

TEXAS WORKFORCE COMMISSION

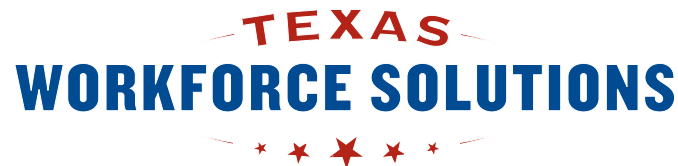


Annual Financial Report For
The Year Ended August 31, 2011



Texas Workforce Commission Mission

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



ANNUAL FINANCIAL REPORT

UNAUDITED

TEXAS WORKFORCE COMMISSION
Austin, Texas

Year Ended August 31, 2011

Tom Pauken, Chairman

Ronald G. Congleton
Commissioner Representing
Labor

Andres Alcantar
Commissioner Representing
the Public

Larry E. Temple
Executive Director

November 7, 2011

Honorable Rick Perry, Governor
Honorable Susan Combs, State Comptroller
John O'Brien, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Workforce Commission for the year ended August 31, 2011, 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

TEXAS WORKFORCE COMMISSION (320)

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EXHIBIT I

COMBINED BALANCE SHEET / STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS

For the Year Ended August 31, 2011

	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	\$ 198,193.42	\$	\$	\$ 198,193.42
Cash in Bank (Note 3)	598,619.43			598,619.43
Cash in State Treasury	136,215,126.83			136,215,126.83
Legislative Appropriations	67,737,869.73			67,737,869.73
Receivables:				
Federal Receivables (Note 24)	18,454,124.39			18,454,124.39
Interest and Dividends	60,095.24			60,095.24
Accounts Receivable (Note 24)	8,231,320.55			8,231,320.55
Taxes Receivable (Note 24)	410,478.63			410,478.63
Interfund Receivable (Note 12)	1,377,789.77			1,377,789.77
Due from Other Funds (Note 12)	1,616,399.24			1,616,399.24
Due from Other Agencies (Note 12)	366,787.03			366,787.03
Consumable Inventories	1,451,990.38			1,451,990.38
Total Current Assets	236,718,794.64	0.00	0.00	236,718,794.64
Non-Current Assets:				
Capital Assets (Note 2)				
Non-Depreciable				
Land and Land Improvements		5,009,233.63		5,009,233.63
Depreciable				
Building and Building Improvements		34,510,536.24		34,510,536.24
Accumulated Depreciation		(24,918,773.40)		(24,918,773.40)
Infrastructure		2,156,234.96		2,156,234.96
Accumulated Depreciation		(1,501,982.16)		(1,501,982.16)
Furniture and Equipment		8,410,956.89		8,410,956.89
Accumulated Depreciation		(7,057,481.40)		(7,057,481.40)
Vehicles, Boats & Aircraft		259,938.52		259,938.52
Accumulated Depreciation		(99,585.55)		(99,585.55)
Amortizable - Inangible				
Computer Software		16,012,732.53		16,012,732.53
Accumulated Depreciation		(13,977,714.59)		(13,977,714.59)
Total Non-Current Assets	0.00	18,804,095.67	0.00	18,804,095.67
Total Assets	\$ 236,718,794.64	\$ 18,804,095.67	\$ 0.00	\$ 255,522,890.31
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables:				
Accounts Payable	\$ 24,340,197.44	\$	\$	\$ 24,340,197.44
Payroll Payable	15,380,113.81			15,380,113.81
Interfund Payable (Note 12)	1,377,789.77			1,377,789.77
Due to Other Funds (Note 12)	19,109,410.88			19,109,410.88
Due to Other Agencies (Note 12)	5,296,891.06			5,296,891.06
Deferred Revenues	100,577.77			100,577.77
Employees Compensable Leave (Note 5)			9,866,412.58	9,866,412.58
Total Current Liabilities	65,604,980.73	0.00	9,866,412.58	75,471,393.31

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EXHIBIT I

COMBINED BALANCE SHEET / STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS

For the Year Ended August 31, 2011

	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)			1,484,438.72	1,484,438.72
Total Non-Current Liabilities	0.00	0.00	1,484,438.72	1,484,438.72
Total Liabilities	65,604,980.73	0.00	11,350,851.30	76,955,832.03
Fund Financial Statement-Fund Balances				
Fund Balances (Deficits):				
Non-Spendable	\$ 1,451,990.38	\$	\$	\$ 1,451,990.38
Committed	88,452,034.99			88,452,034.99
Assigned	75,420,083.08			75,420,083.08
Unassigned	5,789,705.46			5,789,705.46
Total Fund Balances	171,113,813.91	0.00	0.00	171,113,813.91
Total Liabilities and Fund Balance	\$ 236,718,794.64	0.00	11,350,851.30	248,069,645.94
Government-wide Statement-Net Assets				
Net Assets:				
Invested in Capital Assets, Net of Related Debt		18,804,095.67		18,804,095.67
Unrestricted			(11,350,851.30)	(11,350,851.30)
Total Net Assets		\$ 18,804,095.67	\$ (11,350,851.30)	\$ 178,567,058.28

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TEXAS WORKFORCE COMMISSION

**EXHIBIT II
COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCES / STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**

For the Year Ended August 31, 2011

	Governmental Fund Types			Statement of Activities
	General Funds (Exhibit A-2)	Capital Asset Adjustments	Long-Term Liabilities Adjustment	
REVENUES:				
Legislative Appropriations				
Original Appropriations (GR)	\$ 140,182,522.00	\$	\$	\$ 140,182,522.00
Additional Appropriations (GR)	1,415,659.43			1,415,659.43
Federal Revenue	1,062,148,931.41			1,062,148,931.41
Federal Pass-Through Revenue	108,850,476.75			108,850,476.75
Licenses, Fees and Permits	104,343,373.85			104,343,373.85
Interest and Investment Income	420,076.41			420,076.41
Land Income	957.50			957.50
Settlement of Claims	143,771.82			143,771.82
Sales of Goods and Services	1,208,033.13			1,208,033.13
Other Revenues	47,759,812.29			47,759,812.29
Total Revenue	1,466,473,614.59	0.00	0.00	1,466,473,614.59
EXPENDITURES				
Salaries and Wages	148,206,812.60		(148,379.61)	148,058,432.99
Payroll Related Costs	67,824,054.26			67,824,054.26
Professional Fees and Services	29,218,556.53			29,218,556.53
Travel	1,762,783.45			1,762,783.45
Materials and Supplies	12,555,939.40			12,555,939.40
Communication and Utilities	11,107,490.70			11,107,490.70
Repairs and Maintenance	6,179,669.90			6,179,669.90
Rentals and Leases	2,635,529.17			2,635,529.17
Printing and Reproduction	881,225.19			881,225.19
Claims and Judgments	17,564.87			17,564.87
Federal Pass-Through Expenditures	56,826,840.34			56,826,840.34
State Grant Pass-Through Expenditures	9,130,158.67			9,130,158.67
Intergovernmental Payments	31,825,573.70			31,825,573.70
Public Assistance Payments	993,882,937.17			993,882,937.17
Other Operating Expenditures	7,987,089.52			7,987,089.52
Capital Outlay	109,335.20	(109,335.20)		0.00
Depreciation Expense		1,732,779.16		1,732,779.16
Amortization Expense		1,058,283.53		1,058,283.53
Total Expenditures	1,380,151,560.67	2,681,727.49	(148,379.61)	1,382,684,908.55
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ 86,322,053.92	\$ (2,681,727.49)	\$ 148,379.61	\$ 83,788,706.04

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EXHIBIT II
COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCES / STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
 For the Year Ended August 31, 2011

	Governmental Fund Types			Statement of Activities
	General Funds (Exhibit A-2)	Capital Asset Adjustments	Long-Term Liabilities Adjustment	
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	\$ 125,952.64	\$ (125,952.64)	\$	\$ 0.00
Transfers In (Note 12)	174,638,241.54			174,638,241.54
Transfers Out (Note 12)	(255,025,187.86)			(255,025,187.86)
Gain (Loss) on Sale of Capital Assets	0.00	(11,166.36)		(11,166.36)
Total Other Financing Sources (Uses)	(80,260,993.68)	(137,119.00)	0.00	(80,398,112.68)
Net Change in Fund Balances / Net Assets	6,061,060.24	(2,818,846.49)	148,379.61	3,390,593.36
Fund Financial Statement-Fund Balances				
Fund Balances, September 1, 2010	164,816,774.30			164,816,774.30
Restatement (Note 14)	273,537.77			273,537.77
Fund Balances, September 1, 2010, as restated	165,090,312.07	0.00	0.00	165,090,312.07
Appropriations Lapsed	(37,558.40)			(37,558.40)
FUND BALANCES - August 31, 2010	\$ 171,113,813.91	\$ (2,818,846.49)	\$ 148,379.61	\$ 168,443,347.03
GOVERNMENT-WIDE STATEMENT-NET ASSETS				
Change in Net Assets	171,113,813.91	(2,818,846.49)	148,379.61	168,443,347.03
Net Assets, Beginning		21,622,942.16	(11,499,230.91)	10,123,711.25
Net Assets, August 31, 2011	\$ 171,113,813.91	\$ 18,804,095.67	\$ (11,350,851.30)	\$ 178,567,058.28

TEXAS WORKFORCE COMMISSION

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

For the Year Ended August 31, 2011

	Total Proprietary Funds (Exhibit F-1)
ASSETS	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	\$ 449,183.50
Cash in State Treasury	265,733.27
Restricted:	
Cash in State Treasury (Note 3)	89,582,983.61
Cash in Federal Treasury (Note 3)	828,581,865.91
Receivables:	
Federal Receivables (Note 24)	35,768,187.21
Interest and Dividends	5,147,142.74
Taxes Receivable (Note 24)	223,094,781.35
Accounts Receivable (Note 24)	49,110,263.08
Due from Other Funds (Note 12)	230,960,195.79
Deferred Charges	1,749,323.27
Total Current Assets	<u>1,464,709,659.73</u>
Non-Current Assets:	
Deferred Charges	7,412,487.97
Total Non-Current Assets	<u>7,412,487.97</u>
Total Assets	<u>1,472,122,147.70</u>
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts Payable	95,695,204.35
Interest Payable	13,682,921.67
Due to Other Funds (Note 12)	213,467,184.15
Revenue Bonds Payable (Note 5)	174,917,082.29
Deferred Revenues	51,065,990.58
Total Current Liabilities	<u>548,828,383.04</u>
Non-Current Liabilities:	
Revenue Bonds Payable (Note 5)	1,736,215,947.60
Total Non-Current Liabilities	<u>1,736,215,947.60</u>
Total Liabilities	<u>2,285,044,330.64</u>
NET ASSETS	
Restricted For:	
Unemployment Trust Fund	937,244,637.35
Other - Unemployment Insurance Administration	35,642,405.66
Debt Retirement	(1,785,809,225.95)
Total Net Assets	<u>\$ (812,922,182.94)</u>

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

For the Year Ended August 31, 2011

	Total Proprietary Funds (Exhibit F-2)
OPERATING REVENUES	
Unemployment Assessment	\$ 2,675,580,707.53
Federal Revenue	3,469,603,032.29
Other Operating Revenue	220,332,979.30
Total Operating Revenue	<u>6,365,516,719.12</u>
OPERATING EXPENSES	
Unemployment Benefit Payments	6,014,553,279.22
Total Operating Expenses	<u>6,014,553,279.22</u>
OPERATING INCOME (LOSS)	<u>350,963,439.90</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Expense	(40,172,464.02)
Interest and Investment Income	13,817,056.07
Other Non-Operating Expenses	(1,232,574.52)
Total Non-Operating Revenues (Expenses)	<u>(27,587,982.47)</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS	<u>323,375,457.43</u>
OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS	
Transfers In (Note 12)	11,923,964,958.58
Transfers Out (Note 12)	(11,845,140,002.12)
Total Other Revenues (Expenses), Gains/(Losses) and Transfers	<u>78,824,956.46</u>
CHANGE IN NET ASSETS	<u>402,200,413.89</u>
NET ASSETS, September 1, 2010	(1,215,122,596.83)
NET ASSETS, August 31, 2011	<u>\$ (812,922,182.94)</u>

