

**ANNUAL FINANCIAL REPORT**

**UNAUDITED**

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

**Year Ended August 31, 2018**



# Texas Workforce Commission

A Member of Texas Workforce Solutions

Ruth R. Hughs, Chair  
Commissioner Representing  
Employers

Julian Alvarez  
Commissioner Representing  
Labor

Robert D. Thomas  
Commissioner Representing  
the Public

Edward Serna  
Acting Executive Director

November 20, 2018

The Honorable Greg Abbott, Governor  
The Honorable Glenn Hegar, State Comptroller  
Sarah Keyton, Assistant Director, Legislative Budget Board  
John McGeady, Assistant Director, Legislative Budget Board  
Lisa R. Collier, First Assistant State Auditor, State Auditor's Office

Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Workforce Commission for the year ended August 31, 2018, 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,



Edward Serna  
Acting Executive Director



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**TEXAS WORKFORCE COMMISSION**

**EXHIBIT I**  
**COMBINED BALANCE SHEET / STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS**  
 For the Year Ended August 31, 2018

	<u>Governmental Fund Types</u>		<u>Governmental Funds Total</u>
	<u>General Funds (Exhibit A-1)</u>	<u>Special Revenue Funds (Exhibit B-1)</u>	
<b>ASSETS</b>			
<b>Current Assets:</b>			
<b>Cash and Cash Equivalents</b>			
Cash on Hand	\$ 217,176.53	\$	\$ 217,176.53
Cash in Bank (Note 3)	640,803.13		640,803.13
Cash in State Treasury	257,867,595.30	1,140.72	257,868,736.02
Legislative Appropriations	115,810,828.76		115,810,828.76
<b>Receivables:</b>			
Federal Receivable (Note 24)	15,346,361.79		15,346,361.79
Interest and Dividends	47,209.99	2.32	47,212.31
Accounts Receivable (Note 24)	19,332,603.16		19,332,603.16
Interfund Receivable (Note 12)	5,243,002.10		5,243,002.10
Due from Other Funds (Note 12)	1,068,437.30		1,068,437.30
Due from Other Agencies (Note 12)	1,549,034.83		1,549,034.83
Consumable Inventories	938,113.90		938,113.90
Merchandise Inventories	175,350.24		175,350.24
<b>Total Current Assets</b>	<u>418,236,517.03</u>	<u>1,143.04</u>	<u>418,237,660.07</u>
<b>Non-Current Assets:</b>			
Accounts Receivable	1,193,302.58		1,193,302.58
<b>Capital Assets (Note 2)</b>			
<b>Non-Depreciable</b>			
Land and Land Improvements			
Construction in Progress			
Other Assets			
<b>Depreciable</b>			
Building and Building Improvements			
Accumulated Depreciation			
Furniture and Equipment			
Accumulated Depreciation			
Vehicles, Boats & Aircraft			
Accumulated Depreciation			
<b>Amortizable - Intangible</b>			
Computer Software			
Accumulated Depreciation			
<b>Total Non-Current Assets</b>	<u>1,193,302.58</u>	<u>0.00</u>	<u>1,193,302.58</u>
<b>Total Assets</b>	<u>\$ 419,429,819.61</u>	<u>\$ 1,143.04</u>	<u>\$ 419,430,962.65</u>

<u>Capital Asset Adjustments</u>	<u>Long-Term Liabilities Adjustment</u>	<u>Statement of Net Assets</u>
		\$ 217,176.53
		640,803.13
		257,868,736.02
		115,810,828.76
		15,346,361.79
		47,212.31
		19,332,603.16
		5,243,002.10
		1,068,437.30
		1,549,034.83
		938,113.90
		175,350.24
<u>0.00</u>	<u>0.00</u>	<u>418,237,660.07</u>
		1,193,302.58
4,720,343.28		4,720,343.28
3,503,129.09		3,503,129.09
88,350.00		88,350.00
38,875,984.02		38,875,984.02
(33,516,165.16)		(33,516,165.16)
11,144,268.82		11,144,268.82
(8,556,921.94)		(8,556,921.94)
920,865.10		920,865.10
(891,208.99)		(891,208.99)
29,340,861.09		29,340,861.09
(22,216,725.23)		(22,216,725.23)
<u>23,412,780.08</u>	<u>0.00</u>	<u>24,606,082.66</u>
<u>\$ 23,412,780.08</u>	<u>\$ 0.00</u>	<u>\$ 442,843,742.73</u>

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

For the Year Ended August 31, 2018

	<u>Governmental Fund Types</u>		<u>Governmental Funds Total</u>
	<u>General Funds (Exhibit A-1)</u>	<u>Special Revenue Funds (Exhibit B-1)</u>	
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
<b>Payables:</b>			
Accounts Payable	\$ 26,483,182.90	\$	\$ 26,483,182.90
Payroll Payable	23,942,108.00		23,942,108.00
Interfund Payable (Note 12)	5,243,002.10		5,243,002.10
Unearned Revenues	3,457,920.31		3,457,920.31
Due to Other Funds (Note 12)	4,186,611.36		4,186,611.36
Due to Other Agencies (Note 12)	4,008,752.40		4,008,752.40
Employees Compensable Leave (Note 5)			
<b>Total Current Liabilities</b>	<u>67,321,577.07</u>	<u>0.00</u>	<u>67,321,577.07</u>
<b>Non-Current Liabilities:</b>			
Employees Compensable Leave (Note 5)			
<b>Total Non-Current Liabilities</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Deferred Inflows of Resources (Note 28)	<u>1,193,302.58</u>		<u>1,193,302.58</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>68,514,879.65</u>	<u>0.00</u>	<u>68,514,879.65</u>
<b>Fund Financial Statement-Fund Balances</b>			
<b>Fund Balances (Deficits):</b>			
Non-Spendable	\$ 1,113,464.14	\$	1,113,464.14
Restricted	11,567,543.84	1,143.04	11,568,686.88
Committed	228,428,690.53		228,428,690.53
Assigned	86,182,944.45		86,182,944.45
Unassigned	23,622,297.00		23,622,297.00
<b>Total Fund Balances</b>	<u>350,914,939.96</u>	<u>1,143.04</u>	<u>350,916,083.00</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 419,429,819.61</u>	<u>1,143.04</u>	<u>419,430,962.65</u>

**Government-wide Statement-Net Position**

Net Position:

Inv. In Capital Assets, Net of Related Debt

Unrestricted

Total Net Position

<u>Capital Asset Adjustments</u>	<u>Long-Term Liabilities Adjustment</u>	<u>Statement of Net Assets</u>
		\$ 26,483,182.90
		23,942,108.00
		5,243,002.10
		3,457,920.31
		4,186,611.36
		4,008,752.40
	14,888,657.85	14,888,657.85
0.00	14,888,657.85	82,210,234.92
	2,822,656.11	2,822,656.11
0.00	2,822,656.11	2,822,656.11
		1,193,302.58
0.00	17,711,313.96	86,226,193.61
		\$ 1,113,464.14
		11,568,686.88
		228,428,690.53
		86,182,944.45
		23,622,297.00
0.00	0.00	350,916,083.00
0.00	17,711,313.96	437,142,276.61
23,412,780.08		23,412,780.08
	(17,711,313.96)	(17,711,313.96)
<u>\$ 23,412,780.08</u>	<u>\$ (17,711,313.96)</u>	<u>\$ 356,617,549.12</u>

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

For the Year Ended August 31, 2018

	Governmental Fund Types		Governmental Funds Total
	General Funds (Exhibit A-2)	Special Revenue Funds (Exhibit B-2)	
<b>REVENUES:</b>			
Legislative Appropriations			
Original Appropriations (GR)	\$ 190,941,171.00	\$	\$ 190,941,171.00
Additional Appropriations (GR)	6,743,685.45		6,743,685.45
Federal Revenue	1,309,831,628.93		1,309,831,628.93
Federal Pass-Through Revenue	98,424,228.84		98,424,228.84
Licenses, Fees and Permits	130,477,263.00		130,477,263.00
Interest and Investment Income	510,575.58	91.10	510,666.68
Land Income	278.31		278.31
Sales of Goods and Services	2,750,017.57		2,750,017.57
Other Revenues	83,110,583.03	9,908.20	83,120,491.23
<b>Total Revenue</b>	<b>1,822,789,431.71</b>	<b>9,999.30</b>	<b>1,822,799,431.01</b>
<b>EXPENDITURES</b>			
Salaries and Wages	218,874,547.25		218,874,547.25
Payroll Related Costs	101,024,495.46		101,024,495.46
Professional Fees and Services	30,986,955.85		30,986,955.85
Travel	5,075,309.14		5,075,309.14
Materials and Supplies	9,893,317.36		9,893,317.36
Communication and Utilities	9,861,915.61		9,861,915.61
Repairs and Maintenance	10,087,026.59		10,087,026.59
Rentals and Leases	11,371,653.06		11,371,653.06
Printing and Reproduction	398,112.44		398,112.44
Claims and Judgements	0.00		0.00
Federal Pass-Through Expenditures	74,775,441.49		74,775,441.49
State Grant Pass-Through Expenditures	6,165,898.81		6,165,898.81
Intergovernmental Payments	63,660,521.05		63,660,521.05
Public Assistance Payments	1,126,327,039.63	13,246.96	1,126,340,286.59
Other Operating Expenditures	14,495,984.45		14,495,984.45
Capital Outlay	5,674,706.54		5,674,706.54
Depreciation Expense (Note 2)			
Amortization Expense (Note 2)			
<b>Total Expenditures</b>	<b>1,688,672,924.73</b>	<b>13,246.96</b>	<b>1,688,686,171.69</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 134,116,506.98</b>	<b>\$ (3,247.66)</b>	<b>\$ 134,113,259.32</b>

<u>Capital Asset Adjustments</u>	<u>Long-Term Liabilities Adjustment</u>	<u>Statement of Activities</u>
\$	\$	\$ 190,941,171.00
		6,743,685.45
		1,309,831,628.93
		98,424,228.84
		130,477,263.00
		510,666.68
		278.31
		2,750,017.57
		83,120,491.23
<u>0.00</u>	<u>0.00</u>	<u>1,822,799,431.01</u>
	(165,370.82)	218,709,176.43
		101,024,495.46
		30,986,955.85
		5,075,309.14
		9,893,317.36
		9,861,915.61
		10,087,026.59
		11,371,653.06
		398,112.44
		0.00
		74,775,441.49
		6,165,898.81
		63,660,521.05
		1,126,340,286.59
		14,495,984.45
(5,674,706.54)		0.00
1,344,997.63		1,344,997.63
<u>2,450,484.88</u>		<u>2,450,484.88</u>
<u>(1,879,224.03)</u>	<u>(165,370.82)</u>	<u>1,686,641,576.84</u>
\$ 1,879,224.03	\$ 165,370.82	\$ 136,157,854.17

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

For the Year Ended August 31, 2018

	Governmental Fund Types		Governmental Funds Total
	General Funds (Exhibit A-2)	Special Revenue Funds (Exhibit B-2)	
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Capital Assets	173,030.50		173,030.50
Transfers In (Note 12)	\$ 306,265,542.36	\$	\$ 306,265,542.36
Transfers Out (Note 12)	(308,268,889.98)		(308,268,889.98)
Gain (Loss) on Disposition of Capital Assets			
Legislative Financing Sources	768,309.03		768,309.03
Legislative Financing Uses	(767,361.08)		(767,361.08)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,829,369.17)</u>	<u>0.00</u>	<u>(1,829,369.17)</u>
<b>Net Change in Fund Balances / Net Position</b>	<u>132,287,137.81</u>	<u>(3,247.66)</u>	<u>132,283,890.15</u>
<b>Fund Financial Statement-Fund Balances</b>			
Fund Balances, September 1, 2017	220,959,798.80	4,390.70	220,964,189.50
Restatement to Fund Balances	127,682.50		127,682.50
Fund Balances as Restated, September 1, 2017	<u>221,087,481.30</u>	<u>4,390.70</u>	<u>221,091,872.00</u>
Appropriations Lapsed	(2,459,679.15)		(2,459,679.15)
<b>FUND BALANCES - August 31, 2018</b>	<u>\$ 350,914,939.96</u>	<u>\$ 1,143.04</u>	<u>\$ 350,916,083.00</u>
<b>GOVERNMENT-WIDE STATEMENT-NET POSITION</b>			
Change in Net Position			350,916,083.00
Net Position, September 1, 2017			
Net Position, August 31, 2018	<u>\$</u>	<u>\$</u>	<u>\$ 0.00</u>

<u>Capital Asset Adjustments</u>	<u>Long-Term Liabilities Adjustment</u>	<u>Statement of Activities</u>
(173,030.50)		0.00
\$	\$	\$ 306,265,542.36
		(308,268,889.98)
(63,598.58)		(63,598.58)
		768,309.03
		(767,361.08)
(236,629.08)	0.00	(1,298,637.17)
1,642,594.95	165,370.82	134,091,855.92
		220,964,189.50
		127,682.50
-	-	221,091,872.00
		(2,459,679.15)
\$ 1,642,594.95	\$ 165,370.82	\$ 352,724,048.77
1,642,594.95	165,370.82	352,724,048.77
21,770,185.13	(17,876,684.78)	3,893,500.35
\$ <u>23,412,780.08</u>	\$ <u>(17,711,313.96)</u>	\$ <u>356,617,549.12</u>

