

Annual Financial Report

For the Year Ended August 31, 2025



ANNUAL FINANCIAL REPORT

UNAUDITED

TEXAS WORKFORCE COMMISSION
Austin, Texas

Year Ended August 31, 2025

November 1, 2025

The Honorable Greg Abbott, Governor
The Honorable Kelly Hancock, Acting State Comptroller
Jerry McGinty, Director, Legislative Budget Board
Lisa R. Collier, 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, 2025, 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 Annual Comprehensive 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 Chris Nelson, Chief Financial Officer, at (512) 463-1829.

Sincerely,

A handwritten signature in dark ink, appearing to read "Randy Townsend", is written over the word "Sincerely,".

Randy Townsend
Interim Executive Director

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TEXAS WORKFORCE COMMISSION

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

August 31, 2025

	<u>Governmental Fund Types</u>		
	<u>General Funds (Exhibit A-1)</u>	<u>Special Revenue Funds (Exhibit B-1)</u>	<u>Governmental Funds Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents			
Cash on Hand	\$ 133,563.36	\$	\$ 133,563.36
Cash in Bank (Note 3)	248,456.36		248,456.36
Cash in State Treasury	633,317,100.42	5.00	633,317,105.42
Legislative Appropriations	151,270,029.36		151,270,029.36
Receivables:			
Federal Receivable (Note 24)	38,877,447.56		38,877,447.56
Interest and Dividends	313,524.15	4.30	313,528.45
Accounts Receivable (Note 24)	36,461,679.19		36,461,679.19
Interfund Receivable (Note 12)	2,712,332.59		2,712,332.59
Due from Other Funds (Note 12)	640,676.40		640,676.40
Due from Other Agencies (Note 12)	1,267,494.85		1,267,494.85
Consumable Inventories	240,149.20		240,149.20
Merchandise Inventories	68,686.81		68,686.81
Total Current Assets	<u>865,551,140.25</u>	<u>9.30</u>	<u>865,551,149.55</u>
Non-Current Assets:			
Accounts Receivable (Note 28)	7,693,773.03		7,693,773.03
Capital Assets (Note 2)			
Non-Depreciable			
Land and Land Improvements			
Construction in Progress			
Other Assets			
Depreciable			
Building and Building Improvements			
Accumulated Depreciation			
Furniture and Equipment			
Accumulated Depreciation			
Vehicles, Boats & Aircraft			
Accumulated Depreciation			
Amortizable - Intangible			
Computer Software			
Accumulated Depreciation			
Right to Use Assets			
Accumulated Amortization			
Right to Use Subscriptions			
Accumulated Amortization			
Total Non-Current Assets	<u>7,693,773.03</u>	<u>0.00</u>	<u>7,693,773.03</u>
Total Assets	<u>\$ 873,244,913.28</u>	<u>\$ 9.30</u>	<u>\$ 873,244,922.58</u>

Capital Asset Adjustments	Long-Term Liabilities Adjustment	Other Adjustments	Statement of Net Assets
\$	\$	\$	\$
			133,563.36
			248,456.36
			633,317,105.42
			151,270,029.36
			38,877,447.56
			313,528.45
			36,461,679.19
			2,712,332.59
			640,676.40
			1,267,494.85
			240,149.20
			68,686.81
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>865,551,149.55</u>
			7,693,773.03
3,998,024.45			3,998,024.45
39,041,764.76			39,041,764.76
88,350.00			88,350.00
35,395,436.96			35,395,436.96
(32,138,435.93)			(32,138,435.93)
14,417,709.05			14,417,709.05
(12,618,755.77)			(12,618,755.77)
1,637,214.97			1,637,214.97
(580,379.75)			(580,379.75)
90,373,754.09			90,373,754.09
(58,137,451.21)			(58,137,451.21)
20,735,041.76			20,735,041.76
(10,972,015.82)			(10,972,015.82)
75,921,829.63			75,921,829.63
(14,696,258.60)			(14,696,258.60)
<u>152,465,828.59</u>	<u>0.00</u>	<u>0.00</u>	<u>160,159,601.62</u>
\$ <u>152,465,828.59</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>1,025,710,751.17</u>

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

August 31, 2025

	<u>Governmental Fund Types</u>		
	<u>General Funds (Exhibit A-1)</u>	<u>Special Revenue Funds (Exhibit B-1)</u>	<u>Governmental Funds Total</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables:			
Accounts Payable	\$ 39,262,246.87	\$	\$ 39,262,246.87
Payroll Payable	31,033,094.89		31,033,094.89
Interest Payable (Note 5)			
Interfund Payable (Note 12)	2,712,332.59		2,712,332.59
Unearned Revenues	29,537,277.23		29,537,277.23
Due to Other Funds (Note 12)	20,999,625.49		20,999,625.49
Due to Other Agencies (Note 12)	25,164,293.76		25,164,293.76
Funds Held for Others			
Other Current Liability	3,285,609.94		3,285,609.94
Employees Compensable Leave (Note 5)			
Right to Use Lease Obligations (Note 5,8)			
Right to Use Subscription Obligations (Note 5,8)			
Total Current Liabilities	<u>151,994,480.77</u>	<u>0.00</u>	<u>151,994,480.77</u>
Non-Current Liabilities:			
Employees Compensable Leave (Note 5)			
Right to Use Lease Obligations (Note 5,8)			
Right to Use Subscription Obligations (Note 5,8)			
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Deferred Inflows of Resources (Note 28)	<u>7,693,773.03</u>		<u>7,693,773.03</u>
Total Liabilities and Deferred Inflows of Resources	<u>159,688,253.80</u>	<u>0.00</u>	<u>159,688,253.80</u>
Fund Financial Statement-Fund Balances			
Fund Balances (Deficits):			
Non-Spendable	\$ 308,836.01	\$	\$ 308,836.01
Restricted	5,578,292.67	9.30	5,578,301.97
Committed	538,616,800.81		538,616,800.81
Assigned	144,050,509.12		144,050,509.12
Unassigned	<u>25,002,220.87</u>		<u>25,002,220.87</u>
Total Fund Balances	<u>713,556,659.48</u>	<u>9.30</u>	<u>713,556,668.78</u>
Total Liabilities and Fund Balance	<u>\$ 873,244,913.28</u>	<u>\$ 9.30</u>	<u>\$ 873,244,922.58</u>
Government-wide Statement-Net Position			
Net Position:			
Inv. In Capital Assets, Net of Related Debt			
Unrestricted			
Total Net Position			

Capital Asset Adjustments	Long-Term Liabilities Adjustment	Other Adjustments	Statement of Net Assets
\$	\$	\$	\$
			39,262,246.87
			31,033,094.89
	1,254,013.62		1,254,013.62
			2,712,332.59
			29,537,277.23
			20,999,625.49
			25,164,293.76
			3,285,609.94
	18,828,857.79		18,828,857.79
	2,476,404.79		2,476,404.79
	10,143,608.49		10,143,608.49
0.00	32,702,884.69	0.00	184,697,365.46
	6,742,268.14		6,742,268.14
	7,103,589.28		7,103,589.28
	46,048,545.06		46,048,545.06
0.00	59,894,402.48	0.00	59,894,402.48
		(7,693,773.03)	0.00
0.00	92,597,287.17	(7,693,773.03)	244,591,767.94
\$	\$	\$	\$
			308,836.01
			5,578,301.97
			538,616,800.81
			144,050,509.12
			25,002,220.87
0.00	0.00	0.00	713,556,668.78
\$	\$	\$	\$
0.00	92,597,287.17	(7,693,773.03)	958,148,436.72
			0.00
152,465,828.59	(65,772,147.62)		86,693,680.97
	(26,825,139.55)	7,693,773.03	(19,131,366.52)
\$ 152,465,828.59	(92,597,287.17)	\$ 0.00	\$ 781,118,983.23

EXHIBIT II
COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCES / STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2025

	<u>Governmental Fund Types</u>		
	<u>General Funds (Exhibit A-2)</u>	<u>Special Revenue Funds (Exhibit B-2)</u>	<u>Governmental Funds Total</u>
REVENUES:			
Licenses, Fees and Permits	\$ 157,472,462.22	\$	\$ 157,472,462.22
Auxiliary Enterprises			
Unemployment Assessment			
Violations, Fines and Penalties			
Land Income	28,726.52		28,726.52
Other Charges for Goods and Services	1,981,988.19		1,981,988.19
Federal Revenue	2,440,244,314.81		2,440,244,314.81
Federal Pass-Through Revenue	108,417,786.72		108,417,786.72
Other Operating Grant Revenue			
Legislative Appropriations			
Original Appropriations (GR)	317,531,286.16		317,531,286.16
Additional Appropriations (GR)	13,794,612.34		13,794,612.34
Settlement of Claims	88.40		88.40
Interest, Dividend and Other Income	3,578,546.95	113.40	3,578,660.35
Other General Revenues	87,304,345.71	7,843.25	87,312,188.96
Total	3,130,354,158.02	7,956.65	3,130,362,114.67
EXPENDITURES			
Salaries and Wages	290,697,378.51		290,697,378.51
Payroll Related Costs	119,234,961.02		119,234,961.02
Professional Fees and Services	56,397,908.06		56,397,908.06
Cost of Goods Sold			
Travel	3,610,497.48		3,610,497.48
Materials and Supplies	9,622,557.15		9,622,557.15
Communication and Utilities	14,687,574.27		14,687,574.27
Repairs and Maintenance	11,734,224.45		11,734,224.45
Rentals and Leases	3,538,296.08		3,538,296.08
Printing and Reproduction	305,781.28		305,781.28
Claims and Judgements	620.00		620.00
Federal Pass-Through Expenditures	128,753,823.12		128,753,823.12
State Grant Pass-Through Expenditures	1,654,268.43		1,654,268.43
Intergovernmental Payments	53,735,706.46		53,735,706.46
Public Assistance Payments	2,165,712,020.95	7,955.28	2,165,719,976.23
Other Benefit Payments			
Other Operating Expenditures	44,623,704.69		44,623,704.69
Debt Service:			
Principal	15,284,065.42		15,284,065.42
Interest			
Capital Outlay	73,711,889.32		73,711,889.32
Depreciation Expense (Note 2)			
Amortization Expense (Note 2)			
Total Expenditures	2,993,305,276.69	7,955.28	2,993,313,231.97
EXCESS (DEFICIT) OF REVENUES			
OVER EXPENDITURES	\$ 137,048,881.33	\$ 1.37	\$ 137,048,882.70

Capital Asset Adjustments	Long-Term Liabilities Adjustment	Other Adjustments	Statement of Activities
\$	\$	\$ 1,104,034.67	\$ 158,576,496.89
			28,726.52
			1,981,988.19
			2,440,244,314.81
			108,417,786.72
			317,531,286.16
			13,794,612.34
			88.40
			3,578,660.35
			87,312,188.96
0.00	0.00	1,104,034.67	3,131,466,149.34
			290,697,378.51
			119,234,961.02
			56,397,908.06
			3,610,497.48
			9,622,557.15
			14,687,574.27
			11,734,224.45
			3,538,296.08
			305,781.28
			620.00
			128,753,823.12
			1,654,268.43
			53,735,706.46
			2,165,719,976.23
			44,623,704.69
	(15,284,065.42)		0.00
	796,926.77		796,926.77
(73,711,889.32)			0.00
1,219,135.67			1,219,135.67
19,630,356.59			19,630,356.59
(52,862,397.06)	(14,487,138.65)	0.00	2,925,963,696.26
\$ 52,862,397.06	\$ 14,487,138.65	\$ 1,104,034.67	\$ 205,502,453.08

EXHIBIT II
COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCES / STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2025