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

For the Year Ended August 31, 2011

	Total Proprietary Funds (Exhibit F-3)
CASH FLOWS FROM OPERATING ACTIVITIES	
Unemployment Assessments	\$ 2,616,101,102.15
Proceeds From Federal Revenue	3,507,287,085.93
Proceeds From Other Revenue	238,865,300.89
Unemployment Benefit Payments	(6,071,227,605.20)
Net Cash Provided by Operating Activities	<u>291,025,883.77</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Proceeds from Federal Advances (Note 5)	725,678,047.65
Repayment of Federal Advances (Note 5)	(2,082,377,517.72)
Proceeds from Bond Sales	2,110,391,962.40
Payment of Principal on Bonds	(178,920,000.00)
Payment for Deferred Charges	(10,391,910.76)
Payment of Interest	(46,828,474.86)
Transfers From Other Funds	11,527,382,488.21
Transfers To Other Funds	(11,459,217,690.00)
Net Cash Provided by Non-Capital Financing Activities	<u>585,716,904.92</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Investment Income	8,669,913.33
Net Cash Provided by Investing Activities	<u>8,669,913.33</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>885,412,702.02</u>
Cash and Cash Equivalents, September 1, 2010	<u>33,467,064.27</u>
Net Cash and Cash Equivalents, August 31, 2011	<u>\$ 918,879,766.29</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	<u>349,733,340.38</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Amortization and Depreciation	1,230,099.52
Operating Income and Cash Flow Categories Classification Differences	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(18,914,632.41)
Increase (Decrease) in Payables	(50,692,733.61)
Increase (Decrease) in Deferred Revenue	9,669,809.89
Total Adjustments	<u>(58,707,456.61)</u>
Net Cash Provided by Operating Activities	<u>\$ 291,025,883.77</u>

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

For the Year Ended August 31, 2011

	Private Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	TOTALS
ASSETS			
Cash and Cash Equivalents			
Cash on Hand	\$ 92,501.79	\$	\$ 92,501.79
Cash in State Treasury	810,527.32	35,125.60	845,652.92
Receivables:			
Interest and Dividends	910.75		910.75
Accounts Receivable (Note 24)	230,446.89	221,487.34	451,934.23
Total Assets	1,134,386.75	256,612.94	1,390,999.69
LIABILITIES			
Payables:			
Accounts Payable	1,113,166.47	221,487.34	1,334,653.81
Interest Payable	16,826.17		16,826.17
Due to Other Agencies	4,394.11		4,394.11
Funds Held For Others		35,125.60	35,125.60
Total Liabilities	1,134,386.75	256,612.94	1,390,999.69
NET ASSETS			
Held in Trust For:			
Payday Law	0.00		0.00
Total Net Assets	\$ 0.00	\$ 0.00	\$ 0.00

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EXHIBIT VII
COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 For the Year Ended August 31, 2011

	Private Purpose Trust Funds (Exhibit I-2)	TOTALS
ADDITIONS		
Investment Income		
From Investing Activities:		
Interest and Investment Income	\$ 10,486.66	\$ 10,486.66
Net Income From Investing Activities	10,486.66	10,486.66
Total Net Investment Income (Loss)	10,486.66	10,486.66
Other Additions		
Collections from Employers for Payday Law Claims	5,524,883.57	5,524,883.57
Total Other Additions	5,524,883.57	5,524,883.57
Total Additions	5,535,370.23	5,535,370.23
DEDUCTIONS		
Settlement of Claims	5,524,889.08	5,524,889.08
Interest Expense	6,087.04	6,087.04
Transfers Out (Note 12)	4,394.11	4,394.11
Total Deductions	5,535,370.23	5,535,370.23
INCREASE (DECREASE) IN NET ASSETS	0.00	0.00
Net Assets, September 1, 2010	0.00	0.00
NET ASSETS, August 31, 2011	\$ 0.00	\$ 0.00

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ENTITY

The Texas Workforce Commission (Commission) is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

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

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

Component Units

Blended or Discretely Presented Component Units

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

FUND STRUCTURE

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

Governmental Fund Types & Government-wide Adjustment Fund Types

General Revenue Funds

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

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

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

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

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

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

International Association of Workforce Professionals – Texas Chapter Conference Account (Fund 7999). The IAWP-TC co-hosts the Texas Workforce Conference with the Commission. This fund is used to record the financial activity of the Conference Account that the IAWP-TC maintains in a local bank account.

Capital Asset Adjustments Fund Type

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

Long Term Liabilities Adjustments Fund Type

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

Proprietary Fund Types

Enterprise Funds

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

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

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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.

U.S. Savings Bond Account (Fund 0901) accumulated money withheld from the salaries of state officers and employees for the purpose of purchasing United State Savings Bonds under the payroll savings plan. This fund was created by TEX. GOV'T CODE ANN. § 608.007. As of January 1, 2011, the U.S. Department of the Treasury stopped issuing paper savings bonds through payroll savings plans. Since the money to purchase savings bonds would have to be held in the U.S. Treasury and state law stipulates that the money must be held in the Texas Treasury, the state will no longer be able to allow savings bond payroll deductions as of December 1, 2010.

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.

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Governmental adjustment fund types that build the government-wide financial statements are accounted for using the full accrual method of accounting. This includes unpaid Employee Compensable leave, the unmatured debt service (principal and interest) on the general long-term liabilities, long-term capital leases and long-term claims and judgments. The activity will be recognized in these fund types.

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

BUDGETS AND BUDGETARY ACCOUNTING

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

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

ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

Assets

Cash and Cash Equivalents

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

Restricted Assets

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

Inventories and Prepaid Items

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

Capital Assets

Assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or at the appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all 'exhaustible' assets. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

All capital assets acquired by proprietary funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

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TEXAS WORKFORCE COMMISSION (320)

Liabilities

Accounts Payable

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

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

Bonds Payable – Revenue Bonds

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

Fund Balance/Net Assets

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

Fund Balance Components

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

Non-spendable fund balance includes amounts not available to be spend because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

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

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

Assigned fund balance includes amounts constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

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

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Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

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

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

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

Unrestricted Net Assets

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

INTERFUND ACTIVITIES AND BALANCES

Transfers

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

Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

Interfund Receivables and Payables

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

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TEXAS WORKFORCE COMMISSION (320)

Note 2: CAPITAL ASSETS

	PRIMARY GOVERNMENT							Balance 08/31/11
	Balance 09/01/10	Reclassifications			Adjustments	Additions	Deletions	
		Completed Construction In Progress	Increase Interagency Transfers	Decrease Interagency Transfers				
Governmental Activities:								
Non-Depreciable or Non-Amortizable Assets								
Land and Land Improvements	\$ 5,131,753.63	\$					(122,520.00)	\$ 5,009,233.63
Total Non-Depreciable or Non Amortizable Assets:	5,131,753.63	0.00 ^{\$}	0.00 ^{\$}	0.00 ^{\$}	0.00 ^{\$}	0.00 ^{\$}	(122,520.00)	5,009,233.63
Depreciable Assets:								
Buildings and Building Improvements	34,802,516.08						(291,979.84)	34,510,536.24
Infrastructure	2,156,234.96							2,156,234.96
Furniture and Equipment	9,357,687.98			(144,995.00)		109,335.20	(911,071.29)	8,410,956.89
Vehicles, Boats & Aircraft	282,643.52						(22,705.00)	259,938.52
Total Depreciable Assets	46,599,082.54	0.00	0.00	(144,995.00)	0.00	109,335.20	(1,225,756.13)	45,337,666.61
Less Accumulated Depreciation For:								
Buildings and Building Improvements	(24,302,765.66)					(893,388.58)	277,380.84	(24,918,773.40)
Infrastructure	(1,412,685.42)					(89,296.74)		(1,501,982.16)
Furniture and Equipment	(7,384,578.77)			144,995.00		(728,968.92)	911,071.29	(7,057,481.40)
Vehicles, Boats & Aircraft	(101,165.63)					(21,124.92)	22,705.00	(99,585.55)
Total Accumulated Depreciation	(33,201,195.48)	0.00	0.00	144,995.00	0.00	(1,732,779.16)	1,211,157.13	(33,577,822.51)
Depreciable Assets, Net	13,397,887.06	0.00	0.00	0.00	0.00	(1,623,443.96)	(14,599.00)	11,759,844.10
Amortizable Assets – Intangible:								
Computer Software	16,085,088.03						(72,355.50)	16,012,732.53
Total Amortizable Assets – Intangible	16,085,088.03	0.00	0.00	0.00	0.00	0.00	(72,355.50)	16,012,732.53
Less Accumulated Amortization for:								
Computer Software	(12,991,786.56)					(1,058,283.53)	72,355.50	(13,977,714.59)
Total Accumulated Amortization	(12,991,786.56)	0.00	0.00	0.00	0.00	(1,058,283.53)	72,355.50	(13,977,714.59)
Amortizable Assets – Intangible, Net	3,093,301.47	0.00			0.00	(1,058,283.53)	0.00	2,035,017.94
Governmental Activities Capital Assets, Net:	\$ 21,622,942.16	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (2,681,727.49)	\$ (137,119.00)	\$ 18,804,095.67

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NOTE 3: DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS

DEPOSITS OF CASH IN BANK

As of August 31, 2011, the carrying amount of deposits was \$598,619.43 as presented below.

Governmental and Business-Type Activities	
CASH IN BANK – CARRYING AMOUNT	\$ 598,619.43
Total Cash in Bank per AFR	\$ 598,619.43
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	573,619.43
Cash in Bank per AFR	\$ 598,619.43

As of August 31, 2011, the total bank balance was as follows.

	\$ 596,278.70
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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	\$ 323,619.43	\$ 0.00	\$ 0.00

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 is the result of warrants issued but not yet presented for payment.

Cash in Federal Treasury

Deposits in the Federal Treasury at August 31, 2011, were \$828,581,865.91. 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).

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TEXAS WORKFORCE COMMISSION (320)

Governmental Activities	Balance 09-01-10	Additions	Reductions	Balance 08-31-11	Amount Due Within One Year
General Revenue Advances	\$ 0.00	\$ 168,887,986.00	\$ 168,887,986.00	\$ 0.00	\$ 0.00
Total Governmental Activities	\$ 0.00	\$ 168,887,986.00	\$ 168,887,986.00	\$ 0.00	\$ 0.00

NOTE 5: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2011, the following changes occurred in liabilities reported in the general long-term debt account.

Employee's Compensable Leave

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

Governmental Activities	Balance 09-01-10	Additions	Reductions	Balance 08-31-11	Amount Due Within One Year	Amount Due Thereafter
Compensable Leave	\$ 11,499,230.91	\$ 9,909,188.21	\$ 10,057,567.82	\$ 11,350,851.30	\$ 9,866,412.58	\$ 1,484,438.72
Total Governmental Activities	\$ 11,499,230.91	\$ 9,909,188.21	\$ 10,057,567.82	\$ 11,350,851.30	\$ 9,866,412.58	\$ 1,484,438.72

Federal Advances Outstanding

Texas Workforce Commission began drawing federal advances from the Department of Labor for UI benefits on July 22, 2009, as authorized by Title XII of the Social Security Act. The American Recovery and Reinvestment Act of 2009 provided that these advances be interest free through December 31, 2010. As discussed in Note 6, all federal advances were repaid on December 15, 2010.