**EXHIBIT III**  
**COMBINED STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
 For the Year Ended August 31, 2018

	Total Proprietary Funds (Exhibit F-1)
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	\$ 621,958.42
Cash in State Treasury	142,238.53
Restricted:	
Cash in State Treasury (Note 3)	(2,645,486.30)
Cash in Federal Treasury (Note 3)	1,806,989,592.72
Receivables:	
Federal Receivables (Note 24)	1,267,594.20
Interest and Dividends	6,942,124.27
Accounts Receivable (Note 24)	240,504,642.35
Due from Other Funds (Note 12)	54,503,596.19
<b>Total Current Assets</b>	<u>2,108,326,260.38</u>
Non-Current Assets:	
Receivables:	
Accounts Receivable (Note 24)	18,617,441.73
<b>Total Non-Current Assets</b>	<u>18,617,441.73</u>
<b>Total Assets</b>	<u>2,126,943,702.11</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Payables:	
Accounts Payable	32,648,398.22
Federal Payable	589,505.71
Due to Other Funds (Note 12)	51,385,422.13
Unearned Revenues	177,963,747.22
<b>Total Current Liabilities</b>	<u>262,587,073.28</u>
Non-Current Liabilities:	
	0.00
<b>Total Non-Current Liabilities</b>	<u>0.00</u>
<b>Total Liabilities</b>	<u>262,587,073.28</u>
<b>NET POSITION</b>	
Restricted For:	
Unemployment Trust Fund	1,864,356,628.83
<b>Total Net Position</b>	<u>\$ 1,864,356,628.83</u>

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

For the Year Ended August 31, 2018

	Total Proprietary Funds (Exhibit F-2)
<b>OPERATING REVENUES</b>	
Unemployment Assessment	\$ 2,410,225,567.83
Federal Revenue	83,532,576.85
Other Operating Revenue	154,863,396.12
<b>Total Operating Revenue</b>	<u>2,648,621,540.80</u>
<b>OPERATING EXPENSES</b>	
Unemployment Benefit Payments	2,243,354,081.80
<b>Total Operating Expenses</b>	<u>2,243,354,081.80</u>
<b>OPERATING INCOME (LOSS)</b>	<u>405,267,459.00</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and Investment Income	28,663,614.93
Other Non-Operating Expenses	
<b>Total Non-Operating Revenues (Expenses)</b>	<u>28,663,614.93</u>
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS</b>	<u>433,931,073.93</u>
<b>OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS</b>	
Transfers In (Note 12)	5,085,370,823.55
Transfers Out (Note 12)	(5,085,370,823.55)
<b>Total Other Revenues (Expenses), Gains/(Losses) and Transfers</b>	<u>0.00</u>
<b>CHANGE IN NET POSITION</b>	<u>433,931,073.93</u>
<b>NET POSITION, September 1, 2017</b>	1,430,425,554.90
<b>NET POSITION, August 31, 2018</b>	<u>\$ 1,864,356,628.83</u>

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**EXHIBIT V**  
**COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Year Ended August 31, 2018

	Total Proprietary Funds (Exhibit F-3)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Unemployment Assessments	\$ 2,465,534,691.30
Proceeds from Federal Revenue	90,775,194.35
Proceeds from Other Revenue	154,506,143.28
Unemployment Benefit Payments	(2,249,635,013.65)
Net Cash Provided by Operating Activities	461,181,015.28
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Transfers from Other Funds	5,132,231,372.70
Transfers to Other Funds	(5,131,142,958.16)
Net Cash Provided by Non-Capital Financing Activities	1,088,414.54
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and Investment Income	26,817,587.60
Net Cash Provided by Investing Activities	26,817,587.60
Net Increase (Decrease) in Cash and Cash Equivalents	489,087,017.42
Cash and Cash Equivalents, September 1, 2017	1,320,453,216.02
Restatement to Cash	(4,431,930.07)
Cash and Cash Equivalents as Restated, September 1, 2017	1,316,021,285.95
Net Cash and Cash Equivalents, August 31, 2018	\$ 1,805,108,303.37
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income (Loss)	405,267,459.00
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Operating Income and Cash Flow Categories	
Classification Differences	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	28,520,362.49
Increase (Decrease) in Payables	(9,590,817.18)
Increase (Decrease) in Deferred Revenue	36,984,010.97
Total Adjustments	55,913,556.28
Net Cash Provided by Operating Activities	\$ 461,181,015.28

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

For the Year Ended August 31, 2018

	Private Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	TOTALS
<b>ASSETS</b>			
Cash and Cash Equivalents			
Cash on Hand	\$ 115,361.17	\$	\$ 115,361.17
Cash in State Treasury	2,016,796.02	1,748,331.62	3,765,127.64
Receivables:			
Interest and Dividends	4,570.62		4,570.62
Accounts Receivable (Note 24)	1,009,791.55		1,009,791.55
<b>Total Assets</b>	<u>3,146,519.36</u>	<u>1,748,331.62</u>	<u>4,894,850.98</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payable	1,926,931.84		1,926,931.84
Interest Payable	11,084.22		11,084.22
Funds Held For Others		1,748,331.62	1,748,331.62
<b>Total Liabilities</b>	<u>1,938,016.06</u>	<u>1,748,331.62</u>	<u>3,686,347.68</u>
<b>NET POSITION</b>			
Held in Trust For:			
Individuals, Organizations, and Other Governments	<u>1,208,503.30</u>	<u>0.00</u>	<u>1,208,503.30</u>
<b>Total Net Position</b>	<u>\$ 1,208,503.30</u>	<u>\$ 0.00</u>	<u>\$ 1,208,503.30</u>

**EXHIBIT VII**  
**COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
For the Year Ended August 31, 2018

	Private Purpose Trust Funds (Exhibit I-2)	TOTALS
<b>ADDITIONS</b>		
Investment Income		
From Investing Activities:		
Interest and Investment Income	\$ 43,469.05	\$ 43,469.05
Net Income From Investing Activities	43,469.05	43,469.05
Total Net Investment Income (Loss)	43,469.05	43,469.05
Other Additions		
Settlement of Claims	4,708,488.87	4,708,488.87
Other Revenue	371,560.20	371,560.20
Total Other Additions	5,080,049.07	5,080,049.07
<b>Total Additions</b>	<b>5,123,518.12</b>	<b>5,123,518.12</b>
<b>DEDUCTIONS</b>		
Employee/Participant Benefit Payments	398,705.04	398,705.04
Interest Expense	8,484.65	8,484.65
Claims and Judgement Expense	4,722,809.53	4,722,809.53
<b>Total Deductions</b>	<b>5,129,999.22</b>	<b>5,129,999.22</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>(6,481.10)</b>	<b>(6,481.10)</b>
Net Position, September 1, 2017	1,214,984.40	1,214,984.40
<b>NET POSITION, August 31, 2018</b>	<b>\$ 1,208,503.30</b>	<b>\$ 1,208,503.30</b>

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**NOTES TO THE FINANCIAL STATEMENTS****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****ENTITY**

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

The Commission was created by House Bill 1863 in 1995 to create and operate an integrated workforce development system for Texas. The legislation accomplished this through the consolidation of 28 job training, employment and employment-related educational programs from 10 different state entities into the new Workforce Commission. The first transition of programs began on March 1, 1996, and the Commission completed the consolidation and began full operation on June 1, 1996. In 2015, Senate Bill 208 moved the Vocational Rehabilitation, Business Enterprises of Texas and Older Blind Independent Living Services as well as the Criss Cole Rehabilitation Center from the Texas Department of Assistive and Rehabilitative Services (DARS) to the Commission effective September 1, 2016. The Rehabilitation Council of Texas was also included in the transfer.

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.

Business Enterprise Program (Fund 0492) receives revenue and receipts from vending facilities for the operation of vending machine facilities by blind persons. This fund was created by TEX. HUM. RES. CODE.ANN §91.014 and TEX. LAB. CODE ANN §355.016.

Career School or College Tuition Trust Fund (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.

Jobs and Education For Texans (JET) (Fund 5143) was created to receive legislative appropriations, gifts, grants and donations. Used to provide grants to public junior colleges and public technical institutes under the Jobs and Education for Texans Grant Program. This fund was created by TEX. EDUC. CODE ANN. §134.002.

International Association of Workforce Professionals – Texas Chapter Conference Account (Fund 7999). The IAWP-TC co-hosts the Texas Workforce Conference with the Commission. Although the IAWP-TC is an organization legally separate from the Commission, the financial activities of the IAWP-TC Conference Account are included in the Annual Financial Report of the Commission since these activities are generally initiated and approved by Commission staff. A memo of understanding exists between the IAWP-TC and the Commission that outlines the roles and responsibilities of both parties. This fund is used to record the financial activity of the Conference Account that the IAWP-TC maintains in local bank accounts.

#### ***Special Revenue Funds***

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than for private-purpose trusts or for major capital projects) that are legally restricted to use for specified purposes.

The Endowment Fund for the Blind (Fund 0493) was established to receive donations and gifts from individuals and private organizations. State agencies may accept money from private and federal sources that is designated by the source as money to be used in establishing and equipping facilities for assisting disabled people in becoming gainfully employed, in rehabilitating disabled people and in providing other services essential for better care and treatment of disabled people. Authority for accepting such donations is contained in TEX. HUM.RES.CODE Chapter 91 and in TEX. CONST. Article XVI Section 6(b).

#### ***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 Obligation Trust Fund (Fund 0844) is used to facilitate processing and reporting of revenues and expenditures from obligation assessments. This fund was created by S.B. 280 and H.B. 3318, 78<sup>th</sup> Leg., R.S.

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

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

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

### **Fiduciary Fund Types**

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

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

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

The Business Enterprise Program Trust Account (Fund 5043) was established to record receipts from vending machines located on federal property. This trust fund is used for a retirement/benefit program to benefit people who are licensed managers in the program that meet certain eligibility requirements based upon the availability of funds. This fund was created by TEX. LAB. CODE ANN § 355.016.

#### ***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. This fund was created by TEX. GOV'T CODE ANN. § 403.011.

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

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

## **BASIS OF ACCOUNTING**

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual method basis of accounting. Under the modified accrual, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified basis of accrual. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Basis conversion adjustment fund types convert modified accrued basis to full accrued basis of accounting. The following activities are recognized when the related liability is incurred. The following activities are recognized in these fund types:

- Capital assets
- Accumulated depreciation
- Unpaid employee compensable leave
- The outstanding debt service principal on long-term liabilities
- Capital leases
- Long-term claims and judgements
- Full accrual revenues and expenses
- Pension amounts in governmental activities

Proprietary fund types (enterprise funds and internal service fund) and fiduciary fund types (pension and other employee benefit trust funds, external investment trust funds and private-purpose trust funds) except agency funds are accounted for on the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the 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 and internal services 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 POSITION**

### **Assets**

#### ***Cash and Cash Equivalents***

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

**Securities Lending Collateral**

Investments are generally stated at fair value with certain exceptions in accordance with GASB Statement No. 72 Fair Value Measurement and Application.

Invested security lending collaterals are measured at fair value.

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

**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 generally using the last-in, first-out method. 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 that meet the reporting threshold and useful life are capitalized. The capitalization threshold and the estimated useful life vary depending on the asset type. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all 'exhaustible' assets. 'Inexhaustible' assets (such as works of art and historical treasures) are not depreciated. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

**Other Receivables –Current and Noncurrent**

The disaggregation of other receivables as reported in the financial statements is disclosed in Note 24.

**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.

**Fund Balance/Net Position**

'Fund balance' is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the governmental fund statements. 'Net position' is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the government-wide, proprietary and fiduciary fund statements.

The resources are used in the following order. When both restricted and unrestricted resources are available use restricted resources first and unrestricted resources (as they are needed). When only restricted resources are available for use in governmental funds use committed resources first, assigned resources second and unassigned resources last.

**Fund Balance Components**

Fund balances for governmental funds are classified as non-spendable, restricted, committed, assigned or unassigned in the fund financial statements.

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

**Restricted fund balance** includes those resources that have constraints placed on their use through external parties - such as creditors, grantors, contributors, laws or regulations of other governments - or by law through constitutional provisions or enabling legislation.

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

**Assigned fund balance** includes amounts constrained by the state's intent to be used for specific purposes, but constraints do not meet the requirements to be reported as restricted or 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 restricted, committed or assigned to specific purposes within the general fund.

**Net Investment in Capital Assets**

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

**Restricted Net Position**

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

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

**Unrestricted Net Position**

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

**INTERFUND ACTIVITIES AND BALANCES**

The agency has the following types of transactions between funds.

**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'. Balances for repayment due in two (or more) years are classified as 'Non-Current'.

The composition of the agency's interfund activities and transactions is presented in Note 12.