	<u>Governmental Fund Types</u>		
	<u>General Funds (Exhibit A-2)</u>	<u>Special Revenue Funds (Exhibit B-2)</u>	<u>Governmental Funds Total</u>
OTHER FINANCING SOURCES (USES)			
Increase in Obligations - Leases/SBITA	\$ 56,133,346.66	\$	\$ 56,133,346.66
Sale of Capital Assets	1,246,217.14		1,246,217.14
Transfers In (Note 12)	401,986,708.84		401,986,708.84
Transfers Out (Note 12)	(485,349,571.46)		(485,349,571.46)
Gain (Loss) on Disposition of Capital Assets			
Total Other Financing Sources (Uses)	<u>(25,983,298.82)</u>	<u>0.00</u>	<u>(25,983,298.82)</u>
Net Change in Fund Balances / Net Position	<u>111,065,582.51</u>	<u>1.37</u>	<u>111,065,583.88</u>
Fund Financial Statement-Fund Balances			
Fund Balances, September 1, 2024	606,084,765.82	7.93	606,084,773.75
Restatement to Fund Balances (Note 14)	698,587.35		698,587.35
Fund Balances as Restated, September 1, 2024	<u>606,783,353.17</u>	<u>7.93</u>	<u>606,783,361.10</u>
Appropriations Lapsed	<u>(4,292,276.20)</u>		<u>(4,292,276.20)</u>
FUND BALANCES - August 31, 2025	<u>\$ 713,556,659.48</u>	<u>\$ 9.30</u>	<u>\$ 713,556,668.78</u>
GOVERNMENT-WIDE STATEMENT-NET POSITION			
Change in Net Position	<u>0.00</u>	<u>0.00</u>	<u>713,556,668.78</u>
Net Position, September 1, 2024	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Position, August 31, 2025	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Capital Asset Adjustments	Long-Term Liabilities Adjustment	Other Adjustments	Statement of Activities
\$	\$ (56,133,346.66)	\$	\$ 0.00
(1,246,217.14)			0.00
			401,986,708.84
			(485,349,571.46)
1,018,069.74		0.00	1,018,069.74
(228,147.40)	(56,133,346.66)	0.00	(82,344,792.88)
52,634,249.66	(41,646,208.01)	1,104,034.67	123,157,660.20
			606,084,773.75
7,395,634.59			8,094,221.94
7,395,634.59	-	0.00	614,178,995.69
			(4,292,276.20)
\$ 60,029,884.25	\$ (41,646,208.01)	\$ 1,104,034.67	\$ 733,044,379.69
60,029,884.25	(41,646,208.01)	1,104,034.67	733,044,379.69
92,444,424.80	(49,838,937.46)	6,589,738.36	42,605,487.34
\$ 152,474,309.05	\$ (91,485,145.47)	\$ 7,693,773.03	\$ 775,649,867.03

EXHIBIT III
COMBINED STATEMENT OF NET POSITION - PROPRIETARY FUNDS

August 31, 2025

	Total Proprietary Funds (Exhibit F-1)
ASSETS	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	\$ 314,002.57
Cash in State Treasury	496,485.58
Restricted:	
Cash in Bank (Note 3)	525,931.65
Cash in State Treasury (Note 3)	463,547.56
Cash in Federal Treasury (Note 3)	751,718,489.68
Receivables:	
Federal Receivables (Note 24)	12,157,546.10
Interest and Dividends	207,333.60
Accounts Receivable (Note 24)	227,955,316.55
Due from Other Funds (Note 12)	382,478,431.47
Total Current Assets	<u>1,376,317,084.76</u>
Non-Current Assets:	
Receivables:	
Accounts Receivable (Note 24)	59,397,407.75
Total Non-Current Assets	<u>59,397,407.75</u>
Total Assets	<u>1,435,714,492.51</u>
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts Payable	110,925,777.34
Federal Payable	27,203,236.24
Due to Other Funds (Note 12)	362,119,482.38
Unearned Revenues (Note 18)	551,946,865.91
Total Current Liabilities	<u>1,052,195,361.87</u>
Total Liabilities	<u>1,052,195,361.87</u>
NET POSITION	
Restricted for Unemployment Trust Fund	383,519,130.64
Total Net Position	<u>\$ 383,519,130.64</u>

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

For the Year Ended August 31, 2025

	Total Proprietary Funds (Exhibit F-2)
OPERATING REVENUES	
Unemployment Assessment	\$ 1,937,396,003.09
Federal Revenue	17,369,566.30
Other Operating Revenue	188,741,649.18
Total Operating Revenue	<u>2,143,507,218.57</u>
OPERATING EXPENSES	
Unemployment Benefit Payments	3,194,171,046.91
Total Operating Expenses	<u>3,194,171,046.91</u>
OPERATING INCOME (LOSS)	<u>(1,050,663,828.34)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and Investment Income	40,777,906.70
Total Non-Operating Revenues (Expenses)	<u>40,777,906.70</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS	<u>(1,009,885,921.64)</u>
OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS	
Transfers In (Note 12)	6,988,546,426.48
Transfers Out (Note 12)	(6,912,866,718.62)
Total Other Revenues (Expenses), Gains/(Losses) and Transfers	<u>75,679,707.86</u>
CHANGE IN NET POSITION	<u>(934,206,213.78)</u>
NET POSITION, September 1, 2024	<u>1,317,725,344.42</u>
NET POSITION, August 31, 2025	<u>\$ 383,519,130.64</u>

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

For the Year Ended August 31, 2025

	Total Proprietary Funds (Exhibit F-3)
CASH FLOWS FROM OPERATING ACTIVITIES	
Unemployment Assessments	\$ 1,895,666,776.16
Proceeds from Federal Revenue	17,148,774.94
Proceeds from Other Revenue	189,846,522.25
Unemployment Benefit Payments	(3,176,546,082.58)
Net Cash Provided by Operating Activities	<u>(1,073,884,009.23)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	7,005,837,996.79
Transfers to Other Funds	(6,942,314,029.93)
Net Cash Provided by Non-Capital Financing Activities	<u>63,523,966.86</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Investment Income	40,813,421.32
Net Cash Provided by Investing Activities	<u>40,813,421.32</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(969,546,621.05)</u>
Cash and Cash Equivalents, September 1, 2024	1,723,065,078.09
Net Cash and Cash Equivalents, August 31, 2025	<u>\$ 753,518,457.04</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	<u>(1,050,663,828.34)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Operating Income and Cash Flow Categories Classification Differences	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	12,846,229.79
Increase (Decrease) in Payables	8,532,136.16
Increase (Decrease) in Deferred Revenue	(44,598,546.84)
Total Adjustments	<u>(23,220,180.89)</u>
Net Cash Provided by Operating Activities	<u>\$ (1,073,884,009.23)</u>

EXHIBIT VI
COMBINED STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
August 31, 2025

	Custodial Funds (Exhibit I-1)	TOTALS
ASSETS		
Cash and Cash Equivalents		
Cash on Hand	\$ 80,249.16	\$ 80,249.16
Cash in State Treasury	2,881,505.32	2,881,505.32
Receivables:	-	
Interest and Dividends	14,167.45	14,167.45
Accounts Receivable (Note 24)	3,456,828.74	3,456,828.74
Total Assets	<u>6,432,750.67</u>	<u>6,432,750.67</u>
LIABILITIES		
Payables:		
Accounts Payable	6,173,736.28	6,173,736.28
Interest Payable	113,339.46	113,339.46
Total Liabilities	<u>6,287,075.74</u>	<u>6,287,075.74</u>
NET POSITION		
Held in Trust For:		
Individuals, Organizations, and Other Governments	145,674.93	145,674.93
Total Net Position	<u>\$ 145,674.93</u>	<u>\$ 145,674.93</u>

EXHIBIT VII
COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended August 31, 2025

	Custodial Funds (Exhibit I-2)	TOTALS
ADDITIONS		
Investment Income		
From Investing Activities:		
Interest and Investment Income	\$ 158,998.26	\$ 158,998.26
Net Income From Investing Activities	158,998.26	158,998.26
Total Net Investment Income (Loss)	158,998.26	158,998.26
Other Additions		
Settlement of Claims	4,655,886.98	4,655,886.98
Other Revenue	232,272.67	232,272.67
Total Other Additions	4,888,159.65	4,888,159.65
Total Additions	5,047,157.91	5,047,157.91
DEDUCTIONS		
Employee/Participant Benefit Payments	256,592.74	256,592.74
Interest Expense	51,250.68	51,250.68
Claims and Judgement Expense	4,757,170.95	4,757,170.95
Total Deductions	5,065,014.37	5,065,014.37
INCREASE (DECREASE) IN NET POSITION	(17,856.46)	(17,856.46)
Net Position, September 1, 2024	163,531.39	163,531.39
NET POSITION, August 31, 2025	\$ 145,674.93	\$ 145,674.93

* In addition to the amount shown above for Payday Law Settlement of Claims, the Texas Workforce Commission was instrumental in resolving another \$2,863,412.56 in claims where the claimant was paid directly by the employer.

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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 (GASB) 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 is considered for audit by the State Auditor as part of the audit of the State of Texas Annual Comprehensive Financial Report (ACFR); 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 appropriated 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 required to be accounted for in another fund. This fund was created by various legal cites.

There are several transaction level (D23) funds that roll into the Appropriated GAAP Fund 0001, they include:

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 8070) 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 (Funds 0900, 9015 and 9016) 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 (Funds 0980) is used to hold money returned by financial institutions which had been transmitted for direct deposit where problems prevented credit being given to individual depositors. This fund was created by H. B. 889, 67th Leg., R.S.

Foster Youth Driver Education (Fund 5177) covers program costs where TWC pays fees associated with driver education, safety courses and license exams for certain foster and homeless youth. Transfers to TWC for driver education fees were added by S. B. 2054, 87th Leg., R.S.

Lone Star Workforce of the Future (Fund 5198) consists of gifts, grants, and donations, and amounts appropriated by the legislature and used to provide grants to eligible public junior colleges, public technical institutes, or nonprofit organizations for performance-based workforce training programs in high demand occupations. This fund was created by H. B. 1755 and H. B. 3461, 88th Leg., R.S.

Consolidated Fund Accounts

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.

Coronavirus Relief Fund (Fund 0325) receives revenue and interest collected and is used for purposes identified in the applicable legislation to provide aid in response to the COVID-19 outbreak. This fund was created by TEX. GOV'T CODE ANN. sec. 403.011 and H.R. 748, Coronavirus Aid, Relief and Economic Security Act of 2020, ///public Law No: 116-136.

Business Enterprise Program (Fund 0492) receives revenue and receipts from operation of vending facilities to carry out the business enterprise program. This program provides for the operations of vending machine facilities by blind persons. This fund was created by TEX. HUM. RES. CODE ANN. §91.014 and TEX. LAB. CODE ANN. § 355.011.

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, independent and charter school districts, and public technical institutes under the Jobs and Education for Texans Grant Program. This fund was created by TEX. EDUC. CODE ANN. § 134.002.

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 be used for specified purposes.

The Endowment Fund for the Blind (Fund 0493) was established to receive gifts and grants from individuals, associations and corporations, plus depository interest earned for the purpose of providing direct client services and carrying out the provisions of ch. 91.031, Human Resources Code. 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 91.0301 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 of capital assets from modified accrual to full accrual.

Other Adjustments Fund Type

The Other Adjustments Fund (Fund 0096) is used to convert governmental funds, using a modified accrual basis, that are not capital assets or long-term liabilities, to full accrual.

Long Term Liabilities Adjustments Fund Type

Long-Term Liabilities Adjustment Fund (Fund 0098) is used to convert governmental fund types of 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, some funds when combined, make up the Texas Unemployment Compensation Fund. These funds are discussed below.

Coronavirus Relief Fund (Fund 1325) is used for purposes identified in the applicable legislation to provide unemployment benefits in response to the COVID-19 outbreak. This fund was created by TEX. GOV'T CODE ANN sec. 403.011 and H.R. 748, Coronavirus Aid, Relief and Economic Security Act of 2020, ///public Law No: 116-136.

Texas Workforce Commission Obligation Trust Fund (Fund 0844) is used to facilitate processing and reporting of revenues and expenditures from unemployment obligation assessments. This fund was created by S.B. 208 and H.B. 3318, 78th Leg., R.S. Fund 0844 was inactive during FY 2025, but unemployment obligation taxes will be assessed in FY 2026 and the fund will be reactivated.

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. § 203.022.

Deposit Adjustment Fund (Fund 9001) is a D23 fund under Fund 0936 that is used to account for insufficient checks related to tax receipts.

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 and 203.023.

Unemployment Trust Fund Account (Fund 0938) holds money of this state collected under the Old Age and Survivors Insurance Program. 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 either a trustee capacity or in a custodial capacity for individuals, private organizations, other governmental units, and/or other funds. When assets are held in custody, are not a source of the agency's revenue or mandated nonexchange transactions and there is no formal trust agreement, a custodial fund is used.

Custodial Funds

Texas Workforce Commission Wage Determination 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 and sec. 61.063.

The Business Enterprises Program Trust Account (Fund 5043) was established to record receipts from vending machines located on federal property accruing to the state licensing agency. This trust fund is used for a retirement program for individuals licensed to operate vending facilities under the Business Enterprises Program. This fund was created by TEX. LAB. CODE ANN § 355.016.

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 basis, 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 accrual basis. 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 judgments
- Full accrual revenues and expenses
- Pension amounts in governmental activities
- Balances and Changes to Deferred Inflows of Resource (Note 28) related to long-term receivables of governmental funds.

Proprietary fund types (enterprise funds and internal service funds) and fiduciary fund types (pension and other employee benefit trust funds, external investment trust funds, private-purpose trust funds and custodial 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 fiscal year-end 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 expenses 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 certain proceeds of enterprise fund general obligation and revenue bonds, as well as certain revenues set aside for statutory or contractual requirements.

