-Amortizable Assets</b>								
Land and Land Improvements	\$ 4,979,233.63	\$	\$	\$	\$	\$	\$	\$ 4,979,233.63
Construction In Progress	0.00					3,102,972.80		3,102,972.80
Total Non-Depreciable or Non Amortizable Assets:	4,979,233.63	0.00	0.00	0.00	0.00	3,102,972.80	0.00	8,082,206.43
<b>Depreciable Assets:</b>								
Buildings and Building Improvements	34,397,564.03							34,397,564.03
Infrastructure	2,156,234.96							2,156,234.96
Furniture and Equipment	7,637,785.54					441,998.51	(533,357.77)	7,546,426.28
Vehicles, Boats & Aircraft	259,938.52							259,938.52
Total Depreciable Assets	44,451,523.05	0.00	0.00	0.00	0.00	441,998.51	(533,357.77)	44,360,163.79
Less Accumulated Depreciation For:								
Buildings and Building Improvements	(25,641,868.65)					(816,869.35)		(26,458,738.00)
Infrastructure	(1,586,691.60)					(84,709.44)		(1,671,401.04)
Furniture and Equipment	(6,110,966.73)					(639,908.58)	533,357.77	(6,217,517.54)
Vehicles, Boats & Aircraft	(120,710.47)					(21,124.92)		(141,835.39)
Total Accumulated Depreciation	(33,460,237.45)	0.00	0.00	0.00	0.00	(1,562,612.29)	533,357.77	(34,489,491.97)
Depreciable Assets, Net	10,991,285.60	0.00	0.00	0.00	0.00	(1,120,613.78)	0.00	9,870,671.82
<b>Amortizable Assets - Intangible:</b>								
Computer Software	16,012,732.53						(275,412.12)	15,737,320.41
Total Amortizable Assets - Intangible	16,012,732.53	0.00	0.00	0.00	0.00	0.00	(275,412.12)	15,737,320.41
Less Accumulated Amortization for:								
Computer Software	(14,815,050.42)					(694,378.52)	275,412.12	(15,234,016.82)
Total Accumulated Amortization	(14,815,050.42)	0.00	0.00	0.00	0.00	(694,378.52)	275,412.12	(15,234,016.82)
Amortizable Assets - Intangible, Net	1,197,682.11	0.00	0.00	0.00	0.00	(694,378.52)	0.00	503,303.59
<b>Governmental Activities Capital Assets, Net:</b>	<b>\$ 17,168,201.34</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 1,287,980.50</b>	<b>\$ 0.00</b>	<b>\$ 18,456,181.84</b>

\*Construction in Progress represents three internally generated software projects for the Unemployment Insurance Program.

**NOTE 3: DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS****DEPOSITS OF CASH IN BANK**

As of August 31, 2013, the carrying amount of deposits was \$197,701.85 as presented below.

Governmental and Business-Type Activities	
CASH IN BANK – CARRYING AMOUNT	\$ 197,701.85
Total Cash in Bank per AFR	\$ 197,701.85
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	92,496.53
Public Employees Credit Union	80,205.32
Cash in Bank per AFR	\$ 197,701.85

As of August 31, 2013, the total bank balance was as follows.

Governmental and Business-Type Activities	\$ 194,307.01
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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, 2013, were \$1,726,708,943.59. 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 09-01-12	Additions	Reductions	Balance 08-31-13	Amount Due Within One Year
General Revenue Advances	\$ 0.00	\$ 169,743,962.00	\$ 169,743,962.00	\$ 0.00	\$ 0.00
Total Governmental Activities	\$ 0.00	\$ 169,743,962.00	\$ 169,743,962.00	\$ 0.00	\$ 0.00

**NOTE 5: LONG-TERM LIABILITIES****Changes in Long-Term Liabilities**

During the year ended August 31, 2013, 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 09-01-12	Additions	Reductions	Balance 08-31-13	Amount Due Within One Year	Amount Due Thereafter
Compensable Leave	\$ 11,119,425.26	\$ 9,452,805.25	\$ 10,383,604.97	\$ 10,188,625.54	\$ 9,369,222.75	\$ 819,402.79
<b>Total Governmental Activities</b>	<b>\$ 11,119,425.26</b>	<b>\$ 9,452,805.25</b>	<b>\$ 10,383,604.97</b>	<b>\$ 10,188,625.54</b>	<b>\$ 9,369,222.75</b>	<b>\$ 819,402.79</b>

**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 09-01-12	Additions	Reductions	Other Changes (Premium Amortization)	Balance 08-31-13	Amount Due Within One Year	Amount Due Thereafter
Revenue Bonds Payable	1,568,120,947.62	0.00	265,370,000.00	34,399,602.53	1,268,351,345.09	187,165,013.33	1,081,186,331.76
<b>Total Business-Type Activities</b>	<b>\$ 1,568,120,947.62</b>	<b>\$ 0.00</b>	<b>\$ 265,370,000.00</b>	<b>\$ 34,399,602.53</b>	<b>\$ 1,268,351,345.09</b>	<b>\$ 187,165,013.33</b>	<b>\$ 1,081,186,331.76</b>

**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. In January 2013 the Series 2010C issue with a scheduled maturity of 2020 was paid off. It is expected that the Series 2010B issue with a scheduled maturity of 2020 will be retired in July 2017.

The premium on the Series 2010A and 2010B issues, and the related bond expenses, are being amortized over the expected life of the bonds using the effective interest rate method of amortization.

#### **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	\$ 447,921.56

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
2014	\$ 266,844.35
2015	104,524.83
2016	0.00
2017	0.00
2018	0.00
Total Minimum Future Lease Rental Payments	\$ 371,369.18

**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, 2013, were as follows.



	INTERFUND RECEIVABLE	INTERFUND PAYABLE	PURPOSE
<b>GENERAL</b>			
<b>Appd Fund 0001, D23 Fund 0001</b>			
(Agency 320, Fund 5026)	\$	\$ 659,218.38	Allocation
<b>Total Appropriated Fund 0001</b>	0.00	659,218.38	
<b>Appd Fund 0165, D23 Fund 0165</b>			
(Agency 320, Fund 5026)		312,651.73	Allocation
<b>Total Appropriated Fund 0165</b>	0.00	312,651.73	
<b>Appd Fund 5026, D23 Fund 5026</b>			
(Agency 320, Fund 0001)	659,218.38		Allocation
(Agency 320, Fund 0165)	312,651.73		Allocation
<b>Total Appropriated Fund 5026</b>	971,870.11	0.00	
<b>TOTAL CURRENT INTERFUND RECEIVABLE/PAYABLE</b>	\$ 971,870.11	\$ 971,870.11	

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS	SOURCE
<b>GENERAL</b>			
<b>Appd Fund 0001, Fund 0001</b>			
(Agency 320, Fund 0925)	\$	\$ 113,799.86	Tuition Trust Transfer
(Agency 320, Fund 5026)		654,843.00	Inter-Fund Loan
<b>Total Appropriated Fund 0001</b>	0.00	768,642.86	
<b>Appd Fund 0165, D23 Fund 0165</b>			
(Agency 320, Fund 0936)		4,732,338.04	UC Reimbursement
<b>Total Appropriated Fund 0165</b>	0.00	4,732,338.04	
<b>Appd Fund 0925, D23 Fund 0925</b>			
(Agency 320, Fund 0001)	113,799.86		Tuition Trust Transfer
<b>Total Appropriated Fund 0925</b>	113,799.86	0.00	
<b>Appd Fund 5026, D23 Fund 5026</b>			
(Agency 320, Fund 0001)	654,843.00		Inter-Fund Loan
<b>Total Appropriated Fund 5026</b>	654,843.00	0.00	
<b>PROPRIETARY</b>			
<b>Appd Fund 0936, D23 Fund 0936</b>			
(Agency 320, Fund 0165)	4,732,338.04		UC Reimbursement
(Agency 320, Fund 0938)		145,588,216.94	UI Trust Fund Transfer
<b>Total Appropriated Fund 0936</b>	4,732,338.04	145,588,216.94	