**NOTE 2: CAPITAL ASSETS**

	PRIMARY GOVERNMENT							
	Balance 09/01/17	Adjustments (Restatements)	Reclassifications			Additions	Deletions	Balance 08/31/18
			Completed Construction In Progress	Increase Interagency Transfers	Decrease Interagency Transfers			
<b>Governmental Activities:</b>								
<b>Non-Depreciable or Non-Amortizable Assets</b>								
Land and Land Improvements	\$ 4,770,777.78	\$	\$	\$	\$	\$	\$ (50,434.50)	\$ 4,720,343.28
*Construction In Progress	1,120,976.25		(1,656,742.55)			4,038,895.39		3,503,129.09
Other Capital Assets	88,350.00							88,350.00
<b>Total Non-Depreciable or Non Amortizable Assets:</b>	<b>5,980,104.03</b>	<b>0.00</b>	<b>(1,656,742.55)</b>	<b>0.00</b>	<b>0.00</b>	<b>4,038,895.39</b>	<b>(50,434.50)</b>	<b>8,311,822.37</b>
<b>Depreciable Assets:</b>								
Buildings and Building Improvements	39,735,014.92						(859,030.90)	38,875,984.02
Infrastructure	0.00							0.00
Furniture and Equipment	10,330,316.16					1,203,325.15	(389,372.49)	11,144,268.82
Vehicles, Boats & Aircraft	920,865.10							920,865.10
<b>Total Depreciable Assets at Historical cost</b>	<b>50,986,196.18</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,203,325.15</b>	<b>(1,248,403.39)</b>	<b>50,941,117.94</b>
Less Accumulated Depreciation For:								
Buildings and Building Improvements	(33,657,500.32)					(537,930.36)	679,265.52	(33,516,165.16)
Infrastructure	0.00							0.00
Furniture and Equipment	(8,164,825.05)					(775,040.18)	382,943.29	(8,556,921.94)
Vehicles, Boats & Aircraft	(859,181.90)					(32,027.09)		(891,208.99)
<b>Total Accumulated Depreciation</b>	<b>(42,681,507.27)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(1,344,997.63)</b>	<b>1,062,208.81</b>	<b>(42,964,296.09)</b>
<b>Depreciable Assets, Net</b>	<b>8,304,688.91</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(141,672.48)</b>	<b>(186,194.58)</b>	<b>7,976,821.85</b>
<b>Amortizable Assets – Intangible:</b>								
Computer Software	32,435,867.60		1,656,742.55			432,486.00	(5,184,235.06)	29,340,861.09
<b>Total Amortizable Assets – Intangible</b>	<b>32,435,867.60</b>	<b>0.00</b>	<b>1,656,742.55</b>	<b>0.00</b>	<b>0.00</b>	<b>432,486.00</b>	<b>(5,184,235.06)</b>	<b>29,340,861.09</b>
Less Accumulated Amortization for:								
Computer Software	(24,950,475.41)					(2,450,484.88)	5,184,235.06	(22,216,725.23)
<b>Total Accumulated Amortization</b>	<b>(24,950,475.41)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(2,450,484.88)</b>	<b>5,184,235.06</b>	<b>(22,216,725.23)</b>
<b>Amortizable Assets – Intangible, Net</b>	<b>7,485,392.19</b>	<b>0.00</b>	<b>1,656,742.55</b>	<b>0.00</b>	<b>0.00</b>	<b>(2,017,998.88)</b>	<b>0.00</b>	<b>7,124,135.86</b>
<b>Governmental Activities Capital Assets, Net:</b>	<b>\$ 21,770,185.13</b>	<b>0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 1,879,224.03</b>	<b>\$ (236,629.08)</b>	<b>\$ 23,412,780.08</b>

The Construction in Progress consists of the Rehabilitation Works Enhancement Project, Data Warehouse Analytics Implementation, Enterprise Contract and Procurement (ECPS) to replace Contract Administration and Tracking System (CATS), Work in Texas (WIT) Replacement and Short-Time Compensation (Shared Work).

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

**DEPOSITS OF CASH IN BANK**

As of August 31, 2018, the carrying amount of deposits was \$640,803.13 as presented below.

Governmental and Business-Type Activities	
CASH IN BANK – CARRYING AMOUNT	\$ 640,803.13
Total Cash in Bank per AFR	\$ 640,803.13
Governmental Funds Current Assets Cash in Bank – Travel Advance	\$ 248,456.36
Governmental Funds Current Assets Cash in Bank – International Association of Workforce Professionals - Texas Chapter Conference Account	
Star of Texas Credit Union	311,527.35
Public Employees Credit Union	80,819.42
Cash in Bank per AFR	\$ 640,803.13

As of August 31, 2018, the total bank balance was as follows.

Governmental and Business-Type Activities	\$ 575,714.27
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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 Commission’s policy on FDIC coverage was not complied with during the fiscal year. The bank balance that was expose to custodial credit risk is 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	\$ 61,527.35	\$ 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.

**Cash in Federal Treasury**

Deposits in the Federal Treasury at August 31, 2018, were \$1,806,989,592.72. 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.

**FAIR VALUE MEASUREMENT**

GASB 72 states fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. TWC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The agency has no recurring fair value measurements as of August 31, 2018.

**NOTE 4: SHORT-TERM DEBT**

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

Governmental Activities	Balance 09-01-17	Additions	Reductions	Balance 08-31-18	Amount Due Within One Year
General Revenue Advances	\$ 0.00	\$ 282,315,659.00	\$ 282,315,659.00	\$ 0.00	\$ 0.00
Total Governmental Activities	\$ 0.00	\$ 282,315,659.00	\$ 282,315,659.00	\$ 0.00	\$ 0.00

**NOTE 5: LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2018, 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 position. Both an expense and a liability for business-type activities are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting employees accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee’s salary or wage compensation was paid.

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

Governmental Activities	Balance 09-01-17	Additions	Reductions	Balance 08-31-18	Amount Due Within One Year	Amount Due Thereafter
Compensable Leave	\$ 17,876,684.78	\$ 15,469,329.37	\$ (15,634,700.19)	\$ 17,711,313.96	\$ 14,888,657.85	\$ 2,822,656.11
Total Governmental Activities	\$ 17,876,684.78	\$ 15,469,329.37	\$ (15,634,700.19)	\$ 17,711,313.96	\$ 14,888,657.85	\$ 2,822,656.11

**NOTE 6: BOND INDEBTEDNESS**

Not Applicable

**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	\$ 2,058,201.14

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
2019	\$ 1,803,597.54
2020	1,394,383.96
2021	979,847.79
2022	614,083.68
2023	181,571.39
Total Minimum Future Lease Rental Payments	\$ 6,363,377.52

**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, transfers within the Unemployment Trust Fund, 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, 2018, were as follows.

	INTERFUND RECEIVABLE	INTERFUND PAYABLE	PURPOSE
<b>GENERAL</b>			
<b>Appd Fund 0001, D23 Fund 0001</b>			
(Agency 320, Fund 5026)	\$	\$ 4,888,136.69	Allocation
<b>Total Appropriated Fund 0001</b>	0.00	4,888,136.69	
<b>Appd Fund 0165, D23 Fund 0165</b>			
(Agency 320, Fund 5026)		351,488.14	Allocation
<b>Total Appropriated Fund 0165</b>	0.00	351,488.14	
<b>Appd Fund 0492, D23 Fund 0492</b>			
(Agency 320, Fund 0492)		3,377.27	Allocation
<b>Total Appropriated Fund 0492</b>	0.00	3,377.27	
<b>Appd Fund 5026, D23 Fund 5026</b>			
(Agency 320, Fund 0001)	4,888,136.39		Allocation
(Agency 320, Fund 0165)	351,488.14		Allocation
(Agency 320, Fund 0492)	3,377.27		
<b>Total Appropriated Fund 5026</b>	5,243,002.10	0.00	
<b>TOTAL CURRENT INTERFUND RECEIVABLE/PAYABLE</b>	\$ 5,243,002.10	\$ 5,243,002.10	

	<b>DUE FROM OTHER FUNDS</b>	<b>DUE TO OTHER FUNDS</b>	<b>SOURCE</b>
<b>GENERAL</b>			
<b>Appd Fund 0001, Fund 0001</b>			
(Agency 320, Fund 0001)		146,586.00	Inter-fund Loan
(Agency 320, Fund 0925)		921,851.30	Tuition Trust Fund Transfer
<b>Total Appropriated Fund 0001</b>	0.00	1,068,437.30	
<b>Appd Fund 0165, D23 Fund 0165</b>			
(Agency 320, Fund 0936)		3,118,174.06	UC Reimbursement
<b>Total Appropriated Fund 0165</b>	0.00	3,118,174.06	
<b>Appd Fund 0925, D23 Fund 0925</b>			
(Agency 320, Fund 0001)	921,851.30		Tuition Trust Transfer
<b>Total Appropriated Fund 0925</b>	921,851.30	0.00	
<b>Appd Fund 5128, D23 Fund 5128</b>			
(Agency 320, Fund 0001)	146,586.00		Inter-fund Loan
<b>Total Appropriated Fund 5128</b>	146,586.00	0.00	
<b>PROPRIETARY</b>			
<b>Appd Fund 0936, D23 Fund 0936</b>			
(Agency 320, Fund 0165)	3,118,174.06		UC Reimbursement
(Agency 320, Fund 0938)		47,468,476.43	UI Trust Fund Transfer
<b>Total Appropriated Fund 0936</b>	3,118,174.06	47,468,476.43	
<b>Appd Fund 0937, D23 Fund 0937</b>			
(Agency 320, Fund 0938)	3,916,945.70		UI Trust Fund Transfer
<b>Total Appropriated Fund 0937</b>	3,916,945.70	0.00	
<b>Appd Fund 0938, D23 Fund 0938</b>			
(Agency 320, Fund 0936)	47,468,476.43		UI Trust Fund Transfer
(Agency 320, Fund 0937)		3,916,945.70	UI Trust Fund Transfer
<b>Total Appropriated Fund 0938</b>	47,468,476.43	3,916,945.70	
<b>TOTAL DUE FROM/DUE TO OTHER FUNDS</b>	<b>\$ 55,572,033.49</b>	<b>\$ 55,572,033.49</b>	

	<b>DUE FROM OTHER AGENCIES</b>	<b>DUE TO OTHER AGENCIES</b>	<b>SOURCE</b>
<b>GENERAL</b>			
<b>Appd Fund 0001, D23 Fund 0001</b>			
(Agency 529, Fund 0001)	\$ 110,892.25	\$	State Pass Through
(Agency 711, Fund 7999)		233,656.52	State Pass Through
(Agency 716, Fund 7999)		53,874.99	State Pass Through
(Agency 719, Fund 7999)		229,745.74	State Pass Through
(Agency 787, Fund 7999)		60,138.36	State Pass Through
<b>Total Appropriated Fund 0001</b>	<b>110,892.25</b>	<b>577,415.61</b>	
<b>Appd Fund 0165, D23 Fund 0165</b>			
(Agency 332, Fund 0001)	3,402.70		UC Reimbursement
(Agency 503, Fund 0001)	212.53		UC Reimbursement
(Agency 749, Fund 0001)	3,125.93		UC Reimbursement
(Agency 749, Fund 0290)	2,223.39		UC Reimbursement
<b>Total Appropriated Fund 0165</b>	<b>8,964.55</b>		
<b>Appd Fund 5026, D23 Fund 5026</b>			
(Agency 300, Fund 2138)		(21,459.22)	Federal Pass Through
(Agency 300, Fund 2139)		121,146.98	Federal Pass Through
(Agency 529, Fund 0001)	1,429,178.03		Federal Pass Through
(Agency 530, Fund 0037)		183,372.70	Federal Pass Through
(Agency 701, Fund 0148)		2,585,503.84	Federal Pass Through
(Agency 712, Fund 7999)		28,128.79	Federal Pass Through
(Agency 719, Fund 7999)		5,653.20	Federal Pass Through
(Agency 721, Fund 7999)		60,114.30	Federal Pass Through
(Agency 723, Fund 7999)		57,663.90	Federal Pass Through
(Agency 729, Fund 7999)		39,214.01	Federal Pass Through
(Agency 734, Fund 7999)		35,670.40	Federal Pass Through
(Agency 743, Fund 7999)		58,021.20	Federal Pass Through
(Agency 744, Fund 7999)		139,878.04	Federal Pass Through
(Agency 754, Fund 7999)		4,441.38	Federal Pass Through
(Agency 781, Fund 7999)		33,263.36	Federal Pass Through
(Agency 784, Fund 7999)		61,758.39	Federal Pass Through
(Agency 788, Fund 7999)		7,100.32	Federal Pass Through
<b>Total Appropriated Fund 5026</b>	<b>1,429,178.03</b>	<b>3,399,471.59</b>	
<b>Appd Fund 5128, D23 Fund 5128</b>			
(Agency 719, Fund 7199)		31,865.20	State Pass Through
<b>Total Appropriated Fund 5128</b>		<b>31,865.20</b>	
<b>TOTAL DUE FROM/ DUE TO OTHER AGENCIES</b>	<b>\$ 1,549,034.83</b>	<b>\$ 4,008,752.40</b>	