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally using the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in both governmental and proprietary fund types. The costs of these items are expensed when the items are used or 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 if purchased, or at appraised fair value as of the date of acquisition, if donated. 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.

Lease Receivables

Lease receivable is calculated as the present value of the lease receipts expected during the lease term. The lessor records a lease receivable and a deferred inflow of resources on its financial statements.

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.

Other Payables – Current and Noncurrent

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

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 noncurrent in the statement of net position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

Employees' Compensable Sick Leave Balance

A Compensable Sick Leave liability is recognized when the sick leave used exceeds the sick leave accrued for the current reporting period, unused amounts are forfeited upon termination of employment. The liability is reported separately as current in the statement of net position.

Lease Liabilities

Lease liability represents the amount recognized by a lessee on its financial statements regarding its leases. It is initially measured at the present value of lease payments and is remeasured whenever there is a change in lease payments or lease modification. Liabilities are reported separately as either current or noncurrent.

Subscription-based information technology arrangements (SBITAs) Liability

The initial subscription liability is measured as the present value of the total subscription payments expected to be made to the vendor during the subscription term. The total future payments are discounted using the interest rate implicit in the SBITA, or the estimated implicit incremental borrowing rate. Liabilities are reported separately as either current or noncurrent.

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 nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

Nonspendable 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 the 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 bonds, 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 'noncurrent'.

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

NOTE 2: CAPITAL ASSETS

PRIMARY GOVERNMENT							
	Balance 09/01/2024	Adjustments (Restatements)	Reclassifications				Balance 08/31/2025
			Completed Construction In Progress	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	
Governmental Activities:							
Non-Depreciable or Non-Amortizable Assets							
Land and Land Improvements	\$ 4,173,041.45	\$	\$	\$	\$	\$ (175,017.00)	\$ 3,998,024.45
*Construction In Progress	30,611,886.16	7,368,302.66	(16,020,450.63)			17,082,026.57	39,041,764.76
Other Capital Assets	88,350.00						88,350.00
Total Non-Depreciable or Non-Amortizable Assets:	34,873,277.61	7,368,302.66	(16,020,450.63)	0.00	0.00	17,082,026.57	43,128,139.21
Depreciable Assets:							
Buildings and Building Improvements	36,600,910.03					(1,205,473.07)	35,395,436.96
Infrastructure	0.00						0.00
Furniture and Equipment	14,489,078.38	13,723.72				(85,093.05)	14,417,709.05
Vehicles, Boats & Aircraft	1,562,923.95	34,240.00			(71,765.00)	496,516.09	1,637,214.97
Total Depreciable Assets at Historical cost	52,652,912.36	47,963.72	0.00	0.00	(71,765.00)	496,516.09	51,450,360.98
Less Accumulated Depreciation For:							
Buildings and Building Improvements	(33,044,148.22)					(239,487.12)	(32,138,435.93)
Infrastructure	0.00						0.00
Furniture and Equipment	(11,872,508.77)	(15,332.86)				(814,689.99)	(12,618,755.77)
Vehicles, Boats & Aircraft	(866,567.33)	(5,298.93)			71,765.00	(164,978.56)	(580,379.75)
Total Accumulated Depreciation	(45,783,224.32)	(20,631.79)	0.00	0.00	71,765.00	(1,219,135.67)	(45,337,571.45)
Depreciable Assets, Net	6,869,688.04	27,331.93	0.00	0.00	0.00	(722,619.58)	6,112,789.53
Amortizable Assets – Intangible:							
Computer Software	74,353,303.46		16,020,450.63				90,373,754.09
Total Amortizable Assets – Intangible	74,353,303.46	0.00	16,020,450.63	0.00	0.00	0.00	90,373,754.09
Less Accumulated Amortization for:							
Computer Software	(49,373,096.44)					(8,764,354.77)	(58,137,451.21)
Total Accumulated Amortization	(49,373,096.44)	0.00	0.00	0.00	0.00	(8,764,354.77)	(58,137,451.21)
Amortizable Assets – Intangible, Net	24,980,207.02	0.00	16,020,450.63	0.00	0.00	(8,764,354.77)	32,236,302.88
Governmental Activities Capital Assets, Net:	\$ 66,723,172.67	\$ 7,3956,34.59	\$ 0.00	\$ 0.00	\$ 0.00	\$ 7,595,052.22	\$ 81,477,231.62

The Construction in Progress balance of \$39.0 million is for the Unemployment Insurance System Modernization and Replacement (\$29.2 million), AEI Teams Replacement (\$3.4 million), Labor Law Enhancement (\$2.5 million), Single CC Information Portal (\$1.8 million), Customer Care Portal Main Door (\$1.0 million), and UI Tele-Center Enhancement (\$1 million).

PRIMARY GOVERNMENT						
	Balance 9/1/2024	Adjustments (Restatements)	Additions	Deletions		Balance 8/31/2025
Governmental Activities:						
Right to Use Assets - Amortizable						
Buildings and Building Improvements						
Subscription-Based IT Arrangements (SBITA)	\$ 19,066,858.15	\$	\$ 2,930,233.97	\$ (1,252,050.36)	\$	\$ 20,735,041.76
Total Amortizable Assets - IRTU	23,252,094.35		53,203,112.69	(533,377.41)		75,921,829.63
	42,308,952.50	0.00	56,133,346.66	(1,785,427.77)		96,656,871.39
Less Accumulated Amortization for:						
Buildings and Building Improvements	(8,905,851.83)		(3,318,214.35)	1,252,050.36		(10,972,015.82)
Subscription-Based IT Arrangements (SBITA)	(7,681,848.54)		(7,547,787.47)	533,377.41		(14,696,258.60)
Total Accumulated Amortization	(16,587,700.37)	0.00	(10,866,001.82)	1,785,427.77		(25,668,274.42)
Amortizable Assets - Intangible, Net	25,721,252.13	0.00	45,267,344.84	0.00		70,988,596.97
Governmental Activities Intangible Assets - IRTU, Net:	\$ 25,721,252.13	\$ 0.00	\$ 45,267,344.84	\$ 0.00	\$	\$ 70,988,596.97

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

As of August 31, 2025, the carrying amount of deposits was \$774,388.01 as presented below.

Governmental and Business-Type Activities	
CASH IN BANK – CARRYING AMOUNT	\$ 774,388.01
Total Cash in Bank per AFR	\$ 774,388.01
Governmental Funds Current Assets Cash in Bank – Travel Advance	\$ 248,456.36
Governmental Cash in Bank per AFR	248,456.36
Business-Type Current Assets Cash in Bank - US Bank	525,931.65
Cash in Bank per AFR	\$ 774,388.01

As of August 31, 2025, the total bank balance was as follows.

Governmental and Business-Type Activities	\$ 741,827.33
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The Unemployment Compensation Benefit account paying unemployment benefits cash in bank totaled \$ 525,931.65.

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 exposed 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
05	0937	\$ 275,931.65	\$ 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. Deposits in the State Treasury at August 31, 2025 were \$463,547.56.

Cash in Federal Treasury

Deposits in the Federal Treasury at August 31, 2025 were \$751,718,489.68. 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, 2025.

NOTE 4: SHORT-TERM DEBT

During the 73rd Legislative Session, legislation was passed which addressed a federal fund cash flow problem affecting state agencies using federal program funds for payroll purposes. The legislation, as codified in Vernon's Texas Code Annotated (V.T.C.A.), Government Code, Section 403.092, Chapter 449, Acts of the 73rd Legislature, R.S., provides authority for the Comptroller to make temporary transfers (loans) of general revenue under certain conditions to avoid interest liabilities related to the Cash Management Improvement Act (CMIA).

Governmental Activities	Balance 9/1/2024	Additions	Reductions	Balance 8/31/2025	Amount Due Within One Year
General Revenue Advances	\$0.00	\$370,047,279.00	(\$370,047,279.00)	\$0.00	\$0.00
Total Governmental Activities	\$0.00	\$370,047,279.00	(\$370,047,279.00)	\$0.00	\$0.00

GASB 88 requires disclosure of:

- unused lines of credit.
- assets pledged as collateral for debt.
- terms specified in debt agreements related to significant events of default, termination, or acceleration clauses.
- debt disclosures regarding direct borrowings and placement of debt from other debt.

The agency has none of the above lines of credit or debt.

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

During the year ended August 31, 2025, 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.

Leases/Subscription-Based IT Arrangements (SBITAs)

The Changes in Long-Term Liabilities are shown in the table below.

Governmental Activities	Balance 9/1/2024	Additions	Reductions	Balance 8/31/2025	Amount Due Within One Year	Amount Due Thereafter
Compensable Leave	\$24,458,984.23	\$18,959,550.74	(\$17,847,409.04)	\$25,571,125.93	\$18,828,857.79	\$6,742,268.14
Right to Use Lease Obligations	\$9,941,170.51	\$2,930,233.97	(\$3,291,410.41)	\$9,579,994.07	\$2,476,404.79	\$7,103,589.28
Right to Use Subscription Obligations	\$14,981,695.87	\$53,203,112.69	(\$11,992,655.01)	\$56,192,153.55	\$10,143,608.49	\$46,048,545.06
Interest Payable	\$457,086.85	\$1,254,013.62	(\$457,086.85)	\$1,254,013.62	\$1,254,013.62	
Total Governmental Activities	\$49,838,937.46	\$76,346,911.02	(\$33,588,561.31)	\$92,597,287.17	\$32,702,884.69	\$59,894,402.48

NOTE 6: BOND INDEBTEDNESS

Not Applicable

NOTE 7: DERIVATIVES

Not Applicable.

NOTE 8: LEASES/SBITAs**Lease Liability**

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under lease liability for 30 non-cancelable building lease agreements that range in terms up to 2035.

Total Current Year Payments - \$ 3,291,410.41

Variable payments and leases that have not yet commenced as August 31, 2025, are not included in the lease liabilities. The terms in excess of one year are as follows.

Year Ended Aug. 31, 2025

Primary Government			
Governmental Activities			
Year	Principal	Interest	Total
2026	\$2,476,404.79	\$273,235.70	\$2,749,640.49
2027	1,269,490.55	228,191.14	1,497,681.69
2028	1,194,993.20	187,748.83	1,382,742.03
2029	1,026,086.79	148,515.73	1,174,602.52
2030	917,297.10	113,960.32	1,031,257.42
2031-2035	2,695,721.65	210,450.02	2,906,171.67
Total	\$9,579,994.08	\$1,162,101.74	\$10,742,095.82

Subscription-Based IT Arrangements (SBITAs) Liability

Included in the expenditures reported in the financial statements are the following amounts of subscription fees paid under the noncancelable liability.

Total Current Year Payments - \$ 11,992,655.01

TWC entered into various agreements for IT subscriptions services having terms that extend through 2035.

Year Ended Aug. 31, 2025

Primary Government			
Governmental Activities			
Year	Principal	Interest	Total
2026	\$ 10,143,608.49	\$ 2,272,524.31	\$12,416,132.80
2027	10,650,675.51	1,879,675.29	12,530,350.80
2028	10,631,730.08	1,468,722.94	12,100,453.02
2029	7,791,704.12	1,055,256.54	8,846,960.66
2030	8,248,929.68	721,031.30	8,969,960.98
2031-2035	8,725,505.67	370,530.64	9,096,036.31
Total	\$56,192,153.55	\$7,767,741.02	\$63,959,894.57

NOTE 9: DEFINED BENEFIT PENSION PLANS AND DEFINED CONTRIBUTION PLAN

Not Applicable

NOTE 10: DEFERRED COMPENSATION

Not Applicable

NOTE 11: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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, 2025, were as follows.