Revenue Bonds Payable

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

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

Business-Type Activities	Balance 09-01-10	Additions	Reductions	Balance 08-31-11	Amount Due Within One Year	Amount Due Thereafter
Federal Advances Outstanding	1,356,699,470.07	725,678,047.65	2,082,377,517.72	0.00	0.00	0.00
Revenue Bonds Payable	0.00	2,110,391,962.40	199,258,932.51	1,911,133,029.89	174,917,082.29	1,736,215,947.60
Total Business-Type Activities	\$ 1,356,699,470.07	\$ 2,836,070,010.05	\$ 2,281,636,450.23	\$ 1,911,133,029.89	\$ 174,917,082.29	\$ 1,736,215,947.60

NOTE 6: BOND INDEBTEDNESS

Bonds Payable

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

General information related to bonds is summarized below

Revenue Bonds

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

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

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

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

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

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

The bond sale garnered a net deposit of approximately \$2.1 billion to the UI Trust Fund. The true interest cost to maturity at the time of sale was 3.01%; however, if the debt can be repaid early as projected, the true interest cost could be as low as 2.76%. With the interest rate on federal advances at 4.08%, the transaction is projected to provide a savings to the State. The low interest rate is due in part to the high ratings the bonds were given by the bond rating agencies. In rating the bonds, the rating agencies favorably considered the relative health of the Texas economy and the fact that Texas had issued bonds under the same authorization in 2003 and repaid them early.

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

The revenue for debt service will be 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 it is likely that the bonds will be paid off early, and thus, the bonds are structured with callable and redemptive options to help achieve this goal.

NOTE 7: DERIVATIVE INSTRUMENTS

Not Applicable.

NOTE 8: LEASES

Operating Leases

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

Fund Type	Amount
General Fund	\$ 482,182.92

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
2012	\$ 472,598.86
2013	374,134.18
2014	230,879.63
2015	43,674.59
2016	0.00
Total Minimum Future Lease Rental Payments	\$ 1,121,287.26

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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, 2011, were as follows.

	INTERFUND RECEIVABLE	INTERFUND PAYABLE	PURPOSE
GENERAL			
Appd Fund 0001, D23 Fund 0001			
(Agency 320, Fund 5026)	\$	\$ 683,372.82	Allocation
Total Appropriated Fund 0001	0.00	683,372.82	
Appd Fund 0165, D23 Fund 0165			
(Agency 320, Fund 5026)		393,069.17	Allocation
Total Appropriated Fund 0165	0.00	393,069.17	
Appd Fund 0369, D23 Fund 0369			
(Agency 320, Fund 5026)		301,347.78	Allocation
Total Appropriated Fund 0369	0.00	301,347.78	

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	INTERFUND RECEIVABLE	INTERFUND PAYABLE	PURPOSE
Appd Fund 5026, D23 Fund 5026			
(Agency 320, Fund 0001)	683,372.82		Allocation
(Agency 320, Fund 0165)	393,069.17		Allocation
(Agency 320, Fund 0369)	301,347.78		Allocation
Total Appropriated Fund 5026	1,377,789.77	0.00	
TOTAL CURRENT INTERFUND RECEIVABLE/PAYABLE	\$ 1,377,789.77	\$ 1,377,789.77	

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS	SOURCE
GENERAL			
Appd Fund 0001, Fund 0001			
(Agency 320, Fund 0925)	\$ 1,403,721.82	\$ 0.00	Career Schools Transfer
(Agency 320, Fund 7999)	212,677.42		IAWPTC Transfer
Total Appropriated Fund 0001	1,616,399.24	0.00	
Appd Fund 0165, D23 Fund 0165			
(Agency 320, Fund 0936)		17,435,112.40	UC Reimbursement
Total Appropriated Fund 0165	0.00	17,435,112.40	
Appd Fund 0925, D23 Fund 0925			
(Agency 320, Fund 0001)		1,403,721.82	Career Schools Transfer
Total Appropriated Fund 0925	0.00	1,403,721.82	
Appd Fund 5128, D23 Fund 5128			
(Agency 320, Fund 0936)		57,899.24	Accrued Interest Transfer
Total Appropriated Fund 5128	0.00	57,899.24	
Appd Fund 9999, D23 Fund 7999			
(Agency 320, Fund 0001)		212,677.42	IAWPTC Transfer
Total Appropriated Fund 9999	0.00	212,677.42	
PROPRIETARY			
Appd Fund 0936, D23 Fund 0936			
(Agency 320, Fund 0165)	17,435,112.40		UC Reimbursement
(Agency 320, Fund 5128)	57,899.24		Accrued Interest Transfer
(Agency 320, Fund 0938)		158,243,317.66	UI Trust Fund Transfer
Total Appropriated Fund 0936	17,493,011.64	158,243,317.66	
Appd Fund 0937, D23 Fund 0937			
(Agency 320, Fund 0938)	55,223,866.49		UI Trust Fund Transfer
Total Appropriated Fund 0937	55,223,866.49	0.00	

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	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS	SOURCE
Appd Fund 0938, D23 Fund 0938			
(Agency 320, Fund 0936)	158,243,317.66		UI Trust Fund Transfer
(Agency 320, Fund 0937)		55,223,866.49	UI Trust Fund Transfer
Total Appropriated Fund 0938	158,243,317.66	55,223,866.49	
TOTAL DUE FROM/DUE TO OTHER FUNDS	\$ 232,576,595.03	\$ 232,576,595.03	

	DUE FROM OTHER AGENCIES	DUE TO OTHER AGENCIES	SOURCE
GENERAL			
Appd Fund 0001, D23 Fund 0001			
(Agency 719, Fund 7999)		90,168.40	State Pass Through
Total Appropriated Fund 0001	0.00	90,168.40	
Appd Fund 0165, D23 Fund 0165			
(Agency 308, Fund 0001)	2,639.10		UC Reimb
(Agency 578, Fund 0001)	420.54		UC Reimb
Total Appropriated Fund 0165	3,059.64	0.00	
Appd Fund 0369, D23 Fund 0369			
(Agency 529, Fund 0001)	84,837.12		Federal Pass Through
(Agency 733, Fund 7999)		10,501.53	Federal Pass Through
(Agency 781, Fund 0369)	267,162.28		Federal Pass Through
Total Appropriated Fund 0369	351,999.40	10,501.53	
Appd Fund 5026, D23 Fund 5026			
(Agency 300, Fund 2133)		133,743.85	Federal Pass Through
(Agency 529, Fund 0001)		3,047,473.08	Federal Pass Through
(Agency 694, Fund 0289)		17,769.09	Federal Pass Through
(Agency 701, Fund 0001)		1,213,852.39	Federal Pass Through
(Agency 711, Fund 7999)		29,000.00	Federal Pass Through
(Agency 712, Fund 7999)		115,428.54	Federal Pass Through
(Agency 713, Fund 7999)		40,235.44	Federal Pass Through
(Agency 714, Fund 7999)		33,808.63	Federal Pass Through
(Agency 719, Fund 7999)		27,856.23	Federal Pass Through
(Agency 721, Fund 7999)		135,140.82	Federal Pass Through
(Agency 730, Fund 7999)		83,904.94	Federal Pass Through
(Agency 732, Fund 7999)		33,486.05	Federal Pass Through
(Agency 733, Fund 7999)		87,779.38	Federal Pass Through
(Agency 738, Fund 7999)		28,976.34	Federal Pass Through
(Agency 743, Fund 7999)		17,181.60	Federal Pass Through

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	DUE FROM OTHER AGENCIES	DUE TO OTHER AGENCIES	SOURCE
(Agency 744, Fund 7999)		71,401.71	Federal Pass Through
(Agency 750, Fund 7999)		18,342.37	Federal Pass Through
(Agency 754, Fund 7999)		60,840.67	Federal Pass Through
(Agency 764, Fund 7999)	11,727.99		Federal Pass Through
Total Appropriated Fund 5026	11,727.99	5,196,221.13	
FIDUCIARY			
Appd Fund 0894, D23 Fund 0894			
(Agency 902, Fund 0001)		4,394.11	Transfer Excess Funds
Total Appropriated Fund 0894	0.00	4,394.11	
TOTAL DUE FROM/ DUE TO OTHER AGENCIES			
	\$ 366,787.03	\$ 5,301,285.17	

	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT	PURPOSE
GENERAL			
Appd Fund 0001, D23 Fund 0001			
(Agency 320, Fund 0925)	\$ 1,403,721.82	\$	Tuition Trust Transfer
(Agency 320, Fund 7999)	212,677.42		IAWPTC Transfer
(Agency 902, Fund 0001)		1,550,917.84	Transfer Lapsed Cash
Total Appropriated Fund 0001	1,616,399.24	1,550,917.84	
Appd Fund 0165, D23 Fund 0165			
(Agency 320, Fund 0937)	3,413.00		DUA Loan
Total Appropriated Fund 0165	3,413.00	0.00	
Appd Fund 0925, D23 Fund 0925			
(Agency 320, Fund 0001)		1,403,721.82	Tuition Trust Transfer
Total Appropriated Fund 0925	0.00	1,403,721.82	
Appd Fund 0369, D23 Fund 0369			
(Agency 902, Fund 0001)		11,072.02	EFF Transfer to CPA
(Agency 320, Fund 0936)		82,038.96	ARRA – UI Admin
(Agency 320, Fund 0937)	4,130,443.30		ARRA – UI Admin
Total Appropriated Fund 0369	4,130,443.30	93,110.98	
Appd Fund 5026, D23 Fund 5026			
(Agency 903, Fund 5026)	168,887,986.00	168,887,986.00	CMIA Loan and Repayment
Total Appropriated Fund 5026	168,887,986.00	168,887,986.00	

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	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT	PURPOSE
Appd Fund 5128, D23 Fund 5128			
(Agency 320, Fund 0936)		82,876,773.80	ETIA Transfer to Trust Fund
Total Appropriated Fund 5128	0.00	82,876,773.80	
Appd Fund 9999, D23 Fund 7999			
(Agency 320, Fund 0001)		212,677.42	IAWPTC Transfer
Total Appropriated Fund 9999	0.00	212,677.42	
PROPRIETARY			
Appd Fund 0367, D23 Fund 1367			
(Agency 320, Fund 0938)		2,099,999,628.55	Bond Proceed Transfer
(Agency 320, Fund 2844)	113,338,932.51	423.09	Bond Fund Transfer
(Agency 320, Fund 3844)	85,920,000.00		Bond Fund Transfer
Appd Fund 0367, D23 Fund 3367			
(Agency 320, Fund 0844)		38,902.29	Interest Transfer
(Agency 320, Fund 0937)	782,373.16		Bond Proceed Transfer
(Agency 320, Fund 0938)		782,373.16	Bond Proceed Transfer
Total Appropriated Fund 0367	200,041,305.67	2,100,821,327.09	
Appd Fund 0844, D23 Fund 0844			
(Agency 320, Fund 1844)		20,000.00	Bond Fund Transfer
(Agency 320, Fund 2844)		139,828,474.86	Bond Fund Transfer
(Agency 320, Fund 3367)	38,902.29		Interest Transfer
(Agency 320, Fund 3844)		85,920,000.00	Bond Fund Transfer
Appd Fund 0844, D23 Fund 1844			
(Agency 320, Fund 0844)	20,000.00		Bond Fund Transfer
Appd Fund 0844, D23 Fund 2844			
(Agency 320, Fund 0844)	139,828,474.86		Bond Fund Transfer
(Agency 320, Fund 0937)	423.09		Bond Proceed Transfer
(Agency 320, Fund 0938)		423.09	Bond Proceed Transfer
(Agency 320, Fund 1367)	423.09	113,338,932.51	Bond Fund Transfer
Appd Fund 0844, D23 Fund 3844			
(Agency 320, Fund 0844)	85,920,000.00		Bond Fund Transfer
(Agency 320, Fund 1367)		85,920,000.00	Bond Fund Transfer
Total Appropriated Fund 0844	225,808,223.33	425,027,830.46	
Appd Fund 0936, D23 Fund 0936			
(Agency 320, Fund 0369)	82,038.96		ARRA – UI Admin
(Agency 320, Fund 0937)	259,304,000.00		UI Trust Fund Transfer
(Agency 320, Fund 0938)		2,824,885,300.66	UI Trust Fund Transfer
(Agency 320, Fund 5128)	82,876,773.80		ETIA Transfer to Trust Fund
Total Appropriated Fund 0936	342,262,812.76	2,824,885,300.66	

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	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT	PURPOSE
Appd Fund 0937, D23 Fund 0937			
(Agency 320, Fund 0165)		3,413.00	DUA Loan
(Agency 320, Fund 0369)		4,130,443.30	ARRA – UI Admin
(Agency 320, Fund 0936)		259,304,000.00	UI Trust Fund Transfer
(Agency 320, Fund 0938)	6,230,184,891.36		UI Trust Fund Transfer
(Agency 320, Fund 2844)		423.09	Bond Fund Transfer
(Agency 320, Fund 3367)		782,373.16	UI Trust Fund Transfer
(Agency 320, Fund 0938)			UI Trust Fund Transfer
Total Appropriated Fund 0937	6,230,184,891.36	264,220,652.55	
Appd Fund 0938, D23 Fund 0938			
(Agency 320, Fund 0936)	2,824,885,300.66		UI Trust Fund Transfer
(Agency 320, Fund 0937)		6,230,184,891.36	UI Trust Fund Transfer
(Agency 320, Fund 1367)	2,099,999,628.55		Bond Fund Transfer
(Agency 320, Fund 2844)	423.09		Bond Fund Transfer
(Agency 320, Fund 3367)	782,373.16		Bond Fund Transfer
Total Appropriated Fund 0938	4,925,667,725.46	6,230,184,891.36	
FIDUCIARY			
Appd Fund 0894, D23 Fund 0894			
(Agency 902, Fund 0001)		4,394.11	Transfer Excess Funds
Total Appropriated Fund 0894	0.00	4,394.11	

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.