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS	SOURCE
<b>Appd Fund 0937, D23 Fund 0937</b>			
(Agency 320, Fund 0938)	66,853,283.81		UI Trust Fund Transfer
<b>Total Appropriated Fund 0937</b>	66,853,283.81	0.00	
<b>Appd Fund 0938, D23 Fund 0938</b>			
(Agency 320, Fund 0936)	145,588,216.94		UI Trust Fund Transfer
(Agency 320, Fund 0937)		66,853,283.81	UI Trust Fund Transfer
<b>Total Appropriated Fund 0938</b>	145,588,216.94	66,853,283.81	
<b>TOTAL DUE FROM/DUE TO OTHER FUNDS</b>	<b>\$ 217,942,481.65</b>	<b>\$ 217,942,481.65</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)		36,762.95	State Pass Through
(Agency 787, Fund 7999)		13,348.05	State Pass Through
<b>Total Appropriated Fund 0001</b>	0.00	50,111.00	
<b>Appd Fund 0165, D23 Fund 0165</b>			
(Agency 308, Fund 0001)	88.88		UC Reimbursement
<b>Total Appropriated Fund 0165</b>	88.88	0.00	
<b>Appd Fund 5026, D23 Fund 5026</b>			
(Agency 300, Fund 2135)		135,693.29	Federal Pass Through
(Agency 403, Fund 0119)		19,287.51	Federal Pass Through
(Agency 529, Fund 0001)	1,631,413.36	.55	Federal Pass Through
(Agency 701, Fund 0148)		843,055.67	Federal Pass Through
(Agency 712, Fund 7999)		10,739.92	Federal Pass Through
(Agency 714, Fund 7999)		20,497.35	Federal Pass Through
(Agency 719, Fund 7999)		23,050.90	Federal Pass Through
(Agency 721, Fund 7999)		185,121.31	Federal Pass Through
(Agency 729, Fund 7999)		31,129.46	Federal Pass Through
(Agency 730, Fund 7999)		51,917.30	Federal Pass Through
(Agency 732, Fund 7999)		18,668.63	Federal Pass Through
(Agency 733, Fund 7999)		29,810.02	Federal Pass Through
(Agency 737, Fund 7999)		5,032.29	Federal Pass Through
(Agency 738, Fund 7999)		50,934.46	Federal Pass Through
(Agency 744, Fund 7999)		11,937.66	Federal Pass Through
(Agency 747, Fund 7999)		36,141.74	Federal Pass Through
(Agency 752, Fund 7999)		3,690.40	Federal Pass Through
(Agency 753, Fund 7999)		10,572.69	Federal Pass Through
(Agency 754, Fund 7999)		48,001.20	Federal Pass Through



	DUE FROM OTHER AGENCIES	DUE TO OTHER AGENCIES	SOURCE
<b>Appd Fund 5026, D23 Fund 5026 (cont'd)</b>			
(Agency 759, Fund 7999)	90,000.00		Federal Pass-Through
(Agency 784, Fund 7999)		15,722.79	Federal Pass Through
(Agency 787, Fund 7999)		9,028.32	Federal Pass Through
<b>Total Appropriated Fund 5026</b>	<b>1,721,413.36</b>	<b>1,560,033.46</b>	
<b>FIDUCIARY</b>			
<b>Appd Fund 0894, D23 Fund 0894</b>			
(Agency 902, Fund 0001)	1,287.17		PY Transfer Correction
<b>Total Appropriated Fund 0894</b>	<b>1,287.17</b>	<b>0.00</b>	
<b>TOTAL DUE FROM/ DUE TO OTHER AGENCIES</b>	<b>\$ 1,722,789.41</b>	<b>\$ 1,610,144.46</b>	

	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT	PURPOSE
<b>GENERAL</b>			
<b>Appd Fund 0001, D23 Fund 0001</b>	<b>\$</b>	<b>\$</b>	
(Agency 320, Fund 0925)		113,799.86	Tuition Trust Transfer
(Agency 320, Fund 7999)	111,573.42		IAWPTC Transfer
(Agency 902, Fund 0001)		3,288,039.41	Transfer Lapsed Cash
<b>Total Appropriated Fund 0001</b>	<b>111,573.42</b>	<b>3,401,839.27</b>	
<b>Appd Fund 0925, D23 Fund 0925</b>			
(Agency 320, Fund 0001)	113,799.86		Tuition Trust Transfer
<b>Total Appropriated Fund 0925</b>	<b>113,799.86</b>	<b>0.00</b>	
<b>Appd Fund 0369, D23 Fund 0369</b>			
(Agency 902, Fund 0001)		6,765.27	EFF Transfer to CPA
(Agency 320, Fund 0937)	10,065,293.14		ARRA – UI Admin
<b>Total Appropriated Fund 0369</b>	<b>10,065,293.14</b>	<b>6,765.27</b>	
<b>Appd Fund 5026, D23 Fund 5026</b>			
(Agency 903, Fund 5026)	169,743,962.00	169,743,962.00	CMIA Loan and Repayment
<b>Total Appropriated Fund 5026</b>	<b>169,743,962.00</b>	<b>169,743,962.00</b>	
<b>Appd Fund 5128, D23 Fund 5128</b>			
(Agency 320, Fund 0936)		92,726,715.08	ETIA Transfer to Trust Fund
<b>Total Appropriated Fund 5128</b>	<b>0.00</b>	<b>92,726,715.08</b>	
<b>Appd Fund 7999, D23 Fund 7999</b>			
(Agency 320, Fund 0001)		111,573.42	IAWPTC Transfer
<b>Total Appropriated Fund 7999</b>	<b>0.00</b>	<b>111,573.42</b>	

	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT	PURPOSE
<b>PROPRIETARY</b>			
<b>Appd Fund 0367, D23 Fund 1367</b>			
(Agency 320, Fund 2844)	183,664,602.53		Bond Fund Transfer
(Agency 320, Fund 3844)	116,105,000.00		Bond Fund Transfer
<b>Total Appropriated Fund 0367</b>	<b>299,769,602.53</b>	<b>0.00</b>	
<b>Appd Fund 0844, D23 Fund 0844</b>			
(Agency 320, Fund 1844)		4,800.00	Bond Fund Transfer
(Agency 320, Fund 2844)		219,225,905.00	Bond Fund Transfer
(Agency 320, Fund 3844)		116,105,000.00	Bond Fund Transfer
<b>Appd Fund 0844, D23 Fund 1844</b>			
(Agency 320, Fund 0844)	4,800.00		Bond Fund Transfer
<b>Appd Fund 0844, D23 Fund 2844</b>			
(Agency 320, Fund 0844)	219,225,905.00		Bond Fund Transfer
(Agency 320, Fund 1367)		183,664,602.53	Bond Fund Transfer
<b>Appd Fund 0844, D23 Fund 3844</b>			
(Agency 320, Fund 0844)	116,105,000.00		Bond Fund Transfer
(Agency 320, Fund 1367)		116,105,000.00	Bond Fund Transfer
<b>Total Appropriated Fund 0844</b>	<b>335,335,705.00</b>	<b>635,105,307.53</b>	
<b>Appd Fund 0936, D23 Fund 0936</b>			
(Agency 320, Fund 0937)	274,750,000.00		UI Trust Fund Transfer
(Agency 320, Fund 0938)		2,888,754,659.01	UI Trust Fund Transfer
(Agency 320, Fund 5128)	92,726,715.08		ETIA Transfer to Trust Fund
<b>Total Appropriated Fund 0936</b>	<b>367,476,715.08</b>	<b>2,888,754,659.01</b>	
<b>Appd Fund 0937, D23 Fund 0937</b>			
(Agency 320, Fund 0369)		10,065,293.14	ARRA – UI Admin
(Agency 320, Fund 0936)		274,750,000.00	UI Trust Fund Transfer
(Agency 320, Fund 0938)	4,048,037,156.45		UI Trust Fund Transfer
<b>Total Appropriated Fund 0937</b>	<b>4,048,037,156.45</b>	<b>284,815,293.14</b>	
<b>Appd Fund 0938, D23 Fund 0938</b>			
(Agency 320, Fund 0936)	2,888,754,659.01		UI Trust Fund Transfer
(Agency 320, Fund 0937)		4,048,037,156.45	UI Trust Fund Transfer
<b>Total Appropriated Fund 0938</b>	<b>2,888,754,659.01</b>	<b>4,048,037,156.45</b>	
<b>FIDUCIARY</b>			
<b>Appd Fund 0894, D23 Fund 0894</b>			
(Agency 902, Fund 0001)	1,287.17		PY Transfer Correction
<b>Total Appropriated Fund 0894</b>	<b>1,287.17</b>	<b>0.00</b>	
<b>TOTAL OPERATING TRANSFERS</b>	<b>\$ 8,119,409,753.66</b>	<b>\$ 8,122,703,271.17</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, 2013, 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 \$35,580.00.

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.

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, 2013, records of the Audit Resolution Unit indicate that federal grantor agency audits identified no questionable cost for which the Texas Workforce Commission is contingently liable.

As of August 31, 2013, 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)		Workforce Commission Federal Fund (5026)
Encumbrances	\$	46,432,935.33	\$	36,786.12	\$	217,199,646.88



**NOTE 16: SUBSEQUENT EVENTS**

Senate Bill 307, of the 83<sup>rd</sup> Legislature, Regular Session, transferred the Adult Education and Family Literacy Act (AEFLA) programs, including programs under the Temporary Assistance to Needy Families (TANF) from the Texas Education Agency (TEA) to the Texas Workforce Commission.

TEA and TWC entered into a Memorandum of Understanding (MOU), dated July 1, 2013, transferring the AEFLA program to TWC on September 1, 2013. Pursuant to SB 307 and the MOU, the AEFLA and TANF continuation grant is being implemented by TWC for the 2013 – 2014 school year.

The \$71 million in funds available for 2013 – 2014 school year consists of a \$54 million grant from the Department of Education, \$4 million in TANF funds from the Department of Health and Human Services, and \$14 million in state general revenue funds.

The purpose of the Adult Education and Family Literacy Act is to assist adults who do not have a high school diploma or who are unable to speak English to obtain the knowledge needed to become self-sufficient and active partners in the education of their children.

In accordance with Section 204.123 of the Labor Code, \$95.6 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 2013. 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, 2013).

