

**Texas
Workforce
Commission**



**Annual Financial Report
For The Year Ending
August 31, 2014**



ANNUAL FINANCIAL REPORT

UNAUDITED

TEXAS WORKFORCE COMMISSION
Austin, Texas

Year Ended August 31, 2014

November 10, 2014

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, 2014, 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

TABLE OF CONTENTS

	Page Number
AGENCY TRANSMITTAL LETTER	
COMBINED FINANCIAL STATEMENTS	
Combined Balance Sheet/Statement of Net Position – Governmental Funds	1
Combined Statement of Revenues, Expenditures, & Changes in Fund Balances/Statement of Activities – Governmental Funds	3
Combined Statement of Net Position – Proprietary Funds	5
Combined Statement of Revenues, Expenses, & Changes in Net Position – Proprietary Funds	6
Combined Statement of Cash Flows – Proprietary Funds	8
Combined Statement of Fiduciary Net Position – Fiduciary Funds	9
Combined Statement of Changes in Fiduciary Net Position	10
NOTES TO THE FINANCIAL STATEMENTS	12
COMBINING FINANCIAL STATEMENTS	
Combining Balance Sheet – All General and Consolidated Funds	33
Combining Statement of Revenues, Expenditures & Changes in Fund Balances – All General and Consolidated Funds	35
Combining Statement of Net Position – Proprietary Funds	39
Combining Statement of Revenues, Expenses, & Changes in Net Position – Proprietary Funds	41
Combining Statement of Cash Flows – Enterprise Funds	43
Combining Statement of Fiduciary Net Position – Private-Purpose Trust Funds	45
Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds	46
Combining Statement of Changes in Assets and Liabilities – Agency Funds	47
SCHEDULES	
Schedule of Expenditures of Federal Awards	49
Schedule of State Pass-Through Grants From/To State Agencies	58
Schedule 2A: Miscellaneous Bond Information	60
Schedule 2B: Changes in Bonded Indebtedness	61
Schedule 2C: Debt Service Requirements	64
Schedule 2D: Analysis of Funds Available for Debt Service	66
Schedule 2E: Defeased Bonds Outstanding	68
Schedule 2F: Early Extinguishment and Refunding	70
ADDENDA	
Organization, Responsibilities and General Comments	72

TEXAS WORKFORCE COMMISSION

TEXAS WORKFORCE COMMISSION (320)

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

For the Year Ended August 31, 2014

	Governmental Fund Types			Statement of Net Assets
	General Funds (Exhibit A-1)	Capital Asset Adjustments	Long-Term Liabilities Adjustment	
ASSETS				
Current Assets:				
Cash and Cash Equivalents				
Cash on Hand	\$ 153,135.06	\$	\$	\$ 153,135.06
Cash in Bank (Note 3)	391,243.99			391,243.99
Cash in State Treasury	133,238,319.53			133,238,319.53
Legislative Appropriations	53,532,407.77			53,532,407.77
Receivables:				
Federal Receivables (Note 24)	21,122,838.50			21,122,838.50
Interest and Dividends	834.79			834.79
Accounts Receivable (Note 24)	10,008,868.27			10,008,868.27
Interfund Receivable (Note 12)	1,735,706.54			1,735,706.54
Due from Other Funds (Note 12)	922,600.00			922,600.00
Due from Other Agencies (Note 12)	2,373,723.35			2,373,723.35
Consumable Inventories	1,345,139.60			1,345,139.60
Prepaid Items	3,250.00			3,250.00
Total Current Assets	224,828,067.40	0.00	0.00	224,828,067.40
Non-Current Assets:				
Capital Assets (Note 2)				
Non-Depreciable				
Land and Land Improvements		4,796,707.23		4,796,707.23
Construction in Progress		9,043,161.89		9,043,161.89
Depreciable				
Building and Building Improvements		33,188,151.32		33,188,151.32
Accumulated Depreciation		(26,220,642.70)		(26,220,642.70)
Infrastructure		2,156,234.96		2,156,234.96
Accumulated Depreciation		(1,756,110.48)		(1,756,110.48)
Furniture and Equipment		7,530,553.41		7,530,553.41
Accumulated Depreciation		(6,451,361.52)		(6,451,361.52)
Vehicles, Boats & Aircraft		259,938.52		259,938.52
Accumulated Depreciation		(162,960.31)		(162,960.31)
Amortizable - Intangible				
Computer Software		14,350,950.45		14,350,950.45
Accumulated Depreciation		(14,284,181.56)		(14,284,181.56)
Total Non-Current Assets	0.00	22,450,441.21	0.00	22,450,441.21
Total Assets	\$ 224,828,067.40	\$ 22,450,441.21	\$ 0.00	\$ 247,278,508.61

LIABILITIES AND FUND BALANCES

Liabilities:

Current Liabilities:

Payables:

Accounts Payable	\$ 27,073,514.71	\$	\$	\$ 27,073,514.71
Payroll Payable	13,019,518.14			13,019,518.14
Interfund Payable (Note 12)	1,735,706.54			1,735,706.54
Unearned Revenues	931,874.47			931,874.47
Due to Other Funds (Note 12)	4,849,950.43			4,849,950.43
Due to Other Agencies (Note 12)	4,155,677.66			4,155,677.66
Employees Compensable Leave (Note 5)			8,622,861.84	8,622,861.84
Total Current Liabilities	51,766,241.95	0.00	8,622,861.84	60,389,103.79

TEXAS WORKFORCE COMMISSION (320)

EXHIBIT I

COMBINED BALANCE SHEET / STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS

For the Year Ended August 31, 2014

	Governmental Fund Types			Statement of Net Assets
	General Funds (Exhibit A-1)	Capital Asset Adjustments	Long-Term Liabilities Adjustment	
Non-Current Liabilities:				
Employees Compensable Leave (Note 5)			1,163,684.47	1,163,684.47
Total Non-Current Liabilities	0.00	0.00	1,163,684.47	1,163,684.47
Total Liabilities	51,766,241.95	0.00	9,786,546.31	61,552,788.26
Fund Financial Statement-Fund Balances				
Fund Balances (Deficits):				
Non-Spendable	\$ 1,348,389.60	\$	\$	\$ 1,348,389.60
Restricted	4,133,682.68			4,133,682.68
Committed	119,357,458.97			119,357,458.97
Assigned	48,222,294.20			48,222,294.20
Total Fund Balances	173,061,825.45	0.00	0.00	173,061,825.45
Total Liabilities and Fund Balance	\$ 224,828,067.40	0.00	9,786,546.31	234,614,613.71
Government-wide Statement-Net Position				
Net Position:				
Invested in Capital Assets, Net of Related Debt		22,450,441.21		22,450,441.21
Unrestricted			(9,786,546.31)	(9,786,546.31)
Total Net Position		\$ 22,450,441.21	\$ (9,786,546.31)	\$ 185,725,720.35

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, 2014

	Governmental Fund Types			
	General Funds (Exhibit A-2)	Capital Asset Adjustments	Long-Term Liabilities Adjustment	Statement of Activities
REVENUES:				
Legislative Appropriations				
Original Appropriations (GR)	\$ 115,752,740.00	\$	\$	\$ 115,752,740.00
Additional Appropriations (GR)	2,612,255.15			2,612,255.15
Federal Revenue	904,726,949.97			904,726,949.97
Federal Pass-Through Revenue	92,591,637.82			92,591,637.82
Licenses, Fees and Permits	118,076,504.37			118,076,504.37
Interest and Investment Income	60,607.71			60,607.71
Land Income	618.31			618.31
Settlement of Claims	11,200.00			11,200.00
Sales of Goods and Services	1,522,695.70			1,522,695.70
Other Revenues	49,903,137.61			49,903,137.61
Total Revenue	1,285,258,346.64	0.00	0.00	1,285,258,346.64
EXPENDITURES				
Salaries and Wages	127,425,354.27		(402,079.23)	127,023,275.04
Payroll Related Costs	62,768,509.43			62,768,509.43
Professional Fees and Services	26,736,839.00			26,736,839.00
Travel	1,515,678.43			1,515,678.43
Materials and Supplies	10,669,172.61			10,669,172.61
Communication and Utilities	7,490,671.18			7,490,671.18
Repairs and Maintenance	4,759,658.95			4,759,658.95
Rentals and Leases	2,756,336.35			2,756,336.35
Printing and Reproduction	422,730.44			422,730.44
Federal Pass-Through Expenditures	52,502,501.07			52,502,501.07
State Grant Pass-Through Expenditures	2,693,517.08			2,693,517.08
Intergovernmental Payments	66,095,236.35			66,095,236.35
Public Assistance Payments	818,015,282.21			818,015,282.21
Other Operating Expenditures	7,219,191.71			7,219,191.71
Capital Outlay	6,165,158.33	(6,165,158.33)		0.00
Depreciation Expense (Note 2)		1,362,252.51		1,362,252.51
Amortization Expense (Note 2)		436,534.70		436,534.70
Total Expenditures	1,197,235,837.41	(4,366,371.12)	(402,079.23)	1,192,467,387.06
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ 88,022,509.23	\$ 4,366,371.12	\$ 402,079.23	\$ 92,790,959.58

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, 2014

	Governmental Fund Types			Statement of Activities
	General Funds (Exhibit A-2)	Capital Asset Adjustments	Long-Term Liabilities Adjustment	Statement of Activities
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	729,825.20	(729,825.20)		0.00
Transfers In (Note 12)	\$ 161,189,179.00	\$	\$	\$ 161,189,179.00
Transfers Out (Note 12)	(258,686,699.69)			(258,686,699.69)
Legislative Financing Sources	13,885,700.00			13,885,700.00
Legislative Financing Uses	(500,000.00)			(500,000.00)
Gain (Loss) on Sale of Capital Assets		357,973.45		357,973.45
Incr (Decr) Net Assets - Interagency Transfer of Capital Assets		(260.00)		(260.00)
Total Other Financing Sources (Uses)	<u>(83,381,995.49)</u>	<u>(372,111.75)</u>	<u>0.00</u>	<u>(83,754,107.24)</u>
Net Change in Fund Balances / Net Position	<u>4,640,513.74</u>	<u>3,994,259.37</u>	<u>402,079.23</u>	<u>9,036,852.34</u>
Fund Financial Statement-Fund Balances				
Fund Balances, September 1, 2013	168,803,723.95			168,803,723.95
Restatement (Note 14)	(350.00)			(350.00)
Fund Balances, September 1, 2013, as restated	<u>168,803,373.95</u>			<u>168,803,373.95</u>
Appropriations Lapsed	(382,062.24)			(382,062.24)
FUND BALANCES - August 31, 2014	<u>\$ 173,061,825.45</u>	<u>\$ 3,994,259.37</u>	<u>\$ 402,079.23</u>	<u>\$ 177,458,164.05</u>
GOVERNMENT-WIDE STATEMENT-NET POSITION				
Change in Net Position	<u>173,061,825.45</u>	<u>3,994,259.37</u>	<u>402,079.23</u>	<u>177,458,164.05</u>
Net Position, September 1, 2013		18,456,181.84	(10,188,625.54)	8,267,556.30
Net Position, August 31, 2014	<u>\$ 173,061,825.45</u>	<u>\$ 22,450,441.21</u>	<u>\$ (9,786,546.31)</u>	<u>\$ 185,725,720.35</u>

TEXAS WORKFORCE COMMISSION (320)