NOTE 14: ADJUSTMENTS TO FUND BALANCES AND NET ASSETS

		General Funds (Fund 7999)
Fund Balance, August 31, 2010	\$	0.00
Restatements:		
Addition of Funds Held Outside of Treasury		273,537.77
Fund Balance, September 1, 2010 as restated	\$	273,537.77

The Texas Workforce Commission (TWC) and the International Association of Workforce Professionals – Texas Chapter (IAWPTC) co-host a Texas Workforce Conference each year. Since the financial activities of the IAWPTC Conference Account are generally initiated and approved by TWC staff, the financial activities of the IAWPTC Conference Account are included in the Annual Financial Report of TWC.

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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, 2011, 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 was 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 is exploring settlement options and is preparing to file a Petition for Review with the Texas Supreme 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 as reflected 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 \$597,000.

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

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, 2011, records of the Audit Resolution Unit indicate that federal grantor agency audits identified no questionable cost for which the Texas Workforce Commission is contingently liable.

As of August 31, 2011, the Texas Workforce Commission encumbered expenditures in governmental funds for signed contracts and purchase orders as presented in the table below:

	General Revenue Fund (0001)	Unemployment Compensation Special Admin Fund (0165)	Federal American Recovery and Reinvestment Act Fund (0369)	Workforce Commission Federal Fund (5026)
Encumbrances <i>(Purchase Orders/Contracts over \$100,000)</i>	\$ 51,510,283.51	\$ 54,134.84	\$ 5,835,443.40	\$ 192,241,223.29
Encumbrances <i>(Purchase Orders/Contracts under \$100,000)</i>	6,860,168.11	85,944.79	86,381.16	11,554,153.12
Total Encumbrances	\$ 58,370,451.62	\$ 140,079.63	\$ 5,921,824.56*	\$ 203,795,376.41*

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

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NOTE 16: SUBSEQUENT EVENTS

In accordance with Section 204.123 of the Labor Code, \$87 million deposited to the Employment Training Investment Act (ETIA) Holding Fund during the 2011 fiscal year was transferred to the Unemployment Trust Fund Account in September 2011. This transfer was made since the amount in the Unemployment Trust Fund Account was below the statutorily defined floor as computed under Section 204.061, (that is, i.e., floor equals one percent of the total taxable wages for the four calendar quarters ending June 30, 2011).

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 2011:

State Office of Risk Management Payment	\$ 482,080.08
Unemployment Insurance Payment	612,714.78
Lost or Stolen Property	6,998.80
TOTAL	\$ 1,101,793.66

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS

The unemployment rate for Texas averaged 8.2% during the fiscal year. This rate was slightly higher than the average during fiscal 2010 of 8.1%. Unemployment payments, however, declined from \$7.8 billion (\$4.5 billion federal and \$3.3 billion state) in fiscal year 2010 to \$6.0 billion (\$3.5 billion federal and \$2.5 billion state) in fiscal year 2011. The decline resulted from more claimants exhausting their unemployment benefits as well as the end of the Federal Additional Compensation program during the year that had added an extra \$25 to each weekly unemployment benefit.

On December 17, 2010, the "Tax Relief, Unemployment Insurance, Reauthorization and Job Creation Act of 2010" was signed into law. This law continued the funding of federally financed unemployment benefits until January 2012. Under this law Texans are currently eligible to receive up to 67 weeks of federal benefits in addition to the 26 weeks available of state paid benefits.

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As discussed in Note 6, \$2.1 billion in revenue bonds were issued in November and December of 2010.

Fiscal 2011 is the first year that an Obligation Assessment tax has been assessed since 2007. At August 31, 2011, \$355, million had been recognized as Obligation Tax revenue and \$226 million had been expended for principal and interest payments for the 2010 bond series. The cash collections exceeded the 1.5 times debt requirement. The next principal and interest payments are due January 1, 2012.

Funds expended under the American Recovery and Reinvestment act declined from \$263 million in fiscal year 2010 to \$173 million in 2011. These funds have now been almost completely expended.

NOTE 19: THE FINANCIAL REPORTING ENTITY

Not Applicable.

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

As of October 28, 2011, 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, 2011, 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.

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TEXAS WORKFORCE COMMISSION (320)

A. Accounts Receivable

General Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0001 – General	\$ 1,253,910.64	\$ (660,802.71)	\$ 593,107.93
Fund 0165 – Penalty & Interest	11,933,237.74	(4,295,025.12)	7,638,212.62
Total General Funds	\$ 13,187,148.38	\$ (4,955,827.83)	\$ 8,231,320.55

Proprietary Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0936 – Unemployment Assessment	11,237,122.49	(6,766,538.48)	4,470,584.01
Fund 0937 – Benefit Overpayments	381,461,169.00	(346,598,213.00)	34,862,956.00
Fund 0938 – Combined Wage Claim Due From Other States	9,776,723.07	0.00	9,776,723.07
Total Proprietary Funds	\$ 402,475,014.56	\$ (353,364,751.48)	\$ 49,110,263.08

Fiduciary Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0894 – Payday Law Collections	\$ 29,291,919.09	\$ (29,061,472.20)	\$ 230,446.89
Total Fiduciary Funds	\$ 29,291,919.09	\$ (29,061,472.20)	\$ 230,446.89

Agency Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0900 – Departmental Suspense - Settlements	\$ 221,487.34	\$ 0.00	\$ 221,487.34
Total Fiduciary Funds	\$ 221,487.34	\$ 0.00	\$ 221,487.34

B. Taxes Receivable

General Funds:

Fund	Taxes Receivable	Allowance for Doubtful	Net Receivables
Fund 5128 – ETIA	\$ 1,231,292.96	\$ (820,814.33)	\$ 410,478.63
Total General Funds	\$ 1,231,292.96	\$ (820,814.33)	\$ 410,478.63

Proprietary Funds:

Fund	Taxes Receivable	Allowance for Doubtful	Net Receivables
Fund 0844 – Obligation Assessment	38,521,522.54	(2,142,623.33)	36,378,899.21
Fund 0936 – Unemployment Assessments	205,724,988.77	(19,009,106.63)	186,715,882.14
Total Proprietary Funds	\$ 244,246,511.31	\$ (21,151,729.96)	\$ 223,094,781.35

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C. 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	\$ 417,276.74	\$	\$ 417,276.74
Department of Education	713.75		713.75
Department of Health and Human Services	12,199,213.75		12,199,213.75
Department of Labor	5,836,919.81		5,836,919.81
Department of Homeland Security	.34		.34
Total Federal Receivables	\$ 18,454,124.39	\$ 0.00	\$ 18,454,124.39

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	35,768,187.21		35,768,187.21
Total Federal Receivables	\$ 35,768,187.21	\$ 0.00	\$ 35,768,187.21

NOTE 25: TERMINATION BENEFITS

Not Applicable.

NOTE 26: SEGMENT INFORMATION

Not Applicable.

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TEXAS WORKFORCE COMMISSION

EXHIBIT A-1
COMBINING BALANCE SHEET - ALL GENERAL AND CONSOLIDATED FUNDS
 For the Year Ended August 31, 2011

	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	\$ 148,918.59	\$ 26,453.91	\$
Cash in Bank (Note 3)			
Cash in State Treasury		27,260,399.92	2,753,721.82
Legislative Appropriations	67,737,869.73		
Receivables:			
Federal Receivables (Note 24)			
Interest and Dividends	2,196.00		
Accounts Receivable (Note 24)	593,107.93	7,638,212.62	
Taxes Receivable (Note 24)			
Interfund Receivable (Note 12)			
Due from Other Funds (Note 12)	1,616,399.24		
Due from Other Agencies (Note 12)		3,059.64	
Consumable Inventories			
Total Assets	\$ 70,098,491.49	\$ 34,928,126.09	\$ 2,753,721.82
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Payables:			
Accounts Payable	4,317,640.57	310,677.30	350,000.00
Payroll Payable			
Interfund Payable (Note 12)	683,372.82	393,069.17	
Due to Other Funds (Note 12)		17,435,112.40	1,403,721.82
Due to Other Agencies (Note 12)	90,168.40		
Deferred Revenues			
Total Current Liabilities	5,091,181.79	18,138,858.87	1,753,721.82
Total Liabilities	5,091,181.79	18,138,858.87	1,753,721.82
Fund Financial Statement-Fund Balances			
Fund Balances (Deficits):			
Non-Spendable			
Committed			1,000,000.00
Assigned	58,370,451.62	16,789,267.22	
Unassigned	6,636,858.08		
Total Fund Balances	65,007,309.70	16,789,267.22	1,000,000.00
Total Liabilities and Fund Balance	\$ 70,098,491.49	\$ 34,928,126.09	\$ 2,753,721.82

* See Note 16 for additional details.

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TEXAS WORKFORCE COMMISSION

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	TOTALS
Workforce Commission Federal (Fund 5026) U/F (5026)	Federal American Recovery and Reinvestment Act Fund (Fund 5026) U/F (0369)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
\$ 22,820.92	\$	\$	\$	\$ 198,193.42
25,000.00			573,619.43	598,619.43
19,159,448.73		87,041,556.36		136,215,126.83
				67,737,869.73
17,892,617.86	561,506.53			18,454,124.39
		57,899.24		60,095.24
		410,478.63		8,231,320.55
1,377,789.77				410,478.63
				1,377,789.77
11,727.99	351,999.40			1,616,399.24
1,451,990.38				366,787.03
				1,451,990.38
<u>\$ 39,941,395.65</u>	<u>\$ 913,505.93</u>	<u>\$ 87,509,934.23</u>	<u>\$ 573,619.43</u>	<u>\$ 236,718,794.64</u>
18,760,222.95	601,656.62			24,340,197.44
15,380,113.81				15,380,113.81
	301,347.78			1,377,789.77
		57,899.24	212,677.42	19,109,410.88
5,196,221.13	10,501.53			5,296,891.06
			100,577.77	100,577.77
<u>39,336,557.89</u>	<u>913,505.93</u>	<u>57,899.24</u>	<u>313,255.19</u>	<u>65,604,980.73</u>
<u>39,336,557.89</u>	<u>913,505.93</u>	<u>57,899.24</u>	<u>313,255.19</u>	<u>65,604,980.73</u>
1,451,990.38				1,451,990.38
		87,452,034.99 *		88,452,034.99
			260,364.24	75,420,083.08
<u>(847,152.62)</u>				<u>5,789,705.46</u>
604,837.76	0.00	87,452,034.99	260,364.24	171,113,813.91
<u>\$ 39,941,395.65</u>	<u>\$ 913,505.93</u>	<u>\$ 87,509,934.23</u>	<u>\$ 573,619.43</u>	<u>\$ 236,718,794.64</u>