**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 2013:

State Office of Risk Management Payment	\$ 506,706.09
Unemployment Insurance Payment	715,882.14
Lost or Stolen Property	22,838.24
<b>TOTAL</b>	<b>\$ 1,245,426.47</b>

**NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS**

The average unemployment rate for the 2013 fiscal year was 6.4%. This average compared to 7.3% for the 2012 fiscal year. Unemployment benefits paid during the fiscal year declined to \$3.82 billion (\$1.48 billion in federal benefits and \$2.34 billion in state benefits) compared to a total of \$5.06 billion in benefits paid in the prior year. Almost all of the reduction in unemployment benefits resulted from a decline in federal benefits.

Federal Benefits declined as a result of changes in the number of weeks that unemployed claimants could be paid under the Emergency Unemployment Compensation (EUC) program and the Extended Benefits (EB) program. During part of fiscal year 2012 unemployed claimants had been allowed up to 73 weeks of federal benefits. However by the end of fiscal year 2013, as a result of the decline of the unemployment rate in Texas, and changes in the underlying federal statute, the maximum number of weeks allowable for federal benefits in Texas had fallen to 26. At 2013 fiscal year-end unemployed Texans were no longer eligible for any benefits under the EB program and only two (of four) tiers under the EUC program. The American Taxpayer Relief Act Of 2012, enacted on January 2, 2013, which had reauthorized the EB and EUC programs, is scheduled to expire for benefit weeks ending prior to January 3, 2014.

On March 1, 2013 the budget sequestration provisions of the Budget Control Act of 2011 went into effect. At a national level, this act contained reductions in spending authority of approximately \$85 billion in particular categories of federal outlays for the 2013 federal fiscal year. The provisions of this act had a complex and disparate impact on the nearly \$1 billion in federal grants that the Texas Workforce Commission, administered during the fiscal year. In summary, the budget sequestration had the effect of reducing federal outlays, from what otherwise would have been anticipated, in the following federal programs: Workforce Investment Act (WIA) funds 7%, Employment Services funds 5% and Childcare Discretionary funds 3% .

As discussed in detail Note 16 – Subsequent Events Senate Bill 307, of the 83<sup>rd</sup> Legislature, Regular Session, transferred the Adult Education and Family Literacy Act (AEFLA) programs, to the Texas Workforce Commission

**NOTE 19: THE FINANCIAL REPORTING ENTITY**

Not applicable

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

As of October 31, 2013, 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, 2013, 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.

**A. Accounts Receivable**

## General Funds:

<b>Fund</b>	<b>Accounts Receivable</b>	<b>Allowance for Doubtful</b>	<b>Net Receivables</b>
Fund 0001 – General	\$ 2,945,037.48	\$ (591,820.03)	\$ 2,353,217.45
Fund 0165 – Penalty & Interest	48,908,116.63	(40,847,267.64)	8,060,848.99
Fund 5026 – Disallowed Costs, Civil Rights & Performance Contracts	115,644.23	0.00	115,644.23
Fund 5128 – ETIA	2,559,842.17	(1,837,715.41)	722,126.76
<b>Total General Funds</b>	<b>\$ 54,528,640.51</b>	<b>\$ (43,276,803.08)</b>	<b>\$ 11,251,837.43</b>

## Proprietary Funds:

<b>Fund</b>	<b>Accounts Receivable</b>	<b>Allowance for Doubtful</b>	<b>Net Receivables</b>
Fund 0844 – Obligation Assessment	35,258,932.74	(5,977,334.25)	29,281,598.49
Fund 0936 – Unemployment Assessment	254,877,351.99	(50,456,694.19)	204,420,657.80
Fund 0937 – Benefit Overpayments	536,675,924.16	(484,054,427.94)	52,621,496.22
Fund 0938 – Unemployment Trust Fund Account	10,946,448.56	0.00	10,946,448.56
<b>Total Proprietary Funds</b>	<b>\$ 837,758,657.45</b>	<b>\$ (540,488,456.38)</b>	<b>\$ 297,270,201.07</b>

## Fiduciary Funds:

<b>Fund</b>	<b>Accounts Receivable</b>	<b>Allowance for Doubtful</b>	<b>Net Receivables</b>
Fund 0894 – Payday Law Collections	\$ 23,892,951.83	\$ (23,725,793.62)	\$ 167,158.21
<b>Total Fiduciary Funds</b>	<b>\$ 23,892,951.83</b>	<b>\$ (23,725,793.62)</b>	<b>\$ 167,158.21</b>

## Agency Funds:

<b>Fund</b>	<b>Accounts Receivable</b>	<b>Allowance for Doubtful</b>	<b>Net Receivables</b>
Fund 0900 – Departmental Suspense - Settlements	\$ 305,910.71	\$ 0.00	\$ 305,910.71
<b>Total Fiduciary Funds</b>	<b>\$ 305,910.71</b>	<b>\$ 0.00</b>	<b>\$ 305,910.71</b>

**B. Federal Receivables**

Federal receivables, as reported in the General and Consolidated Funds (Exhibit I), 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 Agriculture	\$ 578,629.76	\$	\$ 578,629.76
Department of Education	53,344.77		53,344.77
Department of Health and Human Services	11,920,226.18		11,920,226.18
Department of Labor	2,468,224.50		2,468,224.50
<b>Total Federal Receivables</b>	<b>\$ 15,020,425.21</b>	<b>\$ 0.00</b>	<b>\$ 15,020,425.21</b>

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	28,414,756.08		28,414,756.08
<b>Total Federal Receivables</b>	<b>\$ 28,414,756.08</b>	<b>\$ 0.00</b>	<b>\$ 28,414,756.08</b>

**NOTE 25: TERMINATION BENEFITS**

Not Applicable.

**NOTE 26: SEGMENT INFORMATION**

Not Applicable.

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## TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT A-1**  
**COMBINING BALANCE SHEET - ALL GENERAL AND CONSOLIDATED FUNDS**  
 For the Year Ended August 31, 2013

		Consolidated Accounts	Consolidated Accounts
	General Revenue (Fund 0001) U/F (0001)	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	\$ 69,952.71	\$ 2,906.01	\$
Cash in Bank (Note 3)			
Cash in State Treasury		13,287,850.20	886,975.14
Legislative Appropriations	51,481,228.57		
Receivables:			
Federal Receivables (Note 24)			
Interest and Dividends	722.67		
Accounts Receivable (Note 24)	2,353,217.45	8,060,848.99	
Interfund Receivable (Note 12)			
Due from Other Funds (Note 12)			113,799.86
Due from Other Agencies (Note 12)		88.88	
Consumable Inventories			
Prepaid Items			
<b>Total Assets</b>	<b>\$ 53,905,121.40</b>	<b>\$ 21,351,694.08</b>	<b>\$ 1,000,775.00</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Current Liabilities:			
Payables:			
Accounts Payable	3,569,355.53	56,640.22	775.00
Payroll Payable			
Interfund Payable (Note 12)	659,218.38	312,651.73	
Deferred Revenues	2,210.00	69,230.10	
Due to Other Funds (Note 12)	768,642.86	4,732,338.04	
Due to Other Agencies (Note 12)	50,111.00		
<b>Total Current Liabilities</b>	<b>5,049,537.77</b>	<b>5,170,860.09</b>	<b>775.00</b>
<b>Total Liabilities</b>	<b>5,049,537.77</b>	<b>5,170,860.09</b>	<b>775.00</b>
<b>Fund Financial Statement-Fund Balances</b>			
Fund Balances (Deficits):			
Non-Spendable			
Restricted			
Committed		16,180,833.99	1,000,000.00
Assigned	46,432,935.33		
Unassigned	2,422,648.30		
<b>Total Fund Balances</b>	<b>48,855,583.63</b>	<b>16,180,833.99</b>	<b>1,000,000.00</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 53,905,121.40</b>	<b>\$ 21,351,694.08</b>	<b>\$ 1,000,775.00</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)	
\$ 3,167.52	\$	\$	\$	\$ 76,026.24
25,000.00			172,701.85	197,701.85
17,171,606.40		97,157,362.90		128,503,794.64
				51,481,228.57
15,020,425.21				15,020,425.21
				722.67
115,644.23		722,126.76		11,251,837.43
971,870.11				971,870.11
654,843.00				768,642.86
1,721,413.36				1,721,502.24
1,406,819.31				1,406,819.31
			107,500.00	107,500.00
<u>\$ 37,090,789.14</u>	<u>\$ 0.00</u>	<u>\$ 97,879,489.66</u>	<u>\$ 280,201.85</u>	<u>\$ 211,508,071.13</u>
16,136,795.46				19,763,566.21
13,446,695.40				13,446,695.40
				971,870.11
1,250,000.00			89,650.00	1,411,090.10
				5,500,980.90
1,560,033.46				1,610,144.46
<u>32,393,524.32</u>	<u>0.00</u>	<u>0.00</u>	<u>89,650.00</u>	<u>42,704,347.18</u>
<u>32,393,524.32</u>	<u>0.00</u>	<u>0.00</u>	<u>89,650.00</u>	<u>42,704,347.18</u>
1,406,819.31			107,500.00	1,514,319.31
3,290,445.51				3,290,445.51
		97,879,489.66 *		115,060,323.65
			83,051.85	46,515,987.18
				2,422,648.30
<u>4,697,264.82</u>	<u>0.00</u>	<u>97,879,489.66</u>	<u>190,551.85</u>	<u>168,803,723.95</u>
<u>\$ 37,090,789.14</u>	<u>\$ 0.00</u>	<u>\$ 97,879,489.66</u>	<u>\$ 280,201.85</u>	<u>\$ 211,508,071.13</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, 2013