EXHIBIT III**COMBINED STATEMENT OF NET POSITION - PROPRIETARY FUNDS**

For the Year Ended August 31, 2014

	Total Proprietary Funds (Exhibit F-1)
ASSETS	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	\$ 376,055.04
Cash in State Treasury	135,378.40
Short-Term Investments (Note 3)	38,960,000.00
Restricted:	
Cash in State Treasury (Note 3)	51,963,418.23
Cash in Federal Treasury (Note 3)	1,986,049,338.59
Receivables:	
Federal Receivables (Note 24)	5,814,370.91
Interest and Dividends	8,198,931.53
Accounts Receivable (Note 24)	281,688,301.62
Due from Other Funds (Note 12)	146,513,830.43
Total Current Assets	<u>2,519,699,624.75</u>
Total Assets	<u>2,519,699,624.75</u>
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts Payable	82,147,689.05
Interest Payable	10,333,440.48
Due to Other Funds (Note 12)	142,586,480.00
Revenue Bonds Payable (Note 5)	207,508,710.16
Unearned Revenues	93,467,859.61
Total Current Liabilities	<u>536,044,179.30</u>
Non-Current Liabilities:	
Revenue Bonds Payable (Note 5)	769,915,585.92
Total Non-Current Liabilities	<u>769,915,585.92</u>
Total Liabilities	<u>1,305,959,765.22</u>
NET POSITION	
Restricted For:	
Unemployment Trust Fund	2,079,503,526.19
Debt Retirement	(865,763,666.66)
Total Net Position	<u>\$ 1,213,739,859.53</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, 2014

	Total Proprietary Funds (Exhibit F-2)
OPERATING REVENUES	
Unemployment Assessment	\$ 2,532,273,246.08
Federal Revenue	446,584,976.12
Other Operating Revenue	181,661,819.37
Total Operating Revenue	<u>3,160,520,041.57</u>
OPERATING EXPENSES	
Unemployment Benefit Payments	2,728,805,503.44
Total Operating Expenses	<u>2,728,805,503.44</u>
OPERATING INCOME (LOSS)	<u>431,714,538.13</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Expense	(23,365,897.78)
Interest and Investment Income	39,309,548.26
Other Non-Operating Expenses	(6,852,780.45)
Total Non-Operating Revenues (Expenses)	<u>9,090,870.03</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS	<u>440,805,408.16</u>
OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS	
Transfers In (Note 12)	6,850,641,491.59
Transfers Out (Note 12)	(6,754,984,128.69)
Total Other Revenues (Expenses), Gains/(Losses) and Transfers	<u>95,657,362.90</u>
CHANGE IN NET POSITION	<u>536,462,771.06</u>
NET POSITION, September 1, 2013	677,277,088.47
NET POSITION, August 31, 2014	<u>\$ 1,213,739,859.53</u>

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS WORKFORCE COMMISSION (320)

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

For the Year Ended August 31, 2014

	Total Proprietary Funds (Exhibit F-3)
CASH FLOWS FROM OPERATING ACTIVITIES	
Unemployment Assessments	\$ 2,572,947,181.35
Proceeds from Federal Revenue	469,185,361.29
Proceeds from Other Revenue	182,012,222.84
Unemployment Benefit Payments	(2,761,591,285.07)
Net Cash Provided by Operating Activities	<u>462,553,480.41</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Proceeds from Bond Issuance	762,911,573.55
Payment of Principal on Bonds	(1,024,949,283.61)
Payment of Interest Expense	(51,671,079.58)
Payment of Other Costs of Debt Issuance	(2,614,593.98)
Transfers from Other Funds	6,616,156,524.67
Transfers to Other Funds	(6,524,426,512.20)
Net Cash Provided by Non-Capital Financing Activities	<u>(224,593,371.15)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Investment Income	38,655,158.42
Net Cash Provided by Investing Activities	<u>38,655,158.42</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>276,615,267.68</u>
Cash and Cash Equivalents, September 1, 2013	<u>1,800,868,922.58</u>
Net Cash and Cash Equivalents, August 31, 2014	<u>\$ 2,077,484,190.26</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	<u>431,714,538.13</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	42,914,622.66
Increase (Decrease) in Payables	(41,726,558.99)
Increase (Decrease) in Deferred Revenue	29,650,878.61
Total Adjustments	<u>30,838,942.28</u>
Net Cash Provided by Operating Activities	<u>\$ 462,553,480.41</u>

TEXAS WORKFORCE COMMISSION (320)

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

For the Year Ended August 31, 2014

	Private Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	TOTALS
ASSETS			
Cash and Cash Equivalents			
Cash on Hand	\$ 61,626.09	\$	\$ 61,626.09
Cash in State Treasury	695,732.71	34,933.22	730,665.93
Receivables:			
Interest and Dividends	329.33		329.33
Accounts Receivable (Note 24)	138,173.42	402,181.60	540,355.02
Total Assets	<u>895,861.55</u>	<u>437,114.82</u>	<u>1,332,976.37</u>
LIABILITIES			
Payables:			
Accounts Payable	884,556.07	402,181.60	1,286,737.67
Interest Payable	10,274.17		10,274.17
Due to Other Agencies (Note 12)	1,031.31		1,031.31
Funds Held For Others		34,933.22	34,933.22
Total Liabilities	<u>895,861.55</u>	<u>437,114.82</u>	<u>1,332,976.37</u>
NET POSITION			
Held in Trust For:			
Payday Law	0.00	0.00	0.00
Total Net Position	<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, 2014

	Private Purpose Trust Funds (Exhibit I-2)	TOTALS
ADDITIONS		
Investment Income		
From Investing Activities:		
Interest and Investment Income	\$ 4,542.39	\$ 4,542.39
Net Income From Investing Activities	4,542.39	4,542.39
Total Net Investment Income (Loss)	4,542.39	4,542.39
Other Additions		
Collections from Employers for Payday Law Claims	3,505,869.17	3,505,869.17
Total Other Additions	3,505,869.17	3,505,869.17
Total Additions	3,510,411.56	3,510,411.56
DEDUCTIONS		
Settlement of Claims	3,505,869.17	3,505,869.17
Interest Expense	3,511.08	3,511.08
Transfers Out (Note 12)	1,031.31	1,031.31
Total Deductions	3,510,411.56	3,510,411.56
INCREASE (DECREASE) IN NET POSITION	0.00	0.00
Net Position, September 1, 2013	0.00	0.00
NET POSITION, August 31, 2014	\$ 0.00	\$ 0.00

THIS PAGE INTENTIONALLY LEFT BLANK

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.

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.

TEXAS WORKFORCE COMMISSION (320)

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. A memo of understanding exists between the IAWP-TC and the Commission that outlines the roles and responsibilities of both parties. 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. However, the proceeds and expenses related to the Series 2014 Revenue Refunding Bonds, as noted in Exhibits F-2 and F-3, were received and paid in the Texas Treasury Safekeeping Trust Company. This fund was created by S.B. 280 and H.B. 3318, 78th 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, 78th 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, 67th 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.

TEXAS WORKFORCE COMMISSION (320)

Fund Balance/Net Position

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

Non-spendable fund balance includes amounts not available to be spent 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 Position

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

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 Position

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

INTERFUND ACTIVITIES AND BALANCES**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 08/31/14		
	Balance 09/01/13	Completed Construction In Progress	Increase Interagency Transfers	Decrease Interagency Transfers	Adjustments	Additions	Deletions						
Governmental Activities:													
Non-Depreciable or Non-Amortizable Assets													
Land and Land Improvements	\$ 4,979,233.63	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 4,796,707.23
*Construction In Progress	3,102,972.80					5,940,189.09				5,940,189.09			9,043,161.89
Total Non-Depreciable or Non-Amortizable Assets:	8,082,206.43	0.00	0.00	0.00	0.00	5,940,189.09				5,940,189.09			13,839,869.12
Depreciable Assets:													
Buildings and Building Improvements	34,397,564.03												33,188,151.32
Infrastructure	2,156,234.96												2,156,234.96
Furniture and Equipment	7,546,426.28			(6,240.00)						224,969.24		(234,602.11)	7,530,553.41
Vehicles, Boats & Aircraft	259,938.52												259,938.52
Total Depreciable Assets	44,360,163.79	0.00	0.00	(6,240.00)	0.00					224,969.24		(1,444,014.82)	43,134,878.21
Less Accumulated Depreciation For:													
Buildings and Building Improvements	(26,458,738.00)									(781,992.06)		1,020,087.36	(26,220,642.70)
Infrastructure	(1,671,401.04)									(84,709.44)			(1,756,110.48)
Furniture and Equipment	(6,217,517.54)				5,980.00					(474,426.09)		234,602.11	(6,451,361.52)
Vehicles, Boats & Aircraft	(141,835.39)									(21,124.92)			(162,960.31)
Total Accumulated Depreciation	(34,489,491.97)	0.00	0.00	5,980.00	0.00					(1,362,252.51)		1,254,689.47	(34,591,075.01)
Depreciable Assets, Net	9,870,671.82	0.00	0.00	(240.00)	0.00					(1,137,283.27)		(189,325.35)	8,543,803.20
Amortizable Assets – Intangible:													
Computer Software	15,737,320.41												14,350,950.45
Total Amortizable Assets – Intangible	15,737,320.41	0.00	0.00	0.00	0.00					0.00			14,350,950.45
Less Accumulated Amortization for:													
Computer Software	(15,234,016.82)									(436,534.70)			(14,284,181.56)
Total Accumulated Amortization	(15,234,016.82)	0.00	0.00	0.00	0.00					(436,534.70)			(14,284,181.56)
Amortizable Assets – Intangible, Net	503,303.59	0.00	0.00	0.00	0.00					(436,534.70)		0.00	66,768.89
Governmental Activities Capital Assets, Net:	\$ 18,456,181.84	\$ 0.00	\$ 0.00	\$ (240.00)	\$ 0.00	\$ 4,366,371.12	\$	\$	\$	\$ 4,366,371.12	\$	\$ (371,851.75)	\$ 22,450,441.21

*Construction in Progress represents seven internally generated software projects. Five for the Unemployment Insurance Program, one for the Work in Texas (WIT) and The Workforce Information System of Texas (TWIST) programs and one for the PeopleSoft 9.1 Financials upgrade.

TEXAS WORKFORCE COMMISSION (320)

NOTE 3: DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS

DEPOSITS OF CASH IN BANK

As of August 31, 2014, the carrying amount of deposits was \$391,243.99 as presented below.

Governmental and Business-Type Activities	
CASH IN BANK – CARRYING AMOUNT	\$ 391,243.99
Total Cash in Bank per AFR	\$ 391,243.99
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	285,918.29
Public Employees Credit Union	80,325.70
Cash in Bank per AFR	\$ 391,243.99

As of August 31, 2014, the total bank balance was as follows.

Governmental and Business-Type Activities	\$ 386,374.28
---	---------------

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

Fund Type	GAAP Fund	Uninsured and uncollateralized	Uninsured and collateralized with securities held by the pledging financial institution	Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the state's name
01	7999	\$ 35,918.29	\$	\$

INVESTMENTS

As required in the Official Statement of the Unemployment Compensation Obligation Assessment Revenue Refunding Bonds, Series 2014, the excess pledged revenues collected by the Obligation Assessment Tax, have been invested in the Federated Tax-Free Obligations Fund held by the [Texas Treasury Trust Company](#). This fund, invests in short-term, high-quality, tax-exempt securities and provides safe harbor with respect to IRS arbitrage regulations.

As of August 31, 2014, the fair value of investments were:

Governmental and Business-Type Activities	
Fixed Income Money Market and Bond Mutual Fund	\$ 38,960,000.00
Total Investments	\$ 38,960,000.00
Proprietary Funds Current Assets Restricted Short-Term Investments	\$ 38,960,000.00
Investments per Exhibits	\$ 38,960,000.00

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 (Exhibit F-1) is the result of warrants issued but not yet presented for payment.

TEXAS WORKFORCE COMMISSION (320)

Cash in Federal Treasury

Deposits in the Federal Treasury at August 31, 2014, were \$1,986,049,338.59. 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 73rd 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 73rd 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	\$ 160,843,579.00	\$ 160,843,579.00	\$ 0.00	\$ 0.00
Total Governmental Activities	\$ 0.00	\$ 160,843,579.00	\$ 160,843,579.00	\$ 0.00	\$ 0.00

NOTE 5: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2014, 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.

The changes in Employee's Compensable Leave are reflected in the table below.