	INTERFUND RECEIVABLE	INTERFUND PAYABLE	PURPOSE
GENERAL			
Appd Fund 0001, D23 Fund 0001			
(Agency 320, Fund 5026)	\$	\$ 2,366,953.08	Payroll Allocation
Appd Fund 0001, D23 Fund 5177			
(Agency 320, Fund 5026)		13,212.38	Payroll Allocation
Total Appropriated Fund 0001	0.00	2,380,165.46	
Appd Fund 0165, D23 Fund 0165			
(Agency 320, Fund 5026)		285,573.33	Payroll Allocation
Total Appropriated Fund 0325	0.00	285,573.33	
Appd Fund 0325, D23 Fund 0325			
(Agency 320, Fund 5026)		46,593.80	Payroll Allocation
Total Appropriated Fund 0325	0.00	46,593.80	
Appd Fund 5026, D23 Fund 5026			
(Agency 320, Fund 0001)	2,366,953.08		Payroll Allocation
(Agency 320, Fund 0165)	285,573.33		Payroll Allocation
(Agency 320, Fund 0325)	46,593.80		Payroll Allocation
(Agency 320, Fund 5177)	13,212.38		
Total Appropriated Fund 5026	2,712,332.59	0.00	
TOTAL CURRENT INTERFUND RECEIVABLE/PAYABLE	\$ 2,712,332.59	\$ 2,712,332.59	

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS	SOURCE
GENERAL			
Appd Fund 0001, Fund 0001			
(Agency 320, Fund 0925)	\$	\$ 254,446.40	Tuition Trust Fund Transfer
Total Appropriated Fund 0001	0.00	254,446.40	
Appd Fund 0165, D23 Fund 0165			
(Agency 320, Fund 0936)		12,679,241.23	UC Reimbursement
Total Appropriated Fund 0165	0.00	12,679,241.23	
Appd Fund 0325, D23 Fund 0325			
(Agency 320, Fund 0936)		7,679,707.86	UI Trust Fund Transfer
Total Appropriated Fund 0325	0.00	7,679,707.86	
Appd Fund 0925, D23 Fund 0925			
(Agency 320, Fund 0001)	254,446.40		Tuition Trust Transfer
Total Appropriated Fund 0925	254,446.40	0.00	
Appd Fund 5026, D23 Fund 5026			
(Agency 320, Fund 5128)	386,230.00		UI Collection Costs
Total Appropriated Fund 5026	386,230.00	0.00	
Appd Fund 5128, D23 Fund 5128			
(Agency 320, Fund 5026)		386,230.00	UI Collection Costs
Total Appropriated Fund 5128	0.00	386,230.00	
PROPRIETARY			
Appd Fund 0936, D23 Fund 0936			
(Agency 320, Fund 0165)	12,679,241.23		UC Reimbursement
(Agency 320, Fund 0938)	325,480,227.74		UI Trust Fund Transfer
(Agency 320, Fund 0325)	7,679,707.86		UI Trust Fund Transfer
Total Appropriated Fund 0936	345,839,176.83	0.00	
Appd Fund 0937, D23 Fund 0937			
(Agency 320, Fund 0938)	33,961,462.86		UI Trust Fund Transfer
(Agency 320, Fund 1325)		2,677,791.78	
Total Appropriated Fund 0937	33,961,462.86	2,677,791.78	
Appd Fund 0938, D23 Fund 0938			
(Agency 320, Fund 0937)	2,677,791.78	33,961,462.86	UI Trust Fund Transfer
(Agency 320, Fund 0936)		325,479,350.40	UI Trust Fund Transfer
(Agency 320, Fund 9001)		877.34	Suspense Fund
Total Appropriated Fund 0938	2,677,791.78	359,441,690.60	
TOTAL DUE FROM/DUE TO OTHER FUNDS	\$383,119,107.87	\$383,119,107.87	

	DUE FROM OTHER AGENCIES	DUE TO OTHER AGENCIES	SOURCE
GENERAL			
Appd Fund 0001, D23 Fund 0001			
(Agency 403, Fund 0001)	\$	\$ 686,071.88	State Pass Through
(Agency 529, Fund 0001)	552,473.48		
(Agency 696, Fund 9910)		287,809.99	State Pass Through
(Agency 719, Fund 7999)		107,785.70	State Pass Through
(Agency 787, Fund 7999)		9,879.90	State Pass Through
(Agency 788, Fund 7999)		14,250.00	State Pass Through
(Agency 789, Fund 7999)		10,066.25	State Pass Through
Total Appropriated Fund 0001	552,473.48	1,115,863.72	
Appd Fund 5026, D23 Fund 5026			
(Agency 300, Fund 2148)		147,595.45	Federal Pass Through
(Agency 529, Fund 0001)	272,303.53	10,545,413.59	Federal Pass Through
(Agency 530, Fund 0037)		9,527,361.18	Federal Pass Through
(Agency 696, Fund 0991)		48,537.88	Federal Pass Through
(Agency 701, Fund 0148)		2,299,793.44	Federal Pass Through
(Agency 711, Fund 7999)		373,727.00	Federal Pass Through
(Agency 712, Fund 7999)		8,265.18	Federal Pass Through
(Agency 713, Fund 7999)		9,246.46	Federal Pass Through
(Agency 715, Fund 7999)		160,591.62	Federal Pass Through
(Agency 721, Fund 7999)		276,797.24	Federal Pass Through
(Agency 729, Fund 7999)		83,724.84	Federal Pass Through
(Agency 731, Fund 7999)		39,357.34	Federal Pass Through
(Agency 733, Fund 7999)	394,810.56	120,861.39	Federal Pass Through
(Agency 734, Fund 7999)		452.50	Federal Pass Through
(Agency 737, Fund 7999)		12,703.45	Federal Pass Through
(Agency 752, Fund 7999)		241,847.42	Federal Pass Through
(Agency 755, Fund 7999)		84,144.41	Federal Pass Through
(Agency 759, Fund 7999)	6,571.34	651.36	Federal Pass Through
(Agency 784, Fund 7999)	41,335.94	-	Federal Pass Through
(Agency 788, Fund 7999)		41,132.98	Federal Pass Through
(Agency 789, Fund 7999)		26,225.31	Federal Pass Through
Total Appropriated Fund 5026	715,021.37	24,048,430.04	
TOTAL DUE FROM/ DUE TO OTHER AGENCIES	\$ 1,267,494.85	\$ 25,164,293.76	

	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT	PURPOSE
GOVERNMENTAL			
Appd Fund 0001, D23 Fund 0001			
(Agency 320, Fund 0925)	\$	\$ 254,446.40	Tuition Trust Transfer
(Agency 320, Fund 936)		68,000,000.00	HB 500
(Agency 320, Fund 5128)	28,528,664.00		ETIA Transfer to Skills
(Agency 902, Fund 0001)		10,444,821.65	Lapsed Cash
Appd Fund 0001, D23 Fund 5177			
(Agency 320, Fund 5177)	26,669.46	26,669.46	Shared Cash Adjustment
(Agency 405, Fund 1177)	280,453.00		Original Transfer from DPS
(Agency 405, Fund 2577)		7,699.57	Shared Cash Adjustment
Appd Fund 0001, D23 Fund 5198			
(Agency 902, Fund 0001)	2,500,000.00		Original Transfer from DPS
Total Appropriated Fund 0001	31,335,786.46	78,733,637.08	
Appd Fund 0165, D23 Fund 0165			
(Agency 320, Fund 5026)	53,325.99	231,465.00	
(Agency 320, Fund 0325)		11,080.00	
Total Appropriated Fund 0165	53,325.99	242,545.00	
Appd Fund 0325, D23 Fund 0325			
(Agency 320, Fund 0165)	11,080.00		
(Agency 320, Fund 5026)		53,325.99	
(Agency 320, Fund 0936)		7,679,707.86	ARPA Funding SWAP
Total Appropriated Fund 0325	11,080.00	7,733,033.85	
Appd Fund 0925, D23 Fund 0925			
(Agency 320, Fund 0001)	254,446.40		Tuition Trust Transfer
Total Appropriated Fund 0925	254,446.40	0.00	
Appd Fund 5026, D23 Fund 5026			
(Agency 320, Fund 0165)	231,465.00	53,325.99	Adjustment
(Agency 320, Fund 0325)	53,325.99		
(Agency 902, Fund 5026)		11,086.54	Adjustment
(Agency 903, Fund 5026)	370,047,279.00	370,047,279.00	CMIA Loan and Repayment
Total Appropriated Fund 5026	370,332,069.99	370,111,691.53	
Appd Fund 5128, D23 Fund 5128			
(Agency 320, Fund 0001)		28,528,664.00	ETIA Transfer to Skills
Total Appropriated Fund 5128	0.00	28,528,664.00	
Appd Fund 0936, D23 Fund 0936			
(Agency 320, Fund 0001)	68,000,000.00		HB 500 Transfer
(Agency 320, Fund 0325)	7,679,707.86		ARPA Funding SWAP
(Agency 320, Fund 0937)	539,230,000.00		UI Trust Fund Transfer
(Agency 320, Fund 0938)		2,666,695,043.09	UI Trust Fund Transfer
Total Appropriated Fund 0936	614,909,707.86	2,666,695,043.09	
Appd Fund 0937, D23 Fund 0937			

(Agency 320, Fund 0936)		539,230,000.00	UI Trust Fund Transfer
(Agency 320, Fund 0938)	3,706,941,675.53		UI Trust Fund Transfer
Total Appropriated Fund 0937	3,706,941,675.53	539,230,000.00	
Appd Fund 0938, D23 Fund 0938			
(Agency 320, Fund 0936)	2,666,695,043.09		UI Trust Fund Transfer
(Agency 320, Fund 0937)		3,706,941,675.53	UI Trust Fund Transfer
Total Appropriated Fund 0938	2,666,695,043.09	3,706,941,675.53	
TOTAL OPERATING TRANSFERS	\$ 7,390,533,135.32	\$ 7,398,216,290.08	

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 90th 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**Correction of an Error in Previously Issued Financial Statements (Column C)**

The beginning net position for Fund 9998, Capital Assets Basis Conversion, has been increased by \$7,395,634.59. Changes include the addition of unreported construction in progress and a vehicle in the prior year.

As part of the new General Revenue reconciliation process in FY24, a restatement was needed to eliminate beginning balance differences between USAS and the GR reconciliation caused by old appropriations that were included in the balance. This restatement is included in FY25 to reconcile the beginning net position for the general fund.

Adjustments to and Restatements of Beginning Balance

During fiscal year 2025, error corrections resulted in adjustments to and restatements of beginning net position, as follows:

	8/31/2024 As Previously Reported	Change To or Within the Financial Reporting Agency	Change To or Within the Financial Reporting Agency	Error Correction	8/31/2024 As Restated
		(A)	(B)	(C)	
Government-Wide					
Governmental Activities	\$ 655,280,024.52	\$	\$	\$ 8,094,221.94	\$ 633,374,246.46
Total Primary Government	\$ 655,280,024.52	\$ 0.00	\$ 0.00	\$ 8,094,221.94	\$ 633,374,246.46
Governmental Funds					
Major Funds:					
General Fund	\$ 165,300,105.35	\$	\$	\$ 698,587.35	\$ 165,998,692.70
Total Governmental Funds	\$ 165,300,105.35	\$ 0.00	\$ 0.00	\$ 698,587.35	\$ 165,998,692.70

NOTE 15: CONTINGENCIES AND COMMITMENTS

Under the Lost Wage Assistance (LWA) program, the Commission paid an additional \$300 per week in unemployment benefits for weeks of unemployment beginning August 1, 2020 and ending September 5, 2020. The program had been established through a presidential memorandum signed by President Trump on August 8, 2021. The funds for the LWA program came from the Federal Emergency Management Agency (FEMA). A small percentage of the unemployment benefits paid under LWA program were sent to individuals who may not have been entitled to receive them whether by error or by fraudulent activities, including identity theft. This amount is estimated to be \$4.2 million. This contingent liability has been waived by the Federal Emergency Management Agency (FEMA).

The Commission was involved in several lawsuits touching on civil rights and unemployment discrimination as of August 31, 2025. For all cases, there is no monetary relief sought, however, there is a potential for attorney's and court costs in the event of a loss. Currently there is no quantifiable liability, and it is unlikely that the outcome for these claims will exceed \$25,000 or materially affect the financial position of the Commission.

The Career School or College Tuition Trust Fund (0925) provides refunds to students when the school or college they are attending closes and alternative training cannot be obtained. At the end of the year the Commission accrues a liability for these potential refunds, if any, and reflects them in Exhibit A-1. However, in some cases the Commission has been unable to obtain any records from certain closed schools. Because the likelihood of refunding tuition in these situations is uncertain, the potential liability to these students is considered contingent. At year end, the Commission estimates that the contingent liability arising from Career Schools was \$769,880.00.

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, 2025, records of the Audit Resolution Unit indicate that federal grantor agency audits identified no subgrantee questionable costs for which the Texas Workforce Commission is contingently liable.

NOTE 16: SUBSEQUENT EVENTS

On September 4, 2025, the Commission determined that the Unemployment Trust Fund would be less than the statutory floor (which is 1% of total taxable wages for the year ending June 30, 2025) on the October 1, 2025, test date. Therefore, on September 5, 2025, \$456 million was transferred from the Employment and Training Investment (ETIA) Fund to the Unemployment Trust Fund as describe in Labor Code 204.123.

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. The agency does carry commercial automobile insurance for its vehicle fleet, but the agency is not 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. Changes in the balances of the agency's claims liabilities during fiscal 2025 were:

FY	Beginning Liability	Increase	Decrease	Ending Liability
2025	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past four years.