		Consolidated Accounts	Consolidated Accounts
	General Revenue (Fund 0001) U/F (0001)	Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
<b>REVENUES:</b>			
Legislative Appropriations			
Original Appropriations (GR)	\$ 111,696,256.67	\$	\$
Additional Appropriations (GR)	1,094,187.54		
Federal Revenue			
Federal Pass-Through Revenue			
Licenses, Fees and Permits	2,457,477.55	16,640,755.73	
Interest and Investment Income	43,117.63		
Land Income	(48.47)		
Sales of Goods and Services	266,065.43		
Other Revenues	52,874,034.43		
<b>Total Revenue</b>	<b>168,431,090.78</b>	<b>16,640,755.73</b>	<b>0.00</b>
<b>EXPENDITURES</b>			
Salaries and Wages	3,960,385.72	3,636,558.34	
Payroll Related Costs	1,114,463.89	8,627,644.52 *	
Professional Fees and Services	632,718.91	215,192.01	
Travel	199,029.30	93,588.09	
Materials and Supplies	569,181.10	483,353.91	
Communication and Utilities	348,398.08	275,799.88	
Repairs and Maintenance	121,080.38	116,674.72	
Rentals and Leases	323,528.40	99,837.39	
Printing and Reproduction	135,936.35	113,264.18	
Claims and Judgments	22,500.00		
Federal Pass-Through Expenditures			
State Grant Pass-Through Expenditures	852,027.99		
Intergovernmental Payments	16,546,243.18		
Public Assistance Payments	138,419,645.02		113,799.86
Other Operating Expenditures	548,762.75	267,525.21	
Capital Outlay	10,968.92	12,629.81	
<b>Total Expenditures</b>	<b>163,804,869.99</b>	<b>13,942,068.06</b>	<b>113,799.86</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 4,626,220.79</b>	<b>\$ 2,698,687.67</b>	<b>\$ (113,799.86)</b>

\* This amount includes \$7,131,209.07 in Unemployment Insurance payments made to former state employees on behalf of other agencies.

\*\* Valid Federal Receivables did not exist at 08/31/2012. They were reversed and negative revenue was recognized to compensate for the overstatement in the prior year.

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)	
\$	\$	\$	\$	\$
				111,696,256.67
				1,094,187.54
869,319,845.70	(1,113,970.48) **			868,205,875.22
96,100,612.59				96,100,612.59
205,983.96		97,837,439.89	364,560.00	117,506,217.13
22,539.16	6,765.27	75,232.79	381.95	148,036.80
391.79				343.32
1,249,087.82			66,349.80	1,581,503.05
28,851.64				52,902,886.07
<u>966,927,312.66</u>	<u>(1,107,205.21)</u>	<u>97,912,672.68</u>	<u>431,291.75</u>	<u>1,249,235,918.39</u>
130,524,018.41	114,169.14			138,235,131.61
53,991,815.90	24,842.75			63,758,767.06
14,890,916.47	8,807,856.48		59,602.34	24,606,286.21
1,301,860.26	317.25		117.50	1,594,912.40
10,223,792.10	(962.54)	476,246.99	233,603.31	11,985,214.87
7,037,299.74	1.37		2,416.06	7,663,915.13
5,896,661.63	303.75			6,134,720.48
2,887,237.45	(5,406.53)		95,500.50	3,400,697.21
188,665.39	(7,363.43)		450.00	430,952.49
				22,500.00
52,331,100.55				52,331,100.55
				852,027.99
2,719,737.93				19,265,981.11
675,874,616.49				814,408,061.37
6,018,381.98	17,564.42		14,588.84	6,866,823.20
3,521,372.58				3,544,971.31
<u>967,407,476.88</u>	<u>8,951,322.66</u>	<u>476,246.99</u>	<u>406,278.55</u>	<u>1,155,102,062.99</u>
(480,164.22) \$	(10,058,527.87)	97,436,425.69	25,013.20	94,133,855.40

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, 2013

		Consolidated Accounts	Consolidated Accounts
	General Revenue (Fund 0001) U/F (0001)	Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Note 12)	\$ 111,573.42	\$	\$ 113,799.86
Transfers Out (Note 12)	(3,401,839.27)		
<b>Total Other Financing Sources (Uses)</b>	<u>(3,290,265.85)</u>	0.00	<u>113,799.86</u>
<b>Net Change in Fund Balances</b>	<u>1,335,954.94</u>	<u>2,698,687.67</u>	<u>0.00</u>
<b>Fund Financial Statement-Fund Balances</b>			
Fund Balances, September 1, 2012	47,549,390.51	13,482,146.32	1,000,000.00
Appropriations Lapsed	(29,761.82)		
<b>FUND BALANCES - August 31, 2013</b>	<u>\$ 48,855,583.63</u>	<u>\$ 16,180,833.99</u>	<u>\$ 1,000,000.00</u>



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)	
\$ 169,743,962.00	\$ 10,065,293.14	\$	\$	\$ 180,034,628.42
(169,743,962.00)	(6,765.27)	(92,726,715.08)	(111,573.42)	(265,990,855.04)
0.00	10,058,527.87	(92,726,715.08)	(111,573.42)	(85,956,226.62)
(480,164.22)	0.00	4,709,710.61	(86,560.22)	8,177,628.78
5,177,429.04	0.00	93,169,779.05	277,112.07	160,655,856.99
				(29,761.82)
\$ 4,697,264.82	\$ 0.00	\$ 97,879,489.66	\$ 190,551.85	\$ 168,803,723.95



## TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT F-1****COMBINING STATEMENT OF NET POSITION - ENTERPRISE FUNDS**

For the Year Ended August 31, 2013

	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)		77,232,766.07
Cash in U. S. Treasury (Note 3)		
Receivables:		
Federal Receivables (Note 24)		
Interest and Dividends		20,151.17
Accounts Receivable (Note 24)		29,281,598.49
Due from Other Funds (Note 12)		
Deferred Charges	1,586,803.81	
Total Current Assets	<u>1,586,803.81</u>	<u>106,534,515.73</u>
Non-Current Assets:		
Deferred Charges	2,316,882.92	
Total Non-Current Assets	<u>2,316,882.92</u>	<u>0.00</u>
<b>Total Assets</b>	<u>3,903,686.73</u>	<u>106,534,515.73</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Payables:		
Accounts Payable		10,650.00
Interest Payable		9,749,283.33
Due to Other Funds (Note 12)		
Revenue Bonds Payable	187,165,013.33	
Deferred Revenues		
Total Current Liabilities	<u>187,165,013.33</u>	<u>9,759,933.33</u>
Non-Current Liabilities:		
Revenue Bonds Payable	1,081,186,331.76	
Total Non-Current Liabilities	<u>1,081,186,331.76</u>	<u>0.00</u>
<b>Total Liabilities</b>	<u>1,268,351,345.09</u>	<u>9,759,933.33</u>
<b>NET POSITION</b>		
Restricted For:		
Unemployment Trust Fund		
Debt Retirement	(1,264,447,658.36)	96,774,582.40
<b>Total Net Position</b>	<u>\$ (1,264,447,658.36)</u>	<u>\$ 96,774,582.40</u>

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
\$ 31,446.23 220,757.72	\$ 187,258.67	\$	\$ 218,704.90 220,757.72
	(3,512,249.70)		73,720,516.37
		1,726,708,943.59	1,726,708,943.59
	311,957.00	28,102,799.08	28,414,756.08
		7,524,390.52	7,544,541.69
204,420,657.80	52,621,496.22	10,946,448.56	297,270,201.07
4,732,338.04	66,853,283.81	145,588,216.94	217,173,838.79
<u>209,405,199.79</u>	<u>116,461,746.00</u>	<u>1,918,870,798.69</u>	<u>2,352,859,064.02</u>
			1,586,803.81
			<u>2,316,882.92</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,316,882.92</u>
<u>209,405,199.79</u>	<u>116,461,746.00</u>	<u>1,918,870,798.69</u>	<u>2,355,175,946.94</u>
			123,539,748.30
1.85	116,461,746.00	7,067,350.45	9,749,283.33
145,588,216.94		66,853,283.81	212,441,500.75
			187,165,013.33
63,816,981.00			63,816,981.00
<u>209,405,199.79</u>	<u>116,461,746.00</u>	<u>73,920,634.26</u>	<u>596,712,526.71</u>
			1,081,186,331.76
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,081,186,331.76</u>
<u>209,405,199.79</u>	<u>116,461,746.00</u>	<u>73,920,634.26</u>	<u>1,677,898,858.47</u>
		1,844,950,164.43	1,844,950,164.43
			(1,167,673,075.96)
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,844,950,164.43</u>	<u>\$ 677,277,088.47</u>

TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT F-2****COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET POSITION -  
ENTERPRISE FUNDS**