Governmental Activities	Balance 09-01-13	Additions	Reductions	Balance 08-31-14	Amount Due Within One Year	Amount Due Thereafter
Compensable Leave	\$ 10,188,625.54	\$ 8,738,163.95	\$ 9,140,243.18	\$ 9,786,546.31	\$ 8,622,861.84	\$ 1,163,684.47
Total Governmental Activities	\$ 10,188,625.54	\$ 8,738,163.95	\$ 9,140,243.18	\$ 9,786,546.31	\$ 8,622,861.84	\$ 1,163,684.47

Revenue Bonds Payable

Under the provisions of Title IV, Subtitle A, Section 203.251 of the Labor Code, the Texas Workforce Commission is authorized to seek alternative methods of replenishing the unemployment compensation fund that can 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 (TPFA), the state issued three series of bonds in 2010 to finance the unemployment insurance program. During 2014, as discussed in Note 6, the 2010 bonds were partially refunded with the issuance of two series of refunding bonds.

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

TEXAS WORKFORCE COMMISSION (320)

The changes in Bonded Indebtedness are reflected in the table below.

Business-Type Activities	Balance 09-01-13	Additions	Reductions	Other Changes (Premium Amortization)	Balance 08-31-14	Amount Due Within One Year	Amount Due Thereafter
Revenue Bonds Payable	1,268,351,345.09	709,785,000.00	984,605,000.00	(16,107,049.01)	977,424,296.08	207,508,710.16	769,915,585.92
Total Business-Type Activities	\$ 1,268,351,345.09	\$ 709,785,000.00	\$ 984,605,000.00	\$ (16,107,049.01)	\$ 977,424,296.08	\$ 207,508,710.16	\$ 769,915,585.92

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

On May 15, 2014, the Texas Workforce Commission in coordination with the Texas Public Finance Authority implemented a current and an advanced refunding of a portion of the Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds Series 2010A and 2010B. The purpose of the refunding was to achieve a present value cost savings by refunding a portion of the Series 2010 Bonds, with a combined par value of \$709.8 million and an effective interest rate of 2.54%, and issuing the Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Refunding Bonds Series 2014A and 2014B with a combined par value of \$707.8 million and an effective interest rate of 1.04%.

The estimated principal and interest payments of the Series 2014 bonds are \$24.7 million less than the related principal and interest payments of the Series 2010 bonds that were refunded. This achieved an economic gain of \$24.1 million which represents the difference in the principal and interest payments, discounted at the effective interest rate of the Series 2014 bonds.

The proceeds of the 2014 Series bond issue were \$762.9 million. The underwriter discount and cost of issuance totaled \$2.9 million. The net proceeds, \$760.0 million, were deposited to the Escrow Fund, held by the Escrow agent, the Texas Treasury Safekeeping Trust Company, that with interest earnings, will be sufficient to discharge the Series 2010 refunded bonds on their respective redemption dates.

The carrying amount of Series 2010 refunded bonds at May 15, 2014, including unamortized premium as well as accrued interest, totaled \$761.4 million. That amount less the net proceeds of the Series 2014 bonds, \$760.0 million equaled \$1.4 million which will be credited against interest expense in the current year rather than amortized over the life of remaining 2010 bonds since it represents less than 5% of the refunded debt.

By August 31, 2014 the Series 2010B had been completely refunded and defeased. The remaining Series 2010 A bonds, together with the 2014 bonds, are parity bonds, having equal rights to the revenues of the Unemployment Insurance Obligation Tax Collections. The premium on each issue, which is significant, is being amortized over the expected life of the bonds using the effective interest rate method of amortization. All the bonds outstanding are fixed rate and tax-exempt.

TEXAS WORKFORCE COMMISSION (320)

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 Series 2010A and the Series 2014B bonds will be paid off earlier than their schedule maturities. These bonds are structured with callable and redemptive options to help achieve this goal. It is expected that the Series 2010A issue with a scheduled maturity of July 2017 will be retired in January 2016 and that the Series 2014B issued with a scheduled maturity of January 2019 will be retired in July 2017.

The 2010 Series bonds had been issued as a result of the severe economic downturn that began in 2008 which had caused the Texas Unemployment Trust Fund to become insolvent by July 2009. 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. The Title XII advances that were originally interest free were scheduled to increase to 4.1% in January 2011. Additionally under Title XII of the same act the federal unemployment tax that Texas employers pays to the federal government under the Federal Unemployment Tax Act (FUTA), was scheduled to increase unless Texas paid off the balance of the outstanding federal advances. Thus, in November and December of 2010 in coordination with TPFA, the Commission issued \$2.1 billion in bonds at an interest rate of 2.8%. \$1.7 billion was utilized to pay off all outstanding federal advances and the remaining \$400 million was deposited to the Unemployment Trust Fund. This action achieved a significant interest savings as well as avoiding a FUTA tax increase to Texas employers.

The remaining balance of \$3.9 million in unamortized bond issuance costs related to the 2010 bonds as well as \$2.9 million in bond issuance costs related to the 2014 bonds were expensed in the current year rather than being recognized as an asset and amortized over the remaining life of the bonds. This new accounting treatment is consistent with Governmental Accounting Standards Board (GASB) Statement Number 65, "Items Previously Reported as Assets and Liabilities." which the State of Texas is implementing this year.

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	\$ 414,564.35

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
2015	\$ 318,604.83
2016	214,080.00
2017	132,720.00
2018	0.00
2019	0.00
Total Minimum Future Lease Rental Payments	\$ 665,404.83

TEXAS WORKFORCE COMMISSION (320)

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, 2014, were as follows.

	INTERFUND RECEIVABLE	INTERFUND PAYABLE	PURPOSE
GENERAL			
Appd Fund 0001, D23 Fund 0001			
(Agency 320, Fund 5026)	\$	\$ 1,096,626.34	Allocation
Total Appropriated Fund 0001	0.00	1,096,626.34	
Appd Fund 0165, D23 Fund 0165			
(Agency 320, Fund 5026)		639,080.20	Allocation
Total Appropriated Fund 0165	0.00	639,080.20	
Appd Fund 5026, D23 Fund 5026			
(Agency 320, Fund 0001)	1,096,626.34		Allocation
(Agency 320, Fund 0165)	639,080.20		Allocation
Total Appropriated Fund 5026	1,735,706.54	0.00	
TOTAL CURRENT INTERFUND RECEIVABLE/PAYABLE	\$ 1,735,706.54	\$ 1,735,706.54	

UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS	SOURCE
GENERAL			
Appd Fund 0001, Fund 0001			
(Agency 320, Fund 0925)	\$	\$ 345,600.00	Tuition Trust Transfer
(Agency 320, Fund 5026)		577,000.00	Inter-Fund Loan
Total Appropriated Fund 0001	0.00	922,600.00	
Appd Fund 0165, D23 Fund 0165			
(Agency 320, Fund 0936)		3,927,350.43	UC Reimbursement
Total Appropriated Fund 0165	0.00	3,927,350.43	
Appd Fund 0925, D23 Fund 0925			
(Agency 320, Fund 0001)	345,600.00		Tuition Trust Transfer
Total Appropriated Fund 0925	345,600.00	0.00	
Appd Fund 5026, D23 Fund 5026			
(Agency 320, Fund 0001)	577,000.00		Inter-Fund Loan
Total Appropriated Fund 5026	577,000.00	0.00	
PROPRIETARY			
Appd Fund 3367, D23 Fund 0367			
(Agency 320, Fund 0844)		656.15	Transfer Interest
Total Appropriated Fund 3367	0.00	656.15	
Appd Fund 0844, D23 Fund 0844			
(Agency 320, Fund 3367)	656.15		Transfer Interest
Total Appropriated Fund 0844	656.15	0.00	
Appd Fund 0936, D23 Fund 0936			
(Agency 320, Fund 0165)	3,927,350.43		UC Reimbursement
(Agency 320, Fund 0938)		107,212,619.59	UI Trust Fund Transfer
Total Appropriated Fund 0936	3,927,350.43	107,212,619.59	
Appd Fund 0937, D23 Fund 0937			
(Agency 320, Fund 0938)	35,373,204.26		UI Trust Fund Transfer
Total Appropriated Fund 0937	35,373,204.26	0.00	
Appd Fund 0938, D23 Fund 0938			
(Agency 320, Fund 0936)	107,212,619.59		UI Trust Fund Transfer
(Agency 320, Fund 0937)		35,373,204.26	UI Trust Fund Transfer
Total Appropriated Fund 0938	107,212,619.59	35,373,204.26	
TOTAL DUE FROM/DUE TO OTHER FUNDS	\$ 147,436,430.43	\$ 147,436,430.43	

TEXAS WORKFORCE COMMISSION (320)

	DUE FROM OTHER AGENCIES	DUE TO OTHER AGENCIES	SOURCE
GENERAL			
Appd Fund 0001, D23 Fund 0001			
(Agency 711, Fund 7999)		156,581.95	State Pass Through
(Agency 719, Fund 7999)		39,377.63	State Pass Through
(Agency 787, Fund 7999)		81,162.96	State Pass Through
Total Appropriated Fund 0001	0.00	277,122.54	
Appd Fund 0165, D23 Fund 0165			
(Agency 308, Fund 0001)	908.00		UC Reimbursement
(Agency 504, Fund 0001)	2,405.00		UC Reimbursement
(Agency 608, Fund 0006)	6,938.00		UC Reimbursement
Total Appropriated Fund 0165	10,251.00	0.00	
Appd Fund 5026, D23 Fund 5026			
(Agency 300, Fund 2136)		98,553.07	Federal Pass Through
(Agency 529, Fund 0001)	2,296,801.38		Federal Pass Through
(Agency 530, Fund 0037)		583,791.31	Federal Pass Through
(Agency 701, Fund 0148)		2,967,697.72	Federal Pass Through
(Agency 712, Fund 7999)		52,321.75	Federal Pass Through
(Agency 713, Fund 7999)		14,249.88	Federal Pass Through
(Agency 716, Fund 7999)		4,869.30	Federal Pass Through
(Agency 719, Fund 7999)		1,800.00	Federal Pass Through
(Agency 721, Fund 7999)		28,139.44	Federal Pass Through
(Agency 723, Fund 7999)		12,941.67	Federal Pass Through
(Agency 730, Fund 7999)		27,641.46	Federal Pass Through
(Agency 734, Fund 7999)	30,688.81		Federal Pass Through
(Agency 743, Fund 7999)		68,673.51	Federal Pass Through
(Agency 759, Fund 7999)	35,358.75		Federal Pass Through
(Agency 781, Fund 0001)		17,876.01	Federal Pass Through
(Agency 784, Fund 7999)	623.41		Federal Pass Through
Total Appropriated Fund 5026	2,363,472.35	3,878,555.12	
FIDUCIARY			
Appd Fund 0894, D23 Fund 0894			
(Agency 902, Fund 0001)		1,031.31	Transfer Excess Funds
Total Appropriated Fund 0894	0.00	1,031.31	
TOTAL DUE FROM/ DUE TO OTHER AGENCIES	\$ 2,373,723.35	\$ 4,156,708.97	

TEXAS WORKFORCE COMMISSION (320)