	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT	PURPOSE
<b>GOVERNMENTAL</b>			
<b>Appd Fund 0001, D23 Fund 0001</b>			
(Agency 320, Fund 5026)	258,260.09		Inter-fund Loan
(Agency 320, Fund 0925)		54,734.69	Tuition Transfer Trust
(Agency 320, Fund 5128)	23,622,297.00		ETIA Transfer to Skills
(Agency 320, Fund 7999)	48,179.20		Reimbursement from IAWP
(Agency 902, Fund 0001)		2,003,347.62	Transfer Lapsed Cash
<b>Total Appropriated Fund 0001</b>	<b>23,928,736.29</b>	<b>2,058,082.31</b>	
<b>Appd Fund 0925, D23 Fund 0925</b>			
(Agency 320, Fund 0001)	54,734.69	0.00	Tuition Trust Transfer
<b>Total Appropriated Fund 0925</b>	<b>54,734.69</b>	<b>0.00</b>	
<b>Appd Fund 5026, D23 Fund 5026</b>			
(Agency 903, Fund 5026)	282,282,071.38	282,282,071.38	CMIA Loan and Repayment
(Agency 320, Fund 0001)		258,260.09	Inter-fund Loan
<b>Total Appropriated Fund 5026</b>	<b>282,282,071.38</b>	<b>282,540,331.47</b>	
<b>Appd Fund 5128, D23 Fund 5128</b>			
(Agency 320, Fund 0001)		23,622,297.00	ETIA Transfer to Skills
<b>Total Appropriated Fund 5128</b>	<b>0.00</b>	<b>23,622,297.00</b>	
<b>Appd Fund 7999, D23 Fund 7999</b>			
(Agency 320, Fund 0001)		48,179.20	Reimbursement from IAWP
<b>Total Appropriated Fund 7999</b>	<b>0.00</b>	<b>48,179.20</b>	
<b>PROPRIETARY</b>			
<b>Appd Fund 0936, D23 Fund 0936</b>			
(Agency 320, Fund 0937)	135,961,000.00		UI Trust Fund Transfer
(Agency 320, Fund 0938)		2,624,997,046.47	UI Trust Fund Transfer
<b>Total Appropriated Fund 0936</b>	<b>135,961,000.00</b>	<b>2,624,997,046.47</b>	
<b>Appd Fund 0937, D23 Fund 0937</b>			
(Agency 320, Fund 0936)		135,961,000.00	UI Trust Fund Transfer
(Agency 320, Fund 0938)	2,324,412,777.08		UI Trust Fund Transfer
<b>Total Appropriated Fund 0937</b>	<b>2,324,412,777.08</b>	<b>135,961,000.00</b>	
<b>Appd Fund 0938, D23 Fund 0938</b>			
(Agency 320, Fund 0936)	2,624,997,046.47		UI Trust Fund Transfer
(Agency 320, Fund 0937)		2,324,412,777.08	UI Trust Fund Transfer
<b>Total Appropriated Fund 0938</b>	<b>2,624,997,046.47</b>	<b>2,324,412,777.08</b>	
<b>TOTAL OPERATING TRANSFERS</b>	<b>\$ 5,391,636,365.91</b>	<b>5,393,639,713.53</b>	

**NOTE 13: CONTINUANCE SUBJECT TO REVIEW**

Under the *Texas Sunset Act*, the Commission will be abolished effective September 1, 2027, unless continued in existence by the 90<sup>th</sup> Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2028, to close out its operations.

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

The Beginning Fund Balances for Fund 0001 and Fund 0492 have been adjusted by \$82.36 and \$127,600.14, respectively, as a result of adjustments made to these funds by the Comptroller of Public Accounts after the Commission's FY 2017 Annual Financial Report had been published.

The Comptroller of Public Accounts also reclassified \$4,431,930.07 originally included in the accounts payable balance for Fund 0937 to Restricted Cash in Treasury. This adjustment affected the beginning cash balance for Exhibit F-3 and Exhibit V related to cash flows.

**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, 2018, but management feels it is unlikely that the outcome for these claims will materially affect the financial position of the Commission.

One of the lawsuits the Commission is involved in is pending in the State Office of Special Hearings (SOAH). The plaintiff, NTT Data, is seeking damages of more than \$2.7 million. TWC has a pending counterclaim asking for damages of over \$5.5 million. It is in the early stages of discovery, and the trial is set for April 2019.

The Career School or College Tuition Trust Fund (0925) provides refunds to students when the school or college they are attending closes and alternative training cannot be obtained. At the end of the year the Commission accrues a liability for these potential refunds, if any, and reflects them in Exhibit A-1. However, in some cases the Commission has been unable to obtain any records from certain closed schools. Because the likelihood of refunding tuition in these situations is uncertain, the potential liability to these students is considered contingent. At year end, there were no contingent liabilities.

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, 2018, records of the Audit Resolution Unit indicate that federal grantor agency audits identified no questionable cost for which the Texas Workforce Commission is contingently liable.

**NOTE 16: SUBSEQUENT EVENTS**

Not applicable.

**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 agency policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

The agency assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently there is no purchase of commercial insurance nor is the agency involved in any risk pools with other government entities.

The agency's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. Changes in the balances of the agency's claims liabilities during fiscal 2018 and 2017 were:

	Beginning Balance	Increases	Decreases	Ending Balance
2018	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2017	\$ 55,000.00	\$ 19,000.00	\$ 74,000.00	\$ 0.00

**NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS**

At August 31, 2018 the Texas unemployment rate was 3.9%. This is the lowest unemployment rate since November 1986. The Texas Workforce Commission paid unemployment benefits of \$2.2 billion during state fiscal year 2018 which represents a decrease of \$440 million or 16.4% as compared to state fiscal year 2017.

On August 25, 2017 Hurricane Harvey made landfall near Rockport, Texas, as a Category 4 storm. Afterwards, it stalled near the coastline of the state, dropping torrential and unprecedented amounts of rainfall over southeast Texas. The National Oceanic and Atmospheric Administration, in consultation with the National Hurricane Center, had estimated damages from the storm at \$125 billion, as of January 26, 2018. The storm caused a significant loss in jobs. Initial unemployment claims related to the storm through July 30, 2018 were 169,524. Related benefits paid by the Texas Workforce Commission during FY 2018 were \$176.9 million.

The FY2018 federal child care block grant discretionary funding allotment for the state of Texas increased by \$228.5 million. The Texas Workforce Commission approved plans for the use of the additional child care funds with a clear focus on working to increase the quality of care and strengthen early learning across the state. It is the single largest federal allocation increase in the history of the Texas Child Care Development Fund program. TWC, through its network of 28 local workforce development boards, will use the funding to expand high quality early childhood education and child care services for an estimated 28,000 additional Texas children per day.

**NOTE 19: THE FINANCIAL REPORTING ENTITY**

Not applicable

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

As of October 22, 2018, 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.

**NOTE 21: TOBACCO SETTLEMENT**

Not Applicable

**NOTE 22: DONOR-RESTRICTED ENDOWMENTS**

Not Applicable

**NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS**

Not Applicable

**NOTE 24: DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables represent amounts due to the State at August 31, 2018, which will be collected in the future. Receivables do not include accounts that have been deemed uncollectible and are recorded in the accompanying Exhibits net of allowances for doubtful amounts.

The disaggregation of those amounts is as follows.

**A. Accounts Receivable Current**

## General Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0001 – General	\$ 13,219,531.18	\$ (140,526.19)	\$ 13,079,004.99
Fund 0165 – Penalty & Interest	14,548,711.96	(9,481,406.56)	5,067,305.40
Fund 5128 – ETIA	2,006,182.47	(819,889.70)	1,186,292.77
Total General Funds	\$ 29,774,425.61	\$ (10,441,822.45)	\$ 19,332,603.16

## Proprietary Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0936 – Unemployment Assessment	234,030,476.99	(20,058,681.28)	213,971,795.71
Fund 0937 – Benefit Overpayments	140,952,318.90	(125,666,292.71)	15,286,026.19
Fund 0938 – Unemployment Trust Fund Account	11,246,820.45	(0.00)	11,246,820.45
Total Proprietary Funds	\$ 386,229,616.34	\$ (145,724,973.99)	\$ 240,504,642.35

## Fiduciary Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0894 – Payday Law Collections	\$ 28,513,488.50	\$ (27,503,696.95)	\$ 1,009,791.55
Total Fiduciary Funds	\$ 28,513,488.50	\$ (27,503,696.95)	\$ 1,009,791.55

**B. Accounts Receivable Non-Current**

## General Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0165 – Penalty & Interest	\$ 4,315,262.73	\$ (3,396,831.56)	\$ 918,431.17
Fund 5128 – ETIA	626,693.17	(351,821.76)	274,871.41
Total General Funds	\$ 4,941,955.90	\$ (3,748,653.32)	\$ 1,193,302.58

## Proprietary Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0936 – Unemployment Assessment	16,702,457.87	(8,979,840.37)	7,722,617.50
Fund 0937 – Benefit Overpayments	58,081,095.36	(47,186,271.13)	10,894,824.23
Total Proprietary Funds	\$ 74,783,553.23	\$ (56,166,111.50)	\$ 18,617,441.73

**C. Federal Receivables**

Federal receivables, as reported in the General and Consolidated Funds (Exhibit A-1), are detailed by program as follows:

<b>Federal Receivable Program</b>	<b>Federal Receivable</b>	<b>Allowance for Doubtful</b>	<b>Net Federal Receivable</b>
Department of Education	5,538,164.12	0.00	5,538,164.12
Department of Health and Human Services	3,969,994.09	0.00	3,969,994.09
Department of Labor	5,838,203.58	0.00	5,838,203.58
<b>Total Federal Receivables</b>	<b>\$ 15,346,361.79</b>	<b>\$ 0.00</b>	<b>\$ 15,346,361.79</b>

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

<b>Federal Receivable Program</b>	<b>Federal Receivables</b>	<b>Allowance for Doubtful</b>	<b>Net Federal Receivable</b>
Department of Labor	\$ 1,267,594.20	\$ 0.00	\$ 1,267,594.20
<b>Total Federal Receivables</b>	<b>\$ 1,267,594.20</b>	<b>\$ 0.00</b>	<b>\$ 1,267,594.20</b>

**NOTE 25: TERMINATION BENEFITS**

Not Applicable.

**NOTE 26: SEGMENT INFORMATION**

Not Applicable.

**NOTE 27: SERVICE CONCESSION ARRANGEMENTS**

Not Applicable.

**NOTE 28: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

In fiscal 2018 the deferred inflow of resources in governmental activities reflected in Exhibit I and Exhibit A-1 represent accounts receivables arising from tax and penalties assessed for Fund 5128, the Employment and Training Investment Holding Fund, and Fund 0165, the Unemployment Compensation Special Admin Fund, respectively, which are not considered available at fiscal year-end. That is, the \$1,193,302.58 recorded as Deferred Inflows of Resources in those exhibits represents amounts earned that will not be available to pay current liabilities.

<b>Governmental Funds</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Revenue Earned But Not Available	\$ 0.00	\$ 1,193,302.58
<b>Total</b>	<b>\$ 0.00</b>	<b>\$ 1,193,302.58</b>

**NOTE 29: TROUBLED DEBT RESTRUCTURING**

Not Applicable.

**NOTE 30: NON-EXCHANGE FINANCIAL GUARANTEES**

Not Applicable.

**NOTE 31: TAX ABATEMENTS**

Not Applicable.

**NOTE 32: FUND BALANCES**

The following restrictions/covenants cause fund balances to be committed and restricted.

GAAP Fund	Fund	AFR 54 Class	Amount	Citation	Comments
0165	0165	Committed	\$29,736,584.55	TEX. LAB. CODE ANN. §§ 203.201	Special unemployment compensation administration fund.
0492	0492	Non-Spendable	\$175,350.24	TEX. LAB. CODE ANN §355.011	Blind vending facility initial stock and equipment.
0492	0492	Committed	\$303,318.23	TEX. HUM. RES. CODE.ANN §91.014 & TEX. LAB. CODE ANN. §355.016	Proceeds to supply blind vending facility operators with initial stock and equipment to begin business.
0493	0493	Restricted	\$1,143.04	TEX. HUM.RES.CODE Chapter 91 & TEX. CONST. Article XVI Section 6(b)	Funds received for the specific purpose of assisting persons with a disability in becoming gainfully employed.
0925	0925	Committed	\$1,000,000.00	TEX. EDUC. CODE. ANN. §§132.2415, 132.242	Fund may help students receive reimbursement on payments made to closed career schools or colleges for tuition.
0938	0938	Restricted	\$1,864,356,628.83	TEX LAB. CODE ANN. § 203.021	Special unemployment compensation fund.
5026	5026	Non-Spendable	\$938,113.90	TEX. GOV'T CODE ANN. ch. 403	Supply inventory not in a spendable form.
5026	5026	Restricted	\$11,567,543.84	Federal CFDA 10.561, 14.401, 17.002, 17.207, 17.225, 17.235, 17.245, 17.258, 17.259, 17.261, 17.271, 17.273, 17.277, 17.278, 17.281, 17.285, 84.002, 84.126, 84.177, 84.187, 93.558, 93.575, 93.596, 93.630, 93.667	As reflected in the Schedule of Expenditures of Federal Awards, the TWC administers 25 separate federal grants. The fund restrictions are externally imposed by federal government agencies on the spending of these awards.
5043	5043	Restricted	\$1,208,503.30	20 U.S. Code § 107	Funds for individuals licensed to operate vending facilities under the Randolph-Sheppard Act.
5128	5128	Committed	\$196,240,244.12	TEX. LAB. CODE ANN. §204.122	Trust fund for employment and training.
5143	5143	Committed	\$1,148,543.63	TEX. EDUC. CODE ANN. §134.002	Dedicated to administer the Jobs and Education for Texans (JET) program.