For the Year Ended August 31, 2013

	TWC Unemployment Compensation Revenue Bond Fund (Fund 0367) <u>U/F (0367, 1367, 3367)</u>	TWC Obligation Trust Fund (Fund 0844) <u>U/F (0844, 1844, 2844, 3844)</u>
<b>OPERATING REVENUES</b>		
Unemployment Assessment	\$	\$ 329,597,675.94
Federal Revenue		
Other Operating Revenue		
Total Operating Revenue	<u>0.00</u>	<u>329,597,675.94</u>
<b>OPERATING EXPENSES</b>		
Unemployment Benefit Payments		
Total Operating Expenses	<u>0.00</u>	<u>0.00</u>
<b>OPERATING INCOME (LOSS)</b>	<u>0.00</u>	<u>329,597,675.94</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Expense		(33,453,042.47)
Interest and Investment Income		268,631.02
Other Non-Operating Expenses	(2,217,157.32)	(10,450.00)
Gifts/Pledges/Donations - Nonpledged		
Total Non-Operating Revenues (Expenses)	<u>(2,217,157.32)</u>	<u>(33,194,861.45)</u>
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS</b>	<u>(2,217,157.32)</u>	<u>296,402,814.49</u>
<b>OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS</b>		
Transfers In (Note 12)	299,769,602.53	335,335,705.00
Transfers Out (Note 12)		(635,105,307.53)
Total Other Revenues (Expenses), Gains/(Losses) and Transfers	<u>299,769,602.53</u>	<u>(299,769,602.53)</u>
<b>CHANGE IN NET POSITION</b>	<u>297,552,445.21</u>	<u>(3,366,788.04)</u>
<b>NET POSITION, September 1, 2012</b>	(1,562,000,103.57)	100,141,370.44
<b>NET POSITION, August 31, 2013</b>	\$ <u>(1,264,447,658.36)</u>	\$ <u>96,774,582.40</u>



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
2,419,562,574.65	\$	\$	\$ 2,749,160,250.59
	15,803,099.00	1,459,799,123.96	1,475,602,222.96
101,709,199.43	1,538,075.81	58,924,376.16	162,171,651.40
2,521,271,774.08	17,341,174.81	1,518,723,500.12	4,386,934,124.95
	3,780,569,150.77	38,619,177.90	3,819,188,328.67
0.00	3,780,569,150.77	38,619,177.90	3,819,188,328.67
2,521,271,774.08	(3,763,227,975.96)	1,480,104,322.22	567,745,796.28
			(33,453,042.47)
6,169.85	148.65	32,931,667.03	33,206,616.55
			(2,227,607.32)
	5,964.00		5,964.00
6,169.85	6,112.65	32,931,667.03	(2,468,069.24)
2,521,277,943.93	(3,763,221,863.31)	1,513,035,989.25	565,277,727.04
367,476,715.08	4,048,037,156.45	2,888,754,659.01	7,939,373,838.07
(2,888,754,659.01)	(284,815,293.14)	(4,048,037,156.45)	(7,856,712,416.13)
(2,521,277,943.93)	3,763,221,863.31	(1,159,282,497.44)	82,661,421.94
(0.00)	0.00	353,753,491.81	647,939,148.98
0.00	0.00	1,491,196,672.62	29,337,939.49
(0.00)	\$ 0.00	\$ 1,844,950,164.43	\$ 677,277,088.47



## TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT F-3****COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**

For the Year Ended August 31, 2013

	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	\$	\$ 328,808,931.15
Proceeds From Federal Revenue		
Proceeds From Other Revenue		
Unemployment Benefit Payments		
Net Cash Provided By Operating Activities	<u>0.00</u>	<u>328,808,931.15</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Payment of Principal on Bonds		(265,370,000.00)
Payment of Interest Expense		(69,960,905.00)
Payment of Other Costs of Debt Issuance		(4,800.00)
Proceeds From Gifts		
Transfers From Other Funds		335,335,705.00
Transfers To Other Funds		(335,335,705.00)
Net Cash Provided by Non-Capital Financing Activities	<u>0.00</u>	<u>(335,335,705.00)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and Investment Income		278,078.75
Net Cash Provided by Investing Activities	<u>0.00</u>	<u>278,078.75</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>0.00</u>	<u>(6,248,695.10)</u>
Cash and Cash Equivalents, September 1, 2012		83,481,461.17
Net Cash and Cash Equivalents, August 31, 2013	\$ <u>0.00</u>	\$ <u>77,232,766.07</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)		<u>329,597,675.94</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		(788,744.79)
Increase (Decrease) in Payables		
Increase (Decrease) in Deferred Revenue		
Total Adjustments	<u>0.00</u>	<u>(788,744.79)</u>
Net Cash Provided by Operating Activities	\$ <u>0.00</u>	\$ <u>328,808,931.15</u>

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
2,422,283,122.10	\$	\$	\$ 2,751,092,053.25
	15,607,722.00	1,439,008,877.31	1,454,616,599.31
117,683,756.41	1,538,075.81	57,263,566.20	176,485,398.42
	(3,713,358,630.17)	(37,080,049.72)	(3,750,438,679.89)
<u>2,539,966,878.51</u>	<u>(3,696,212,832.36)</u>	<u>1,459,192,393.79</u>	<u>631,755,371.09</u>
			(265,370,000.00)
			(69,960,905.00)
			(4,800.00)
	5,964.00		5,964.00
367,510,222.90	3,981,183,872.64	2,908,742,106.20	7,592,771,906.74
(2,907,783,911.91)	(285,773,487.43)	(3,981,183,872.64)	(7,510,076,976.98)
<u>(2,540,273,689.01)</u>	<u>3,695,416,349.21</u>	<u>(1,072,441,766.44)</u>	<u>(252,634,811.24)</u>
6,169.85	148.65	31,716,014.92	32,000,412.17
<u>6,169.85</u>	<u>148.65</u>	<u>31,716,014.92</u>	<u>32,000,412.17</u>
(300,640.65)	(796,334.50)	418,466,642.27	411,120,972.02
552,844.60	(2,528,656.53)	1,308,242,301.32	1,389,747,950.56
<u>252,203.95</u>	<u>(3,324,991.03)</u>	<u>1,726,708,943.59</u>	<u>1,800,868,922.58</u>
2,521,271,774.08	(3,763,227,975.96)	1,480,104,322.22	567,745,796.28
9,051,271.58	6,165,972.60	(22,451,056.61)	(8,022,557.22)
1.85	60,849,171.00	1,539,128.18	62,388,301.03
<u>9,643,831.00</u>			<u>9,643,831.00</u>
<u>18,695,104.43</u>	<u>67,015,143.60</u>	<u>(20,911,928.43)</u>	<u>64,009,574.81</u>
<u>2,539,966,878.51</u>	<u>(3,696,212,832.36)</u>	<u>1,459,192,393.79</u>	<u>631,755,371.09</u>

TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT I-1**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION -**  
**PRIVATE PURPOSE TRUST FUNDS**

For the Year Ended August 31, 2013

	Payday Law Wage Determination Trust Fund (Fund 0894) U/F (0894)
<b>ASSETS</b>	
Cash and Cash Equivalents	
Cash on Hand	\$ 56,990.54
Cash in State Treasury	800,400.83
Receivables:	
Interest and Dividends	376.45
Accounts Receivable (Note 24)	167,158.21
Due From Other Agencies (Note 12)	1,287.17
<b>Total Assets</b>	<u>1,026,213.20</u>
<b>LIABILITIES</b>	
Payables:	
Accounts Payable	1,015,841.31
Interest Payable	10,371.89
<b>Total Liabilities</b>	<u>1,026,213.20</u>
<b>NET POSITION</b>	
Held in Trust For:	
Payday Law	<u>(0.00)</u>
<b>Total Net Position</b>	<u>\$ (0.00)</u>



TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT I-2**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -**  
**PRIVATE PURPOSE TRUST FUNDS**

For the Year Ended August 31, 2013

	Payday Law Wage Determination Trust Fund (Fund 0894) U/F (0894)
<b>ADDITIONS</b>	
Investment Income	
From Investing Activities:	
Interest and Investment Income	\$ 5,110.84
Net Income From Investing Activities	5,110.84
Total Net Investment Income (Loss)	5,110.84
Other Additions	
Collections from Employers for Payday Law Claims	4,201,813.69
Transfers In (Note 12)	1,287.17
Total Other Additions	4,203,100.86
<b>Total Additions</b>	<b>4,208,211.70</b>
<b>DEDUCTIONS</b>	
Settlement of Claims	4,203,846.16 *
Interest Expense	4,365.54
<b>Total Deductions</b>	<b>4,208,211.70</b>
<b>Increase (Decrease) in Net Position</b>	<b>0.00</b>
<b>NET POSITION</b>	
Net Position, September 1, 2012	0.00
Net Position, August 31, 2013	\$ <u>0.00</u>

\* In addition to the amount shown above for Settlement of Claims, the Texas Workforce Commission was instrumental in resolving another \$1,370,213.58 in claims where the claimant was paid directly by the employer.



TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT J-1**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**

For the Year Ended August 31, 2013

	Balances September 1, 2012	Additions	Deductions	Balances August 31, 2013
<b>Child Labor Penalty (0001) U/F (1000)</b>				
<b>ASSETS:</b>				
Cash in State Treasury	0.00	167,260.01	167,260.01	0.00
Total Assets	\$ 0.00	\$ 167,260.01	\$ 167,260.01	\$ 0.00
<b>LIABILITIES:</b>				
Funds Held for Others	0.00	167,260.01	167,260.01	0.00
Total Liabilities	\$ 0.00	\$ 167,260.01	\$ 167,260.01	\$ 0.00
<b>Child Support Employee Deducts (0807) U/F (8070)</b>				
<b>ASSETS:</b>				
Cash in State Treasury	38,209.57	515,795.13	519,849.37	34,155.33
Total Assets	\$ 38,209.57	\$ 515,795.13	\$ 519,849.37	\$ 34,155.33
<b>LIABILITIES:</b>				
Vouchers Payable	0.00	477,230.21	477,230.21	0.00
Funds Held for Others	38,209.57	515,795.13	519,849.37	34,155.33
Total Liabilities	\$ 38,209.57	\$ 993,025.34	\$ 997,079.58	\$ 34,155.33
<b>Departmental Suspense (0900) U/F (0900, 9015, 9016)</b>				
<b>ASSETS:</b>				
Cash in State Treasury	0.00	3,159,201.18	3,159,201.18	0.00
Accounts Receivable (Note 24)	185,314.40	305,910.71	185,314.40	305,910.71
Total Assets	\$ 185,314.40	\$ 3,465,111.89	\$ 3,344,515.58	\$ 305,910.71
<b>LIABILITIES:</b>				
Vouchers Payable	0.00	585,548.95	585,548.95	0.00
Accounts Payable	185,314.40	305,910.71	185,314.40	305,910.71
Funds Held for Others	0.00	3,344,515.58	3,344,515.58	0.00
Total Liabilities	\$ 185,314.40	\$ 4,235,975.24	\$ 4,115,378.93	\$ 305,910.71
<b>Direct Deposit Correction Account (0980) U/F (0980, 9014)</b>				
<b>ASSETS:</b>				
Cash in State Treasury	0.00	74,377.14	74,377.14	0.00
Total Assets	\$ 0.00	\$ 74,377.14	\$ 74,377.14	\$ 0.00
<b>LIABILITIES:</b>				
Vouchers Payable	0.00	4.00	4.00	0.00
Funds Held for Others	0.00	74,377.14	74,377.14	0.00
Total Liabilities	\$ 0.00	\$ 74,381.14	\$ 74,381.14	\$ 0.00

TEXAS WORKFORCE COMMISSION (320)

**EXHIBIT J-1**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**

For the Year Ended August 31, 2013

	Balances September 1, 2012	Additions	Deductions	Balances August 31, 2013
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS:</b>				
Cash in State Treasury	38,209.57	3,916,633.46	3,920,687.70	34,155.33
Accounts Receivable (Note 24)	185,314.40	305,910.71	185,314.40	305,910.71
Total Assets	\$ <u>223,523.97</u>	\$ <u>4,222,544.17</u>	\$ <u>4,106,002.10</u>	\$ <u>340,066.04</u>
<b>LIABILITIES:</b>				
Vouchers Payable	0.00	1,062,783.16	1,062,783.16	0.00
Accounts Payable	185,314.40	305,910.71	185,314.40	305,910.71
Funds Held for Others	38,209.57	4,101,947.86	4,106,002.10	34,155.33
Total Liabilities	\$ <u>223,523.97</u>	\$ <u>5,470,641.73</u>	\$ <u>5,354,099.66</u>	\$ <u>340,066.04</u>

TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2013

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 To:				
Texas State Technical College System				
Angelo State University				
Other Non-State Entities				
Pass-Through From:				
Texas Education Agency				
Pass-Through To:				
Other Non-State Entities		701		460,134.39
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>460,134.39</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				
Texas Tech University				
University of Texas - Health Science Center at Houston				
Texas State University - San Marcos				
University of Houston - Downtown				
Other Non-State Entities				
<b>Subtotal, Employment Services Cluster</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		
3,852,087.66	3,852,087.66				3,852,087.66	3,852,087.66
3,971,667,253.93	3,971,667,253.93				3,971,667,253.93	3,971,667,253.93
2,273,789.90	2,273,789.90			2,273,789.90		2,273,789.90
8,926,501.38	8,926,501.38				8,926,501.38	8,926,501.38
25,856.38	25,856.38				25,856.38	25,856.38
4,791,910.62	4,791,910.62			4,791,910.62		4,791,910.62
1,831,361.20	1,831,361.20				1,831,361.20	1,831,361.20
9,550,335.13	9,550,335.13			9,550,335.13		9,550,335.13
556,909.41	556,909.41				556,909.41	556,909.41
41,128.00	41,128.00				41,128.00	41,128.00
384,102.89	384,102.89	721	384,102.89			384,102.89
151,612.46	151,612.46				151,612.46	151,612.46
14,411.61	14,411.61	719	14,411.61			14,411.61
23,847.06	23,847.06	737	23,847.06			23,847.06
311,195.87	311,195.87			311,195.87		311,195.87
	460,134.39			460,134.39		460,134.39
1,241,288.98	1,241,288.98				1,241,288.98	1,241,288.98
460,220.12	460,220.12				460,220.12	460,220.12
6,232.32	6,232.32			6,232.32		6,232.32
13,106.23	13,106.23				13,106.23	13,106.23
3,235,834.50	3,235,834.50			3,235,834.50		3,235,834.50
<b>4,009,358,985.65</b>	<b>4,009,819,120.04</b>		<b>422,361.56</b>	<b>20,629,432.73</b>	<b>3,988,767,325.75</b>	<b>4,009,819,120.04</b>
40,654,557.84	40,654,557.84				40,654,557.84	40,654,557.84
101,398.73	101,398.73	712	101,398.73			101,398.73
61,408.20	61,408.20	719	61,408.20			61,408.20
277,545.40	277,545.40	733	277,545.40			277,545.40
168,558.01	168,558.01	744	168,558.01			168,558.01
120,752.96	120,752.96	754	120,752.96			120,752.96
166,066.12	166,066.12	784	166,066.12			166,066.12
10,436,092.85	10,436,092.85			10,436,092.85		10,436,092.85
<b>51,986,380.11</b>	<b>51,986,380.11</b>		<b>895,729.42</b>	<b>10,436,092.85</b>	<b>40,654,557.84</b>	<b>51,986,380.11</b>



TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From		
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount
<b><u>Workforce Investment Act Cluster</u></b>				
<b>U.S. Department of Labor</b>				
Direct Programs:				
Workforce Investment Act - Adult Program	17.258			
Pass-Through To:				
University of Houston				
Other Non-State Entities				
Workforce Investment Act - Youth Activities	17.259			
Pass-Through To:				
Texas Higher Education Coordinating Board				
Other Non-State Entities				
Workforce Investment Act - Dislocated Workers	17.260			
Pass-Through To:				
Other Non-State Entities				
WIA Dislocated Worker Formula Grants	17.278			
Pass-Through To:				
Office of the Governor				
Texas State Technical College System				
University of Houston				
University of Texas - Pan American				
University of Texas at San Antonio				
Lamar State College - Orange				
Other Non-State Entities				
WIA Dislocated Worker National Reserve Demo. Grants	17.280			
Pass-Through To:				
Texas Veterans Commission				
Other Non-State Entities				
<b>Subtotal, Workforce Investment Act Cluster</b>			<b>0.00</b>	<b>0.00</b>
<b>Total, U.S. Department of Labor</b>			<b>460,134.39</b>	<b>0.00</b>
<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	2,000,000.00	
<b>Subtotal, Non-Clustered Programs</b>			<b>2,000,000.00</b>	<b>0.00</b>
<b><u>Child Care Cluster</u></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>

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		
1,970,153.28	1,970,153.28				1,970,153.28	1,970,153.28
(1,062.39)	(1,062.39)	730	(1,062.39)			(1,062.39)
42,639,624.36	42,639,624.36			42,639,624.36		42,639,624.36
4,806,133.96	4,806,133.96				4,806,133.96	4,806,133.96
(7,825.59)	(7,825.59)	781	(7,825.59)			(7,825.59)
48,193,708.95	48,193,708.95			48,193,708.95		48,193,708.95
495,273.93	495,273.93				495,273.93	495,273.93
46,676.00	46,676.00			46,676.00		46,676.00
4,112,784.30	4,112,784.30				4,112,784.30	4,112,784.30
339,825.73	339,825.73	300	339,825.73			339,825.73
17,297.70	17,297.70	719	17,297.70			17,297.70
48,012.44	48,012.44	730	48,012.44			48,012.44
1,891.03	1,891.03	736	1,891.03			1,891.03
45,234.33	45,234.33	743	45,234.33			45,234.33
147,429.94	147,429.94	787	147,429.94			147,429.94
62,983,089.71	62,983,089.71			62,983,089.71		62,983,089.71
59,360.50	59,360.50				59,360.50	59,360.50
36,600.79	36,600.79	403	36,600.79			36,600.79
5,956.86	5,956.86			5,956.86		5,956.86
<b>165,940,165.83</b>	<b>165,940,165.83</b>		<b>627,403.98</b>	<b>153,869,055.88</b>	<b>11,443,705.97</b>	<b>165,940,165.83</b>
<b>4,227,285,531.59</b>	<b>4,227,745,665.98</b>		<b>1,945,494.96</b>	<b>184,934,581.46</b>	<b>4,040,865,589.56</b>	<b>4,227,745,665.98</b>
	2,000,000.00			2,000,000.00		2,000,000.00
<b>0.00</b>	<b>2,000,000.00</b>		<b>0.00</b>	<b>2,000,000.00</b>	<b>0.00</b>	<b>2,000,000.00</b>
9,590,988.27	9,590,988.27				9,590,988.27	9,590,988.27
35,992,896.58	35,992,896.58	530	35,992,896.58			35,992,896.58
8,688,516.34	8,688,516.34	701	8,688,516.34			8,688,516.34
182,073,710.87	182,073,710.87			182,073,710.87		182,073,710.87
4,786,117.75	4,786,117.75	701	4,786,117.75			4,786,117.75
208,722,314.72	208,722,314.72			208,722,314.72		208,722,314.72
<b>449,854,544.53</b>	<b>449,854,544.53</b>		<b>49,467,530.67</b>	<b>390,796,025.59</b>	<b>9,590,988.27</b>	<b>449,854,544.53</b>



TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2013

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>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		9,740,248.24	
Pass-Through To:					
Texas A&M Engineering Extension Service		529		40,454.13	
University of Texas at Arlington		529		31,830.78	
Texas Engineering Extension Services		529		9,181.20	
Texas State Technical College		529		36,990.03	
University of Texas at Austin		529		95,412.97	
University of Texas Southwestern Medical Center - Dallas		529		31,129.46	
University of Houston		529		102,514.51	
Texas A&M University - Kingsville		529		108,267.52	
Lamar University at Beaumont		529		99,335.13	
University of Texas at Dallas		529		50,934.46	
University of Texas at Brownsville		529		104,170.65	
University of North Texas		529		61,671.44	
Sam Houston State University		529		46,344.12	
Texas State University - San Marcos		529		60,039.00	
Lamar State College - Orange		529		15,263.00	
Other Non-State Entities		529		83,006,691.56	
<b>Subtotal, TANF Cluster</b>				<b>93,640,478.20</b>	<b>0.00</b>
<b>Total, U.S. Dept. of Health &amp; Human Services</b>				<b>93,640,478.20</b>	<b>0.00</b>
<b>SNAP Cluster</b>					
<b>U.S. Department of Agriculture</b>					
Direct Programs:					
State Admin. Match for Supplemental Nutrition Assist Prog.	10.561				
Pass-Through To:					
Lamar State College - Orange					
Other Non-State Entities					
<b>Total, U. S. Department of Agriculture</b>				<b>0.00</b>	<b>0.00</b>
<b>TOTAL, FEDERAL FINANCIAL ASSISTANCE</b>				<b>96,100,612.59</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		
	9,740,248.24				9,740,248.24	9,740,248.24
	40,454.13	712	40,454.13			40,454.13
	31,830.78	714	31,830.78			31,830.78
	9,181.20	716	9,181.20			9,181.20
	36,990.03	719	36,990.03			36,990.03
	95,412.97	721	95,412.97			95,412.97
	31,129.46	729	31,129.46			31,129.46
	102,514.51	730	102,514.51			102,514.51
	108,267.52	732	108,267.52			108,267.52
	99,335.13	734	99,335.13			99,335.13
	50,934.46	738	50,934.46			50,934.46
	104,170.65	747	104,170.65			104,170.65
	61,671.44	752	61,671.44			61,671.44
	46,344.12	753	46,344.12			46,344.12
	60,039.00	754	60,039.00			60,039.00
	15,263.00	787	15,263.00			15,263.00
	83,006,691.56			83,006,691.56		83,006,691.56
<b>0.00</b>	<b>93,640,478.20</b>		<b>893,538.40</b>	<b>83,006,691.56</b>	<b>9,740,248.24</b>	<b>93,640,478.20</b>
<b>449,854,544.53</b>	<b>545,495,022.73</b>		<b>50,361,069.07</b>	<b>475,802,717.15</b>	<b>19,331,236.51</b>	<b>545,495,022.73</b>
759,740.96	759,740.96				759,740.96	759,740.96
24,536.52	24,536.52	787	24,536.52			24,536.52
17,804,260.43	17,804,260.43			17,804,260.43		17,804,260.43
<b>18,588,537.91</b>	<b>18,588,537.91</b>		<b>24,536.52</b>	<b>17,804,260.43</b>	<b>759,740.96</b>	<b>18,588,537.91</b>
<b>4,695,728,614.03</b>	<b>4,791,829,226.62</b>		<b>52,331,100.55</b>	<b>678,541,559.04</b>	<b>4,060,956,567.03</b>	<b>4,791,829,226.62</b>

## TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended August 31, 2013

**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	\$	868,205,875.22
Federal Pass-Through Revenues		96,100,612.59
Federal Revenues - Proprietary		1,475,602,222.96
Subtotal		<u>2,439,908,710.77</u>

**RECONCILING ITEMS**

State UI funds		2,343,586,105.71
* Federal Fixed Fee Contracts		(1,730,883.00)
**Expenditure of Non-Grant ARRA Funds		8,951,322.66
ARRA Revenue recognized in Prior Years		1,113,970.48
Per Federal Schedule	\$	<u>4,791,829,226.62</u>

**Note 2 - Unemployment Insurance Funds**

The expenditures in CFDA 17.225 consists of the following:

**NON ARRA Expenditures**

UI Administrative Grant Funds	\$	154,727,893.87
Extended Benefits (EB)		1,172,890.13
State UI Benefits Paid		2,343,586,105.71
Emergency Unemployment Comp. (EUC)		1,346,747,130.65
Former Federal Employees		110,912,842.30
Federally Fund Short Term Comp.		9,030,996.17
Disaster Unemployment Assistance		(33,640.00)
TRA Federal Benefits		7,796,825.00
Total Non-ARRA Expenditures		<u>3,973,941,043.83</u>

**ARRA Expenditures**

Federal Additional Compensation (FAC)		(28,700.98)
Extended Benefits (EB)		36,214.00
Former Federal Employees		(32,334.30)
UI ARRA Grant		8,951,322.66
Total ARRA Expenditures		<u>8,926,501.38</u>

<b>Total</b>	\$	<u><u>3,982,867,545.21</u></u>
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\* 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, 2013

*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 were subsequently transferred out of the Unemployment Trust Proprietary Fund, to the Federal American Recovery and Reinvestment Act Governmental Fund (TWC Fund 0369), as they were expended. At August 31, 2013 all of the ARRA funds held in the Unemployment Trust Proprietary Fund had been expended.*



## TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended August 31, 2013

## 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	24,536.52	17,804,260.43	759,740.96	18,588,537.91
Labor Force Statistics	17.002			3,852,087.66	3,852,087.66
Employment Service	17.207	895,729.42	10,436,092.85	40,654,557.84	51,986,380.11
Unemployment Insurance	17.225		2,273,789.90	152,454,103.97	154,727,893.87
Unemployment Insurance - ARRA*	17.225			8,951,322.67	8,951,322.67
Senior Community Service Employment Program	17.235		4,791,910.62	25,856.38	4,817,767.00
Trade Adjustment Assistance	17.245		9,550,335.13	1,831,361.20	11,381,696.33
One-Stop Career Center Initiatives	17.257			556,909.41	556,909.41
Workforce Investment Act - Adult Program	17.258	(1,062.39)	42,639,624.36	1,970,153.28	44,608,715.25
Workforce Investment Act - Youth Activities	17.259	(7,825.59)	48,193,708.95	4,806,133.96	52,992,017.32
Workforce Investment Act - Dislocated Workers	17.260		46,676.00	495,273.93	541,949.93
Workforce Investment Act - Pilots, Demo. and Research	17.261	384,102.89		41,128.00	425,230.89
Incentive Grants - Workforce Investment Act Section 503	17.267	38,258.67	771,330.26	151,612.46	961,201.39
Work Opportunity Tax Credit Program	17.271			1,241,288.98	1,241,288.98
Temporary Labor Certification For Foreign Workers	17.273		6,232.32	460,220.12	466,452.44
Workforce Investment Act - National Emergency Grants	17.277		3,235,834.50	13,106.23	3,248,940.73
WIA - Dislocated Worker Formula Grants	17.278	599,691.17	62,983,089.71	4,112,784.30	67,695,565.18
WIA - DW National Reserve Demonstration Grants	17.280	36,600.79	5,956.86	59,360.50	101,918.15
Temporary Assistance for Needy Families	93.558	893,538.40	83,006,691.56	9,740,248.24	93,640,478.20
Child Care and Development Block Grant	93.575	44,681,412.92	182,073,710.87	9,590,988.27	236,346,112.06
Child Care and Development Fund	93.596	4,786,117.75	208,722,314.72		213,508,432.47
Social Services Block Grant	93.667		2,000,000.00		2,000,000.00
		52,331,100.55	678,541,559.04	241,768,238.36	972,640,897.95

\*American Recovery and Reinvestment Act

Federal Revenues - Governmental	868,205,875.22
Federal Pass-Through Revenues	96,100,612.59
Federal Fixed Fee Contracts	(1,730,883.00)
Expenditure of NON-Grant ARRA Funds	8,951,322.66
ARRA Revenue recognized in Prior Years	1,113,970.48
Total	<u>972,640,897.95</u>

TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 1B**  
**SCHEDULE OF STATE PASS-THROUGH GRANT FROM/TO STATE AGENCIES**  
For the Year Ended August 31, 2013

**Pass-Through To Other Agencies:**

## Apprenticeship

Texas State Technical College System (Agency 719)	\$	20,430.30
Lamar State College - Orange (Agency 787)		<u>205,330.54</u>
Subtotal		<u>225,760.84</u>

## Skills Development

Texas Engineering Extension Service (Agency 716)	\$	595.00
Texas State Technical College System (Agency 719)		410,406.80
Lamar State College - Orange (Agency 787)		75,590.35
Lamar State College Institute of Technology (Agency 789)		<u>139,675.00</u>
Subtotal		<u>626,267.15</u>

**Total Pass-Through To Other Agencies**

	\$	<u><u>852,027.99</u></u>
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TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 2A**  
**MISCELLANEOUS BOND INFORMATION**  
 For Fiscal Year Ended August 31, 2013

**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>						

\*Note that the July 1, 2013 call date was utilized and it is anticipated that the call dates on this issue will be utilized and that it will be completely retired by July 2017.