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TEXAS WORKFORCE COMMISSION

EXHIBIT A-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCES - ALL GENERAL AND CONSOLIDATED FUNDS
 For the Year Ended August 31, 2011

	General Revenue (Fund 0001) U/F (0001)	Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Consolidated Accounts	Consolidated Accounts Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
REVENUES:				
Legislative Appropriations				
Original Appropriations (GR)	\$ 140,182,522.00		\$	
Additional Appropriations (GR)	1,415,659.43			
Federal Revenue				
Federal Pass-Through Revenue				
Licenses, Fees and Permits	3,648,191.00	13,336,012.19		
Interest and Investment Income	141,472.13			
Land Income	957.50			
Settlement of Claims	143,771.82			
Sales of Goods and Services	1,208,033.13			
Other Revenues	47,666,905.21			
Total Revenue	194,407,512.22	13,336,012.19		0.00
EXPENDITURES				
Salaries and Wages	5,489,302.38	3,547,948.18		
Payroll Related Costs	1,392,100.03	14,175,333.31 *		
Professional Fees and Services	428,197.28	219,993.77		
Travel	348,662.43	45,827.90		
Materials and Supplies	956,416.94	424,768.20		
Communication and Utilities	916,238.23	268,153.82		
Repairs and Maintenance	267,587.13	160,514.48		
Rentals and Leases	412,165.56	67,438.58		
Printing and Reproduction	97,896.12	62,297.27		
Claims and Judgments		17,564.87		
Federal Pass-Through Expenditures				
State Grant Pass-Through Expenditures	9,130,158.67			
Intergovernmental Payments	19,693,580.50			
Public Assistance Payments	146,972,464.09			(1,403,721.82)
Other Operating Expenditures	634,033.18	187,051.28		
Capital Outlay	5,280.54	2,535.77		
Total Expenditures	186,744,083.08	19,179,427.43		(1,403,721.82)
EXCESS (DEFICIT) OF REVENUES				
OVER EXPENDITURES	\$ 7,663,429.14	\$ (5,843,415.24)		\$ 1,403,721.82

* This amount includes \$12,842,469.27 in Unemployment Insurance payments made to former state employees on behalf of other agencies.

UNAUDITED

TEXAS WORKFORCE COMMISSION

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	TOTALS
Workforce Commission Federal (Fund 5026) U/F (5026)	Federal American Recovery and Reinvestment Act Fund (Fund 5026) U/F (0369)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
\$	\$	\$	\$	\$
				140,182,522.00
				1,415,659.43
908,374,239.50	153,774,691.91			1,062,148,931.41
92,989,603.01	15,860,873.74			108,850,476.75
		86,978,110.99	381,059.67	104,343,373.85
	11,072.02	266,239.41	1,292.85	420,076.41
				957.50
				143,771.82
				1,208,033.13
3,893.08			89,014.00	47,759,812.29
<u>1,001,367,735.59</u>	<u>169,646,637.67</u>	<u>87,244,350.40</u>	<u>471,366.52</u>	<u>1,466,473,614.59</u>
130,064,724.25	9,104,837.79			148,206,812.60
49,991,910.48	2,264,710.44			67,824,054.26
28,027,665.41	451,184.00		91,516.07	29,218,556.53
1,366,103.96	2,189.16			1,762,783.45
10,998,455.33	22,396.07		153,902.86	12,555,939.40
9,732,249.31	190,849.34			11,107,490.70
5,750,868.37	588.90		111.02	6,179,669.90
2,138,215.86	3,388.75		14,320.42	2,635,529.17
711,760.54	8,971.26		300.00	881,225.19
				17,564.87
52,492,518.73	4,334,321.61			56,826,840.34
				9,130,158.67
2,340,450.89	9,791,542.31			31,825,573.70
701,294,986.04	147,019,208.86			993,882,937.17
6,664,511.30	489,781.50		11,712.26	7,987,089.52
101,518.89				109,335.20
<u>1,001,675,939.36</u>	<u>173,683,969.99</u>	<u>0.00</u>	<u>271,862.63</u>	<u>1,380,151,560.67</u>
(308,203.77)	\$ (4,037,332.32)	87,244,350.40	199,503.89	86,322,053.92

UNAUDITED

TEXAS WORKFORCE COMMISSION

EXHIBIT A-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCES - ALL GENERAL AND CONSOLIDATED FUNDS
 For the Year Ended August 31, 2011

	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	\$ 3,000.00	\$	\$
Transfers In (Note 12)	1,616,399.24	3,413.00	
Transfers Out (Note 12)	(1,550,917.84)		(1,403,721.82)
Total Other Financing Sources (Uses)	<u>68,481.40</u>	<u>3,413.00</u>	<u>(1,403,721.82)</u>
Net Change in Fund Balances / Net Assets	<u>7,731,910.54</u>	<u>(5,840,002.24)</u>	<u>0.00</u>
Fund Financial Statement-Fund Balances			
Fund Balances, September 1, 2010	57,312,957.56	22,629,269.46	1,000,000.00
Restatement (Note 14)			
Fund Balances, September 1, 2010, as restated	<u>57,312,957.56</u>	<u>22,629,269.46</u>	<u>1,000,000.00</u>
Appropriations Lapsed	(37,558.40)		
FUND BALANCES - August 31, 2011	<u>\$ 65,007,309.70</u>	<u>\$ 16,789,267.22</u>	<u>\$ 1,000,000.00</u>

UNAUDITED

TEXAS WORKFORCE COMMISSION

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	TOTALS
Workforce Commission Federal (Fund 5026) U/F (5026)	Federal American Recovery and Reinvestment Act Fund (Fund 5026) U/F (0369)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
\$ 122,952.64	\$ 4,130,443.30	\$ (82,876,773.80)	\$ (212,677.42)	\$ 125,952.64
168,887,986.00	4,130,443.30			174,638,241.54
<u>(168,887,986.00)</u>	<u>(93,110.98)</u>	<u>(82,876,773.80)</u>	<u>(212,677.42)</u>	<u>(255,025,187.86)</u>
122,952.64	4,037,332.32	(82,876,773.80)	(212,677.42)	(80,260,993.68)
<u>(185,251.13)</u>	<u>0.00</u>	<u>4,367,576.60</u>	<u>(13,173.53)</u>	<u>6,061,060.24</u>
790,088.89	0.00	83,084,458.39	0.00	164,816,774.30
			273,537.77	273,537.77
<u>790,088.89</u>	<u>0.00</u>	<u>83,084,458.39</u>	<u>273,537.77</u>	<u>165,090,312.07</u>
				(37,558.40)
<u>\$ 604,837.76</u>	<u>\$ 0.00</u>	<u>\$ 87,452,034.99</u>	<u>\$ 260,364.24</u>	<u>\$ 171,113,813.91</u>

EXHIBIT F-1
COMBINING STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
 For the Year Ended August 31, 2011

	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)
ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash on Hand	\$	\$
Cash in State Treasury		
Restricted:		
Cash in State Treasury (Note 3)		93,405,347.42
Cash in U. S. Treasury (Note 3)		
Receivables:		
Federal Receivables (Note 24)		
Interest and Dividends		63,142.74
Taxes Receivable (Note 24)		36,378,899.21
Accounts Receivable (Note 24)		
Due from Other Funds (Note 12)		
Deferred Charges	1,749,323.27	
Total Current Assets	<u>1,749,323.27</u>	<u>129,847,389.37</u>
Non-Current Assets:		
Deferred Charges	7,412,487.97	
Total Non-Current Assets	<u>7,412,487.97</u>	<u>0.00</u>
Total Assets	<u>9,161,811.24</u>	<u>129,847,389.37</u>
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts Payable		2,475.00
Interest Payable		13,682,921.67
Due to Other Funds (Note 12)		
Revenue Bonds Payable	174,917,082.29	
Deferred Revenues		
Total Current Liabilities	<u>174,917,082.29</u>	<u>13,685,396.67</u>
Non-Current Liabilities:		
Revenue Bonds Payable	1,736,215,947.60	
Total Non-Current Liabilities	<u>1,736,215,947.60</u>	<u>0.00</u>
Total Liabilities	<u>1,911,133,029.89</u>	<u>13,685,396.67</u>
NET ASSETS		
Restricted For:		
Unemployment Trust Fund		
Other - Unemployment Insurance Administration		
Debt Retirement	(1,901,971,218.65)	116,161,992.70
Total Net Assets	<u>\$ (1,901,971,218.65)</u>	<u>\$ 116,161,992.70</u>

UNAUDITED

TEXAS WORKFORCE COMMISSION

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
\$ 364,097.18	\$ 85,086.32	\$	\$ 449,183.50
265,733.27			265,733.27
	(3,822,363.81)		89,582,983.61
		828,581,865.91	828,581,865.91
	189,053.00	35,579,134.21	35,768,187.21
		5,084,000.00	5,147,142.74
186,715,882.14			223,094,781.35
4,470,584.01	34,862,956.00	9,776,723.07	49,110,263.08
17,493,011.64	55,223,866.49	158,243,317.66	230,960,195.79
			1,749,323.27
<u>209,309,308.24</u>	<u>86,538,598.00</u>	<u>1,037,265,040.85</u>	<u>1,464,709,659.73</u>
			7,412,487.97
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>7,412,487.97</u>
<u>209,309,308.24</u>	<u>86,538,598.00</u>	<u>1,037,265,040.85</u>	<u>1,472,122,147.70</u>
	86,538,598.00	9,154,131.35	95,695,204.35
			13,682,921.67
158,243,317.66		55,223,866.49	213,467,184.15
			174,917,082.29
<u>51,065,990.58</u>			<u>51,065,990.58</u>
<u>209,309,308.24</u>	<u>86,538,598.00</u>	<u>64,377,997.84</u>	<u>548,828,383.04</u>
			1,736,215,947.60
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,736,215,947.60</u>
<u>209,309,308.24</u>	<u>86,538,598.00</u>	<u>64,377,997.84</u>	<u>2,285,044,330.64</u>
		937,244,637.35	937,244,637.35
		35,642,405.66	35,642,405.66
			(1,785,809,225.95)
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 972,887,043.01</u>	<u>\$ (812,922,182.94)</u>

UNAUDITED

TEXAS WORKFORCE COMMISSION

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
2,320,275,339.36	\$ 8,446,326.62	\$ 3,461,156,705.67	\$ 2,675,580,707.53
162,316,692.33	2,750,522.32	55,265,764.65	3,469,603,032.29
<u>2,482,592,031.69</u>	<u>11,196,848.94</u>	<u>3,516,422,470.32</u>	<u>6,365,516,719.12</u>
	5,977,161,213.10	37,392,066.12	6,014,553,279.22
0.00	<u>5,977,161,213.10</u>	<u>37,392,066.12</u>	<u>6,014,553,279.22</u>
<u>2,482,592,031.69</u>	<u>(5,965,964,364.16)</u>	<u>3,479,030,404.20</u>	<u>350,963,439.90</u>
			(40,172,464.02)
30,456.21	125.35	13,496,401.54	13,817,056.07
			(1,232,574.52)
<u>30,456.21</u>	<u>125.35</u>	<u>13,496,401.54</u>	<u>(27,587,982.47)</u>
<u>2,482,622,487.90</u>	<u>(5,965,964,238.81)</u>	<u>3,492,526,805.74</u>	<u>323,375,457.43</u>
342,262,812.76	6,230,184,891.36	4,925,667,725.46	11,923,964,958.58
(2,824,885,300.66)	(264,220,652.55)	(6,230,184,891.36)	(11,845,140,002.12)
<u>(2,482,622,487.90)</u>	<u>5,965,964,238.81</u>	<u>(1,304,517,165.90)</u>	<u>78,824,956.46</u>
0.00	(0.00)	2,188,009,639.84	402,200,413.89
0.00	0.00	(1,215,122,596.83)	(1,215,122,596.83)
<u>0.00</u>	<u>(0.00)</u>	<u>972,887,043.01</u>	<u>(812,922,182.94)</u>