The Texas Workforce Commission (TWC) receives a substantial portion of its operating revenues from the federal government. As shown in Exhibit II, for the fiscal year ended August 31, 2025, approximately 85% of total operating revenues were derived from federal grants and contracts. This reliance on federal funding represents a concentration of revenue that exposes TWC to the risk of a substantial financial impact should there be a significant reduction, delay, or discontinuation of such funding. The TWC's ability to continue providing services at current levels is highly dependent on the continuation of these federal programs. At the date of these financial statements, management is not aware of any enacted changes to federal funding levels that would materially affect operations. However, future federal budget decisions remain outside the control of the TWC and could impact the availability of these resources.

NOTE 18: MANAGEMENT'S DISCUSSION AND ANALYSIS

The Texas unemployment rate continued to reflect a healthy Texas economy. The unemployment rate averaged 4.1% during the fiscal year ending August 31, 2025, just above the prior year Texas average of 4.0%. The modest uptick in the unemployment rate, combined with an increase in the average weekly benefit from \$478.04 to \$488.08, led to a rise in total unemployment benefits paid—from \$3.0 billion to \$3.2 billion.

Importantly total operating revenue, in both FY 2024 and FY 2025 were nearly identical at 2.14 billion. That is, unemployment trust fund taxes have not kept up with unemployment benefits during the past two years. This is, in part, the result of how the general tax rate is calculated by statute, which is based on the unemployment benefits paid in the prior three years. When unemployment benefits rise rapidly, taxes collected do not match unemployment benefits paid. As a result, at August 31, 2025 the cash balance of the Unemployment Trust Fund had declined to \$753 million from 2.4 billion at August 31, 2023.

Note that the loss in operating income in FY 2025 was slightly offset by a \$68 million legislative appropriation, see Note 12, that was transferred from Fund 0001 to Fund 0938. This had been a provision in House Bill 500, 89th legislature.

Unearned revenue at fiscal year-end was 551.9 million compared to 596.5 million in the prior year. Unearned revenues generally represent amounts received from employers that have not been applied to individual tax accounts as a result of overpayments because of reduced tax rates or outstanding adjustments that have been filed.

As discussed in Note 18, \$456 million was transferred from the Employment and Training Investment (ETIA) Fund to the Unemployment Trust Fund. Despite the ETIA transfer, the Unemployment Trust Fund was \$409 million below the statutory floor of 1.33 billion on October 1, 2025. The deficit allows the Commission to impose a deficit tax, as described in Labor Code 204.063 at their discretion. However regardless of whether the Commission exercises this option, the Texas Workforce Commission (TWC) projects the Trust Fund will become insolvent sometime after January 1, 2026, and TWC will evaluate strategies to stabilize the Unemployment Trust Fund balance over the long term.

Upon insolvency, TWC may borrow from the federal treasury under Title XII of the Social Security Act, administered by the U.S. Department of Labor. Interest will accrue on these advances, which will mandate that the Commission levy an Obligation Assessment Tax for FY 2026, as outlined in Labor Code §203.105. It is anticipated that the advances will be repaid in early May of 2026 as 1st quarter unemployment tax returns are filed by taxpayers.

NOTE 19: THE FINANCIAL REPORTING ENTITY

Not applicable

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**GASB Statement No. 101**

Effective in fiscal 2025, GASB Statement No. 101, supersedes GASB Statement No. 16 to provide consistency in accounting for compensated absences, so financial statements more accurately reflect the organization's obligations. Under GASB 101, you must recognize a sick leave liability in the financial statements using the economic resources measurement focus even though the employee is not entitled to payment for any leave accrued at termination.

TWC will use the LIFO flows assumption for financial accounting and reporting purposes to calculate the sick leave liability. Under LIFO, the employee uses the current reporting period hours earned before using the accumulated balance from prior fiscal years. If hours used do not exceed hours earned in the current reporting period, no liability is recognized. However, if there is a year where the sick leave liability decreases because employees use more leave than is accrued for the current reporting period, a liability is calculated and recognized. Based on the Comptroller's annual analysis of the CAPPs payroll data for FY25, no accrual was needed.

GASB Statement No. 102

GASB 102 was issued in December 2023 and became effective for governments with fiscal years beginning after June 15, 2024, and for all reporting periods thereafter. It defines concentrations and constraints that may limit a government's ability to obtain resources or control spending and provides criteria for governments to determine if disclosure related to those risks is required.

Career Schools and College Tuition Fund

The Fund Balance of Fund 0925, the Career Schools and College Tuition Fund, had a deficit fund balance of \$552,682.63 at August 31, 2025. The deficit was the result of significant increases in liabilities relating to career school closures as shown in Note 33. To address this deficit the Commission has the discretion to raise the various fees related to the administration of career schools as well as a specific fee described in education code section 132.2415(b).

Coronavirus Relief Fund

The Fund Balance of Fund 0325, the Coronavirus Relief Fund, had a deficit fund balance of \$2,951,618.70 at August 31, 2025. The deficit was the result of the timing of repayment of interest earned on federal Coronavirus related awards, to the Texas Comptroller of Public Accountants, required by Accounting Policy Statement APS-023.

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

Not Applicable

NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS

Not Applicable

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Receivables represent amounts due to the State at August 31, 2025, 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. Payables represent amounts the State owes at August 31, 2025, which will be paid in the future. There is no disaggregation of payables.

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	\$ 20,548,495.29	\$ (0.00)	\$ 20,548,495.29
Fund 0165 – Penalty & Interest	23,621,715.38	(10,411,157.17)	13,210,558.21
Fund 5026 – Federal	302,472.86	(277,695.68)	24,777.18
Fund 5128 – ETIA	4,301,532.02	(1,623,683.51)	2,677,848.51
Total General Funds	\$ 48,774,215.55	\$ (12,312,536.36)	\$ 36,461,679.19

Proprietary Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0936 – Unemployment Assessment	\$ 240,005,332.80	\$ (62,667,897.41)	\$ 177,337,435.39
Fund 0937 – Benefit Overpayments	487,373,233.37	(447,694,884.43)	39,678,348.94
Fund 0938 – Unemployment Trust Fund Account	10,939,532.21	(0.00)	10,939,532.21
Total Proprietary Funds	\$ 738,318,098.38	\$ (510,632,781.84)	\$ 227,955,316.54

Fiduciary Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0894 – Payday Law Collections	\$ 26,256,082.55	\$ (22,799,253.81)	\$ 3,456,828.74
Total Fiduciary Funds	\$ 26,256,082.55	\$ (22,799,253.81)	\$ 3,456,828.74

B. Accounts Receivable Non-Current

General Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0165 – Penalty & Interest	\$ 11,604,333.73	\$ (5,537,218.85)	\$ 6,067,114.88
Fund 5128 – ETIA	2,137,149.75	(510,491.60)	1,626,658.15
Total General Funds	\$ 13,741,483.48	\$ (6,047,710.45)	\$ 7,693,773.03

Proprietary Funds:

Fund	Accounts Receivable	Allowance for Doubtful	Net Receivables
Fund 0936 – Unemployment Assessment	\$ 35,935,065.81	\$ (8,001,012.69)	\$ 27,934,053.12
Fund 0937 – Benefit Overpayments	317,907,946.20	(286,444,591.57)	31,463,354.63
Total Proprietary Funds	\$ 353,843,012.01	\$ (294,445,604.26)	\$ 59,397,407.75

C. Federal Receivables

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

Federal Receivable Program	Federal Receivable	Allowance for Doubtful	Net Federal Receivable
Department of Education	\$ 6,199,252.99	\$ 0.00	\$ 6,199,252.99
Department of Health and Human Services	18,787,996.45	0.00	18,787,996.45
Department of Labor	13,879,203.65	0.00	13,879,203.65
Housing and Urban Development	10,994.47	0.00	10,994.47
Total Federal Receivables	\$ 38,877,447.56	\$ 0.00	\$ 38,877,447.56

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

Federal Receivable Program	Federal Receivables	Allowance for Doubtful	Net Federal Receivable
Department of Labor	\$ 12,157,546.10	\$ 0.00	\$ 12,157,546.10
Total Federal Receivables	\$ 12,157,546.10	\$ 0.00	\$ 12,157,546.10

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 2025 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 \$7,693,773.03 recorded as Deferred Inflows of Resources in those exhibits represents amounts earned that will not be available to pay current liabilities.

Governmental Funds	Deferred Outflows of Resources	Deferred Inflows of Resources
Revenue Earned But Not Available	\$ 0.00	\$ 7,693,773.03
Total	\$ 0.00	\$ 7,693,773.03

NOTE 29: TROUBLED DEBT RESTRUCTURING

Not Applicable.

NOTE 30: NON-EXCHANGE FINANCIAL GUARANTEES

Not Applicable.

NOTE 31: TAX ABATEMENTS

Not Applicable.

NOTE 32: GOVERNMENTAL 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	\$77,612,501.46	TEX. LAB. CODE ANN. §§ 203.201	Special unemployment compensation administration fund.
0325	0325	Unassigned	(\$2,951,618.70)	Federal ALN 17.225, 17.277, 93.575, 97.050	As reflected in the Schedule of Expenditures of Federal Awards, the TWC administers 4 separate federal grants. The fund restrictions are externally imposed by federal government agencies on the spending of these awards.
0492	0492	Non-Spendable	\$68,686.81	TEX. LAB. CODE ANN §355.011	Blind vending facility initial stock and equipment.
0492	0492	Committed	\$735,473.94	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	\$9.30	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	Unassigned	(\$552,682.63)	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.
5026	5026	Non-Spendable	\$240,149.20	TEX. GOV'T CODE ANN. ch. 403	Supply inventory not in a spendable form.
5026	5026	Restricted	\$5,578,292.67	Federal ALN 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.
5128	5128	Committed	\$459,120,281.78	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 administering the Jobs and Education for Texans (JET) program.

Note 33: CAREER SCHOOL LIABILITY

During FY 2020 several large career schools closed creating a significant liability for Fund 0925, the Career School or College Tuition Trust Account. When career schools or colleges close the Texas Workforce Commission attempts to determine student refund eligibility. TWC coordinates with the Department of Education to ascertain Federal Student Aid loan amounts and discharges and attempts to contact students by mail and facilitate their transfer to another career school to complete their program. Tuition fees may be refunded from Fund 0925, subject to a limitation of \$150,000 per campus. At August 31, 2025, the Commission was liable to the former students of the following career schools/campuses that have closed.

School Name	Closed Date	Campuses	Estimated Liability
ITT Technical Institute	9/6/2016	7	525,000
Retail Ready	6/9/2018	1	50,000
Brightwood College	12/7/2019	13	\$1,950,000
Virginia College	12/7/2019	1	150,000
Golf Academy of America	12/7/2019	1	150,000
Vista College	10/8/2021	6	900,000
Quest College	12/6/2022	1	100,000
Codeup	12/29/2023	3	25,000
Total Estimated Liability			\$ 3,850,000

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EXHIBIT A-1
COMBINING BALANCE SHEET - ALL GENERAL AND CONSOLIDATED FUNDS
August 31, 2025

		Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts
	General Revenue (Fund 0001) U/F (0001, 0900, 0980, 1000, 5177, 5198, 8070, 9014, 9015, 9016)	Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Coronavirus Relief Fund (Fund 0325) U/F (0325)	Business Enterprise Program Fund (Fund 0492) U/F (0492, 8492)	Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
ASSETS					
Current Assets:					
Cash and Cash Equivalents					
Cash on Hand	\$ 122,471.02	\$ 180.09	\$	\$	\$
Cash in Bank (Note 3)					
Cash in State Treasury	8,285,767.34	77,508,155.62	433,803.58	735,473.94	3,042,870.97
Legislative Appropriations	151,270,029.36				
Receivables:					
Federal Receivables (Note 24)			4,340,905.13		
Interest and Dividends	313,524.15				
Accounts Receivable (Note 24)	20,548,495.29	13,210,558.21			
Interfund Receivable (Note 12)					
Due from Other Funds (Note 12)					254,446.40
Due from Other Agencies (Note 12)	552,473.48				
Consumable Inventories					
Merchandise Inventories				68,686.81	
Total Current Assets	<u>181,092,760.64</u>	<u>90,718,893.92</u>	<u>4,774,708.71</u>	<u>804,160.75</u>	<u>3,297,317.37</u>
Non-Current Assets:					
Accounts Receivable (Note 28)		6,067,114.88			
Total Non-Current Assets	<u>0.00</u>	<u>6,067,114.88</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	\$ <u>181,092,760.64</u>	\$ <u>96,786,008.80</u>	\$ <u>4,774,708.71</u>	\$ <u>804,160.75</u>	\$ <u>3,297,317.37</u>
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Payables:					
Accounts Payable	1,458,735.16	139,683.37	25.75		3,850,000.00
Payroll Payable	39,887.39	1,894.53			
Interfund Payable (Note 12)	2,380,165.46	285,573.33	46,593.80		
Unearned Revenues	1,021.25				
Due to Other Funds (Note 12)	254,446.40	12,679,241.23	7,679,707.86		
Due to Other Agencies (Note 12)	1,115,863.72				
Funds Held for Others					
Other Current Liability	3,285,609.94				
Total Current Liabilities	<u>8,535,729.32</u>	<u>13,106,392.46</u>	<u>7,726,327.41</u>	<u>0.00</u>	<u>3,850,000.00</u>
Total Liabilities	<u>8,535,729.32</u>	<u>13,106,392.46</u>	<u>7,726,327.41</u>	<u>0.00</u>	<u>3,850,000.00</u>
Deferred Inflows of Resources (Note 28)		6,067,114.88			
Total Liabilities and Def. Inflow of Res.	<u>8,535,729.32</u>	<u>19,173,507.34</u>	<u>7,726,327.41</u>	<u>0.00</u>	<u>3,850,000.00</u>

Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	
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)	TOTALS
\$ 10,912.25	\$	\$	\$ 133,563.36
248,456.36			248,456.36
85,333,822.07	456,828,663.27	1,148,543.63	633,317,100.42
			151,270,029.36
34,536,542.43			38,877,447.56
			313,524.15
24,777.18	2,677,848.51		36,461,679.19
2,712,332.59			2,712,332.59
386,230.00			640,676.40
715,021.37			1,267,494.85
240,149.20			240,149.20
			68,686.81
<u>124,208,243.45</u>	<u>459,506,511.78</u>	<u>1,148,543.63</u>	<u>865,551,140.25</u>
	1,626,658.15		7,693,773.03
0.00	1,626,658.15	0.00	7,693,773.03
<u>\$ 124,208,243.45</u>	<u>\$ 461,133,169.93</u>	<u>\$ 1,148,543.63</u>	<u>\$ 873,244,913.28</u>
33,813,802.59			39,262,246.87
30,991,312.97			31,033,094.89
			2,712,332.59
29,536,255.98			29,537,277.23
	386,230.00		20,999,625.49
24,048,430.04			25,164,293.76
			3,285,609.94
<u>118,389,801.58</u>	<u>386,230.00</u>	<u>0.00</u>	<u>151,994,480.77</u>
<u>118,389,801.58</u>	<u>386,230.00</u>	<u>0.00</u>	<u>151,994,480.77</u>
	1,626,658.15		7,693,773.03
<u>118,389,801.58</u>	<u>2,012,888.15</u>	<u>0.00</u>	<u>159,688,253.80</u>

EXHIBIT A-1
COMBINING BALANCE SHEET - ALL GENERAL AND CONSOLIDATED FUNDS
August 31, 2025

		<u>Consolidated Accounts</u>	<u>Consolidated Accounts</u>	<u>Consolidated Accounts</u>	<u>Consolidated Accounts</u>
	General Revenue (Fund 0001) U/F (0001, 0900, 0980, 1000, 5177, 5198, 8070, 9014, 9015, 9016)	Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Coronavirus Relief Fund (Fund 0325) U/F (0325)	Business Enterprise Program Fund (Fund 0492) U/F (0492, 8492)	Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
Fund Financial Statement-Fund Balances					
Fund Balances (Deficits):					
Non-Spendable				68,686.81	
Restricted					
Committed		77,612,501.46		735,473.94	
Assigned	144,050,509.12				
Unassigned	28,506,522.20		(2,951,618.70)		(552,682.63)
Total Fund Balances	<u>172,557,031.32</u>	<u>77,612,501.46</u>	<u>(2,951,618.70)</u>	<u>804,160.75</u>	<u>(552,682.63)</u>
Total Liabilities and Fund Balance	<u>\$ 181,092,760.64</u>	<u>\$ 96,786,008.80</u>	<u>\$ 4,774,708.71</u>	<u>\$ 804,160.75</u>	<u>\$ 3,297,317.37</u>

<u>Consolidated Accounts</u>	<u>Consolidated Accounts</u>	<u>Consolidated Accounts</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)	<u>TOTALS</u>
240,149.20			308,836.01
5,578,292.67			5,578,292.67
	459,120,281.78	1,148,543.63	538,616,800.81
			144,050,509.12
			25,002,220.87
<u>5,818,441.87</u>	<u>459,120,281.78</u>	<u>1,148,543.63</u>	<u>713,556,659.48</u>
<u>\$ 124,208,243.45</u>	<u>\$ 461,133,169.93</u>	<u>\$ 1,148,543.63</u>	<u>\$ 873,244,913.28</u>

EXHIBIT A-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCES - ALL GENERAL AND CONSOLIDATED FUNDS
For the Year Ended August 31, 2025

		Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts
	General Revenue (Fund 0001) U/F (0001, 0900, 0980, 1000, 5177, 5198, 8070, 9014, 9015, 9016)	Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Coronavirus Relief Fund (Fund 0325) U/F (0325)	Business Enterprise Program Fund (Fund 0492) U/F (0492, 8492)	Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
REVENUES:					
Legislative Appropriations					
Original Appropriations (GR)	\$ 317,531,286.16	\$	\$	\$	
Additional Appropriations (GR)	13,794,612.34				
Federal Revenue			144,969,098.67		
Federal Pass-Through Revenue	11,887,879.36				
Licenses, Fees and Permits	2,686,028.12	20,311,049.44		479.61	
Interest and Investment Income	9,047,240.85		(5,740,439.37)		
Land Income					
Sales of Goods and Services	123,069.43			1,149,549.25	
Other Revenues	86,344,867.64			300.00	
Settlement of Claims	35.37				
Total Revenue	441,415,019.27	20,311,049.44	139,228,659.30	1,150,328.86	0.00
EXPENDITURES					
Salaries and Wages	48,961,968.32	2,820,622.43	3,111,422.78		
Payroll Related Costs	12,395,261.28	7,681,581.80	888,860.58		
Professional Fees and Services	2,836,432.14	242,501.10	540,830.76		
Travel	460,605.37	46,562.66	5,296.39		
Materials and Supplies	356,524.29	99,754.61	50,512.11	694,036.29	
Communication and Utilities	3,342,112.28	154,360.87	934,392.47	(5.72)	
Repairs and Maintenance	3,705,322.64	125,433.74	(34,387.11)	217,430.64	
Rentals and Leases	2,447,949.67	14,912.71	73.97	5.72	
Printing and Reproduction	200,932.67	3,390.20	116.64		
Claims and Judgements					
Federal Pass-Through Expenditures					
State Grant Pass-Through Expenditures	1,654,268.43				
Intergovernmental Payments	25,746,843.13		(290.63)		
Public Assistance Payments	275,224,029.19		131,517,736.98		(169,880.00)
Other Operating Expenditures	5,317,622.68	305,402.40	(85,092.59)	661.95	
Debt Service:					
Principal	198,190.75	5,181.91			
Interest					
Capital Outlay	1,540,761.24	2,210,593.71	896,952.81	135,174.00	
Total Expenditures	384,388,824.08	13,710,298.14	137,826,425.16	1,047,302.88	(169,880.00)
EXCESS (DEFICIT) OF REVENUES					
OVER EXPENDITURES	\$ 57,026,195.19	\$ 6,600,751.30	\$ 1,402,234.14	\$ 103,025.98	\$ 169,880.00

*Expenditures totaling \$652,999.65 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 \$6,420,413.89 in Unemployment Insurance payments made to former state employees on behalf of other agencies.

<u>Consolidated Accounts</u>	<u>Consolidated Accounts</u>	<u>Consolidated Accounts</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)	<u>TOTALS</u>
\$	\$	\$	\$
			317,531,286.16
			13,794,612.34
2,295,275,216.14			2,440,244,314.81
96,529,907.36			108,417,786.72
142,232.40	134,332,672.65		157,472,462.22
271,745.47			3,578,546.95
28,726.52			28,726.52
709,369.51			1,981,988.19
959,178.07			87,304,345.71
53.03			88.40
<u>2,393,916,428.50</u>	<u>134,332,672.65</u>	<u>0.00</u>	<u>3,130,354,158.02</u>
235,803,364.98			290,697,378.51
98,269,257.36			119,234,961.02
52,778,144.06			56,397,908.06
3,098,033.06			3,610,497.48
8,035,499.85	386,230.00		9,622,557.15
10,256,714.37			14,687,574.27
7,720,424.54			11,734,224.45
1,075,354.01			3,538,296.08
101,341.77			305,781.28
620.00			620.00
128,753,823.12			128,753,823.12
			1,654,268.43
27,989,153.96			53,735,706.46
1,759,140,134.78			2,165,712,020.95
39,085,110.25			44,623,704.69
15,080,692.76			15,284,065.42
<u>68,928,407.56</u>			<u>73,711,889.32</u>
<u>2,456,116,076.43</u>	<u>386,230.00</u>	<u>0.00</u>	<u>2,993,305,276.69</u>
\$ (62,199,647.93)	\$ 133,946,442.65	\$ 0.00	\$ 137,048,881.33

EXHIBIT A-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCES - ALL GENERAL AND CONSOLIDATED FUNDS
For the Year Ended August 31, 2025

		Consolidated Accounts	Consolidated Accounts	Consolidated Accounts	Consolidated Accounts
	General Revenue (Fund 0001) U/F (0001, 0900, 0980, 1000, 5177, 5198, 8070, 9014, 9015, 9016)	Unemployment Compensation Special Admin (Fund 0165) U/F (0165, 9000)	Coronavirus Relief Fund (Fund 0325) U/F (0325)	Business Enterprise Program Fund (Fund 0492) U/F (0492, 8492)	Career School or College Tuition Trust Account (Fund 0925) U/F (0925)
OTHER FINANCING SOURCES (USES)					
Increase in Obligations - Leases/SBITA	\$ 1,151,599.81	\$ 473.94	\$	\$	\$
Sale of Capital Assets	70,670.44	-			
Transfers In (Note 12)	31,335,786.46	53,325.99	11,080.00		254,446.40
Transfers Out (Note 12)	(78,733,637.08)	(242,545.00)	(7,733,033.85)		
Legislative Financing Sources					
Legislative Financing Uses					
Total Other Financing Sources (Uses)	(46,175,580.37)	(188,745.07)	(7,721,953.85)	0.00	254,446.40
Net Change in Fund Balances	10,850,614.82	6,412,006.23	(6,319,719.71)	103,025.98	424,326.40
Fund Financial Statement-Fund Balances					
Fund Balances, September 1, 2024	\$ 165,300,105.35	\$ 71,200,495.23	\$ 3,368,101.01	\$ 701,134.77	\$ (977,009.03)
Restatement of Fund Balances (Note 14)	698,587.35				
Fund Balances as Restated, September 1, 2024	<u>165,998,692.70</u>	<u>71,200,495.23</u>	<u>3,368,101.01</u>	<u>701,134.77</u>	<u>(977,009.03)</u>
Appropriations Lapsed	(4,292,276.20)				
FUND BALANCES - August 31, 2025	\$ <u>172,557,031.32</u>	\$ <u>77,612,501.46</u>	\$ <u>(2,951,618.70)</u>	\$ <u>804,160.75</u>	\$ <u>(552,682.63)</u>

<u>Consolidated Accounts</u>	<u>Consolidated Accounts</u>	<u>Consolidated Accounts</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)	<u>TOTALS</u>
\$ 54,981,272.91	\$	\$	\$ 56,133,346.66
1,175,546.70			1,246,217.14
370,332,069.99			401,986,708.84
(370,111,691.53)	(28,528,664.00)		(485,349,571.46)
56,377,198.07	(28,528,664.00)	0.00	(25,983,298.82)
(5,822,449.86)	105,417,778.65	0.00	111,065,582.51
\$ 11,640,891.73	\$ 353,702,503.13	\$ 1,148,543.63	\$ 606,084,765.82
			698,587.35
<u>11,640,891.73</u>	<u>353,702,503.13</u>	<u>1,148,543.63</u>	<u>606,783,353.17</u>
			(4,292,276.20)
\$ <u>5,818,441.87</u>	\$ <u>459,120,281.78</u>	\$ <u>1,148,543.63</u>	\$ <u>713,556,659.48</u>

EXHIBIT B-1
COMBINING BALANCE SHEET
SPECIAL REVENUE FUND
August 31, 2025

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

ASSETS

Cash and Cash Equivalents		
Cash on Hand		
Cash in State Treasury	\$	5.00
Interest and Dividends Receivables		4.30
Total Assets	\$	<u>9.30</u>

LIABILITIES

Payables:		
Accounts Payable		
Total Liabilities		<u>0.00</u>
Fund Balances		
Restricted		9.30
Total Fund Balances		<u>9.30</u>
Total Liabilities and Fund Balance	\$	<u>9.30</u>