\*\*In January 2013 the Series 2010C issue was paid off.

**SCHEDULE 2B**  
**CHANGES IN BONDED INDEBTEDNESS**

For Fiscal Year Ended August 31, 2013

**Business-Type Activities**

Description of Issue	Bonds Outstanding 9/1/2012	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2013
Revenue Bonds					
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010A	\$ 871,175,000.00		149,265,000.00		721,910,000.00
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010B	\$ 549,465,000.00		-	70,120,000.00	479,345,000.00
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010C	\$ 45,985,000.00		-	45,985,000.00	-
	<u>\$ 1,466,625,000.00</u>	<u>\$ -</u>	<u>\$ 149,265,000.00</u>	<u>\$ 116,105,000.00</u>	<u>\$ 1,201,255,000.00</u>

TEXAS WORKFORCE COMMISSION (320)

**(For Proprietary Funds Only: Reconciliation)**

<u>Unamortized Premium</u>	<u>Unamortized Discount</u>	<u>Gain / (Loss) on Refunding</u>	<u>Net Bonds Outstanding 8/31/2013</u>	<u>Amounts Due Within One Year</u>
43,356,338.26	-	-	\$ 765,266,338.26	\$ 177,274,462.00
23,740,006.83	-	-	\$ 503,085,006.83	\$ 9,890,551.33
-	-	-	\$ -	\$ -
<u>\$ 67,096,345.09</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,268,351,345.09</u>	<u>\$ 187,165,013.33</u>



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**SCHEDULE 2C**  
**DEBT SERVICE REQUIREMENTS**  
For Fiscal Year Ended August 31, 2013

**Business-Type Activities**

<u>Description of Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>
Revenue Bonds			
Texas Public Finance Authority	2014	159,990,000.00	34,777,900.00
Unemployment Compensation	2015	172,860,000.00	26,769,200.00
Obligation Assessment	2016	186,990,000.00	18,266,275.00
Revenue Bonds, Series 2010A	2017	202,070,000.00	8,814,700.00
		<u>721,910,000.00</u>	<u>88,628,075.00</u>
*Texas Public Finance Authority	2014		23,967,250.00
Unemployment Compensation	2015		23,967,250.00
Obligation Assessment	2016		23,967,250.00
Revenue Bonds, Series 2010B	2017		23,967,250.00
	2018	209,480,000.00	22,480,250.00
	2019	189,985,000.00	12,493,625.00
	2020	79,880,000.00	1,997,000.00
		<u>479,345,000.00</u>	<u>132,839,875.00</u>

\* Note the principal and interest payments reflected for the Series 2010B issue do not reflect the anticipated utilization of the call features of this issue.

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**SCHEDULE 2D**  
**ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE**  
 For Fiscal Year Ended August 31, 2013

**Business-Type Activities**

<u>Description of Issue</u>	<u>Pledged and Other Sources and Related Expenditures for FY 2013</u>			
	<u>Net Available for</u>		<u>Debt Service</u>	
	<u>Total Pledged</u>	<u>Operating Expenses/</u>	<u>Debt Service</u>	
			<u>and Other Sources</u>	<u>Expenditures and</u>
	<u>Capital Outlay</u>			
Revenue Bonds				
Texas Public Finance Authority				
Unemployment Compensation	\$ 329,866,306.96	\$ -	\$ 149,265,000.00	\$ 69,960,905.00
Obligation Assessment Revenue				
Bond Series 2010A, B, & C	<u>\$ 329,866,306.96</u>	<u>\$ -</u>	<u>\$ 149,265,000.00</u>	<u>\$ 69,960,905.00</u>



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**SCHEDULE 2F**  
**EARLY EXTINGUISHMENT AND REFUNDING**  
 For Fiscal Year Ended August 31, 2013

**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 2010B	Early Extinguishment	70,120,000.00
		<u>\$ 70,120,000.00</u>
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010C	Early Extinguishment	45,985,000.00
		<u>\$ 45,985,000.00</u>

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

For the Year Ended August 31, 2013

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, 2013 are as follows.

<u>Commission Member</u>	<u>Dates of Term</u>	<u>Hometown</u>
Esperanza "Hope" Andrade (Commissioner Representing Employers)	March 2013 – February 2015	San Antonio
Ronald G. Congleton (Commissioner Representing Labor)	October 2003 – February 2017	Rockwall
Andres Alcantar (Chair and Commissioner Representing the Public)	August 2008 – February 2019 (May 1, 2012 named TWC Chair)	Pflugerville

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

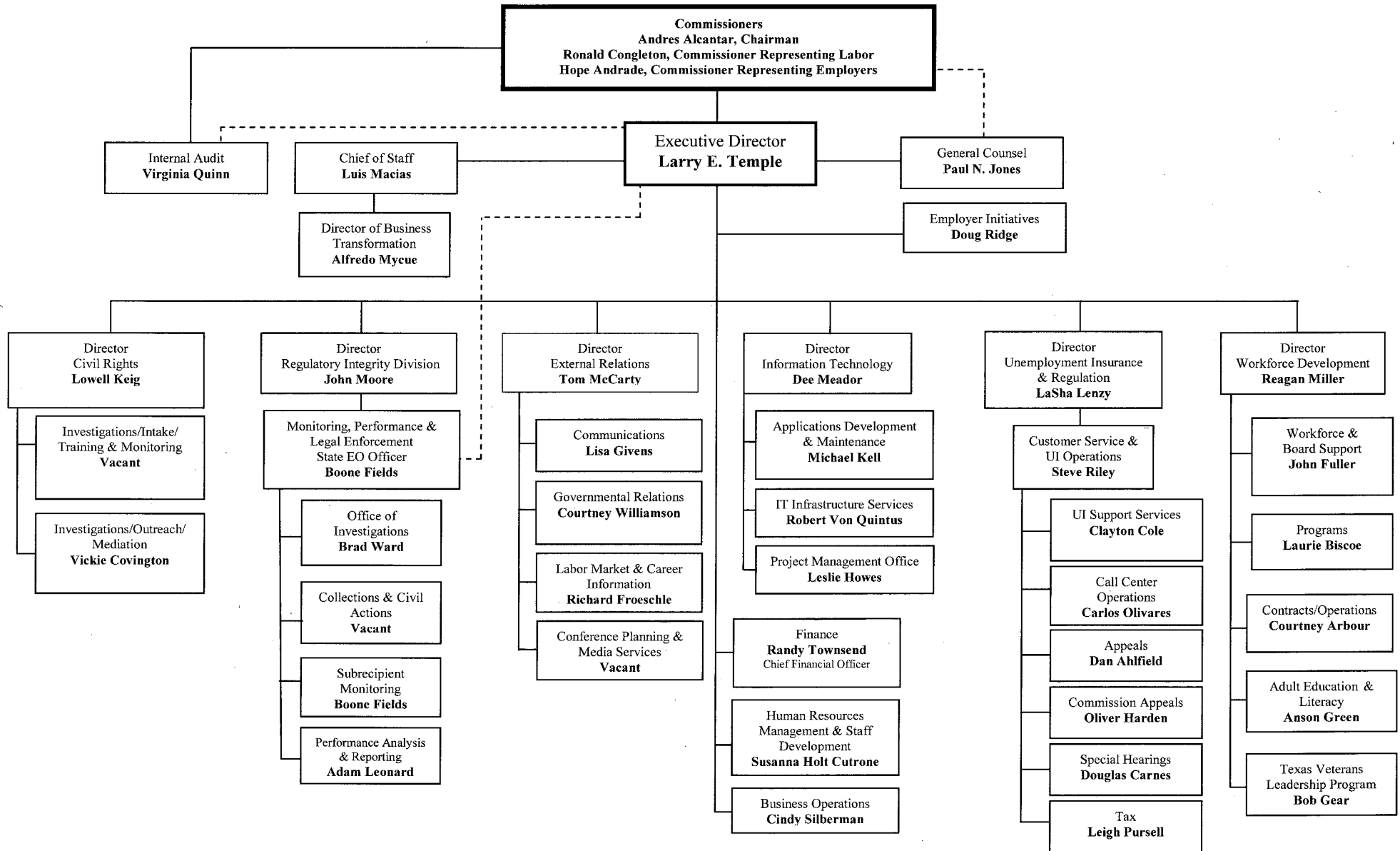
The Commission had a total of 3,091 Full-time employees at August 31, 2013.



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**TEXAS WORKFORCE COMMISSION**  
**October 2013**

*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

**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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