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**EXHIBIT A-1**  
**COMBINING BALANCE SHEET - ALL GENERAL AND CONSOLIDATED FUNDS**  
For the Year Ended August 31, 2018

		Consolidated Accounts	Consolidated Accounts	Consolidated Accounts
	General Revenue (Fund 0001) U/F (0001)	Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Business Enterprise Program Fund (Fund 0492) U/F (0492, 8492)	Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents				
Cash on Hand	\$ 89,839.05	\$ 40,362.10	\$ 56,573.20	\$
Cash in Bank (Note 3)				
Cash in State Treasury		28,128,575.77	283,529.91	1,196,554.34
Legislative Appropriations	115,810,828.76			
Receivables:				
Federal Receivables (Note 24)				
Interest and Dividends	40,079.41			
Accounts Receivable (Note 24)	13,079,004.99	5,067,305.40		
Interfund Receivable (Note 12)				
Due from Other Funds (Note 12)				921,851.30
Due from Other Agencies (Note 12)	110,892.25	8,964.55		
Consumable Inventories				
Merchandise Inventories			175,350.24	
Total Current Assets	<u>129,130,644.46</u>	<u>33,245,207.82</u>	<u>515,453.35</u>	<u>2,118,405.64</u>
Non-Current Assets:				
Accounts Receivable (Note 28)		918,431.17		
Total Non-Current Assets	<u>0.00</u>	<u>918,431.17</u>		<u>0.00</u>
<b>Total Assets</b>	<b>\$ <u>129,130,644.46</u></b>	<b>\$ <u>34,163,638.99</u></b>	<b>\$ <u>515,453.35</u></b>	<b>\$ <u>2,118,405.64</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Payables:				
Accounts Payable	13,070,645.18	38,961.07	33,407.61	1,118,405.64
Payroll Payable				
Interfund Payable (Note 12)	4,888,136.69	351,488.14	3,377.27	
Unearned Revenues				
Due to Other Funds (Note 12)	1,068,437.30	3,118,174.06		
Due to Other Agencies (Note 12)	577,415.61			
Total Current Liabilities	<u>19,604,634.78</u>	<u>3,508,623.27</u>	<u>36,784.88</u>	<u>1,118,405.64</u>
<b>Total Liabilities</b>	<b><u>19,604,634.78</u></b>	<b><u>3,508,623.27</u></b>	<b><u>36,784.88</u></b>	<b><u>1,118,405.64</u></b>
Deferred Inflows of Resources (Note 28)		918,431.17		
<b>Total Liabilities and Def. Inflow of Res.</b>	<b><u>19,604,634.78</u></b>	<b><u>4,427,054.44</u></b>	<b><u>36,784.88</u></b>	<b><u>1,118,405.64</u></b>

<u>Consolidated Accounts</u>	<u>Consolidated Accounts</u>	<u>Consolidated Accounts</u>	<u>Consolidated Accounts</u>	<u>TOTALS</u>
Workforce Commission Federal (Fund 5026) U/F (5026)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	Jobs and Education for Texans (JET) (Fund 5143) U/F (5143)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
\$ 30,402.18				\$ 217,176.53
248,456.36			392,346.77	640,803.13
<u>32,171,161.10</u>	194,939,230.55	1,148,543.63		257,867,595.30
				115,810,828.76
15,346,361.79				15,346,361.79
7,130.58				47,209.99
	1,186,292.77			19,332,603.16
5,243,002.10				5,243,002.10
	146,586.00			1,068,437.30
1,429,178.03				1,549,034.83
938,113.90				938,113.90
				175,350.24
<u>55,413,806.04</u>	<u>196,272,109.32</u>	<u>1,148,543.63</u>	<u>392,346.77</u>	<u>418,236,517.03</u>
	274,871.41			1,193,302.58
0.00	274,871.41	0.00	0.00	1,193,302.58
<u>\$ 55,413,806.04</u>	<u>\$ 196,546,980.73</u>	<u>\$ 1,148,543.63</u>	<u>\$ 392,346.77</u>	<u>\$ 419,429,819.61</u>
12,221,763.40				26,483,182.90
23,942,108.00				23,942,108.00
				5,243,002.10
3,344,805.31			113,115.00	3,457,920.31
				4,186,611.36
3,399,471.59	31,865.20			4,008,752.40
<u>42,908,148.30</u>	<u>31,865.20</u>	<u>0.00</u>	<u>113,115.00</u>	<u>67,321,577.07</u>
<u>42,908,148.30</u>	<u>31,865.20</u>	<u>0.00</u>	<u>113,115.00</u>	<u>67,321,577.07</u>
	274,871.41			1,193,302.58
<u>42,908,148.30</u>	<u>306,736.61</u>	<u>0.00</u>	<u>113,115.00</u>	<u>68,514,879.65</u>

**EXHIBIT A-1**  
**COMBINING BALANCE SHEET - ALL GENERAL AND CONSOLIDATED FUNDS**  
 For the Year Ended August 31, 2018

	General Revenue (Fund 0001) U/F (0001)	Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Business Enterprise Program Fund (Fund 0492) U/F (0492, 8492)	Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
		Consolidated Accounts	Consolidated Accounts	Consolidated Accounts
<b>Fund Financial Statement-Fund Balances</b>				
Fund Balances (Deficits):				
Non-Spendable			175,350.24	
Restricted				
Committed		29,736,584.55	303,318.23	1,000,000.00
Assigned	85,903,712.68			
Unassigned*	23,622,297.00			
<b>Total Fund Balances</b>	<u>109,526,009.68</u>	<u>29,736,584.55</u>	<u>478,668.47</u>	<u>1,000,000.00</u>
<b>Total Liabilities and Fund Balance</b>	\$ <u>129,130,644.46</u>	\$ <u>34,163,638.99</u>	\$ <u>515,453.35</u>	\$ <u>2,118,405.64</u>

\*The Unassigned portion of the Fund 0001 balance, \$23,622,297 represents the funds transferred to Fund 0001 from Fund 5128, where a legislative appropriation existed for that same amount. These funds are subject to lapse.

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	TOTALS
Workforce Commission Federal (Fund 5026) U/F (5026)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	Jobs and Education for Texans (JET) (Fund 5143) U/F (5143)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
938,113.90				1,113,464.14
11,567,543.84				11,567,543.84
	196,240,244.12	1,148,543.63		228,428,690.53
			279,231.77	86,182,944.45
				23,622,297.00
<u>12,505,657.74</u>	<u>196,240,244.12</u>	<u>1,148,543.63</u>	<u>279,231.77</u>	<u>350,914,939.96</u>
\$ <u>55,413,806.04</u>	\$ <u>196,546,980.73</u>	\$ <u>1,148,543.63</u>	\$ <u>392,346.77</u>	\$ <u>419,429,819.61</u>

**EXHIBIT A-2**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCES - ALL GENERAL AND CONSOLIDATED FUNDS**  
For the Year Ended August 31, 2018

	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts
	Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Business Enterprise Program Fund (Fund 0492) U/F (0492, 8492)	Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
REVENUES:	General Revenue (Fund 0001) U/F (0001)	*	
Legislative Appropriations			
Original Appropriations (GR)	190,941,171.00		
Additional Appropriations (GR)	6,743,685.45		
Federal Revenue			
Federal Pass-Through Revenue	3,783,500.68		
Licenses, Fees and Permits	2,891,051.11	16,291,232.09	
Interest and Investment Income	443,290.06		
Land Income			
Sales of Goods and Services	241,657.73		1,542,845.39
Other Revenues	83,055,973.96		35,781.92
Settlement of Claims			
<b>Total Revenue</b>	<b>288,100,329.99</b>	<b>16,291,232.09</b>	<b>1,578,627.31</b>
			<b>0.00</b>
<b>EXPENDITURES</b>			
Salaries and Wages	23,162,626.59	3,364,610.75	643,433.64
Payroll Related Costs	7,557,814.82	7,698,146.83	476,114.65
Professional Fees and Services	1,060,945.18	120,657.48	33,241.50
Travel	339,705.45	110,018.28	44,915.15
Materials and Supplies	316,522.97	316,079.18	441,525.73
Communication and Utilities	273,592.54	453,610.73	32,856.37
Repairs and Maintenance	255,426.76	157,836.13	270,676.01
Rentals and Leases	1,174,359.87	131,770.57	26,834.22
Printing and Reproduction	32,766.05	25,151.80	6.08
Claims and Judgements	90,000.00		
Federal Pass-Through Expenditures			
State Grant Pass-Through Expenditures	5,788,914.53		
Intergovernmental Payments	33,742,790.10		
Public Assistance Payments	190,019,902.49	1.33	54,734.69
Other Operating Expenditures	901,397.87	444,033.29	95,566.42
Capital Outlay	191,696.04	12,112.86	32,211.38
<b>Total Expenditures</b>	<b>264,908,461.26</b>	<b>12,834,029.23</b>	<b>2,097,381.15</b>
			<b>54,734.69</b>
<b>EXCESS (DEFICIT) OF REVENUES</b>			
<b>OVER EXPENDITURES</b>	<b>23,191,868.73</b>	<b>3,457,202.86</b>	<b>(518,753.84)</b>
			<b>(54,734.69)</b>

\*Expenditures totaling \$207,062.68 along with revenues collected from the Texas Industries for the Blind, are included in Fund 0001 of the accompanying financial statements, related to the Purchasing from People with Disabilities Program.

\*\* This amount includes \$6,191,551.87 in Unemployment Insurance payments made to former state employees on behalf of other agencies.

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	TOTALS
Workforce Commission Federal (Fund 5026) U/F (5026)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	Jobs and Education for Texans (JET) (Fund 5143) U/F (5143)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
				190,941,171.00
				6,743,685.45
1,309,831,628.93				1,309,831,628.93
94,640,728.16				98,424,228.84
163,359.70	110,740,760.10		390,860.00	130,477,263.00
66,989.37			296.15	510,575.58
278.31				278.31
923,109.45			42,405.00	2,750,017.57
18,827.15				83,110,583.03
<u>1,405,644,921.07</u>	<u>110,740,760.10</u>	<u>0.00</u>	<u>433,561.15</u>	<u>1,822,789,431.71</u>
191,703,876.27				218,874,547.25
85,292,419.16				101,024,495.46
29,716,057.18			56,054.51	30,986,955.85
4,580,670.26				5,075,309.14
8,564,977.64			254,211.84	9,893,317.36
9,101,855.97				9,861,915.61
9,390,605.09			12,482.60	10,087,026.59
9,652,458.40	386,230.00			11,371,653.06
339,432.51			756.00	398,112.44
(90,000.00)				0.00
74,775,441.49				74,775,441.49
	376,984.28			6,165,898.81
29,478,057.93	439,673.02			63,660,521.05
936,178,362.31	74,038.81			1,126,327,039.63
13,041,183.87			13,803.00	14,495,984.45
5,438,686.26				5,674,706.54
<u>1,407,164,084.34</u>	<u>1,276,926.11</u>	<u>0.00</u>	<u>337,307.95</u>	<u>1,688,672,924.73</u>
(1,519,163.27)	109,463,833.99	0.00	96,253.20	134,116,506.98

**EXHIBIT A-2**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCES - ALL GENERAL AND CONSOLIDATED FUNDS**  
 For the Year Ended August 31, 2018

	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts
General Revenue (Fund 0001) U/F (0001)	Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Business Enterprise Program Fund (Fund 0492) U/F (0492, 8492)	Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Capital Assets			
Transfers In (Note 12)	23,928,736.29		54,734.69
Transfers Out (Note 12)	(2,058,082.31)		
Legislative Financing Sources	768,309.03		
Legislative Financing Uses	(767,361.08)		
<b>Total Other Financing Sources (Uses)</b>	21,871,601.93	0.00	54,734.69
<b>Net Change in Fund Balances</b>	45,063,470.66	3,457,202.86	(518,753.84)
<b>Fund Financial Statement-Fund Balances</b>			
Fund Balances, September 1, 2017	66,922,135.81	26,279,381.69	869,822.17
Restatement to Fund Balances	82.36		127,600.14
Fund Balances as Restated, September 1, 2017	66,922,218.17	26,279,381.69	997,422.31
Appropriations Lapsed	(2,459,679.15)		
<b>FUND BALANCES - August 31, 2018</b>	109,526,009.68	29,736,584.55	478,668.47
			1,000,000.00

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	TOTALS
Workforce Commission Federal (Fund 5026) U/F (5026)	Employment and Training Investment Holding (Fund 5128) U/F (5128)	Jobs and Education for Texans (JET) (Fund 5143) U/F (5143)	International Association of Workforce Professionals Texas Chapter Conference Account (Fund 7999) U/F (9999)	
173,030.50				173,030.50
282,282,071.38				306,265,542.36
(282,540,331.47)	(23,622,297.00)		(48,179.20)	(308,268,889.98)
				768,309.03
				(767,361.08)
(85,229.59)	(23,622,297.00)	0.00	(48,179.20)	(1,829,369.17)
(1,604,392.86)	85,841,536.99	0.00	48,074.00	132,287,137.81
14,110,050.60	110,398,707.13	1,148,543.63	231,157.77	220,959,798.80
14,110,050.60	110,398,707.13	1,148,543.63	231,157.77	221,087,481.30
				(2,459,679.15)
12,505,657.74	196,240,244.12	1,148,543.63	279,231.77	350,914,939.96

**EXHIBIT B-1**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
 For the Year Ended August 31, 2018

Endowment Fund  
 For the Blind  
 (Fund 0493)  
U/F (0493,8493)