	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT	PURPOSE
GENERAL			
Appd Fund 0001, D23 Fund 0001	\$	\$	
(Agency 320, Fund 0925)		345,600.00	Tuition Trust Transfer
(Agency 902, Fund 0001)		1,840,157.79	Transfer Lapsed Cash
Total Appropriated Fund 0001	0.00	2,185,757.79	
Appd Fund 0925, D23 Fund 0925			
(Agency 320, Fund 0001)	345,600.00		Tuition Trust Transfer
Total Appropriated Fund 0925	345,600.00	0.00	
Appd Fund 5026, D23 Fund 5026			
(Agency 903, Fund 5026)	160,843,579.00	160,843,579.00	CMIA Loan and Repayment
Total Appropriated Fund 5026	160,843,579.00	160,843,579.00	
Appd Fund 5128, D23 Fund 5128			
(Agency 320, Fund 0936)		95,657,362.90	ETIA Transfer to Trust Fund
Total Appropriated Fund 5128	0.00	95,657,362.90	
PROPRIETARY			
Appd Fund 0367, D23 Fund 1367			
(Agency 320, Fund 2844)	182,597,754.01		Bond Fund Transfer
(Agency 320, Fund 3844)	116,810,000.00		Bond Fund Transfer
(Agency 320, Fund 3367)		1,004,883.23	Bond Fund Transfer
Appd Fund 0367, D23 Fund 3367			
(Agency 320, Fund 0844)		656.15	Interest Transfer
(Agency 320, Fund 1367)	1,004,883.23		Bond Fund Transfer
Total Appropriated Fund 0367	300,412,637.24	1,005,539.38	
Appd Fund 0844, D23 Fund 0844			
(Agency 320, Fund 1844)		27,958.36	Bond Fund Transfer
(Agency 320, Fund 2844)		199,820,575.00	Bond Fund Transfer
(Agency 320, Fund 3844)		155,770,000.00	Bond Fund Transfer
(Agency 320, Fund 3367)	656.15		Interest Transfer
Appd Fund 0844, D23 Fund 1844			
(Agency 320, Fund 0844)	27,958.36		Bond Fund Transfer
Appd Fund 0844, D23 Fund 2844			
(Agency 320, Fund 0844)	199,820,575.00		Bond Fund Transfer
(Agency 320, Fund 1367)		182,597,754.01	Bond Fund Transfer
Appd Fund 0844, D23 Fund 3844			
(Agency 320, Fund 0844)	155,770,000.00		Bond Fund Transfer
(Agency 320, Fund 1367)		116,810,000.00	Bond Fund Transfer
Total Appropriated Fund 0844	355,619,189.51	655,026,287.37	

TEXAS WORKFORCE COMMISSION (320)

	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT	PURPOSE
Appd Fund 0936, D23 Fund 0936			
(Agency 320, Fund 0937)	341,315,000.00		UI Trust Fund Transfer
(Agency 320, Fund 0938)		2,743,314,062.83	UI Trust Fund Transfer
(Agency 320, Fund 5128)	95,657,362.90		ETIA Transfer to Trust Fund
Total Appropriated Fund 0936	436,972,362.90	2,743,314,062.83	
Appd Fund 0937, D23 Fund 0937			
(Agency 320, Fund 0936)		341,315,000.00	UI Trust Fund Transfer
(Agency 320, Fund 0938)	3,014,323,239.11		UI Trust Fund Transfer
Total Appropriated Fund 0937	3,014,323,239.11	341,315,000.00	
Appd Fund 0938, D23 Fund 0938			
(Agency 320, Fund 0936)	2,743,314,062.83		UI Trust Fund Transfer
(Agency 320, Fund 0937)		3,014,323,239.11	UI Trust Fund Transfer
Total Appropriated Fund 0938	2,743,314,062.83	3,014,323,239.11	
FIDUCIARY			
Appd Fund 0894, D23 Fund 0894			
(Agency 902, Fund 0001)	0.00	1,031.31	Transfer Excess Funds
Total Appropriated Fund 0894	0.00	1,031.31	
TOTAL OPERATING TRANSFERS	\$ 7,011,830,670.59	\$ 7,013,671,859.69	

	LEGISLATIVE TRANSFERS IN	LEGISLATIVE TRANSFERS OUT	PURPOSE
GENERAL			
Appd Fund 0001, D23 Fund 0001			
(Agency 701, Fund 0001)	13,885,700.00		Transfer AEL Authority from TEA*
(Agency 701, Fund 0001)		500,000.00	Transfer Skills Development Authority to TEA**
Total Appropriated Fund 0001	13,885,700.00	500,000.00	
TOTAL LEGISLATIVE FINANCING SOURCES/USES	\$ 13,885,700.00	\$ 500,000.00	

*83rd Legislature, Regular Session, Article IX 18.38, SB 307

**83rd Legislature, Regular Session, Article IX 18.05(3), HB 5

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 84th Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2016, to close out its operations.

TEXAS WORKFORCE COMMISSION (320)

NOTE 14: ADJUSTMENTS TO FUND BALANCES AND NET POSITION

A payroll adjustment made during fiscal year 2014 should have been recorded in the 2013 fiscal year.

	General Funds (Fund 5026)
Fund Balance, August 31, 2013	\$ 4,697,264.82
Restatements:	
Payroll Adjustment	(350.00)
Fund Balance, September 1, 2013, as restated	\$ 4,696,914.82

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, 2014, 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 \$177,000.00.

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, 2014, 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.

NOTE 16: SUBSEQUENT EVENTS

In October 2014, in accordance with Section 204.123 of the Labor Code, \$42.8 million was transferred from the Employment and Training Investment Holding Fund (5128) to the Unemployment Trust Fund Account in order to bring the net position of the trust fund (including outstanding bond obligation) to the statutorily defined floor as computed under Section 204.061, (one percent of the total taxable wages for the four calendar quarters ending June 30, 2014), \$23.97 million was transferred to fund the Skills Development program.

TEXAS WORKFORCE COMMISSION (320)

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 2014:

State Office of Risk Management Payment	\$ 521,720.10
Unemployment Insurance Payment	1,318,416.79
Lost or Stolen Property	30,545.20
TOTAL	\$ 1,870,682.09

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS

The average Texas unemployment rate for the 2014 fiscal year was 5.6% as compared to the U.S average of 6.6%. The Texas and U.S. averages for the 2013 fiscal year had been 6.4% and 7.6% respectively. Unemployment benefits paid during the fiscal year declined to \$2.73 billion (\$447 million in federal benefits and \$2.28 billion in state benefits) compared to a total of \$3.82 billion in the prior year.

The decline was the result of the expiration of the federally funded Emergency Unemployment Benefit (EUC) program. This program which had begun in July 2008, as the national economy began to falter, finally was allowed to expire in January 2014. During that 5 ½ year period the EUC program, along with the federally funded Extended Benefits (EB) program and the Federal Additional Compensation (FAC) program paid Texans over 13.5 billion in additional unemployment benefits.

In accordance with Senate Bill 307, of the 83rd Legislature, Regular Session, the Adult Education and Family Literacy Act (AEFLA) programs, including programs under the Temporary Assistance to Needy Families (TANF) was transferred from the Texas Education Agency (TEA) to the Texas Workforce Commission. 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. Over \$45 million was expended on the program during the fiscal year.

As discussed in detail at Note 6 – Bond Indebtedness, the Texas Workforce Commission, taking advantage of lower interest rates, refunded a portion of the Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010A & Series 2010B. The refunding resulted in an economic gain of \$24.1 million.

TEXAS WORKFORCE COMMISSION (320)

NOTE 19: THE FINANCIAL REPORTING ENTITY

Not applicable

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

As of October 31, 2014, 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, 2014, 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:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0001 – General	\$ 1,732,815.90	\$ (597,189.11)	\$ 1,135,626.79
Fund 0165 – Penalty & Interest	54,563,042.42	(46,568,795.50)	7,994,246.92
Fund 5026 – Performance Contracts	21,474.00	0.00	21,474.00
Fund 5128 – ETIA	3,002,593.04	(2,145,072.48)	857,520.56
Total General Funds	\$ 59,319,925.36	\$ (49,311,057.09)	\$ 10,008,868.27

TEXAS WORKFORCE COMMISSION (320)

Proprietary Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0844 – Obligation Assessment	34,830,929.33	(6,923,742.23)	27,907,187.10
Fund 0936 – Unemployment Assessment	256,897,481.09	(60,594,861.19)	196,302,619.90
Fund 0937 – Benefit Overpayments	532,391,252.49	(488,710,531.78)	43,680,720.71
Fund 0938 – Unemployment Trust Fund Account	13,797,773.91	0.00	13,797,773.91
Total Proprietary Funds	\$ 837,917,436.82	\$ (556,229,135.20)	\$ 281,688,301.62

Fiduciary Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0894 – Payday Law Collections	\$ 21,576,555.28	\$ (21,438,381.86)	\$ 138,173.42
Total Fiduciary Funds	\$ 21,576,555.28	\$ (21,438,381.86)	\$ 138,173.42

Agency Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0900 – Departmental Suspense - Settlements	\$ 402,181.60	\$ 0.00	\$ 402,181.60
Total Fiduciary Funds	\$ 402,181.60	\$ 0.00	\$ 402,181.60

B. Federal Receivables

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

Federal Receivable Program	Federal Receivables	Allowance for Doubtful	Net Federal Receivable
Department of Agriculture	\$ 576,559.12	\$	\$ 576,559.12
Department of Education	2,555,703.20		2,555,703.20
Department of Health and Human Services	13,675,819.51		13,675,819.51
Department of Labor	4,314,756.67		4,314,756.67
Total Federal Receivables	\$ 21,122,838.50	\$ 0.00	\$ 21,122,838.50

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

Federal Receivable Program	Federal Receivables	Allowance for Doubtful	Net Federal Receivable
Department of Labor	5,814,370.91		5,814,370.91
Total Federal Receivables	\$ 5,814,370.91	\$ 0.00	\$ 5,814,370.91

NOTE 25: TERMINATION BENEFITS

Not Applicable.

NOTE 26: SEGMENT INFORMATION

Not Applicable.

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS WORKFORCE COMMISSION (320)

EXHIBIT A-1
COMBINING BALANCE SHEET - ALL GENERAL AND CONSOLIDATED FUNDS
 For the Year Ended August 31, 2014

	General Revenue (Fund 0001) U/F (0001)	Consolidated Accounts	Consolidated Accounts
		Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
ASSETS			
Current Assets:			
Cash and Cash Equivalents			
Cash on Hand	\$ 102,676.53	\$ 49,403.83	
Cash in Bank (Note 3)			
Cash in State Treasury		13,599,598.48	1,000,000.00
Legislative Appropriations	53,532,407.77		
Receivables:			
Federal Receivables (Note 24)			
Interest and Dividends	834.79		
Accounts Receivable (Note 24)	1,135,626.79	7,994,246.92	
Interfund Receivable (Note 12)			
Due from Other Funds (Note 12)			345,600.00
Due from Other Agencies (Note 12)		10,251.00	
Consumable Inventories			
Prepaid Items			
Total Assets	\$ 54,771,545.88	\$ 21,653,500.23	\$ 1,345,600.00
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Payables:			
Accounts Payable	4,506,018.79	98,819.93	345,600.00
Payroll Payable			
Interfund Payable (Note 12)	1,096,626.34	639,080.20	
Unearned Revenues	55,638.00	68,746.47	
Due to Other Funds (Note 12)	922,600.00	3,927,350.43	
Due to Other Agencies (Note 12)	277,122.54		
Total Current Liabilities	6,858,005.67	4,733,997.03	345,600.00
Total Liabilities	6,858,005.67	4,733,997.03	345,600.00
Fund Financial Statement-Fund Balances			
Fund Balances (Deficits):			
Non-Spendable			
Restricted			
Committed		16,919,503.20	1,000,000.00
Assigned	47,913,540.21		
Total Fund Balances	47,913,540.21	16,919,503.20	1,000,000.00
Total Liabilities and Fund Balance	\$ 54,771,545.88	\$ 21,653,500.23	\$ 1,345,600.00

* See Note 16 for additional details.

UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	TOTALS
Workforce Commission Federal (Fund 5026) U/F (5026)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
\$ 1,054.70	\$	\$	\$ 153,135.06
25,000.00		366,243.99	391,243.99
18,033,743.99	100,604,977.06		133,238,319.53
			53,532,407.77
21,122,838.50			21,122,838.50
			834.79
21,474.00	857,520.56		10,008,868.27
1,735,706.54			1,735,706.54
577,000.00			922,600.00
2,363,472.35			2,373,723.35
1,345,139.60			1,345,139.60
		3,250.00	3,250.00
<u>\$ 45,225,429.68</u>	<u>\$ 101,462,497.62</u>	<u>\$ 369,493.99</u>	<u>\$ 224,828,067.40</u>
22,098,534.14	24,541.85		27,073,514.71
13,019,518.14			13,019,518.14
			1,735,706.54
750,000.00		57,490.00	931,874.47
			4,849,950.43
3,878,555.12			4,155,677.66
<u>39,746,607.40</u>	<u>24,541.85</u>	<u>57,490.00</u>	<u>51,766,241.95</u>
39,746,607.40	24,541.85	57,490.00	51,766,241.95
1,345,139.60		3,250.00	1,348,389.60
4,133,682.68			4,133,682.68
	101,437,955.77 *		119,357,458.97
		308,753.99	48,222,294.20
<u>5,478,822.28</u>	<u>101,437,955.77</u>	<u>312,003.99</u>	<u>173,061,825.45</u>
<u>\$ 45,225,429.68</u>	<u>\$ 101,462,497.62</u>	<u>\$ 369,493.99</u>	<u>\$ 224,828,067.40</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, 2014

	General Revenue (Fund 0001) U/F (0001)	Consolidated Accounts Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Consolidated Accounts Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
REVENUES:			
Legislative Appropriations			
Original Appropriations (GR)	\$ 115,752,740.00	\$	\$
Additional Appropriations (GR)	2,612,255.15		
Federal Revenue			
Federal Pass-Through Revenue			
Licenses, Fees and Permits	2,644,940.19	15,043,536.26	
Interest and Investment Income	50,759.79		
Land Income			
Settlement of Claims	11,200.00		
Sales of Goods and Services	169,251.41		
Other Revenues	49,903,137.61		
Total Revenue	171,144,284.15	15,043,536.26	0.00
EXPENDITURES			
Salaries and Wages	5,546,411.47	3,585,999.29	
Payroll Related Costs	1,566,564.62	8,952,530.80 *	
Professional Fees and Services	941,492.05	318,609.11	
Travel	289,586.39	85,759.83	
Materials and Supplies	589,338.77	559,387.49	
Communication and Utilities	359,603.53	220,632.17	
Repairs and Maintenance	100,082.19	104,865.25	
Rentals and Leases	423,589.81	102,711.05	
Printing and Reproduction	129,035.74	84,802.55	
Federal Pass-Through Expenditures			
State Grant Pass-Through Expenditures	2,468,517.08		
Intergovernmental Payments	30,469,095.56		
Public Assistance Payments	139,205,312.80		345,600.00
Other Operating Expenditures	801,043.61	273,565.38	
Capital Outlay	14,533.92	16,004.13	
Total Expenditures	182,904,207.54	14,304,867.05	345,600.00
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ (11,759,923.39)	\$ 738,669.21	\$ (345,600.00)

* This amount includes \$7,431,113.80 in Unemployment Insurance payments made to former state employees on behalf of other agencies.

UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	TOTALS
Workforce Commission Federal (Fund 5026) U/F (5026)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
\$	\$	\$	\$ 115,752,740.00
			2,612,255.15
904,726,949.97			904,726,949.97
92,591,637.82			92,591,637.82
171,936.71	99,861,685.21	354,406.00	118,076,504.37
9,516.67		331.25	60,607.71
618.31			618.31
			11,200.00
1,326,344.29		27,100.00	1,522,695.70
			49,903,137.61
998,827,003.77	99,861,685.21	381,837.25	1,285,258,346.64
118,292,943.51			127,425,354.27
52,249,414.01			62,768,509.43
25,411,872.20		64,865.64	26,736,839.00
1,140,032.21		300.00	1,515,678.43
8,985,760.40	386,230.00	148,455.95	10,669,172.61
6,910,435.48			7,490,671.18
4,554,711.51			4,759,658.95
2,196,314.29		33,721.20	2,756,336.35
207,375.15		1,517.00	422,730.44
52,502,501.07			52,502,501.07
	225,000.00		2,693,517.08
35,591,514.59	34,626.20		66,095,236.35
678,464,369.41			818,015,282.21
6,133,057.40		11,525.32	7,219,191.71
6,134,620.28			6,165,158.33
998,774,921.51	645,856.20	260,385.11	1,197,235,837.41
52,082.26	99,215,829.01	121,452.14	88,022,509.23

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, 2014

	General Revenue (Fund 0001) U/F (0001)	Consolidated Accounts Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Consolidated Accounts Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	\$	\$	\$
Transfers In (Note 12)			345,600.00
Transfers Out (Note 12)	(2,185,757.79)		
Legislative Financing Sources	13,885,700.00		
Legislative Financing Uses	(500,000.00)		
Total Other Financing Sources (Uses)	<u>11,199,942.21</u>	<u>0.00</u>	<u>345,600.00</u>
Net Change in Fund Balances	<u>(559,981.18)</u>	<u>738,669.21</u>	<u>0.00</u>
Fund Financial Statement-Fund Balances			
Fund Balances, September 1, 2013	48,855,583.63	16,180,833.99	1,000,000.00
Restatement (Note 14)			
Fund Balances, September 1, 2013, as restated	<u>48,855,583.63</u>	<u>16,180,833.99</u>	<u>1,000,000.00</u>
Appropriations Lapsed	(382,062.24)		
FUND BALANCES - August 31, 2014	<u>\$ 47,913,540.21</u>	<u>\$ 16,919,503.20</u>	<u>\$ 1,000,000.00</u>

UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	TOTALS
Workforce Commission Federal (Fund 5026) U/F (5026)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
\$ 729,825.20	\$	\$	\$ 729,825.20
160,843,579.00			161,189,179.00
(160,843,579.00)	(95,657,362.90)		(258,686,699.69)
			13,885,700.00
			(500,000.00)
729,825.20	(95,657,362.90)	0.00	(83,381,995.49)
781,907.46	3,558,466.11	121,452.14	4,640,513.74
4,697,264.82	97,879,489.66	190,551.85	168,803,723.95
(350.00)			(350.00)
4,696,914.82	97,879,489.66	190,551.85	168,803,373.95
			(382,062.24)
\$ 5,478,822.28	\$ 101,437,955.77	\$ 312,003.99	\$ 173,061,825.45

TEXAS WORKFORCE COMMISSION (320)

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

For the Year Ended August 31, 2014

	TWC Unemployment Compensation Revenue Bond Fund (Fund 0367) <u>U/F (0367, 1367, 3367)</u>	TWC Obligation Trust Fund (Fund 0844) U/F (0844, 1844, 2844, 3844) <u></u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash on Hand	\$	\$
Cash in State Treasury		
Short-Term Investments (Note 3)		38,960,000.00
Restricted:		
Cash in State Treasury (Note 3)	335,687.41	55,119,880.02
Cash in Federal Treasury (Note 3)		
Receivables:		
Federal Receivables (Note 24)		
Interest and Dividends	118.48	16,346.63
Accounts Receivable (Note 24)		27,907,187.10
Due from Other Funds (Note 12)		656.15
Total Current Assets	<u>335,805.89</u>	<u>122,004,069.90</u>
Total Assets	<u>335,805.89</u>	<u>122,004,069.90</u>
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts Payable	335,149.74	10,000.00
Interest Payable		10,333,440.48
Due to Other Funds (Note 12)	656.15	
Revenue Bonds Payable (Note 5)	207,508,710.16	
Unearned Revenues		
Total Current Liabilities	<u>207,844,516.05</u>	<u>10,343,440.48</u>
Non-Current Liabilities:		
Revenue Bonds Payable (Note 5)	<u>769,915,585.92</u>	
Total Non-Current Liabilities	<u>769,915,585.92</u>	<u>0.00</u>
Total Liabilities	<u>977,760,101.97</u>	<u>10,343,440.48</u>
NET POSITION		
Restricted For:		
Unemployment Trust Fund		
Debt Retirement	(977,424,296.08)	111,660,629.42
Total Net Position	<u>\$ (977,424,296.08)</u>	<u>\$ 111,660,629.42</u>

UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Unemployment Compensation Clearance Account (Fund 0936) U/F (0936, 9001)	Unemployment Compensation Benefit Account (Fund 0937) U/F (0937)	Unemployment Trust Fund Account (Fund 0938) U/F (0938)	TOTALS
\$ 314,509.81	\$ 61,545.23	\$	\$ 376,055.04
135,378.40			135,378.40
			38,960,000.00
	(3,492,149.20)		51,963,418.23
		1,986,049,338.59	1,986,049,338.59
	874,009.00	4,940,361.91	5,814,370.91
620.66		8,181,845.76	8,198,931.53
196,302,619.90	43,680,720.71	13,797,773.91	281,688,301.62
3,927,350.43	35,373,204.26	107,212,619.59	146,513,830.43
<u>200,680,479.20</u>	<u>76,497,330.00</u>	<u>2,120,181,939.76</u>	<u>2,519,699,624.75</u>
200,680,479.20	76,497,330.00	2,120,181,939.76	2,519,699,624.75
	76,497,330.00	5,305,209.31	82,147,689.05
			10,333,440.48
107,212,619.59		35,373,204.26	142,586,480.00
			207,508,710.16
93,467,859.61			93,467,859.61
<u>200,680,479.20</u>	<u>76,497,330.00</u>	<u>40,678,413.57</u>	<u>536,044,179.30</u>
			769,915,585.92
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>769,915,585.92</u>
200,680,479.20	76,497,330.00	40,678,413.57	1,305,959,765.22
		2,079,503,526.19	2,079,503,526.19
			(865,763,666.66)
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 2,079,503,526.19</u>	<u>\$ 1,213,739,859.53</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, 2014

	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)
OPERATING REVENUES		
Unemployment Assessment	\$	\$ 331,900,574.13
Federal Revenue		
Other Operating Revenue		
Total Operating Revenue	<u>0.00</u>	<u>331,900,574.13</u>
OPERATING EXPENSES		
Unemployment Benefit Payments		
Total Operating Expenses	<u>0.00</u>	<u>0.00</u>
OPERATING INCOME (LOSS)	<u>0.00</u>	<u>331,900,574.13</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Expense	(5,558,919.64)	(17,806,978.14)
Interest and Investment Income	656.15	226,857.25
Other Non-Operating Expenses	(6,825,472.09)	(27,308.36)
Total Non-Operating Revenues (Expenses)	<u>(12,383,735.58)</u>	<u>(17,607,429.25)</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS	<u>(12,383,735.58)</u>	<u>314,293,144.88</u>
OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS		
Transfers In (Note 12)	300,412,637.24	355,619,189.51
Transfers Out (Note 12)	<u>(1,005,539.38)</u>	<u>(655,026,287.37)</u>
Total Other Revenues (Expenses), Gains/(Losses) and Transfers	<u>299,407,097.86</u>	<u>(299,407,097.86)</u>
CHANGE IN NET POSITION	<u>287,023,362.28</u>	<u>14,886,047.02</u>
NET POSITION, September 1, 2013	(1,264,447,658.36)	96,774,582.40
NET POSITION, August 31, 2014	<u>\$ (977,424,296.08)</u>	<u>\$ 111,660,629.42</u>

*The Bond Refunding Activity, which occurred in the Texas Treasury Safekeeping Trust Company, has been included in the activity of Fund 0367.

UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Unemployment Compensation Clearance Account (Fund 0936) U/F (0936, 9001)	Unemployment Compensation Benefit Account (Fund 0937) U/F (0937)	Unemployment Trust Fund Account (Fund 0938) U/F (0938)	TOTALS
2,200,372,671.95	\$ 20,817,840.50	\$ 425,767,135.62	\$ 2,532,273,246.08
105,962,650.37	177,506.66	75,521,662.34	181,661,819.37
2,306,335,322.32	20,995,347.16	501,288,797.96	3,160,520,041.57
	2,694,003,997.15	34,801,506.29	2,728,805,503.44
0.00	2,694,003,997.15	34,801,506.29	2,728,805,503.44
2,306,335,322.32	(2,673,008,649.99)	466,487,291.67	431,714,538.13
			(23,365,897.78)
6,377.61	410.88	39,075,246.37	39,309,548.26
6,377.61	410.88	39,075,246.37	(6,852,780.45)
			9,090,870.03
2,306,341,699.93	(2,673,008,239.11)	505,562,538.04	440,805,408.16
436,972,362.90	3,014,323,239.11	2,743,314,062.83	6,850,641,491.59
(2,743,314,062.83)	(341,315,000.00)	(3,014,323,239.11)	(6,754,984,128.69)
(2,306,341,699.93)	2,673,008,239.11	(271,009,176.28)	95,657,362.90
0.00	0.00	234,553,361.76	536,462,771.06
0.00	0.00	1,844,950,164.43	677,277,088.47
0.00	\$ 0.00	\$ 2,079,503,526.19	\$ 1,213,739,859.53

UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Unemployment Compensation Clearance Account (Fund 0936) U/F (0936, 9001)	Unemployment Compensation Benefit Account (Fund 0937) U/F (0937)	Unemployment Trust Fund Account (Fund 0938) U/F (0938)	TOTALS
2,239,672,195.83	\$ 20,255,788.50	\$ 448,929,572.79	\$ 2,572,947,181.35
109,164,379.19	177,506.66	72,670,336.99	469,185,361.29
	(2,725,027,637.64)	(36,563,647.43)	182,012,222.84
<u>2,348,836,575.02</u>	<u>(2,704,594,342.48)</u>	<u>485,036,262.35</u>	<u>(2,761,591,285.07)</u>
			462,553,480.41
			762,911,573.55
			(1,024,949,283.61)
			(51,671,079.58)
			(2,614,593.98)
433,045,012.47	3,045,803,318.66	2,781,689,660.18	6,616,156,524.67
(2,781,689,660.18)	(341,315,000.00)	(3,045,803,318.66)	(6,524,426,512.20)
<u>(2,348,644,647.71)</u>	<u>2,704,488,318.66</u>	<u>(264,113,658.48)</u>	<u>(224,593,371.15)</u>
5,756.95	410.88	38,417,791.13	38,655,158.42
<u>5,756.95</u>	<u>410.88</u>	<u>38,417,791.13</u>	<u>38,655,158.42</u>
197,684.26	(105,612.94)	259,340,395.00	276,615,267.68
252,203.95	(3,324,991.03)	1,726,708,943.59	1,800,868,922.58
<u>449,888.21</u>	<u>(3,430,603.97)</u>	<u>1,986,049,338.59</u>	<u>2,077,484,190.26</u>
<u>2,306,335,322.32</u>	<u>(2,673,008,649.99)</u>	<u>466,487,291.67</u>	<u>431,714,538.13</u>
12,850,375.94	8,378,723.51	20,311,111.82	42,914,622.66
(1.85)	(39,964,416.00)	(1,762,141.14)	(41,726,558.99)
29,650,878.61			29,650,878.61
<u>42,501,252.70</u>	<u>(31,585,692.49)</u>	<u>18,548,970.68</u>	<u>30,838,942.28</u>
<u>2,348,836,575.02</u>	<u>(2,704,594,342.48)</u>	<u>485,036,262.35</u>	<u>462,553,480.41</u>

TEXAS WORKFORCE COMMISSION (320)

EXHIBIT I-1
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
PRIVATE PURPOSE TRUST FUNDS
 For the Year Ended August 31, 2014

	Payday Law Wage Determination Trust Fund (Fund 0894) <u>U/F (0894)</u>
ASSETS	
Cash and Cash Equivalents	
Cash on Hand	\$ 61,626.09
Cash in State Treasury	695,732.71
Receivables:	
Interest and Dividends	329.33
Accounts Receivable (Note 24)	<u>138,173.42</u>
Total Assets	<u>895,861.55</u>
LIABILITIES	
Payables:	
Accounts Payable	884,556.07
Interest Payable	10,274.17
Due to Other Agencies (Note 12)	<u>1,031.31</u>
Total Liabilities	<u>895,861.55</u>
NET POSITION	
Held in Trust For:	
Payday Law	<u>0.00</u>
Total Net Position	<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, 2014

	Payday Law Wage Determination Trust Fund (Fund 0894) <u>U/F (0894)</u>
ADDITIONS	
Investment Income	
From Investing Activities:	
Interest and Investment Income	\$ 4,542.39
Net Income From Investing Activities	<u>4,542.39</u>
Total Net Investment Income (Loss)	<u>4,542.39</u>
Other Additions	
Collections from Employers for Payday Law Claims	<u>3,505,869.17</u>
Total Other Additions	<u>3,505,869.17</u>
Total Additions	<u>3,510,411.56</u>
DEDUCTIONS	
Settlement of Claims	3,505,869.17 *
Interest Expense	3,511.08
Transfers Out (Note 12)	<u>1,031.31</u>
Total Deductions	<u>3,510,411.56</u>
INCREASE (DECREASE) IN NET POSITION	<u>0.00</u>
Net Position, September 1, 2013	0.00
Net Position, August 31, 2014	\$ <u><u>0.00</u></u>

* In addition to the amount shown above for Settlement of Claims, the Texas Workforce Commission was instrumental in resolving another \$1,165,952.49 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, 2014

	Balances September 1, 2013	Additions	Deductions	Balances August 31, 2014
Child Labor Penalty (0001) U/F (1000)				
ASSETS:				
Cash in State Treasury	0.00	117,682.83	117,682.83	0.00
Total Assets	\$ 0.00	\$ 117,682.83	\$ 117,682.83	\$ 0.00
LIABILITIES:				
Funds Held for Others	0.00	117,682.83	117,682.83	0.00
Total Liabilities	\$ 0.00	\$ 117,682.83	\$ 117,682.83	\$ 0.00
Child Support Employee Deducts (0807) U/F (8070)				
ASSETS:				
Cash in State Treasury	34,155.33	483,838.25	483,060.36	34,933.22
Total Assets	\$ 34,155.33	\$ 483,838.25	\$ 483,060.36	\$ 34,933.22
LIABILITIES:				
Vouchers Payable	0.00	444,506.53	444,506.53	0.00
Funds Held for Others	34,155.33	483,838.25	483,060.36	34,933.22
Total Liabilities	\$ 34,155.33	\$ 928,344.78	\$ 927,566.89	\$ 34,933.22
Departmental Suspense (0900) U/F (0900, 9015, 9016)				
ASSETS:				
Cash in State Treasury	0.00	3,197,065.44	3,197,065.44	0.00
Accounts Receivable (Note 24)	305,910.71	402,181.60	305,910.71	402,181.60
Total Assets	\$ 305,910.71	\$ 3,599,247.04	\$ 3,502,976.15	\$ 402,181.60
LIABILITIES:				
Vouchers Payable	0.00	14,661.53	14,661.53	0.00
Accounts Payable	305,910.71	402,181.60	305,910.71	402,181.60
Funds Held for Others	0.00	3,502,976.15	3,502,976.15	0.00
Total Liabilities	\$ 305,910.71	\$ 3,919,819.28	\$ 3,823,548.39	\$ 402,181.60
Direct Deposit Correction Account (0980) UF (0980, 9014)				
ASSETS:				
Cash in State Treasury	0.00	4,269.93	4,269.93	0.00
Total Assets	\$ 0.00	\$ 4,269.93	\$ 4,269.93	\$ 0.00
LIABILITIES:				
Funds Held for Others	0.00	4,269.93	4,269.93	0.00
Total Liabilities	\$ 0.00	\$ 4,269.93	\$ 4,269.93	\$ 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, 2014

	Balances September 1, 2013	Additions	Deductions	Balances August 31, 2014
TOTALS - ALL AGENCY FUNDS				
ASSETS:				
Cash in State Treasury	34,155.33	3,802,856.45	3,802,078.56	34,933.22
Accounts Receivable (Note 24)	305,910.71	402,181.60	305,910.71	402,181.60
Total Assets	\$ <u>340,066.04</u>	\$ <u>4,205,038.05</u>	\$ <u>4,107,989.27</u>	\$ <u>437,114.82</u>
LIABILITIES:				
Vouchers Payable	0.00	459,168.06	459,168.06	0.00
Accounts Payable	305,910.71	402,181.60	305,910.71	402,181.60
Funds Held for Others	34,155.33	4,108,767.16	4,107,989.27	34,933.22
Total Liabilities	\$ <u>340,066.04</u>	\$ <u>4,970,116.82</u>	\$ <u>4,873,068.04</u>	\$ <u>437,114.82</u>

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From		
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount
U.S. Department of Housing and Urban Development				
Direct Programs:				
Fair Housing Assistance Program State and Local	14.401			
Total, U.S. Department of Housing and Urban Development			0.00	0.00
U.S. Department of Labor				
Direct Programs:				
Labor Force Statistics	17.002			
Unemployment Insurance	17.225			
Pass-Through To:				
Other Non-State Entities				
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				
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				
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:				
Texas Higher Education Coordinating Board				
Other Non-State Entities				
Subtotal, Non-Clustered Programs			0.00	0.00
Employment Services Cluster				
U.S. Department of Labor				
Direct Program:				
Employment Service	17.207			
Pass-Through To:				
Texas State Technical College System				
Texas Tech University				
University of Texas Health Science Center at Houston				
University of Houston - Downtown				
Other Non-State Entities				
Subtotal, Employment Services Cluster			0.00	0.00

UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Direct Program Amount	Total PT from & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agency/ Univ. #	State Agency or Univ Amount	Non-State Entities Amount		
626,363.09	626,363.09				626,363.09	626,363.09
626,363.09	626,363.09		0.00		626,363.09	626,363.09
3,126,023.53	3,126,023.53				3,126,023.53	3,126,023.53
2,883,783,201.14	2,883,783,201.14				2,883,783,201.14	2,883,783,201.14
752,243.62	752,243.62			752,243.62		752,243.62
46,623.51	46,623.51				46,623.51	46,623.51
4,765,542.70	4,765,542.70			4,765,542.70		4,765,542.70
3,284,601.49	3,284,601.49				3,284,601.49	3,284,601.49
9,942,751.16	9,942,751.16			9,942,751.16		9,942,751.16
70,406.30	70,406.30				70,406.30	70,406.30
179,402.82	179,402.82	721	179,402.82			179,402.82
(105,595.75)	(105,595.75)			(105,595.75)		(105,595.75)
85,238.07	85,238.07	719	85,238.07			85,238.07
67,643.87	67,643.87	737	67,643.87			67,643.87
2,008,251.67	2,008,251.67			2,008,251.67		2,008,251.67
1,003,677.48	1,003,677.48				1,003,677.48	1,003,677.48
643,116.85	643,116.85				643,116.85	643,116.85
8,657.38	8,657.38			8,657.38		8,657.38
10,359.22	10,359.22				10,359.22	10,359.22
109,293.10	109,293.10	781	109,293.10			109,293.10
2,374,365.68	2,374,365.68			2,374,365.68		2,374,365.68
2,912,155,803.84	2,912,155,803.84		441,577.86	19,851,812.21	2,891,862,413.77	2,912,155,803.84
38,355,421.18	38,355,421.18				38,355,421.18	38,355,421.18
4,792.13	4,792.13	719	4,792.13			4,792.13
97,938.40	97,938.40	733	97,938.40			97,938.40
28,246.00	28,246.00	744	28,246.00			28,246.00
107,281.85	107,281.85	784	107,281.85			107,281.85
8,120,135.82	8,120,135.82			8,120,135.82		8,120,135.82
46,713,815.38	46,713,815.38		238,258.38	8,120,135.82	38,355,421.18	46,713,815.38

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From		
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount
Workforce Investment Act Cluster				
U.S. Department of Labor				
Direct Programs:				
Workforce Investment Act - Adult Program	17.258			
Pass-Through To:				
Other Non-State Entities				
Workforce Investment Act - Youth Activities	17.259			
Pass-Through To:				
Office of the Governor				
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 at San Antonio				
Texas Higher Education Coordinating Board				
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				
Subtotal, Workforce Investment Act Cluster			0.00	0.00
Total, U.S. Department of Labor			0.00	0.00
U.S. Department of Education				
Adult Education - Basic Grants to States	84.002			
Pass-Through To:				
Texas A & M University				
University of Texas at El Paso				
Texas A & M University - Kingsville				
Texas State University				
Other Non-State Entities				
Total, U.S. Department of Education			0.00	0.00
U.S. Department of Health & Human Services				
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	
Subtotal, Non-Clustered Programs			2,000,000.00	0.00
Child Care Cluster				
U.S. Department of Health & Human Services				
Child Care and Development Block Grant	93.575			
Pass-Through To:				
Department of Family and Protective Services				
Texas Education Agency				
Other Non-State Entities				

UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Direct Program Amount	Total PT from & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agency/ Univ. #	State Agency or Univ Amount	Non-State Entities Amount		
1,808,922.02	1,808,922.02				1,808,922.02	1,808,922.02
49,125,410.33	49,125,410.33			49,125,410.33		49,125,410.33
2,316,544.06	2,316,544.06				2,316,544.06	2,316,544.06
327,884.74	327,884.74	300	327,884.74			327,884.74
49,293,161.84	49,293,161.84			49,293,161.84		49,293,161.84
2,183,820.98	2,183,820.98				2,183,820.98	2,183,820.98
207,863.30	207,863.30	300	207,863.30			207,863.30
6,056.00	6,056.00	719	6,056.00			6,056.00
71,483.86	71,483.86	730	71,483.86			71,483.86
65,866.69	65,866.69	743	65,866.69			65,866.69
248,958.64	248,958.64	781	248,958.64			248,958.64
122,093.00	122,093.00	787	122,093.00			122,093.00
51,691,831.42	51,691,831.42			51,691,831.42		51,691,831.42
332,852.97	332,852.97				332,852.97	332,852.97
84,667.23	84,667.23	403	84,667.23			84,667.23
69,952.12	69,952.12			69,952.12		69,952.12
157,957,369.20	157,957,369.20		1,134,873.46	150,180,355.71	6,642,140.03	157,957,369.20
3,116,826,988.42	3,116,826,988.42		1,814,709.70	178,152,303.74	2,936,859,974.98	3,116,826,988.42
2,435,877.22	2,435,877.22				2,435,877.22	2,435,877.22
707,795.41	707,795.41	711	707,795.41			707,795.41
254,264.94	254,264.94	724	254,264.94			254,264.94
261,761.65	261,761.65	732	261,761.65			261,761.65
377,523.77	377,523.77	754	377,523.77			377,523.77
41,071,932.90	41,071,932.90			41,071,932.90		41,071,932.90
45,109,155.89	45,109,155.89		1,601,345.77	41,071,932.90	2,435,877.22	45,109,155.89
	2,000,000.00			2,000,000.00		2,000,000.00
0.00	2,000,000.00		0.00	2,000,000.00	0.00	2,000,000.00
10,167,989.57	10,167,989.57				10,167,989.57	10,167,989.57
35,165,754.31	35,165,754.31	530	35,165,754.31			35,165,754.31
10,606,990.61	10,606,990.61	701	10,606,990.61			10,606,990.61
179,024,279.33	179,024,279.33			179,024,279.33		179,024,279.33

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From			
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount	Non-State Entities Amount
Child Care and Development Fund	93.596				
Pass-Through To:					
Texas Education Agency					
Other Non-State Entities					
Subtotal, Child Care Cluster				0.00	0.00
TANF Cluster					
U.S. Department of Health & Human Services					
Temporary Assistance for Needy Families	93.558				
Pass-Through From:					
Health and Human Services Commission		529		9,262,224.13	
Pass-Through To:					
Texas A & M Engineering Experiment Station		529		105,633.63	
Tarleton State University		529		28,249.88	
University of Texas at Arlington		529		17,142.65	
Texas A & M Engineering Extension Services		529		14,512.50	
Texas State Technical College		529		5,472.00	
University of Texas at Austin		529		132,499.34	
University of Texas Medical Branch at Galveston		529		23,400.87	
University of Texas at El Paso		529		19,869.77	
University of Texas Southwestern Medical Center		529		29,329.54	
University of Houston		529		(14.51)	
Texas A & M University - Kingsville		529		90.29	
Lamar University		529		96,270.50	
University of Texas at Dallas		529		26,309.26	
University of Texas of the Permian Basin		529		52,021.69	
University of Texas at San Antonio		529		71,525.65	
University of Texas at Brownsville		529		484.50	
University of North Texas		529		245.38	
Texas State University		529		150.00	
University of Houston - Clear Lake		529		103,466.25	
Lamar State College - Orange		529		64,162.00	
Other Non-State Entities		529		80,538,592.50	
Other Non-State Entities					
Subtotal, TANF Cluster				90,591,637.82	0.00
Total, U.S. Dept. of Health & Human Services				92,591,637.82	0.00
SNAP Cluster					
U.S. Department of Agriculture					
Direct Programs:					
State Admin. Match for Supplemental Nutrition Assist Prog.	10.561				
Pass-Through To:					
Lamar State College - Orange					
Other Non-State Entities					
Total, U. S. Department of Agriculture				0.00	0.00
TOTAL, FEDERAL FINANCIAL ASSISTANCE				92,591,637.82	0.00

UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

Direct Program Amount	Total PT from & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agency/ Univ. #	State Agency or Univ Amount	Non-State Entities Amount		
2,497,279.49	2,497,279.49	701	2,497,279.49			2,497,279.49
214,916,673.87	214,916,673.87			214,916,673.87		214,916,673.87
452,378,967.18	452,378,967.18		48,270,024.41	393,940,953.20	10,167,989.57	452,378,967.18
	9,262,224.13			9,262,224.13		9,262,224.13
	105,633.63	712	105,633.63			105,633.63
	28,249.88	713	28,249.88			28,249.88
	17,142.65	714	17,142.65			17,142.65
	14,512.50	716	14,512.50			14,512.50
	5,472.00	719	5,472.00			5,472.00
	132,499.34	721	132,499.34			132,499.34
	23,400.87	723	23,400.87			23,400.87
	19,869.77	724	19,869.77			19,869.77
	29,329.54	729	29,329.54			29,329.54
	(14.51)	730	(14.51)			(14.51)
	90.29	732	90.29			90.29
	96,270.50	734	96,270.50			96,270.50
	26,309.26	738	26,309.26			26,309.26
	52,021.69	742	52,021.69			52,021.69
	71,525.65	743	71,525.65			71,525.65
	484.50	747	484.50			484.50
	245.38	752	245.38			245.38
	150.00	754	150.00			150.00
	103,466.25	759	103,466.25			103,466.25
	64,162.00	787	64,162.00			64,162.00
	80,538,592.50			80,538,592.50		80,538,592.50
2,991,940.17	2,991,940.17			2,991,940.17		2,991,940.17
2,991,940.17	93,583,577.99		790,821.19	83,530,532.67	9,262,224.13	93,583,577.99
455,370,907.35	547,962,545.17		49,060,845.60	479,471,485.87	19,430,213.70	547,962,545.17
693,956.14	693,956.14				693,956.14	693,956.14
25,600.00	25,600.00	787	25,600.00			25,600.00
15,315,993.48	15,315,993.48			15,315,993.48		15,315,993.48
16,035,549.62	16,035,549.62		25,600.00	15,315,993.48	693,956.14	16,035,549.62
3,633,968,964.37	3,726,560,602.19		52,502,501.07	714,011,715.99	2,960,046,385.13	3,726,560,602.19

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2014

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	\$	904,726,949.97
Federal Pass-Through Revenues		92,591,637.82
Federal Revenues - Proprietary		446,584,976.12
Subtotal		<u>1,443,903,563.91</u>

RECONCILING ITEMS

State UI funds		2,282,220,527.32
* Federal Fixed Fee & Other Contracts		(1,753,895.01)
Program Income & Non-Grant Expenditures		2,190,405.97
Per Federal Schedule	\$	<u>3,726,560,602.19</u>

Note 2 - Unemployment Insurance Funds

The expenditures in CFDA 17.225 consists of the following:

UI Administrative Grant Funds	\$	155,729,941.32
State UI Benefits Paid		2,282,220,527.32
Emergency Unemployment Comp. (EUC)		325,444,710.39
Former Federal Employees		100,920,049.75
Federally Fund Short Term Comp.		4,044,067.10
Disaster Unemployment Assistance		(29,767.50)
TRA Federal Benefits		17,333,537.00
Federal Additional Compensation (FAC)		(35,017.43)
Extended Benefits (EB)		(1,092,603.19)
Total	\$	<u>2,884,535,444.76</u>

Expenditure Amount		2,883,783,201.14
Pass-Through to Non-State Entity Amount		752,243.62
Total expenditures reported for CFDA 17.225 on Schedule 1A	\$	<u>2,884,535,444.76</u>

* The Civil Rights Division of the Texas Workforce Commission conducts investigations arising from complaints regarding employment. The Equal Employment Opportunity Commission (EEOC) pay for these investigations on a fixed fee basis.

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 is not considered a federal award, and therefore, should not be included in the Schedule of Federal Financial Assistance.

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2014

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	25,600.00	15,315,993.48	693,956.14	16,035,549.62
Fair Housing Assistance Program: State and Local	14.401			626,363.09	626,363.09
Labor Force Statistics	17.002			3,126,023.53	3,126,023.53
Employment Service	17.207	238,258.38	8,120,135.82	38,355,421.18	46,713,815.38
Unemployment Insurance	17.225		752,243.62	154,977,697.70	155,729,941.32
Senior Community Service Employment Program	17.235		4,765,542.70	46,623.51	4,812,166.21
Trade Adjustment Assistance	17.245		9,942,751.16	3,284,601.49	13,227,352.65
Workforce Investment Act - Adult Program	17.258		49,125,410.33	1,808,922.02	50,934,332.35
Workforce Investment Act - Youth Activities	17.259	327,884.74	49,293,161.84	2,316,544.06	51,937,590.64
Workforce Investment Act - Pilots, Demo. and Research	17.261	179,402.82		70,406.30	249,809.12
Incentive Grants - Workforce Investment Act Section 503	17.267	152,881.94	2,008,251.67	(105,595.75)	2,055,537.86
Work Opportunity Tax Credit Program	17.271			1,003,677.48	1,003,677.48
Temporary Labor Certification For Foreign Workers	17.273		8,657.38	643,116.85	651,774.23
Workforce Investment Act - National Emergency Grants	17.277	109,293.10	2,374,365.68	10,359.22	2,494,018.00
WIA - Dislocated Worker Formula Grants	17.278	722,321.49	51,691,831.42	2,183,820.98	54,597,973.89
WIA - DW National Reserve Demonstration Grants	17.280	84,667.23	69,952.12	332,852.97	487,472.32
Adult Education - Basic Grant	84.002	1,601,345.77	41,071,932.90	2,435,877.22	45,109,155.89
Temporary Assistance for Needy Families	93.558	790,821.19	83,530,532.67	9,262,224.13	93,583,577.99
Child Care and Development Block Grant	93.575	45,772,744.92	179,024,279.33	10,167,989.57	234,965,013.82
Child Care and Development Fund	93.596	2,497,279.49	214,916,673.87		217,413,953.36
Social Services Block Grant	93.667		2,000,000.00		2,000,000.00
		<u>52,502,501.07</u>	<u>714,011,715.99</u>	<u>231,240,881.69</u>	<u>997,755,098.75</u>

Federal Revenues - Governmental	904,726,949.97
Federal Pass-Through Revenues	92,591,637.82
Federal Fixed Fee & Other Contracts	(1,753,895.01)
Program Income & Non-Grant Expenditures	<u>2,190,405.97</u>
Total	<u><u>997,755,098.75</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1B**SCHEDULE OF STATE PASS-THROUGH GRANT FROM/TO STATE AGENCIES**

For the Year Ended August 31, 2014

Pass-Through To Other Agencies:

Apprenticeship

Texas State Technical College System (Agency 719)	12,792.00
Lamar State College - Orange (Agency 787)	252,893.31
Subtotal	\$ <u>265,685.31</u>