EXHIBIT B-2**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - SPECIAL REVENUE FUND**

For the Year Ended August 31, 2025

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

REVENUES:

Interest, Dividend and Other Income	\$	113.40
Other Revenue		7,843.25

Total Revenue		<u>7,956.65</u>
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EXPENDITURES:

Public Assistance Payments	7,955.28
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Total Expenditures	<u>7,955.28</u>
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**EXCESS (DEFICIT) REVENUES
OVER EXPENDITURES**

<u>1.37</u>

OTHER FINANCING SOURCES (USES)

Transfers Out	
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Total Other Financing Sources (Uses)	0.00
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Fund Financial Statement - Fund Balances

Fund Balance September 1, 2024		7.93
Fund Balance August 31, 2025	\$	<u><u>9.30</u></u>

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

August 31, 2025

	Unemployment Compensation Clearance Account (Fund 0936) U/F (0936, 9001)	Unemployment Compensation Benefit Account (Fund 0937) U/F (0937)
ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash on Hand	\$ 152,972.50	\$ 161,030.07
Cash in State Treasury	496,485.58	
Restricted:		
Cash in Bank (Note 3)		525,931.65
Cash in State Treasury (Note 3)		463,547.56
Cash in Federal Treasury (Note 3)		
Receivables:		
Federal Receivables (Note 24)		
Interest and Dividends	186,742.49	20,591.11
Accounts Receivable (Note 24)	177,337,435.39	39,678,348.95
Due from Other Funds (Note 12)	345,839,176.83	33,961,462.86
Total Current Assets	<u>524,012,812.79</u>	<u>74,810,912.20</u>
Non-Current Assets:		
Receivables:		
Accounts Receivable (Note 24)	27,934,053.12	31,463,354.63
Total Non-Current Assets	<u>27,934,053.12</u>	<u>31,463,354.63</u>
Total Assets	<u>551,946,865.91</u>	<u>106,274,266.83</u>
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts Payable		103,596,475.05
Federal Payable		
Due to Other Funds (Note 12)		2,677,791.78
Unearned Revenues	551,946,865.91	
Total Current Liabilities	<u>551,946,865.91</u>	<u>106,274,266.83</u>
Total Liabilities	<u>\$ 551,946,865.91</u>	<u>\$ 106,274,266.83</u>
NET POSITION		
Restricted for Unemployment Trust Fund	0.00	0.00
Total Net Position	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Unemployment Trust Fund Account (Fund 0938) U/F (0938,1325)	TOTALS
\$	\$ 314,002.57
	496,485.58
	525,931.65
	463,547.56
751,718,489.68	751,718,489.68
12,157,546.10	12,157,546.10
	207,333.60
10,939,532.21	227,955,316.55
2,677,791.78	382,478,431.47
777,493,359.77	1,376,317,084.76
	59,397,407.75
0.00	59,397,407.75
777,493,359.77	1,435,714,492.51
7,329,302.29	110,925,777.34
27,203,236.24	27,203,236.24
359,441,690.60	362,119,482.38
	551,946,865.91
393,974,229.13	1,052,195,361.87
\$ 393,974,229.13	\$ 1,052,195,361.87
383,519,130.64	383,519,130.64
\$ 383,519,130.64	\$ 383,519,130.64

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

For the Year Ended August 31, 2025

		Unemployment Compensation Clearance Account (Fund 0936) U/F (0936, 9001)
OPERATING REVENUES		
Unemployment Assessment	\$	1,937,396,003.09
Federal Revenue		
Other Operating Revenue		113,210,668.26
Total Operating Revenue		<u>2,050,606,671.35</u>
OPERATING EXPENSES		
Unemployment Benefit Payments		
Total Operating Expenses		<u>0.00</u>
OPERATING INCOME (LOSS)		<u>2,050,606,671.35</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and Investment Income		1,178,663.88
Total Non-Operating Revenues (Expenses)		<u>1,178,663.88</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS		<u>2,051,785,335.23</u>
OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS		
Transfers In (Note 12)		614,909,707.86
Transfers Out (Note 12)		<u>(2,666,695,043.09)</u>
Total Other Revenues (Expenses), Gains/(Losses) and Transfers		<u>(2,051,785,335.23)</u>
CHANGE IN NET POSITION		<u>0.00</u>
NET POSITION, September 1, 2024	\$	0.00
NET POSITION, August 31, 2025	\$	<u><u>0.00</u></u>

Unemployment Compensation Benefit Account (Fund 0937) U/F (0937)	Unemployment Trust Fund Account (Fund 0938) U/F (0938, 1325)	TOTALS
\$	\$	\$
	17,369,566.30	1,937,396,003.09
141,012.41	75,389,968.51	17,369,566.30
141,012.41	92,759,534.81	188,741,649.18
		2,143,507,218.57
3,169,253,811.23	24,917,235.68	3,194,171,046.91
3,169,253,811.23	24,917,235.68	3,194,171,046.91
(3,169,112,798.82)	67,842,299.13	(1,050,663,828.34)
1,401,123.29	38,198,119.53	40,777,906.70
1,401,123.29	38,198,119.53	40,777,906.70
(3,167,711,675.53)	106,040,418.66	(1,009,885,921.64)
3,706,941,675.53	\$2,666,695,043.09	6,988,546,426.48
(539,230,000.00)	(3,706,941,675.53)	(6,912,866,718.62)
3,167,711,675.53	(1,040,246,632.44)	75,679,707.86
0.00	(934,206,213.78)	(934,206,213.78)
\$ 0.00	\$ 1,317,725,344.42	\$ 1,317,725,344.42
\$ 0.00	\$ 383,519,130.64	\$ 383,519,130.64

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

For the Year Ended August 31, 2025

		Unemployment Compensation Clearance Account (Fund 0936) U/F (0936, 9001)
CASH FLOWS FROM OPERATING ACTIVITIES		
Unemployment Assessments	\$	1,895,666,776.16
Proceeds From Federal Revenue		
Proceeds From Other Revenue		112,055,692.77
Unemployment Benefit Payments		
Net Cash Provided By Operating Activities		<u>2,007,722,468.93</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers From Other Funds	\$	657,215,986.81
Transfers To Other Funds		<u>(2,666,695,043.09)</u>
Net Cash Provided by Non-Capital Financing Activities		<u>(2,009,479,056.28)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Investment Income	\$	<u>1,059,377.12</u>
Net Cash Provided by Investing Activities		<u>1,059,377.12</u>
Net Increase (Decrease) in Cash and Cash Equivalents		<u>(697,210.23)</u>
Cash and Cash Equivalents - September 1, 2024		1,346,668.31
Net Cash and Cash Equivalents - August 31, 2025		<u><u>649,458.08</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$	<u>2,050,606,671.35</u>
Operating Income and Cash Flow Categories		
Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables		1,714,344.42
Increase (Decrease) in Payables		-
Increase (Decrease) in Deferred Income		<u>(44,598,546.84)</u>
Total Adjustments		<u>(42,884,202.42)</u>
Net Cash Provided by Operating Activities	\$	<u>2,007,722,468.93</u>

Unemployment Compensation Benefit Account (Fund 0937) U/F (0937)	Unemployment Trust Fund Account (Fund 0938) U/F (0938, 1325))	TOTALS
\$	\$	\$
	17,148,774.94	1,895,666,776.16
141,012.41	77,649,817.07	17,148,774.94
(3,149,030,776.09)	(27,515,306.49)	189,846,522.25
(3,148,889,763.68)	67,283,285.52	(3,176,546,082.58)
		(1,073,884,009.23)
\$ 3,672,980,212.67	\$ 2,675,641,797.31	\$ 7,005,837,996.79
(545,498,962.44)	(3,730,120,024.40)	(6,942,314,029.93)
3,127,481,250.23	(1,054,478,227.09)	63,523,966.86
\$ 1,555,924.67	\$ 38,198,119.53	\$ 40,813,421.32
1,555,924.67	38,198,119.53	40,813,421.32
(19,852,588.78)	(948,996,822.04)	(969,546,621.05)
21,003,098.06	1,700,715,311.72	1,723,065,078.09
1,150,509.28	751,718,489.68	753,518,457.04
\$ (3,169,112,798.82)	\$ 67,842,299.13	\$ (1,050,663,828.34)
6,960,202.93	4,171,682.44	12,846,229.79
13,262,832.21	(4,730,696.05)	8,532,136.16
		(44,598,546.84)
20,223,035.14	(559,013.61)	(23,220,180.89)
\$ (3,148,889,763.68)	\$ 67,283,285.52	\$ (1,073,884,009.23)

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EXHIBIT I-1
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
CUSTODIAL FUNDS
August 31, 2025

	Payday Law Wage Determination Fund (Fund 0894) U/F (0894, 1894)	Business Enterprises Program Fund (Fund 5043) U/F (0043, 5043)	TOTALS
ASSETS			
Cash and Cash Equivalents			
Cash on Hand	\$ 80,249.16	\$ 0.00	\$ 80,249.16
Cash in State Treasury	2,736,341.28	145,164.04	2,881,505.32
Receivables:			
Interest and Dividends	13,656.56	510.89	14,167.45
Accounts Receivable (Note 24)	3,456,828.74		3,456,828.74
Total Assets	6,287,075.74	145,674.93	6,432,750.67
LIABILITIES			
Payables:			
Accounts Payable	6,173,736.28		6,173,736.28
Interest Payable	113,339.46		113,339.46
Total Liabilities	6,287,075.74	0.00	6,287,075.74
NET POSITION			
Held in Trust For:			
Individuals, Organizations, and Other Governments	0.00	145,674.93	145,674.93
Total Net Position	\$ 0.00	\$ 145,674.93	\$ 145,674.93

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EXHIBIT I-2
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

For the Year Ended August 31, 2025

	Payday Law Wage Determination Fund (Fund 0894) U/F (0894, 1894)	Business Enterprises Program Fund (Fund 5043) U/F (0043, 5043)	TOTALS
ADDITIONS			
Investment Income			
From Investing Activities			
Interest and Investment Income	\$ 152,534.65	\$ 6,463.61	\$ 158,998.26
Total Investment Income (Loss)	152,534.65	6,463.61	158,998.26
Other Additions			
Settlement of Claims	4,655,886.98		4,655,886.98
Other Revenue		232,272.67	232,272.67
Total Other Additions	4,655,886.98	232,272.67	4,888,159.65
Total Additions	4,808,421.63	238,736.28	5,047,157.91
DEDUCTIONS			
Employee/Participant Benefit Payments		256,592.74	256,592.74
Interest Expense	51,250.68		51,250.68
Claims and Judgement Expense *	4,757,170.95		4,757,170.95
Total Deductions	4,808,421.63	256,592.74	5,065,014.37
INCREASE DECREASE IN NET POSITIONS	0.00	(17,856.46)	(17,856.46)
Net Position September 1, 2024	0.00	163,531.39	163,531.39
Net Position August 31, 2025	\$ 0.00	\$ 145,674.93	\$ 145,674.93

* In addition to the amount shown above for Payday Law Settlement of Claims, the Texas Workforce Commission was instrumental in resolving another \$2,863,412.56 in claims where the claimant was paid directly by the employer.