**ASSETS**

Cash and Cash Equivalents	
Cash in State Treasury	1,140.72
Interest and Dividends Receivables	2.32
<b>Total Assets</b>	<u>1,143.04</u>

**LIABILITIES**

Payables:	
Accounts Payable	0.00
<b>Total Liabilities</b>	<u>0.00</u>

<b>Fund Balances</b>	
Restricted	1,143.04
<b>Total Fund Balances</b>	<u>1,143.04</u>

<b>Total Liabilities and Fund Balance</b>	\$ <u><u>1,143.04</u></u>
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**EXHIBIT B-2**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - SPECIAL REVENUE FUND**  
 For the Year Ended August 31, 2018

Endowment Fund  
 For the Blind  
 (Fund 0493)  
U/F (0493,8493)

**REVENUES:**

Interest, Dividend and Other Income	91.10
Other Revenue	9,908.20
<b>Total Revenue</b>	<u>9,999.30</u>

**EXPENDITURES:**

Public Assistance Payments	13,246.96
<b>Total Expenditures</b>	<u>13,246.96</u>

<b>EXCESS (DEFICIT) REVENUES OVER EXPENDITURES</b>	<u>(3,247.66)</u>
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**OTHER FINANCING SOURCES (USES)**

<b>Total Other Financing Sources (Uses)</b>	0.00
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<b>Fund Financial Statement - Fund Balances</b>	
Fund Balance September 1, 2017	4,390.70
Fund Balance August 31, 2018	<u>1,143.04</u>

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

For the Year Ended August 31, 2018

	TWC Obligation Trust Fund (Fund 0844) U/F (0844, 1844, 2844, 3844)	Unemployment Compensation Clearance Account (Fund 0936) U/F (0936, 9001)
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents		
Cash on Hand	\$	\$ 469,854.63
Cash in State Treasury		142,238.53
Restricted:		
Cash in State Treasury (Note 3)		
Cash in Federal Treasury (Note 3)		
Receivables:		
Federal Receivables (Note 24)		
Interest and Dividends		7,543.22
Accounts Receivable (Note 24)		213,971,795.71
Due from Other Funds (Note 12)		3,118,174.06
Total Current Assets		<u>217,709,606.15</u>
Non-Current Assets:		
Receivables:		
Accounts Receivable (Note 24)		<u>7,722,617.50</u>
Total Non-Current Assets		<u>7,722,617.50</u>
<b>Total Assets</b>		<b>225,432,223.65</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Payables:		
Accounts Payable		
Federal Payable		
Interest Payable		
Due to Other Funds (Note 12)		47,468,476.43
Unearned Revenues		177,963,747.22
Total Current Liabilities		<u>225,432,223.65</u>
Non-Current Liabilities:		
Total Non-Current Liabilities		<u>0.00</u>
<b>Total Liabilities</b>		<b>225,432,223.65</b>
<b>NET POSITION</b>		
Restricted For:		
Unemployment Trust Fund		
<b>Total Net Position</b>	\$	\$ <u>0.00</u>

Unemployment Compensation Benefit Account (Fund 0937) U/F (0937)	Unemployment Trust Fund Account (Fund 0938) U/F (0938)	TOTALS
\$ 152,103.79	\$	\$ 621,958.42
		142,238.53
(2,645,486.30)		(2,645,486.30)
	1,806,989,592.72	1,806,989,592.72
1,267,594.20		1,267,594.20
789.88	6,933,791.17	6,942,124.27
15,286,026.19	11,246,820.45	240,504,642.35
3,916,945.70	47,468,476.43	54,503,596.19
<u>17,977,973.46</u>	<u>1,872,638,680.77</u>	<u>2,108,326,260.38</u>
<u>10,894,824.23</u>		<u>18,617,441.73</u>
<u>10,894,824.23</u>	<u>0.00</u>	<u>18,617,441.73</u>
28,872,797.69	1,872,638,680.77	2,126,943,702.11
28,872,797.69	3,775,600.53	32,648,398.22
	589,505.71	589,505.71
	0.00	0.00
	3,916,945.70	51,385,422.13
		177,963,747.22
<u>28,872,797.69</u>	<u>8,282,051.94</u>	<u>262,587,073.28</u>
		0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
28,872,797.69	8,282,051.94	262,587,073.28
	1,864,356,628.83	1,864,356,628.83
\$ <u>0.00</u>	\$ <u>1,864,356,628.83</u>	\$ <u>1,864,356,628.83</u>

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

For the Year Ended August 31, 2018

	TWC Obligation Trust Fund (Fund 0844) U/F (0844, 1844, 2844, 3844)	Unemployment Compensation Clearance Account (Fund 0936) U/F (0936, 9001)
<b>OPERATING REVENUES</b>		
Unemployment Assessment	\$	\$ 2,410,225,567.83
Federal Revenue		
Other Operating Revenue		78,732,704.34
Total Operating Revenue		<u>2,488,958,272.17</u>
<b>OPERATING EXPENSES</b>		
Unemployment Benefit Payments		
Total Operating Expenses		<u>0.00</u>
<b>OPERATING INCOME (LOSS)</b>		<u>2,488,958,272.17</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Expense		
Interest and Investment Income		77,774.30
Other Non-Operating Expenses		
Total Non-Operating Revenues (Expenses)		<u>77,774.30</u>
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS</b>		<u>2,489,036,046.47</u>
<b>OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS</b>		
Transfers In (Note 12)		135,961,000.00
Transfers Out (Note 12)		<u>(2,624,997,046.47)</u>
Total Other Revenues (Expenses), Gains/(Losses) and Transfers		<u>(2,489,036,046.47)</u>
<b>CHANGE IN NET POSITION</b>		<u>(0.00)</u>
<b>NET POSITION, September 1, 2017</b>		0.00
<b>NET POSITION, August 31, 2018</b>	\$	<u><u>\$ (0.00)</u></u>

Unemployment Compensation Benefit Account (Fund 0937) U/F (0937)	Unemployment Trust Fund Account (Fund 0938) U/F (0938)	TOTALS
\$	\$	\$
29,448,751.78	54,083,825.07	2,410,225,567.83
119,209.20	76,011,482.58	83,532,576.85
<u>29,567,960.98</u>	<u>130,095,307.65</u>	<u>154,863,396.12</u>
		<u>2,648,621,540.80</u>
<u>2,218,041,645.12</u>	<u>25,312,436.68</u>	<u>2,243,354,081.80</u>
<u>2,218,041,645.12</u>	<u>25,312,436.68</u>	<u>2,243,354,081.80</u>
<u>(2,188,473,684.14)</u>	<u>104,782,870.97</u>	<u>405,267,459.00</u>
		0.00
21,907.06	28,563,933.57	28,663,614.93
		0.00
<u>21,907.06</u>	<u>28,563,933.57</u>	<u>28,663,614.93</u>
<u>(2,188,451,777.08)</u>	<u>133,346,804.54</u>	<u>433,931,073.93</u>
2,324,412,777.08	2,624,997,046.47	5,085,370,823.55
<u>(135,961,000.00)</u>	<u>(2,324,412,777.08)</u>	<u>(5,085,370,823.55)</u>
<u>2,188,451,777.08</u>	<u>300,584,269.39</u>	<u>0.00</u>
<u>0.00</u>	<u>433,931,073.93</u>	<u>433,931,073.93</u>
0.00	1,430,425,554.90	1,430,425,554.90
\$ <u>0.00</u>	\$ <u>1,864,356,628.83</u>	\$ <u>1,864,356,628.83</u>

**EXHIBIT F-3**

**COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**

For the Year Ended August 31, 2018

TWC Obligation  
Trust Fund  
(Fund 0844)  
U/F (0844, 1844,  
2844, 3844)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Unemployment Assessments	\$	
Proceeds From Federal Revenue		
Proceeds From Other Revenue		
Unemployment Benefit Payments		
Net Cash Provided By Operating Activities		-

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Transfers From Other Funds		
Transfers To Other Funds		(377.23)
Net Cash Provided by Non-Capital Financing Activities		(377.23)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and Investment Income		8.48
Net Cash Provided by Investing Activities		8.48
Net Increase (Decrease) in Cash and Cash Equivalents		(368.75)

Cash and Cash Equivalents, September 1, 2017		368.75
Restatement to Cash - (Note 14)		
Cash and Cash Equivalents as Restated, September 1, 2017		368.75

Net Cash and Cash Equivalents, August 31, 2018	\$	(0.00)
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**Reconciliation of Operating Income to Net Cash Provided by Operating Activities**

Operating Income (Loss)		-
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Operating Income and Cash Flow Categories		
Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables		
Increase (Decrease) in Payables		
Increase (Decrease) in Deferred Income		
Total Adjustments		-

Net Cash Provided by Operating Activities	\$	-
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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
\$ 2,465,534,691.30	\$ 37,143,672.01	\$ 53,631,522.34	\$ 2,465,534,691.30
68,081,856.39	119,209.20	86,305,077.69	90,775,194.35
	(2,223,991,074.60)	(25,643,939.05)	154,506,143.28
<u>2,533,616,547.69</u>	<u>(2,186,728,193.39)</u>	<u>114,292,660.98</u>	<u>(2,249,635,013.65)</u>
			<u>461,181,015.28</u>
137,049,418.78	2,324,535,525.31	2,670,646,428.61	5,132,231,372.70
(2,670,646,055.62)	(135,961,000.00)	(2,324,535,525.31)	(5,131,142,958.16)
<u>(2,533,596,636.84)</u>	<u>2,188,574,525.31</u>	<u>346,110,903.30</u>	<u>1,088,414.54</u>
<u>70,522.84</u>	<u>27,069.03</u>	<u>26,719,987.25</u>	<u>26,817,587.60</u>
<u>70,522.84</u>	<u>27,069.03</u>	<u>26,719,987.25</u>	<u>26,817,587.60</u>
<u>90,433.69</u>	<u>1,873,400.95</u>	<u>487,123,551.53</u>	<u>489,087,017.42</u>
521,659.47	65,146.61	1,319,866,041.19	1,320,453,216.02
	(4,431,930.07)		(4,431,930.07)
<u>521,659.47</u>	<u>(4,366,783.46)</u>	<u>1,319,866,041.19</u>	<u>1,316,021,285.95</u>
\$ <u>612,093.16</u>	\$ <u>(2,493,382.51)</u>	\$ <u>1,806,989,592.72</u>	\$ <u>1,805,108,303.37</u>
<u>2,488,958,272.17</u>	<u>(2,188,473,684.14)</u>	<u>104,782,870.97</u>	<u>405,267,459.00</u>
7,674,264.55	10,552,502.83	10,293,595.11	28,520,362.49
	(8,807,012.08)	(783,805.10)	(9,590,817.18)
<u>36,984,010.97</u>	<u>1,745,490.75</u>	<u>9,509,790.01</u>	<u>36,984,010.97</u>
<u>44,658,275.52</u>			<u>55,913,556.28</u>
\$ <u>2,533,616,547.69</u>	\$ <u>(2,186,728,193.39)</u>	\$ <u>114,292,660.98</u>	\$ <u>461,181,015.28</u>

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**EXHIBIT I-1**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION -**  
**PRIVATE PURPOSE TRUST FUNDS**  
For the Year Ended August 31, 2018

	Payday Law Wage Determination Trust Fund (Fund 0894) U/F (0894)	Business Enterprises Program Trust Fund (Fund 5043) U/F (5043)	TOTALS
<b>ASSETS</b>			
Cash and Cash Equivalents			
Cash on Hand	\$ 92,372.43	\$ 22,988.74	\$ 115,361.17
Cash in State Treasury	833,363.65	1,183,432.37	2,016,796.02
Receivables:			
Interest and Dividends	2,488.43	2,082.19	4,570.62
Accounts Receivable (Note 24)	1,009,791.55		1,009,791.55
<b>Total Assets</b>	<u>1,938,016.06</u>	<u>1,208,503.30</u>	<u>3,146,519.36</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payable	1,926,931.84		1,926,931.84
Interest Payable	11,084.22		11,084.22
<b>Total Liabilities</b>	<u>1,938,016.06</u>	<u>-</u>	<u>1,938,016.06</u>
<b>NET POSITION</b>			
Held in Trust For:			
Individuals, Organizations, and Other Governments	-	1,208,503.30	1,208,503.30
<b>Total Net Position</b>	<u>\$ 0.00</u>	<u>\$ 1,208,503.30</u>	<u>\$ 1,208,503.30</u>

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**EXHIBIT I-2**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS**  
For the Year Ended August 31, 2018

	Payday Law Wage Determination Trust Fund (Fund 0894) U/F (0894)	Business Enterprises Program Trust Fund (Fund 5043) U/F (5043)	TOTALS
<b>ADDITIONS</b>			
Investment Income			
From Investing Activities			
Interest and Investment Income	\$ 22,805.31	\$ 20,663.74	\$ 43,469.05
<b>Total Investment Income (Loss)</b>	<b>22,805.31</b>	<b>20,663.74</b>	<b>43,469.05</b>
Other Additions			
Settlement of Claims	4,708,488.87		4,708,488.87
Other Revenue		371,560.20	371,560.20
Transfer In			0.00
<b>Total Other Additions</b>	<b>4,708,488.87</b>	<b>371,560.20</b>	<b>5,080,049.07</b>
<b>Total Additions</b>	<b>4,731,294.18</b>	<b>392,223.94</b>	<b>5,123,518.12</b>
<b>DEDUCTIONS</b>			
Employee/Participant Benefit Payments		398,705.04	398,705.04
Interest Expense	8,484.65		8,484.65
Claims and Judgement Expense *	4,722,809.53		4,722,809.53
<b>Total Deductions</b>	<b>4,731,294.18</b>	<b>398,705.04</b>	<b>5,129,999.22</b>
<b>INCREASE DECREASE IN</b>			
<b>NET POSITIONS</b>			
	0.00	(6,481.10)	(6,481.10)
Net Position September 1, 2017	0.00	1,214,984.40	1,214,984.40
Net Position August 31, 2018	\$ 0.00	\$ 1,208,503.30	\$ 1,208,503.30

\* In addition to the amount shown above for Settlement of Claims, the Texas Workforce Commission was instrumental in resolving another \$1,412,833.00 in claims where the claimant was paid directly by the employer.