UNAUDITED

TEXAS WORKFORCE COMMISSION

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
2,297,174,633.19	\$	\$	\$ 2,616,101,102.15
	8,528,601.62	3,498,758,484.31	3,507,287,085.93
179,019,214.27	2,750,522.32	57,095,564.30	238,865,300.89
	(6,030,608,275.47)	(40,619,329.73)	(6,071,227,605.20)
<u>2,476,193,847.46</u>	<u>(6,019,329,151.53)</u>	<u>3,515,234,718.88</u>	<u>291,025,883.77</u>
		725,678,047.65	725,678,047.65
		(2,082,377,517.72)	(2,082,377,517.72)
			2,110,391,962.40
			(178,920,000.00)
			(10,391,910.76)
			(46,828,474.86)
331,602,654.51	6,286,507,364.80	4,908,450,770.36	11,527,382,488.21
(2,807,668,345.56)	(264,220,652.55)	(6,286,507,364.80)	(11,459,217,690.00)
<u>(2,476,065,691.05)</u>	<u>6,022,286,712.25</u>	<u>(2,734,756,064.51)</u>	<u>585,716,904.92</u>
30,456.21	125.35	8,412,401.54	8,669,913.33
<u>30,456.21</u>	<u>125.35</u>	<u>8,412,401.54</u>	<u>8,669,913.33</u>
158,612.62	2,957,686.07	788,891,055.91	885,412,702.02
471,217.83	(6,694,963.56)	39,690,810.00	33,467,064.27
<u>629,830.45</u>	<u>(3,737,277.49)</u>	<u>828,581,865.91</u>	<u>\$ 918,879,766.29</u>
2,482,592,031.69	(5,965,964,364.16)	3,479,030,404.20	349,733,340.38
			1,230,099.52
(16,067,994.12)	(5,899,317.37)	39,431,578.29	(18,914,632.41)
	(47,465,470.00)	(3,227,263.61)	(50,692,733.61)
9,669,809.89			9,669,809.89
<u>(6,398,184.23)</u>	<u>(53,364,787.37)</u>	<u>36,204,314.68</u>	<u>(58,707,456.61)</u>
<u>2,476,193,847.46</u>	<u>(6,019,329,151.53)</u>	<u>3,515,234,718.88</u>	<u>\$ 291,025,883.77</u>

UNAUDITED

TEXAS WORKFORCE COMMISSION

EXHIBIT I-1
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS
 For the Year Ended August 31, 2011

	Payday Law Wage Determination Trust Fund (Fund 0894) U/F (0894)
ASSETS	
Cash and Cash Equivalents	
Cash on Hand	\$ 92,501.79
Cash in State Treasury	810,527.32
Receivables:	
Interest and Dividends	910.75
Accounts Receivable (Note 24)	<u>230,446.89</u>
Total Assets	<u>1,134,386.75</u>
LIABILITIES	
Payables:	
Accounts Payable	1,113,166.47
Interest Payable	16,826.17
Due to Other Agencies (Note 12)	<u>4,394.11</u>
Total Liabilities	<u>1,134,386.75</u>
NET ASSETS	
Held in Trust For:	
Payday Law	<u>0.00</u>
Total Net Assets	<u>\$ 0.00</u>

UNAUDITED

TEXAS WORKFORCE COMMISSION

EXHIBIT I-2
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS
 For the Year Ended August 31, 2011

	Payday Law Wage Determination Trust Fund (Fund 0894) <u>U/F (0894)</u>
ADDITIONS	
Investment Income	
From Investing Activities:	
Interest and Investment Income	\$ 10,486.66
Net Income From Investing Activities	<u>10,486.66</u>
Total Net Investment Income (Loss)	<u>10,486.66</u>
Other Additions	
Collections from Employers for Payday Law Claims	<u>5,524,883.57</u>
Total Other Additions	<u>5,524,883.57</u>
Total Additions	<u>5,535,370.23</u>
DEDUCTIONS	
Settlement of Claims	5,524,889.08 *
Interest Expense	6,087.04
Transfers Out (Note 12)	<u>4,394.11</u>
Total Deductions	<u>5,535,370.23</u>
INCREASE (DECREASE) IN NET ASSETS	<u>0.00</u>
Net Assets, September 1, 2010	0.00
Net Assets, August 31, 2011	\$ <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 \$1,133,744.13 in claims where the claimant was paid directly by the employer.

UNAUDITED

TEXAS WORKFORCE COMMISSION

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

For the Year Ended August 31, 2011

	Balances September 1, 2010	Additions	Deductions	Balances August 31, 2011
--	----------------------------------	-----------	------------	--------------------------------

Child Labor Penalty (0001) U/F (1000)

ASSETS:				
Cash in State Treasury	0.00	236,191.13	236,191.13	0.00
Total Assets	\$ 0.00	\$ 236,191.13	\$ 236,191.13	\$ 0.00

LIABILITIES:				
Funds Held for Others	0.00	236,191.13	236,191.13	0.00
Total Liabilities	\$ 0.00	\$ 236,191.13	\$ 236,191.13	\$ 0.00

Child Support Employee Deducts (0807) U/F (8070)

ASSETS:				
Cash in State Treasury	37,796.43	470,480.56	473,151.39	35,125.60
Total Assets	\$ 37,796.43	\$ 470,480.56	\$ 473,151.39	\$ 35,125.60

LIABILITIES:				
Funds Held for Others	37,796.43	470,480.56	473,151.39	35,125.60
Total Liabilities	\$ 37,796.43	\$ 470,480.56	\$ 473,151.39	\$ 35,125.60

Departmental Suspense (0900) U/F (0900, 9015, 9016)

ASSETS:				
Cash in State Treasury	0.00	2,663,022.04	2,663,022.04	0.00
Accounts Receivable (Note 24)	200,000.00	221,487.34	200,000.00	221,487.34
Total Assets	\$ 200,000.00	\$ 2,884,509.38	\$ 2,863,022.04	\$ 221,487.34

LIABILITIES:				
Accounts Payable	200,000.00	221,487.34	200,000.00	221,487.34
Funds Held for Others	0.00	2,663,022.04	2,663,022.04	0.00
Total Liabilities	\$ 200,000.00	\$ 2,884,509.38	\$ 2,863,022.04	\$ 221,487.34

***Employee's Savings Bond Account (0901) U/F (0901)**

ASSETS:				
Cash in State Treasury	7,392.93	14,595.50	21,988.43	0.00
Total Assets	\$ 7,392.93	\$ 14,595.50	\$ 21,988.43	\$ 0.00

LIABILITIES:				
Funds Held for Others	7,392.93	14,595.50	21,988.43	0.00
Total Liabilities	\$ 7,392.93	\$ 14,595.50	\$ 21,988.43	\$ 0.00

Direct Deposit Correction Account (0980) U/F (0980, 9014)

ASSETS:				
Cash in State Treasury	0.00	13,700.98	13,700.98	0.00
Total Assets	\$ 0.00	\$ 13,700.98	\$ 13,700.98	\$ 0.00

LIABILITIES:				
Funds Held for Others	0.00	13,700.98	13,700.98	0.00
Total Liabilities	\$ 0.00	\$ 13,700.98	\$ 13,700.98	\$ 0.00

UNAUDITED

TEXAS WORKFORCE COMMISSION

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

For the Year Ended August 31, 2011

	Balances September 1, 2010	Additions	Deductions	Balances August 31, 2011
TOTALS - ALL AGENCY FUNDS				
ASSETS:				
Cash in State Treasury	45,189.36	3,397,990.21	3,408,053.97	35,125.60
Accounts Receivable (Note 24)	200,000.00	221,487.34	200,000.00	221,487.34
Total Assets	\$ 245,189.36	\$ 3,619,477.55	\$ 3,608,053.97	\$ 256,612.94
LIABILITIES:				
Accounts Payable	200,000.00	221,487.34	200,000.00	221,487.34
Funds Held for Others	45,189.36	3,397,990.21	3,408,053.97	35,125.60
Total Liabilities	\$ 245,189.36	\$ 3,619,477.55	\$ 3,608,053.97	\$ 256,612.94

* As of January 1, 2011, the U.S. Department of the Treasury stopped issuing paper savings bonds through payroll savings plans. Since money to purchase savings bonds would have to be held in the U.S. Treasury and state law stipulates that the money must be held in the Texas Treasury, the state will no longer be able to allow savings bond payroll deductions as of December 1, 2010.

UNAUDITED

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From		
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount
U.S. Department of Labor				
Direct Programs:				
Labor Force Statistics	17.002			
Unemployment Insurance	17.225			
Pass-Through To:				
Other Non-State Entities				
Unemployment Insurance - ARRA*	17.225			
Pass-Through To:				
Other Non-State Entities				
Senior Community Service 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 - Austin				
Work Incentive Grant	17.266			
Pass-Through To:				
Other Non-State Entities				
Work Opportunity Tax Credit Program	17.271			
Temporary Labor Certification For Foreign Workers	17.273			
Pass-Through To:				
Other Non-State Entities				
WIA National Emergency Grants	17.277			
Pass-Through To:				
Other Non-State Entities				
WIA Dislocated Worker Formula Grants	17.278			
Pass-Through To:				
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:				
University of Texas - Austin				
University of Houston				
Texas Tech University				
University of Texas - Health Science Center at Houston				
Texas State University - San Marcos				
Other Non-State Entities				
Employment Service - ARRA*	17.207			
Pass-Through To:				
Texas State Technical College				
Other Non-State Entities				
Subtotal, Employment Services Cluster			0.00	0.00

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TEXAS WORKFORCE COMMISSION (320)

Direct Program Amount	Total PT from & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agency/ Univ. #	State Agency or Univ Amount	Non-State Entities Amount		
3,669,759.55	3,669,759.55				3,669,759.55	3,669,759.55
5,827,280,118.93	5,827,280,118.93				5,827,280,118.93	5,827,280,118.93
1,150,798.16	1,150,798.16			1,150,798.16		1,150,798.16
354,590,636.24	354,590,636.24				354,590,636.24	354,590,636.24
98,277.48	98,277.48			98,277.48		98,277.48
102,279.67	102,279.67				102,279.67	102,279.67
7,298,336.64	7,298,336.64			7,298,336.64		7,298,336.64
1,701,538.65	1,701,538.65				1,701,538.65	1,701,538.65
18,418,650.77	18,418,650.77			18,418,650.77		18,418,650.77
23,307.23	23,307.23				23,307.23	23,307.23
104,633.98	104,633.98	721	104,633.98			104,633.98
115,832.49	115,832.49			115,832.49		115,832.49
1,419,110.17	1,419,110.17				1,419,110.17	1,419,110.17
548,029.00	548,029.00				548,029.00	548,029.00
3,397.86	3,397.86			3,397.86		3,397.86
17,827.61	17,827.61				17,827.61	17,827.61
7,799,528.36	7,799,528.36			7,799,528.36		7,799,528.36
94,124.76	94,124.76				94,124.76	94,124.76
45,905,875.36	45,905,875.36			45,905,875.36		45,905,875.36
6,270,342,062.91	6,270,342,062.91		104,633.98	80,790,697.12	6,189,446,731.81	6,270,342,062.91
46,133,295.32	46,133,295.32				46,133,295.32	46,133,295.32
54,266.61	54,266.61	721	54,266.61			54,266.61
176,385.18	176,385.18	730	176,385.18			176,385.18
439,612.07	439,612.07	733	439,612.07			439,612.07
113,036.20	113,036.20	744	113,036.20			113,036.20
200,212.54	200,212.54	754	200,212.54			200,212.54
12,525,737.14	12,525,737.14			12,525,737.14		12,525,737.14
288,095.03	288,095.03				288,095.03	288,095.03
959,437.00	959,437.00	719	959,437.00			959,437.00
1,385,598.47	1,385,598.47			1,385,598.47		1,385,598.47
62,275,675.56	62,275,675.56		1,942,949.60	13,911,335.61	46,421,390.35	62,275,675.56

TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2011

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:				
Texas A&M University				
Texas Engineering Experiment Station				
Tarleton State University				
Texas State Technical College				
University of Texas - Austin				
Texas A&M University - Kingsville				
Lamar University				
University of Texas at Dallas				
University of North Texas				
Texas A & M University - Texarkana				
Other Non-State Entities				
Workforce Investment Act - Adult Program - ARRA*	17.258			
Pass-Through To:				
Texas Tech University Health Sciences Center				
Texas School for the Blind and Visually Impaired				
Texas School for the Deaf				
Other Non-State Entities				
Workforce Investment Act - Youth Activities	17.259			
Pass-Through To:				
Office of the Governor				
Texas Youth Commission				
University of Texas - Austin				
University of Texas - San Antonio				
Other Non-State Entities				
Workforce Investment Act - Youth Activities - ARRA*	17.259			
Pass-Through To:				
Texas Engineering Experiment Station				
Texas State Technical College				
Other Non-State Entities				
Workforce Investment Act - Dislocated Workers	17.260			
Pass-Through To:				
Texas Youth Commission				
Texas Engineering Experiment Station				
University of Texas - Arlington				
Prairie View A&M University				
Texas State Technical College				
University of Texas - Austin				
University of Texas Southwestern Medical Center at Dallas				
University of Houston				
Texas A&M University - Kingsville				
Texas Tech University				
Lamar University				
University of Texas at Dallas				
University of Texas at San Antonio				
University of Texas at Tyler				

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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		
8,386,218.72	8,386,218.72				8,386,218.72	8,386,218.72
29,000.00	29,000.00	711	29,000.00			29,000.00
175,624.14	175,624.14	712	175,624.14			175,624.14
82,647.38	82,647.38	713	82,647.38			82,647.38
27,856.23	27,856.23	719	27,856.23			27,856.23
69,429.88	69,429.88	721	69,429.88			69,429.88
64,964.48	64,964.48	732	64,964.48			64,964.48
39,787.70	39,787.70	734	39,787.70			39,787.70
84,305.60	84,305.60	738	84,305.60			84,305.60
33,802.14	33,802.14	752	33,802.14			33,802.14
28,350.00	28,350.00	764	28,350.00			28,350.00
44,860,761.23	44,860,761.23			44,860,761.23		44,860,761.23
(3,643.39)	(3,643.39)			(3,643.39)		(3,643.39)
465,839.07	465,839.07	739	465,839.07			465,839.07
243,457.76	243,457.76	771	243,457.76			243,457.76
421,095.96	421,095.96	772	421,095.96			421,095.96
6,517,804.98	6,517,804.98			6,517,804.98		6,517,804.98
7,491,168.56	7,491,168.56			7,491,168.56		7,491,168.56
910,682.60	910,682.60	300	910,682.60			910,682.60
(147.80)	(147.80)	694	(147.80)			(147.80)
260,772.28	260,772.28	721	260,772.28			260,772.28
162,968.81	162,968.81	743	162,968.81			162,968.81
48,732,444.45	48,732,444.45			48,732,444.45		48,732,444.45
68,428.41	68,428.41			68,428.41		68,428.41
534,549.98	534,549.98	712	534,549.98			534,549.98
103,237.20	103,237.20	719	103,237.20			103,237.20
8,374,306.41	8,374,306.41			8,374,306.41		8,374,306.41
292,063.90	292,063.90			292,063.90		292,063.90
415,828.41	415,828.41	694	415,828.41			415,828.41
395,773.16	395,773.16	712	395,773.16			395,773.16
114,669.56	114,669.56	714	114,669.56			114,669.56
56,152.93	56,152.93	715	56,152.93			56,152.93
18,314.88	18,314.88	719	18,314.88			18,314.88
197,017.17	197,017.17	721	197,017.17			197,017.17
27,300.00	27,300.00	729	27,300.00			27,300.00
352,681.49	352,681.49	730	352,681.49			352,681.49
3,931.90	3,931.90	732	3,931.90			3,931.90
233,935.61	233,935.61	733	233,935.61			233,935.61
67,232.76	67,232.76	734	67,232.76			67,232.76
142,949.41	142,949.41	738	142,949.41			142,949.41
42,767.70	42,767.70	743	42,767.70			42,767.70
76,742.39	76,742.39	750	76,742.39			76,742.39

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TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From			
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount	Non-State Entities Amount
University of North Texas					
Sam Houston State University					
West Texas A&M University					
University of Texas at Clear Lake					
University of North Texas Health Science Center at Fort Worth					
Texas A & M University - Texarkana					
Other Non-State Entities					
Workforce Investment Act - Dislocated Workers - ARRA*	17.260				
Pass-Through To:					
Texas State Technical College					
Texas Tech University					
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					
Direct Program:					
Career and Technical Education - Basic Grants to States	84.048				
Subtotal, Non-Clustered Programs				0.00	0.00
State Fiscal Stabilization Fund Cluster					
State Fiscal Stabilization Fund - Government Services - ARR.	84.397				
Pass-Through From:					
Texas Higher Education Coordinating Board		781		267,162.28	
Subtotal, State Fiscal Stabilization Cluster				267,162.28	0.00
Total, U.S. Department of Education				267,162.28	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		2,036,698.97	
Subtotal, Non-Clustered Programs				2,036,698.97	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					
Child Care and Development Fund	93.596				
Pass-Through To:					
Texas Education Agency					
Other Non-State Entities					
Child Care and Development Block Grant - ARRA*	93.713				
Pass-Through To:					
Other Non-State Entities					
Subtotal, Child Care Cluster				0.00	0.00

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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		
94,360.01	94,360.01	752	94,360.01			94,360.01
52,061.14	52,061.14	753	52,061.14			52,061.14
34,084.35	34,084.35	757	34,084.35			34,084.35
63,031.50	63,031.50	759	63,031.50			63,031.50
10,500.00	10,500.00	763	10,500.00			10,500.00
7,426.03	7,426.03	764	7,426.03			7,426.03
13,866,476.31	13,866,476.31			13,866,476.31		13,866,476.31
497,757.01	497,757.01				497,757.01	497,757.01
1,172,043.37	1,172,043.37	719	1,172,043.37			1,172,043.37
434,661.27	434,661.27	733	434,661.27			434,661.27
13,898,910.97	13,898,910.97			13,898,910.97		13,898,910.97
160,734,386.01	160,734,386.01		7,751,688.45	136,250,704.35	16,731,993.21	160,734,386.01
6,493,352,124.48	6,493,352,124.48		9,799,272.03	230,952,737.08	6,252,600,115.37	6,493,352,124.48
690.49	690.49				690.49	690.49
690.49	690.49		0.00	0.00	690.49	690.49
	267,162.28			267,162.28		267,162.28
0.00	267,162.28		0.00	267,162.28	0.00	267,162.28
690.49	267,852.77		0.00	267,162.28	690.49	267,852.77
	2,036,698.97			2,036,698.97		2,036,698.97
0.00	2,036,698.97		0.00	2,036,698.97	0.00	2,036,698.97
9,773,262.29	9,773,262.29				9,773,262.29	9,773,262.29
33,350,841.92	33,350,841.92	530	33,350,841.92			33,350,841.92
1,353,188.82	1,353,188.82	701	1,353,188.82			1,353,188.82
195,780,057.79	195,780,057.79			195,780,057.79		195,780,057.79
12,307,537.57	12,307,537.57	701	12,307,537.57			12,307,537.57
206,454,787.67	206,454,787.67			206,454,787.67		206,454,787.67
11,454.20	11,454.20				11,454.20	11,454.20
110,674,979.12	110,674,979.12			110,674,979.12		110,674,979.12
569,706,109.38	569,706,109.38		47,011,568.31	512,909,824.58	9,784,716.49	569,706,109.38

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TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From			
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount	Non-State Entities Amount
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		7,343,521.74	
Pass-Through To:					
Other Non-State Entities		529		83,609,382.30	
Emergency Contingency Fund for TANF St. Prgms. - ARRA*	93.714				
Pass-Through From:					
Health and Human Services Commission					
Pass-Through To:					
Other Non-State Entities		529		15,593,711.46	
Subtotal, TANF Cluster				106,546,615.50	0.00
Total, U.S. Dept. of Health & Human Services				108,583,314.47	0.00
Department of Homeland Security					
Direct Program:					
Disaster Unemployment Assistance	97.034				
Total, Department of Homeland Security				0.00	0.00
SNAP Cluster					
U.S. Department of Agriculture					
Direct Programs:					
State Admin. Match for Supplemental Nutrition Assist Prog.	10.561				
Pass-Through To:					
Texas State Technical College					
Other Non-State Entities					
Total, U. S. Department of Agriculture				0.00	0.00
TOTAL, FEDERAL FINANCIAL ASSISTANCE				108,850,476.75	0.00

* American Recovery and Reinvestment Act

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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		
	7,343,521.74				7,343,521.74	7,343,521.74
	83,609,382.30			83,609,382.30		83,609,382.30
	15,593,711.46			15,593,711.46		15,593,711.46
0.00	106,546,615.50		0.00	99,203,093.76	7,343,521.74	106,546,615.50
569,706,109.38	678,289,423.85		47,011,568.31	614,149,617.31	17,128,238.23	678,289,423.85
	1,405.52				1,405.52	1,405.52
1,405.52	1,405.52		0.00	0.00	1,405.52	1,405.52
1,383,126.89	1,383,126.89				1,383,126.89	1,383,126.89
16,000.00	16,000.00	719	16,000.00			16,000.00
14,946,876.21	14,946,876.21			14,946,876.21		14,946,876.21
16,346,003.10	16,346,003.10		16,000.00	14,946,876.21	1,383,126.89	16,346,003.10
7,079,406,332.97	7,188,256,809.72		56,826,840.34	860,316,392.88	6,271,113,576.50	7,188,256,809.72

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TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2011

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	\$	1,062,148,931.41
Federal Pass-Through Revenues		108,850,476.75
Federal Revenues - Proprietary		3,469,603,032.29
Subtotal		<u>4,640,602,440.45</u>

RECONCILING ITEMS

State UI funds		2,544,950,246.93
* Federal Fixed Fee Contracts		(1,344,282.00)
**Expenditure of Non-Grant ARRA Funds		4,048,404.34
Total Pass-Through and Expenditures Per Federal Schedule	\$	<u><u>7,188,256,809.72</u></u>

Note 2 - Unemployment Insurance Funds

The expenditures in CFDA 17.225 consists of the following:

NON ARRA Expenditures

UI Administrative Grant Funds	\$	156,791,468.16
Extended Benefits (EB)		485,069,751.27
State UI Benefits Paid		2,544,950,246.93
Emergency Unemployment Comp. (EUC)		2,525,031,780.19
Former Federal Employees		108,114,660.92
Disaster Unemployment Assistance		(55,027.00)
TRA Federal Benefits		8,528,036.62
Total Non-ARRA Expenditures		<u>5,828,430,917.09</u>

ARRA Expenditures

Emergency Unemploy Comp. (EUC)		15,179,663.75
Federal Additional Compensation (FAC)		100,259,323.48
Extended Benefits (EB)		209,542,350.17
Former Federal Employees		17,932,492.89
Administrative Funds		11,775,083.43
Total ARRA Expenditures		<u>354,688,913.72</u>

Total	\$	<u><u>6,183,119,830.81</u></u>
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* The Civil Rights Division of the Texas Workforce Commission conducts investigations arising from complaints regarding employment and housing discrimination. The Equal Employment Opportunity Commission (EEOC) and the U.S. Department of Housing and Urban Development (HUD) pay for these investigations on a fixed fee basis.