Workforce Development - HB939

Texas Veterans Commission (Agency 403)	225,000.00
Subtotal	\$ <u>225,000.00</u>

Skills Development

Texas Education Agency (Agency 701)	614,406.93
Texas State Technical College System (Agency 719)	480,552.92
Texas Higher Education Coordinating Board (Agency 781)	599,033.00
Lamar State College - Orange (Agency 787)	185,271.02
Lamar State College Institute of Technology (Agency 789)	1,144.00
Subtotal	\$ <u>1,880,407.87</u>

State Leadership - Adult Education & Literacy

Texas A&M University (Agency 711)	316,323.90
University of Texas at El Paso (Agency 724)	1,600.00
Texas A&M University - Kingsville (Agency 732)	1,600.00
Texas State University (Agency 754)	2,900.00
Subtotal	\$ <u>322,423.90</u>

Total Pass-Through To Other Agencies

	\$ <u><u>2,693,517.08</u></u>
--	-------------------------------

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 2A
MISCELLANEOUS BOND INFORMATION
 For Fiscal Year Ended August 31, 2014

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	2.00%	5.00%		2011	2017	01/01/2016
*Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010B	\$ 549,465,000.00	5.00%	5.00%		2018	2020	07/01/2013
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Refunding Bonds, Series 2014A	\$ 212,145,000.00	3.00%	5.00%		2015	2017	N/A
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Refunding Bonds, Series 2014B	\$ 497,640,000.00	3.50%	4.00%		2017	2019	01/01/2015
	<u>\$2,369,665,000.00</u>						

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 2B
CHANGES IN BONDED INDEBTEDNESS
 For Fiscal Year Ended August 31, 2014

Business-Type Activities

<u>Description of Issue</u>	<u>Bonds Outstanding 9/1/2013</u>	<u>Bonds Issued</u>	<u>Bonds Matured or Retired</u>	<u>Bonds Refunded or Extinguished</u>	<u>Adjustments</u>
Revenue Bonds					
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010A	\$ 721,910,000.00		159,990,000.00	345,270,000.00	
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010B	\$ 479,345,000.00			479,345,000.00	
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Refunding Bonds, Series 2014A	\$ -	212,145,000.00			
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Refunding Bonds, Series 2014B	\$ -	497,640,000.00			
	<u>\$ 1,201,255,000.00</u>	<u>\$ 709,785,000.00</u>	<u>\$ 159,990,000.00</u>	<u>\$ 824,615,000.00</u>	<u>\$ -</u>

TEXAS WORKFORCE COMMISSION (320)

Bonds Outstanding 8/31/2014	Unamortized Premium	Unamortized Discount	Net Bonds Outstanding 8/31/2014	Amounts Due Within One Year
216,650,000.00	4,585,458.15	-	\$ 221,235,458.15	\$ 177,097,943.05
-	-	-	\$ -	\$ -
212,145,000.00	\$ 18,175,471.50		\$ 230,320,471.50	\$ 16,322,192.14
497,640,000.00	\$ 28,228,366.43		\$ 525,868,366.43	\$ 14,088,574.97
<u>\$ 926,435,000.00</u>	<u>\$ 50,989,296.08</u>	<u>\$ -</u>	<u>\$ 977,424,296.08</u>	<u>\$ 207,508,710.16</u>

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 2C
DEBT SERVICE REQUIREMENTS
For Fiscal Year Ended August 31, 2014

Business-Type Activities

<u>Description of Issue</u>	Year	Principal	Interest
Revenue Bonds			
Texas Public Finance Authority	2015	\$ 172,860,000.00	\$ 9,523,050.00
Unemployment Compensation	2016	43,790,000.00	1,020,125.00
Obligation Assessment		<u>\$ 216,650,000.00</u>	<u>\$ 10,543,175.00</u>
Revenue Bonds, Series 2010A			
Texas Public Finance Authority	2015	\$ 6,215,000.00	\$ 11,780,055.28
Unemployment Compensation	2016	151,645,000.00	10,103,325.00
Obligation Assessment Revenue	2017	54,285,000.00	1,348,225.00
Refunding Bonds, Series 2014A		<u>\$ 212,145,000.00</u>	<u>\$ 23,231,605.28</u>
*Texas Public Finance Authority	2015	\$ -	\$ 22,086,822.92
Unemployment Compensation	2016		19,584,375.00
Obligation Assessment Revenue	2017	155,405,000.00	19,584,375.00
Refunding Bonds, Series 2014B	2018	223,230,000.00	10,046,175.00
	2019	119,005,000.00	2,219,487.50
		<u>\$ 497,640,000.00</u>	<u>\$ 73,521,235.42</u>

**Note the principal and interest payments reflected for the Series 2014B issue do not reflect the anticipated utilization of the call features of this issue.*

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 2D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
 For Fiscal Year Ended August 31, 2014

Business-Type Activities

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2014			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
Revenue Bonds				
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bond Series 2010A & B			\$ 159,990,000.00	\$ 39,830,575.00
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Refunding Bonds, Series 2014 A & B				
There is not a separate revenue source for each series of bonds.	\$ 332,127,431.38	\$ -		
	<u>\$ 332,127,431.38</u>	<u>\$ -</u>	<u>\$ 159,990,000.00</u>	<u>\$ 39,830,575.00</u>

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 2E
DEFEASED BONDS OUTSTANDING
 For Fiscal Year Ended August 31, 2014

Business-Type Activities

<u>Description of Issue</u>	<u>Year Defeased</u>	<u>Par Value Outstanding</u>
Revenue Bonds		
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010A	2014	\$ 345,270,000.00
*Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010B	2014	\$ 209,480,000.00
Total Revenue Bonds		<u>\$ 554,750,000.00</u>

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 2F
EARLY EXTINGUISHMENT AND REFUNDING
For Fiscal Year Ended August 31, 2014

Business-Type Activities

Description of Issue	Category*	Amount Extinguished or Refunded	For Refundings Only**		
			Refunding Issued Par Value	Cash Flow Increase (Decrease)	Economic Gain/(Loss)
Revenue Bonds					
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010A	Advance Refunding	345,270,000.00 <u>\$ 345,270,000.00</u>	346,235,851.61 <u>\$ 346,235,851.61</u>	15,482,648.86 <u>\$ 15,482,648.86</u>	15,077,347.83 <u>\$ 15,077,347.83</u>
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010B	Early Extinguishment Current Refunding Advance Refunding	116,810,000.00 153,055,000.00 <u>209,480,000.00</u> <u>\$ 479,345,000.00</u>	153,483,153.09 210,065,995.30 <u>\$ 363,549,148.39</u>	4,715,096.98 4,534,188.47 <u>\$ 9,249,285.45</u>	4,591,666.31 4,415,493.59 <u>\$ 9,007,159.90</u>
Total Business-Type Activities		<u>\$ 824,615,000.00</u>	<u>\$ 709,785,000.00</u>	<u>\$ 24,731,934.31</u>	<u>\$ 24,084,507.73</u>

*The Early Extinguishment utilized funds available in the Obligation Assessment Trust Fund to exercise a call feature of the Series 2010B issue. The Current Refunding utilized a portion of the 2014 Revenue Refunding Bond proceeds to retire 2010B bonds callable on July 1, 2014. The Advance Refunding will use the remainder of the 2014 Revenue Refunding Bond proceeds, placed in escrow, to retire the outstanding balance of the 2010B series and a portion of the 2010A series.

**The values shown for the Refunding Par Value, Cash Flow Increase/(Decrease) and Economic Gains/Loss of the Refunded Issues have been allocated based on the values and timing of the related estimated payments of the refunded bonds.

THIS PAGE INTENTIONALLY LEFT BLANK

ADDENDA
ORGANIZATION, RESPONSIBILITIES AND GENERAL COMMENTS
 For the Year Ended August 31, 2014

The Texas Workforce Commission was created by the 74th 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, 2014 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)	Leander

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

The Commission had a total of 2,834 full-time employees at August 31, 2014.

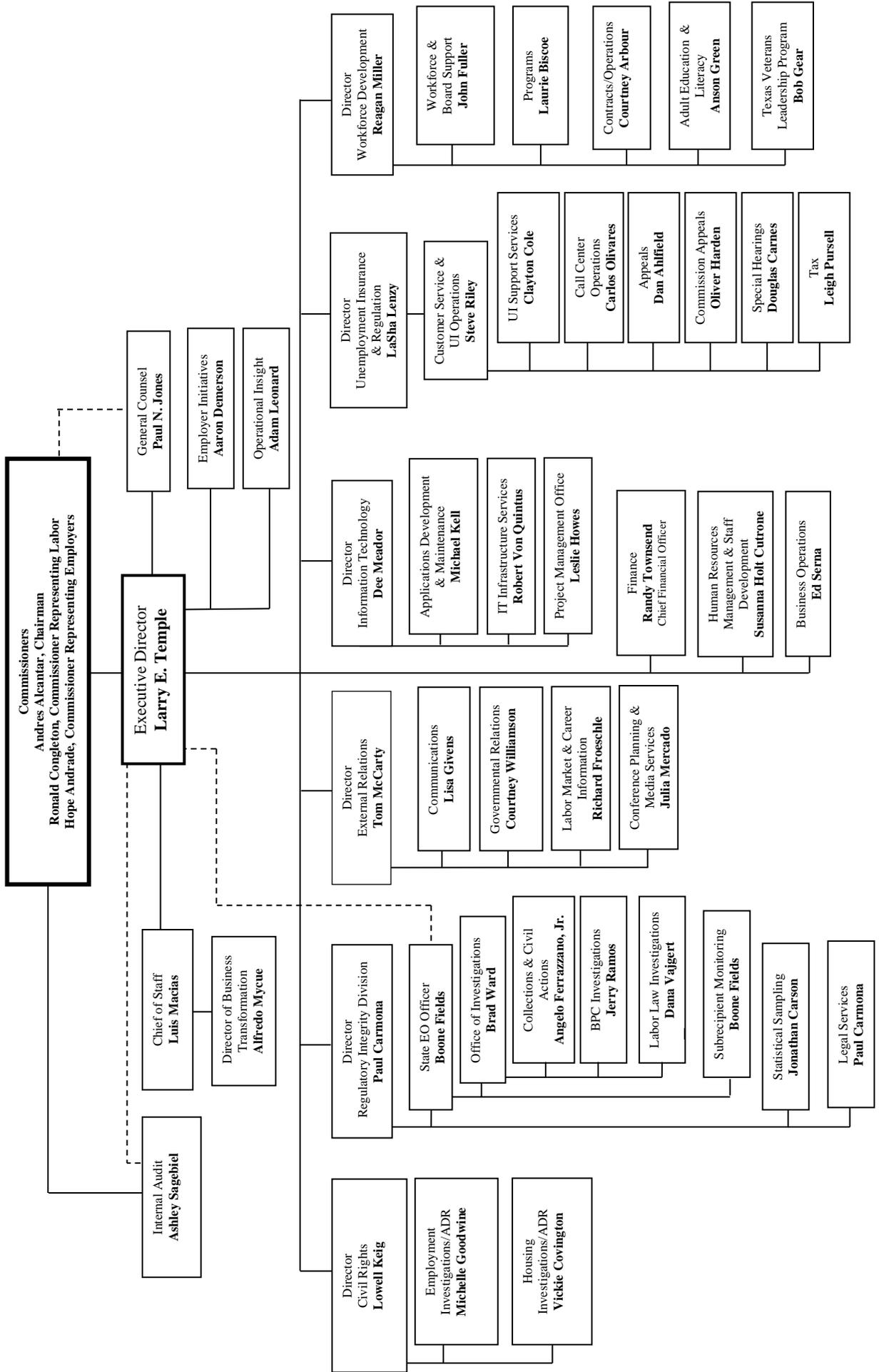
THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS WORKFORCE COMMISSION

August 2014

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.

[Accessible Organizational Chart](#)



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).

Copies of this publication (10/2014) have been distributed in compliance with the State Depository Law, and are available for public use through the Texas State Publication Depository Program at the Texas State Library and other state depository libraries.

www.texasworkforce.org