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

For the Year Ended August 31, 2018

	Balances September 1, 2017	Additions	Deductions	Balances August 31, 2018
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**Child Labor Penalty (0001) U/F (1000)**

<b>ASSETS:</b>				
Cash in State Treasury	0.00	23,122.19	23,122.19	0.00
Total Assets	\$ 0.00	\$ 23,122.19	\$ 23,122.19	\$ 0.00

<b>LIABILITIES:</b>				
Funds Held for Others	0.00	23,122.19	23,122.19	0.00
Total Liabilities	\$ 0.00	\$ 23,122.19	\$ 23,122.19	\$ 0.00

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

<b>ASSETS:</b>				
Cash in State Treasury	38,668.54	559,867.99	562,120.78	36,415.75
Total Assets	\$ 38,668.54	\$ 559,867.99	\$ 562,120.78	\$ 36,415.75

<b>LIABILITIES:</b>				
Vouchers Payable	0.00	0.00	0.00	0.00
Funds Held for Others	38,668.54	559,867.99	562,120.78	36,415.75
Total Liabilities	\$ 38,668.54	\$ 559,867.99	\$ 562,120.78	\$ 36,415.75

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

<b>ASSETS:</b>				
Cash on Hand	0.00	1,030.00	0.00	1,030.00
Cash in State Treasury	45,051.46	39,142,522.99	37,495,613.50	1,691,960.95
Accounts Receivable	0.00	0.00	0.00	0.00
Total Assets	\$ 45,051.46	\$ 39,143,552.99	\$ 37,495,613.50	\$ 1,692,990.95

<b>LIABILITIES:</b>				
Vouchers Payable	0.00	0.00	0.00	0.00
Accounts Payable	0.00	0.00	0.00	0.00
Funds Held for Others	45,051.46	39,142,522.99	37,495,613.50	1,691,960.95
Total Liabilities	\$ 45,051.46	\$ 39,142,522.99	\$ 37,495,613.50	\$ 1,691,960.95

**Direct Deposit Correction Account (0980) UF (0980, 9014)**

<b>ASSETS:</b>				
Cash in State Treasury	24,754.72	73,428.84	78,228.64	19,954.92
Total Assets	\$ 24,754.72	\$ 73,428.84	\$ 78,228.64	\$ 19,954.92

<b>LIABILITIES:</b>				
Funds Held for Others	24,754.72	73,428.84	78,228.64	19,954.92
Total Liabilities	\$ 24,754.72	\$ 73,428.84	\$ 78,228.64	\$ 19,954.92

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

For the Year Ended August 31, 2018

	Balances September 1, 2017	Additions	Deductions	Balances August 31, 2018
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS:</b>				
Cash in State Treasury	108,474.72	39,798,942.01	38,159,085.11	1,748,331.62
Accounts Receivable	0.00	0.00	0.00	0.00
Total Assets	\$ <u>108,474.72</u>	\$ <u>39,798,942.01</u>	\$ <u>38,159,085.11</u>	\$ <u>1,748,331.62</u>
<b>LIABILITIES:</b>				
Vouchers Payable	0.00	0.00	0.00	0.00
Accounts Payable	0.00	0.00	0.00	0.00
Funds Held for Others	108,474.72	39,798,942.01	38,159,085.11	1,748,331.62
Total Liabilities	\$ <u>108,474.72</u>	\$ <u>39,798,942.01</u>	\$ <u>38,159,085.11</u>	\$ <u>1,748,331.62</u>

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From		
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount
<b>U.S. Department of Housing and Urban Development</b>				
Direct Programs:				
Fair Housing Assistance Program State and Local	14.401			
Pass-Through To:				
Other Non-State Entities				
<b>Total, U.S. Department of Housing and Urban Development</b>			<b>0.00</b>	<b>0.00</b>
<b>U.S. Department of Labor</b>				
Direct Programs:				
Labor Force Statistics	17.002			
Unemployment Insurance	17.225			
Pass-Through To:				
Other Non-State Entities				
Senior Community Service Employment Program	17.235			
Pass-Through To:				
Other Non-State Entities				
Trade Adjustment Assistance	17.245			
Pass-Through To:				
Other Non-State Entities				
WIA/WIOA Pilots, Demonstrations, and Research Projects	17.261			
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/WIOA - National Emergency Grants	17.277			
Pass-Through To:				
Texas State Technical College				
Lamar State College - Port Arthur				
Lamar Institute of Technology				
Other Non-State Entities				
WIA/WIOA Dislocated Worker National Reserve Tech Assist. and Trng	17.281			
Apprenticeship USA Grants	17.285			
Pass-Through To:				
Texas Higher Education Coordinating Board				
Pass-Through To:				
Other Non-State Entities				
<b>Subtotal, Non-Clustered Programs</b>			<b>0.00</b>	<b>0.00</b>
<b>Employment Services Cluster</b>				
<b>U.S. Department of Labor</b>				
Direct Program:				
Employment Service	17.207			
Pass-Through To:				
University of Houston - Downtown				
Other Non-State Entities				
<b>Subtotal, Employment Services Cluster</b>			<b>0.00</b>	<b>0.00</b>
<b>Workforce Investment Act / Workforce Innovation and Opportunity Act Cluster</b>				
<b>U.S. Department of Labor</b>				
Direct Programs:				
WIA/WIOA - Adult Program	17.258			
Pass-Through To:				

Direct Program Amount	Total PT from & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agency/ Univ. #	State Agency or Univ Amount	Non-State Entities Amount		
1,534,087.76	1,534,087.76				1,534,087.76	1,534,087.76
1,000.00	1,000.00			1,000.00		1,000.00
<b>1,535,087.76</b>	<b>1,535,087.76</b>		<b>0.00</b>	<b>1,000.00</b>	<b>1,534,087.76</b>	<b>1,535,087.76</b>
3,333,408.83	3,333,408.83				3,333,408.83	3,333,408.83
2,380,026,682.78	2,380,026,682.78				2,380,026,682.78	2,380,026,682.78
3,584,275.43	3,584,275.43			3,584,275.43		3,584,275.43
33,423.97	33,423.97				33,423.97	33,423.97
4,218,058.47	4,218,058.47			4,218,058.47		4,218,058.47
3,604,662.19	3,604,662.19				3,604,662.19	3,604,662.19
7,604,055.85	7,604,055.85			7,604,055.85		7,604,055.85
264,370.94	264,370.94				264,370.94	264,370.94
8,156.42	8,156.42			8,156.42		8,156.42
1,055,557.49	1,055,557.49				1,055,557.49	1,055,557.49
712,451.60	712,451.60				712,451.60	712,451.60
6,182.71	6,182.71			6,182.71		6,182.71
898,392.25	898,392.25				898,392.25	898,392.25
37,057.79	37,057.79	719	37,057.79			37,057.79
21,285.27	21,285.27	788	21,285.27			21,285.27
11,677.39	11,677.39	789	11,677.39			11,677.39
19,362,929.21	19,362,929.21			19,362,929.21		19,362,929.21
586.48	586.48				586.48	586.48
274,478.18	274,478.18				274,478.18	274,478.18
14,164.00	14,164.00	781	14,164.00			14,164.00
72,445.38	72,445.38			72,445.38		72,445.38
<b>2,425,144,302.63</b>	<b>2,425,144,302.63</b>		<b>84,184.45</b>	<b>34,856,103.47</b>	<b>2,390,204,014.71</b>	<b>2,425,144,302.63</b>
38,165,266.00	38,165,266.00				38,165,266.00	38,165,266.00
329,968.74	329,968.74	784	329,968.74			329,968.74
79,482.34	79,482.34	788	79,482.34			79,482.34
10,771,993.12	10,771,993.12			10,771,993.12		10,771,993.12
<b>49,346,710.20</b>	<b>49,346,710.20</b>		<b>409,451.08</b>	<b>10,771,993.12</b>	<b>38,165,266.00</b>	<b>49,346,710.20</b>
594,245.49	594,245.49				594,245.49	594,245.49

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From			
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount	Non-State Entities Amount
Texas Education Agency					
Texas State Technical College					
Texas Higher Education Coordinating Board					
Other Non-State Entities					
WIA/WIOA - Youth Activities	17.259				
Pass-Through To:					
Other Non-State Entities					
WIA/WIOA Dislocated Worker Formula Grants	17.278				
Pass-Through To:					
Office of the Governor					
Texas Education Agency					
Texas State Technical College					
University of Texas at San Antonio					
Texas A&M University San Antonio					
Texas State University					
Lamar State College - Orange					
Other Non-State Entities					
<b>Subtotal, Workforce Investment Act Cluster</b>				<b>0.00</b>	<b>0.00</b>
<b>Total, U.S. Department of Labor</b>				<b>0.00</b>	<b>0.00</b>
<b>U.S. Department of Education</b>					
Adult Education - Basic Grants to States	84.002				
Pass-Through To:					
Texas A&M University					
Other Non-State Entities					
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126				
Pass-Through To:					
Health and Human Services Commission					
Rehabilitation Services - Independent Living for Older Individuals Who are 84.177					
Supported Employment Services for Individuals with the Most Significant D84.187					
<b>Total, U.S. Department of Education</b>				<b>0.00</b>	<b>0.00</b>
<b>U.S. Department of Health &amp; Human Services</b>					
Social Services Block Grant	93.667				
Pass-Through From:					
Health and Human Services Commission		529		2,042,244.94	
Pass-Through To:					
Other Non-State Entities					
<b>Subtotal, Non-Clustered Programs</b>				<b>2,042,244.94</b>	<b>0.00</b>
<b>Child Care Cluster</b>					
<b>U.S. Department of Health &amp; Human Services</b>					
Child Care and Development Block Grant	93.575				
Pass-Through To:					
Health and Human Services Commission					
Department of Family and Protective Services					
Texas Education Agency					
University of Texas Health Science Center at Houston					
Other Non-State Entities					
Child Care and Development Fund	93.596				
Pass-Through To:					
Other Non-State Entities					
Development Disabilities Basic Support and Advocacy Grants	93.630				
<b>Subtotal, Child Care Cluster</b>				<b>0.00</b>	<b>0.00</b>

Direct Program Amount	Total PT from & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agency/ Univ. #	State Agency or Univ Amount	Non-State Entities Amount		
1,206,993.64	1,206,993.64	701	1,206,993.64			1,206,993.64
77,165.04	77,165.04	719	77,165.04			77,165.04
55,326.66	55,326.66	781	55,326.66			55,326.66
52,402,110.01	52,402,110.01			52,402,110.01		52,402,110.01
7,599,295.15	7,599,295.15				7,599,295.15	7,599,295.15
48,366,442.77	48,366,442.77			48,366,442.77		48,366,442.77
103,707.84	103,707.84				103,707.84	103,707.84
720,694.42	720,694.42	300	720,694.42			720,694.42
908,282.72	908,282.72	701	908,282.72			908,282.72
5,563.34	5,563.34	719	5,563.34			5,563.34
74,997.35	74,997.35	743	74,997.35			74,997.35
3,368.62	3,368.62	749	3,368.62			3,368.62
143,440.94	143,440.94	754	143,440.94			143,440.94
142,594.00	142,594.00	787	142,594.00			142,594.00
47,328,798.41	47,328,798.41			47,328,798.41		47,328,798.41
<b>159,733,026.40</b>	<b>159,733,026.40</b>		<b>3,338,426.73</b>	<b>148,097,351.19</b>	<b>8,297,248.48</b>	<b>159,733,026.40</b>
<b>2,634,224,039.23</b>	<b>2,634,224,039.23</b>		<b>3,832,062.26</b>	<b>193,725,447.78</b>	<b>2,436,666,529.19</b>	<b>2,634,224,039.23</b>
2,965,167.08	2,965,167.08				2,965,167.08	2,965,167.08
349,719.99	349,719.99	711	349,719.99			349,719.99
63,757,344.22	63,757,344.22			63,757,344.22		63,757,344.22
241,294,079.60	241,294,079.60				241,294,079.60	241,294,079.60
8,491,631.11	8,491,631.11	529	8,491,631.11			8,491,631.11
2,463,591.56	2,463,591.56				2,463,591.56	2,463,591.56
1,852,824.34	1,852,824.34				1,852,824.34	1,852,824.34
<b>321,174,357.90</b>	<b>321,174,357.90</b>		<b>8,841,351.10</b>	<b>63,757,344.22</b>	<b>248,575,662.58</b>	<b>321,174,357.90</b>
	2,042,244.94					
				2,042,244.94		2,042,244.94
<b>0.00</b>	<b>2,042,244.94</b>		<b>0.00</b>	<b>2,042,244.94</b>	<b>0.00</b>	<b>2,042,244.94</b>
12,223,747.78	12,223,747.78				12,223,747.78	12,223,747.78
20,698,532.84	20,698,532.84	529	20,698,532.84			20,698,532.84
25,388,182.23	25,388,182.23	530	25,388,182.23			25,388,182.23
14,383,781.79	14,383,781.79	701	14,383,781.79			14,383,781.79
1,014,802.69	1,014,802.69	744	1,014,802.69			1,014,802.69
281,031,984.15	281,031,984.15			281,031,984.15		281,031,984.15
233,520,710.80	233,520,710.80			233,520,710.80		233,520,710.80
1,197.21	1,197.21				1,197.21	1,197.21
<b>588,262,939.49</b>	<b>588,262,939.49</b>		<b>61,485,299.55</b>	<b>514,552,694.95</b>	<b>12,224,944.99</b>	<b>588,262,939.49</b>