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TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2011

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

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

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TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2011

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	16,000.00	14,946,876.21	1,383,126.89	16,346,003.10
Labor Force Statistics	17.002			3,669,759.55	3,669,759.55
Employment Service	17.207	983,512.60	12,525,737.14	46,133,295.32	59,642,545.06
Employment Service - ARRA*	17.207	959,437.00	1,385,598.47	288,095.03	2,633,130.50
Unemployment Insurance	17.225		1,150,798.16	155,640,670.00	156,791,468.16
Unemployment Insurance - ARRA*	17.225		11,676,805.95	98,277.48	11,775,083.43
Senior Community Service Employment Program	17.235		7,298,336.64	102,279.67	7,400,616.31
Trade Adjustment Assistance	17.245		18,418,650.77	1,701,538.65	20,120,189.42
Workforce Investment Act - Adult Program	17.258	635,767.55	44,860,761.23	8,386,218.72	53,882,747.50
Workforce Investment Act - Adult Program - ARRA*	17.258	1,130,392.79	6,517,804.98	(3,643.39)	7,644,554.38
Workforce Investment Act - Youth Activities	17.259	1,334,275.89	48,732,444.45	7,491,168.56	57,557,888.90
Workforce Investment Act - Youth Activities - ARRA*	17.259	637,787.18	8,374,306.41	68,428.41	9,080,522.00
Workforce Investment Act - Dislocated Workers	17.260	2,406,760.40	13,866,476.31	292,063.90	16,565,300.61
Workforce Investment Act - Dislocated Workers - ARRA*	17.260	1,606,704.64	13,898,910.97	497,757.01	16,003,372.62
Workforce Investment Act - Pilots, Demonstrations and Res	17.261	104,633.98		23,307.23	127,941.21
Work Incentive Grant	17.266		115,832.49		115,832.49
Work Opportunity Tax Credit Program	17.271			1,419,110.17	1,419,110.17
Temporary Labor Certification For Foreign Workers	17.273		3,397.86	548,029.00	551,426.86
Workforce Investment Act - National Emergency Grants	17.277		7,799,528.36	17,827.61	7,817,355.97
WIA - Dislocated Worker Formula Grants	17.278		45,905,875.36	94,124.76	46,000,000.12
Vocational Education - Basic Grant	84.048			690.49	690.49
State Fiscal Stabilization - ARRA*	84.397		267,162.28		267,162.28
Temporary Assistance for Needy Families	93.558		83,609,382.30	7,343,521.74	90,952,904.04
Child Care and Development Block Grant	93.575	34,704,030.74	195,780,057.79	9,773,262.29	240,257,350.82
Child Care and Development Fund	93.596	12,307,537.57	206,454,787.67		218,762,325.24
Social Services Block Grant	93.667		2,036,698.97		2,036,698.97
Child Care and Development Block Grant - ARRA*	93.713		110,674,979.12	11,454.20	110,686,433.32
Emergency Contingency Fund For TANF - ARRA*	93.714		15,593,711.46		15,593,711.46
Disaster Unemployment Assistance	97.034			1,405.52	1,405.52
		<u>56,826,840.34</u>	<u>871,894,921.35</u>	<u>244,981,768.81</u>	<u>1,173,703,530.50</u>

*American Recovery and Reinvestment Act

Federal Revenues - Governmental	1,062,148,931.41
Federal Pass-Through Revenues	108,850,476.75
Federal Fixed Fee Contracts	(1,344,282.00)
Expenditure of Non-Grant ARRA Funds	<u>4,048,404.34</u>
Total	<u><u>1,173,703,530.50</u></u>

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TEXAS WORKFORCE COMMISSION

SCHEDULE 1B
SCHEDULE OF STATE PASS-THROUGH GRANT FROM/TO STATE AGENCIES
For the Year Ended August 31, 2011

Pass-Through To Other Agencies:

Project RIO	
Department of Criminal Justice (Agency 696)	\$ 4,676,627.35
Subtotal	<u>4,676,627.35</u>
Apprenticeship	
Texas State Technical College System Administration (Agency 719)	\$ 28,959.12
Subtotal	<u>28,959.12</u>
Skills Development	
Texas Engineering Extension Service (Agency 716)	2,232,373.50
Texas State Technical College System Administration (Agency 719)	\$ 2,134,218.70
Lamar Institute of Technology (Agency 789)	57,980.00
Subtotal	<u>4,424,572.20</u>
Total Pass-Through To Other Agencies	\$ <u>9,130,158.67</u>

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TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 2A
MISCELLANEOUS BOND INFORMATION
 For Fiscal Year Ended August 31, 2011

Business-Type Activities

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

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TEXAS WORKFORCE COMMISSION (320)

**SCHEDULE 2B
CHANGES IN BONDED INDEBTEDNESS**

For Fiscal Year Ended August 31, 2011

Business-Type Activities

Description of Issue	Bonds Outstanding 9/1/2010	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2011	(For Proprietary Funds Only: Reconciliation)			Net Bonds Outstanding 8/31/2011	Amounts Due Within One Year
						Unamortized Premium	Unamortized Discount	Gain / (Loss) on Refunding		
Revenue Bonds										
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010A	\$ -	1,110,415,000.00	93,000,000.00		1,017,415,000.00	87,672,002.31	-	-	\$1,105,087,002.31	\$ 169,910,316.07
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010B	\$ -	549,465,000.00	-		549,465,000.00	42,501,027.58	-	-	\$ 591,966,027.58	\$ 5,006,766.22
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010C	\$ -	300,000,000.00	-	85,920,000.00	214,080,000.00		-	-	\$ 214,080,000.00	\$ -
	<u>\$ -</u>	<u>\$ 1,959,880,000.00</u>	<u>\$ 93,000,000.00</u>	<u>\$ 85,920,000.00</u>	<u>\$ 1,780,960,000.00</u>	<u>\$ 130,173,029.89</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,911,133,029.89</u>	<u>\$ -</u>

174,917,082.29

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TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 2C
DEBT SERVICE REQUIREMENTS
 For Fiscal Year Ended August 31, 2011

Business-Type Activities

<u>Description of Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>
Revenue Bonds			
Texas Public Finance Authority	2012	146,240,000.00	48,683,200.00
Unemployment Compensation	2013	149,265,000.00	41,889,850.00
Obligation Assessment	2014	159,990,000.00	34,777,900.00
Revenue Bonds, Series 2010A	2015	172,860,000.00	26,769,200.00
	2016	186,990,000.00	18,266,275.00
	2017	202,070,000.00	8,814,700.00
		<u>1,017,415,000.00</u>	<u>179,201,125.00</u>
Texas Public Finance Authority	2012		27,473,250.00
Unemployment Compensation	2013		27,473,250.00
Obligation Assessment	2014		27,473,250.00
Revenue Bonds, Series 2010B	2015		27,473,250.00
	2016		27,473,250.00
	2017		27,473,250.00
	2018	209,480,000.00	25,986,250.00
	2019	189,985,000.00	15,999,625.00
	2020	150,000,000.00	3,750,000.00
		<u>549,465,000.00</u>	<u>210,575,375.00</u>
Texas Public Finance Authority	2012		5,566,080.00
Unemployment Compensation	2013		5,566,080.00
Obligation Assessment	2014		5,566,080.00
Revenue Bonds, Series 2010C	2015		5,566,080.00
	2016		5,566,080.00
	2017		5,566,080.00
	2018		5,566,080.00
	2019		5,566,080.00
	2020	214,080,000.00	5,566,080.00
		<u>214,080,000.00</u>	<u>50,094,720.00</u>

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TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 2D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
 For Fiscal Year Ended August 31, 2011

Business-Type Activities

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for			
	Debt Service			
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Debt Service	
		Principal	Interest	
Revenue Bonds				
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bond Series 2010A, B, & C	\$ 355,556,538.85	\$ -	\$ 93,000,000.00	\$ 46,828,474.86
	<u>\$ 355,556,538.85</u>	<u>\$ -</u>	<u>\$ 93,000,000.00</u>	<u>\$ 46,828,474.86</u>

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TEXAS WORKFORCE COMMISSION (320)

SCHEDULE 2F
EARLY EXTINGUISHMENT AND REFUNDING
 For Fiscal Year Ended August 31, 2011

Business-Type Activities

<u>Description of Issue</u>	<u>Category</u>	<u>Amount Extinguished or Refunded</u>
Revenue Bonds		
Texas Public Finance Authority Unemployment Compensation Obligation Assessment Revenue Bonds, Series 2010C	Early Extinguishment	85,920,000.00
		<u>\$ 85,920,000.00</u>

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TEXAS WORKFORCE COMMISSION (320)

ADDENDA
ORGANIZATION, RESPONSIBILITIES AND GENERAL COMMENTS
For the Year Ended August 31, 2011

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, 2011 are as follows.

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

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

The Commission had a total of 3,551 Full-time employees at August 31, 2011.

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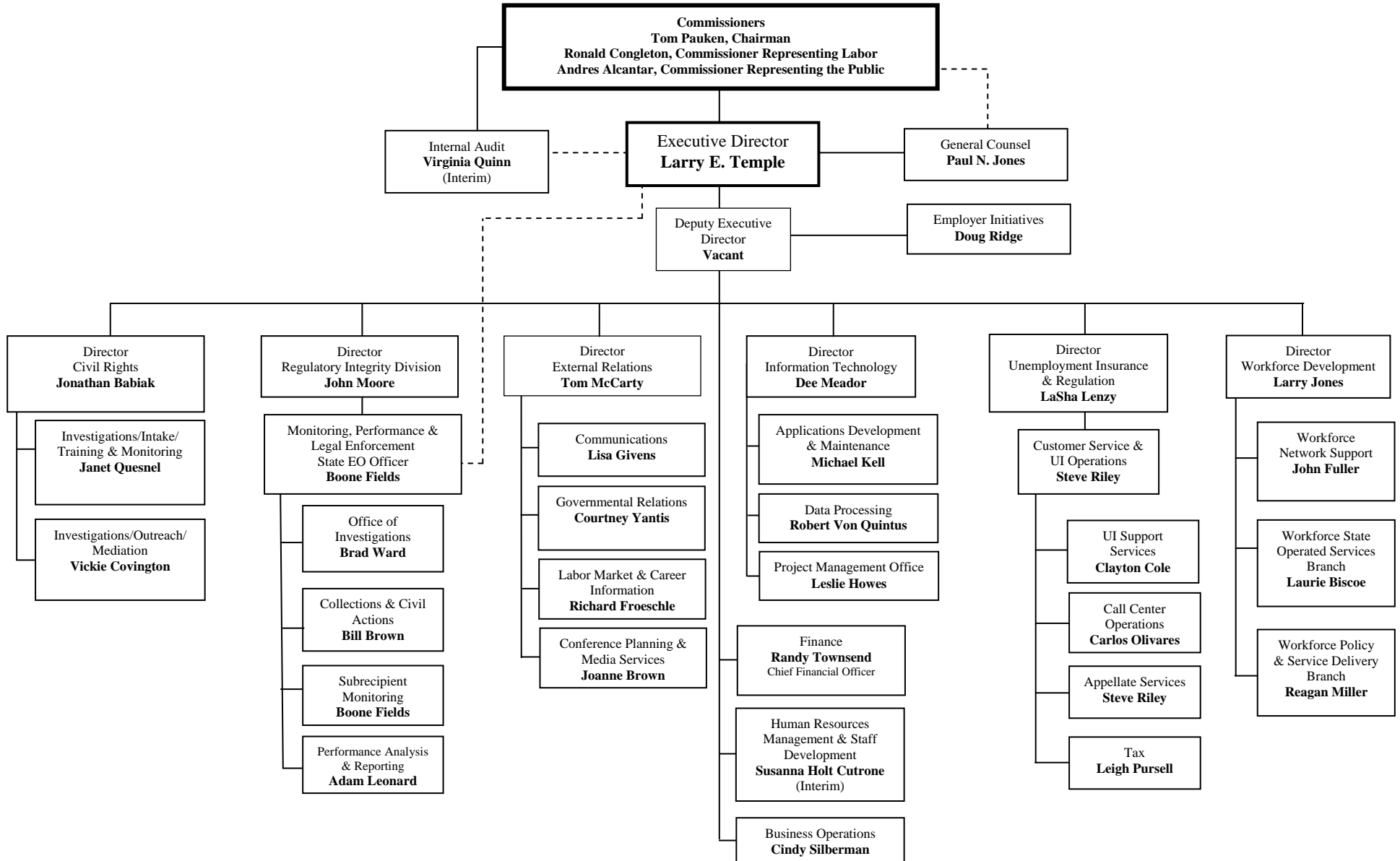
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TEXAS WORKFORCE COMMISSION

August 2011

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



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

<http://www.texasworkforce.org>

Equal Opportunity Employer/Programs

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