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From			
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount	Non-State Entities Amount
<b>TANF Cluster</b>					
<b>U.S. Department of Health &amp; Human Services</b>					
Temporary Assistance for Needy Families	93.558				
Pass-Through From:					
Health and Human Services Commission		529		8,005,095.82	
Pass-Through To:					
Texas Department of Housing and Community Affairs		529		10,000.00	
Texas A&M University		529		23,596.89	
Texas A & M Engineering Experiment Station		529		84,401.68	
Tarleton State University		529		7,780.00	
Texas A & M Engineering Extension Services		529		396.15	
University of Texas at Austin		529		110,933.23	
University of Texas Medical Branch at Galveston		529		60,434.14	
University of Texas Southwestern Medical Center		529		66,030.14	
Lamar University		529		185,841.45	
University of Texas at San Antonio		529		39,410.45	
University of Houston - Clear Lake		529		15,103.31	
University of Houston - Downtown		529		262.14	
Lamar State College - Orange		529		12,539.00	
Other Non-State Entities		529		83,976,658.82	
<b>Subtotal, TANF Cluster</b>				<b>92,598,483.22</b>	<b>0.00</b>
<b>Total, U.S. Dept. of Health &amp; Human Services</b>				<b>94,640,728.16</b>	<b>0.00</b>
<b>SNAP Cluster</b>					
<b>U.S. Department of Agriculture</b>					
Direct Programs:					
State Admin. Match for Supplemental Nutrition Assist Prog.	10.561				
Pass-Through To:					
Other Non-State Entities					
Pass-Through From:					
Health and Human Services Commission		529		189,805.05	
Pass-Through To:					
Other Non-State Entities		529		3,593,695.63	
<b>Total, U. S. Department of Agriculture</b>				<b>3,783,500.68</b>	<b>0.00</b>
<b>TOTAL, FEDERAL FINANCIAL ASSISTANCE</b>				<b>98,424,228.84</b>	<b>0.00</b>

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		
	8,005,095.82				8,005,095.82	8,005,095.82
	10,000.00	332	10,000.00			10,000.00
	23,596.89	711	23,596.89			23,596.89
	84,401.68	712	84,401.68			84,401.68
	7,780.00	713	7,780.00			7,780.00
	396.15	716	396.15			396.15
	110,933.23	721	110,933.23			110,933.23
	60,434.14	723	60,434.14			60,434.14
	66,030.14	729	66,030.14			66,030.14
	185,841.45	734	185,841.45			185,841.45
	39,410.45	743	39,410.45			39,410.45
	15,103.31	759	15,103.31			15,103.31
	262.14	784	262.14			262.14
	12,539.00	787	12,539.00			12,539.00
	83,976,658.82			83,976,658.82		83,976,658.82
<b>0.00</b>	<b>92,598,483.22</b>		<b>616,728.58</b>	<b>83,976,658.82</b>	<b>8,005,095.82</b>	<b>92,598,483.22</b>
<b>588,262,939.49</b>	<b>682,903,667.65</b>		<b>62,102,028.13</b>	<b>600,571,598.71</b>	<b>20,230,040.81</b>	<b>682,903,667.65</b>
344,613.25	344,613.25				344,613.25	344,613.25
8,780,964.67	8,780,964.67			8,780,964.67		8,780,964.67
	189,805.05				189,805.05	189,805.05
	3,593,695.63			3,593,695.63		3,593,695.63
<b>9,125,577.92</b>	<b>12,909,078.60</b>		<b>0.00</b>	<b>12,374,660.30</b>	<b>534,418.30</b>	<b>12,909,078.60</b>
<b>3,554,322,002.30</b>	<b>3,652,746,231.14</b>		<b>74,775,441.49</b>	<b>870,430,051.01</b>	<b>2,707,540,738.64</b>	<b>3,652,746,231.14</b>

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2018

**Note 1 - Not Applicable**

**Note 2 - 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	\$	1,309,831,628.93
Federal Pass-Through Revenues		98,424,228.84
Federal Revenues - Proprietary		83,532,576.85
Subtotal		<u>1,491,788,434.62</u>

**RECONCILING ITEMS**

State UI funds		2,159,821,504.95
* Federal Fixed Fee & Other Contracts		(225,910.58)
Program Income & Non-Grant Expenditures		1,362,202.15
Per Federal Schedule	\$	<u>3,652,746,231.14</u>

**Notes 3a and 3b - Not Applicable**

**Note 5 - Unemployment Insurance Funds**

The expenditures in CFDA 17.225 consists of the following:

UI Administrative Grant Funds	\$	140,256,876.41
State UI Benefits Paid		2,159,821,504.95
Former Federal Employees		49,387,676.20
Disaster Unemployment Assistance		23,010,172.01
TRA Federal Benefits		14,437,233.00
Recoveries from Discontinued Federal Programs		(3,302,504.36)
<b>Total</b>	\$	<u>2,383,610,958.21</u>

Expenditure Amount		2,380,026,682.78
Pass-Through to Non-State Entity Amount		3,584,275.43
Total expenditures reported for CFDA 17.225 on Schedule 1A	\$	<u>2,383,610,958.21</u>

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

Per the provisions of OMB Uniform Guidance 2 CFR Part 200, "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 Uniform Guidance 2 CFR Part 200. Thus, the fixed fee contracts that TWC maintains with EEOC is not considered a federal award, and therefore, are not included in the Schedule of Federal Financial Assistance.

**Note 6 - Not Applicable**

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended August 31, 2018

**Note 7 - Federal Deferred Revenue**

Program	CFDA	Federal Deferred Revenue August 31, 2017	Increase (Decrease)	Federal Deferred Revenue August 31, 2018
Supplemental Nutrition Assistance	10.561		119,580.00	119,580.00
Fair Housing Program: State and Local	14.401	843,277.18	243,877.26	1,087,154.44
E & T Administration Pilots	17.261		69,903.03	69,903.03
Work Opportunity Tax Credit	17.271		162.31	162.31
Temporary Labor Certification	17.273		193,016.49	193,016.49
Apprenticeship USA Grants	17.285		16,984.12	16,984.12
Voc Rehab Grants to States	84.126	17,292,156.73	(17,292,156.73)	-
Rehabilitation Svc	84.177	118,080.31	(118,080.31)	-
CC Man & Mtch Fnd of the CCDF	93.596	-	1,857,450.62	1,857,450.62
Social Services Block Grant	93.667	-	554.29	554.29
Total Deferred Revenue		18,253,514.22	(14,908,708.91)	3,344,805.31

CFDA 14.401 represents amounts provided by Housing and Urban Development for services provided by the Texas Workforce Commission that will ultimately be expended by the program. The remaining CFDA's reflect funds that were drawn in advance, that will ultimately be expended by the program.

**Notes 8-10 - Not Applicable**

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**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended August 31, 2018

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	0.00	12,374,660.30	534,418.30	12,909,078.60
Fair Housing Assistance Program: State and Local	14.401	0.00	1,000.00	1,534,087.76	1,535,087.76
Labor Force Statistics	17.002	0.00		3,333,408.83	3,333,408.83
Employment Service	17.207	409,451.08	10,771,993.12	38,165,266.00	49,346,710.20
Unemployment Insurance	17.225	0.00	3,584,275.43	136,672,600.98	140,256,876.41
Senior Community Service Employment Program	17.235	0.00	4,218,058.47	33,423.97	4,251,482.44
Trade Adjustment Assistance	17.245	0.00	7,604,055.85	3,604,662.19	11,208,718.04
WIA/WIOA - Adult Program	17.258	1,339,485.34	52,402,110.01	594,245.49	54,335,840.84
WIA/WIOA - Youth Activities	17.259	0.00	48,366,442.77	7,599,295.15	55,965,737.92
WIA/WIOA Pilots, Demonstrations, and Research Projects	17.261	0.00	8,156.42	264,370.94	272,527.36
Work Opportunity Tax Credit Program	17.271	0.00		1,055,557.49	1,055,557.49
Temporary Labor Certification For Foreign Workers	17.273	0.00	6,182.71	712,451.60	718,634.31
WIOA National DW Grants / WIA National Emergency Grants	17.277	70,020.45	19,362,929.21	898,392.25	20,331,341.91
WIA/WIOA - Dislocated Worker Formula Grants	17.278	1,998,941.39	47,328,798.41	103,707.84	49,431,447.64
WIA/WIOA Dislocated Worker National Reserve Tech Assist. and Trng	17.281	0.00		586.48	586.48
Apprenticeship USA Grants	17.285	14,164.00	72,445.38	274,478.18	361,087.56
Adult Education - Basic Grant	84.002	349,719.99	63,757,344.22	2,965,167.08	67,072,231.29
Rehabilitation Services - Vocational Rehabilitation Grants to Sta	84.126	8,491,631.11	0.00	241,294,079.60	249,785,710.71
Rehabilitation Services - Independent Living for Older Individuals Who are Blind	84.177	0.00		2,463,591.56	2,463,591.56
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	0.00		1,852,824.34	1,852,824.34
Temporary Assistance for Needy Families	93.558	616,728.58	83,976,658.82	8,005,095.82	92,598,483.22
Child Care and Development Block Grant	93.575	61,485,299.55	281,031,984.15	12,223,747.78	354,741,031.48
Child Care and Development Fund	93.596	0.00	233,520,710.80		233,520,710.80
Development Disabilities Basic Support and Advocacy Grants	93.630	0.00		1,197.21	1,197.21
Social Services Block Grant	93.667	0.00	2,042,244.94		2,042,244.94
<i>Total</i>		74,775,441.49	870,430,051.01	464,186,656.84	1,409,392,149.34

Federal Revenue	1,309,831,628.93
Federal PassThrough Program Income	98,424,228.84
Fixed Fee Contract (Differential)	1,362,202.15
Total	<u>(225,910.58)</u>
	<u>1,409,392,149.34</u>

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**SCHEDULE 1B**  
**SCHEDULE OF STATE PASS-THROUGH GRANT FROM/TO STATE AGENCIES**  
For the Year Ended August 31, 2018

**Pass-Through To Other Agencies:**

Apprenticeship	
Lamar State College - Orange (Agency 787)	350,361.00
Texas State Technical College System (Agency 719)	18,004.00
Subtotal	\$ <u>368,365.00</u>
Workforce Development - HB939	
Texas State Technical College System (Agency 719)	376,984.28
Subtotal	\$ <u>376,984.28</u>
Skills Development	
Lamar Institute of Technology (Agency 789)	1,287.00
Lamar State College - Orange (Agency 787)	330,030.44
Texas Engineering Extension Service (Agency 716)	898,357.38
Texas State Technical College System (Agency 719)	1,897,943.43
Subtotal	\$ <u>3,127,618.25</u>
Jobs and Education for Texans Program (JET)	
Lamar Institute of Technology (Agency 789)	48.00
Texas State Technical College System (Agency 719)	141,801.34
Subtotal	\$ <u>141,849.34</u>
State Leadership - Adult Education & Literacy	
Texas A&M University (Agency 711)	2,151,081.94
Subtotal	\$ <u>2,151,081.94</u>
<b>Total Pass-Through To Other Agencies</b>	\$ <u><u>6,165,898.81</u></u>

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**ADDENDA**  
**ORGANIZATION, RESPONSIBILITIES AND GENERAL COMMENTS**  
 For the Year Ended August 31, 2018

The Texas Workforce Commission was created by the 74<sup>th</sup> Legislature with the passage of House Bill 1863. The Commission is comprised of three full-time members appointed by the Governor, with the advice and consent of the Senate, to serve six-year overlapping terms. Board members serving the Commission at August 31, 2018 are as follows:

<u>Commission Member</u>	<u>Term End Date</u>	<u>Hometown</u>
Ruth R. Hughs (Chair and Commissioner Representing Employers)	February 2021 Appointed July 2015 (Named Chair on August 2, 2018)	Austin
Julian Alvarez (Commissioner Representing Labor)	February 2023 Appointed February 2016	Austin
Robert D. Thomas (Commissioner Representing the Public)*	February 2019 Appointed October 2018	Austin

\*Andres Alcantar served as Chair and Commissioner Representing the Public until July 2018.

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

The Commission had a total of 4,411 full-time employees at August 31, 2018.

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**TEXAS WORKFORCE COMMISSION**  
**October 2018**  
*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.*