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	AL Number	Pass-Through From		
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount
U.S. Department of Housing and Urban Development				
Direct Programs:				
Fair Housing Asisstance Program State and Local	14.401			
Total, U.S. Department of Housing and Urban Development			0.00	0.00
U.S. Department of Labor				
Direct Programs:				
Labor Force Statistics	17.002			
Unemployment Insurance	17.225			
Pass-Through To:				
Other Non-State Entities				
COVID Unemployment Insurance	17.225			
Senior Community Service Employment Program	17.235			
Pass-Through To:				
Other Non-State Entities				
Trade Adjustment Assistance	17.245			
Pass-Through To:				
Other Non-State Entities				
Re-entry Employment Opportunities	17.270			
Pass-Through To:				
Other Non-State Entities				
Work Opportunity Tax Credit Program	17.271			
Temporary Labor Certification For Foreign Workers	17.273			
WIA/WIOA - National Emergency Grants	17.277			
Pass-Through To:				
Other Non-State Entities				
Apprenticeship USA Grants	17.285			
Pass-Through To:				
Lamar State College - Orange				
Other Non-State Entities				
Subtotal, Non-Clustered Programs			0.00	0.00
Employment Services Cluster				
U.S. Department of Labor				
Direct Program:				
Employment Service	17.207			
Pass-Through To:				
Prairie View A&M University				
Texas Tech University				
University of Houston - Downtown				
Lamar State College - Port Arthur				
Lamar Institute of Technology				
Other Non-State Entities				
Disabled Veterans Outreach Program	17.801			
Pass-Through From:				
Texas Veterans Commission		403		1,899,605.34
Pass-Through To:				
Other Non-State Entities				
Subtotal, Employment Services Cluster			1,899,605.34	0.00
Workforce Investment Act / Workforce Innovation and Opportunity Act Cluster				
U.S. Department of Labor				
Direct Programs:				
WIA/WIOA - Adult Program	17.258			
Pass-Through To:				
Texas Education Agency				
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				

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		
1,203,384.43	1,203,384.43				1,203,384.43	1,203,384.43
1,203,384.43	1,203,384.43		0.00	0.00	1,203,384.43	1,203,384.43
3,803,630.75	3,803,630.75				3,803,630.75	3,803,630.75
3,374,430,456.07	3,374,430,456.07				3,374,430,456.07	3,374,430,456.07
22,033,473.29	22,033,473.29			22,033,473.29		22,033,473.29
2,933,545.13	2,933,545.13				2,933,545.13	2,933,545.13
28,339.32	28,339.32				28,339.32	28,339.32
4,738,203.46	4,738,203.46			4,738,203.46		4,738,203.46
323,475.22	323,475.22				323,475.22	323,475.22
155,500.98	155,500.98			155,500.98		155,500.98
50,412.21	50,412.21				50,412.21	50,412.21
1,251,892.19	1,251,892.19			1,251,892.19		1,251,892.19
1,434,280.90	1,434,280.90				1,434,280.90	1,434,280.90
1,070,707.05	1,070,707.05				1,070,707.05	1,070,707.05
62,433.34	62,433.34				62,433.34	62,433.34
2,664,454.68	2,664,454.68			2,664,454.68		2,664,454.68
1,190,524.27	1,190,524.27				1,190,524.27	1,190,524.27
13,049.00	13,049.00	787	13,049.00			13,049.00
3,287,164.27	3,287,164.27			3,287,164.27		3,287,164.27
3,419,471,542.13	3,419,471,542.13		13,049.00	34,130,688.87	3,385,327,804.26	3,419,471,542.13
36,969,561.58	36,969,561.58				36,969,561.58	36,969,561.58
321,044.44	321,044.44	715	321,044.44			321,044.44
331,177.05	331,177.05	733	331,177.05			331,177.05
87,783.04	87,783.04	784	87,783.04			87,783.04
320,130.44	320,130.44	788	320,130.44			320,130.44
282,223.35	282,223.35	789	282,223.35			282,223.35
12,540,520.06	12,540,520.06			12,540,520.06		12,540,520.06
	1,899,605.34					
				1,899,605.34		1,899,605.34
50,852,439.96	52,752,045.30		1,342,358.32	14,440,125.40	36,969,561.58	52,752,045.30
1,656,433.07	1,656,433.07				1,656,433.07	1,656,433.07
(4,668.99)	(4,668.99)	701	(4,668.99)			(4,668.99)
78,437,439.64	78,437,439.64			78,437,439.64		78,437,439.64
15,196,784.56	15,196,784.56				15,196,784.56	15,196,784.56
80,266,308.79	80,266,308.79			80,266,308.79		80,266,308.79
1,475,936.25	1,475,936.25				1,475,936.25	1,475,936.25
1,305,235.05	1,305,235.05	300	1,305,235.05			1,305,235.05
1,265,912.49	1,265,912.49	701	1,265,912.49			1,265,912.49

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	AL Number	Pass-Through From		
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount
University of Houston - Clear Lake				
Lamar State College - Orange				
Other Non-State Entities				
Subtotal, Workforce Investment Act Cluster				0.00
Total, U.S. Department of Labor				0.00
U.S. Department of Education				
Direct Programs				
Adult Education - Basic Grants to States	84.002A			
Pass-Through To:				
Texas Department of Criminal Justice				
Texas A&M University				
University of Texas at Austin				
Texas Tech University				
Other Non-State Entities				
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126A			
Pass-Through To:				
Health and Human Services Commission				
Rehab. Services - Independent Living for Older Ind. Who are Blind	84.177			
VR Disability Innovation Fund	84.421D			
Pass-Through To:				
University of North Texas				
Total, U.S. Department of Education				0.00
U.S. Department of Health & Human Services				
Direct Programs:				
ESSA Preschool Dev Grant 0-5	93.434			
Pass-Through To:				
Health and Human Services Commission				
Department of Family and Protective Services				
Texas Education Agency				
Tarleton State University				
University of Texas at Austin				
University of Texas Health Science Center at Houston				
Other Non-State Entities				
Temporary Assistance for Needy Families	93.558			
Pass-Through From:				
Health and Human Services Commission		529		15,567,201.47
Pass-Through To:				
University of Texas at Austin		529		50,967.91
University of Texas Southwestern Medical Center		529		83,724.84
University of Houston		529		1,511.63
Texas Woman's University		529		69,777.10
Lamar University		529		90,279.13
Angelo State University		529		38,540.33
University of North Texas		529		92,822.57
Stephen F. Austin State University		529		84,144.41
University of Houston - Clear Lake		529		805.33
Lamar State College - Orange		529		6,890.00
Other Non-State Entities		529		78,443,242.64
Social Services Block Grant	93.667			
Pass-Through From:				
Health and Human Services Commission		529		2,000,000.00
Pass-Through To:				
Other Non-State Entities				
Subtotal, Non-Clustered Programs				96,529,907.36
				0.00

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		
92,503.28	92,503.28	759	92,503.28			92,503.28
12,255.00	12,255.00	787	12,255.00			12,255.00
67,663,271.46	67,663,271.46			67,663,271.46		67,663,271.46
247,367,410.60	247,367,410.60		2,671,236.83	226,367,019.89	18,329,153.88	247,367,410.60
3,717,691,392.69	3,719,590,998.03		4,026,644.15	274,937,834.16	3,440,626,519.72	3,719,590,998.03
6,073,698.60	6,073,698.60				6,073,698.60	6,073,698.60
366,666.53	366,666.53	696	366,666.53			366,666.53
1,595,775.31	1,595,775.31	711	1,595,775.31			1,595,775.31
894,928.49	894,928.49	721	894,928.49			894,928.49
589,361.69	589,361.69	733	589,361.69			589,361.69
60,917,004.10	60,917,004.10			60,917,004.10		60,917,004.10
312,903,169.43	312,903,169.43				312,903,169.43	312,903,169.43
8,378,527.79	8,378,527.79	529	8,378,527.79			8,378,527.79
6,606,053.77	6,606,053.77				6,606,053.77	6,606,053.77
128,439.14	128,439.14				128,439.14	128,439.14
2,170,932.09	2,170,932.09	752	2,170,932.09			2,170,932.09
400,624,556.94	400,624,556.94		13,996,191.90	60,917,004.10	325,711,360.94	400,624,556.94
1,776,389.12	1,776,389.12				1,776,389.12	1,776,389.12
10,261,106.34	10,261,106.34	529	10,261,106.34			10,261,106.34
1,337,502.00	1,337,502.00	530	1,337,502.00			1,337,502.00
408,387.96	408,387.96	701	408,387.96			408,387.96
9,246.46	9,246.46	713	9,246.46			9,246.46
950,070.63	950,070.63	721	950,070.63			950,070.63
764,391.60	764,391.60	744	764,391.60			764,391.60
48,447.11	48,447.11			48,447.11		48,447.11
	15,567,201.47				15,567,201.47	15,567,201.47
	50,967.91	721	50,967.91			50,967.91
	83,724.84	729	83,724.84			83,724.84
	1,511.63	730	1,511.63			1,511.63
	69,777.10	731	69,777.10			69,777.10
	90,279.13	734	90,279.13			90,279.13
	38,540.33	737	38,540.33			38,540.33
	92,822.57	752	92,822.57			92,822.57
	84,144.41	755	84,144.41			84,144.41
	805.33	759	805.33			805.33
	6,890.00	787	6,890.00			6,890.00
	78,443,242.64			78,443,242.64		78,443,242.64
	2,000,000.00					
				2,000,000.00		2,000,000.00
15,555,541.22	112,085,448.58		14,250,168.24	80,491,689.75	17,343,590.59	112,085,448.58

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	AL Number	Pass-Through From		
		Agency/ Univ. #	Identifying Number	Agencies or Univ Amount
Child Care Cluster				
U.S. Department of Health & Human Services				
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				
COVID Child Care and Development Block Grant	93.575			
Pass-Through To:				
Other Non-State Entities				
Child Care and Development Fund	93.596			
Pass-Through To:				
Other Non-State Entities				
Subtotal, Child Care Cluster			0.00	0.00
Total, U.S. Dept. of Health & Human Services			96,529,907.36	0.00
SNAP Cluster				
U.S. Department of Agriculture				
Direct Programs:				
State Admin. Match for Supplemental Nutrition Assist Prog.	10.561			
Pass-Through From:				
Health and Human Services Commission		529		1,209,813.25
Pass-Through To:				
Other Non-State Entities		529		8,778,460.77
Total, U. S. Department of Agriculture			9,988,274.02	0.00
U.S. Department of Homeland Security				
Direct Programs:				
COVID Presidential Declared Disaster Lost Wages Assistance	97.050			
Total, U.S. Department of Homeland Security			0.00	0.00
Research and Development Cluster				
U.S. Department of Labor				
Direct Programs:				
WIA/WIOA Dislocated Worker Formula Grants	17.278			
Pass-Through To:				
Texas A&M Engineering Experiment Station				
U.S. Department of Education				
Direct Programs				
Adult Education - Basic Grants to States	84.002A			
Pass-Through To:				
Texas A&M University				
Subtotal, Research and Development Cluster			0.00	0.00
TOTAL, FEDERAL FINANCIAL ASSISTANCE			108,417,786.72	0.00

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		
47,791,044.53	47,791,044.53				47,791,044.53	47,791,044.53
20,954,147.28	20,954,147.28	529	20,954,147.28			20,954,147.28
54,742,733.72	54,742,733.72	530	54,742,733.72			54,742,733.72
12,040,775.58	12,040,775.58	701	12,040,775.58			12,040,775.58
6,558,404.09	6,558,404.09	744	6,558,404.09			6,558,404.09
946,521,080.34	946,521,080.34			946,521,080.34		946,521,080.34
(6,721,837.53)	(6,721,837.53)				(6,721,837.53)	(6,721,837.53)
136,851,927.18	136,851,927.18			136,851,927.18		136,851,927.18
280,545,258.57	280,545,258.57			280,545,258.57		280,545,258.57
1,499,283,533.76	1,499,283,533.76		94,296,060.67	1,363,918,266.09	41,069,207.00	1,499,283,533.76
1,514,839,074.98	1,611,368,982.34		108,546,228.91	1,444,409,955.84	58,412,797.59	1,611,368,982.34
	1,209,813.25				1,209,813.25	1,209,813.25
	8,778,460.77			8,778,460.77		8,778,460.77
0.00	9,988,274.02		0.00	8,778,460.77	1,209,813.25	9,988,274.02
(2,692,042.96)	(2,692,042.96)				(2,692,042.96)	(2,692,042.96)
(2,692,042.96)	(2,692,042.96)		0.00	0.00	(2,692,042.96)	(2,692,042.96)
113,451.09	113,451.09	712	113,451.09			113,451.09
2,071,307.07	2,071,307.07	711	2,071,307.07			2,071,307.07
2,184,758.16	2,184,758.16		2,184,758.16	0.00	0.00	2,184,758.16
5,633,851,124.24	5,742,268,910.96		128,753,823.12	1,789,043,254.87	3,824,471,832.97	5,742,268,910.96

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2025

Note 1 - Not Applicable

Note 2 - Reconciliation

Below is a reconciliation of the total federal pass-through and federal expenditures as reported on the Schedule of Expenditures of Federal Awards to the total 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	\$	2,440,244,314.81
Federal Pass-Through Revenues		108,417,786.72
Federal Revenues - Proprietary		17,369,566.30
Federal Pass-Through Revenues Proprietary		0.00
Subtotal		<u>2,566,031,667.83</u>

RECONCILING ITEMS

State UI funds		3,176,801,980.62
* Federal Fixed Fee & Other Contracts		(4,178,604.80)
Program Income & Non-Grant Expenditures		3,613,867.31
Per Federal Schedule	\$	<u>5,742,268,910.96</u>

Notes 3a and 3b - Not Applicable

Note 5 - Unemployment Insurance Funds

The expenditures in ALN 17.225 consists of the following:

UI Administrative Grant Funds	\$	194,837,549.10
COVID UI Admin Grant Funds		7,711,086.69
Subtotal Administration	\$	<u>202,548,635.79</u>

State UI Benefits Paid		3,176,801,980.62
Former Federal Employees		25,087,555.27
Disaster Unemployment Assistance		4,590,574.54
TRA Federal Benefits		54,235.61
Recoveries from Discontinued Federal Programs		(9,685,507.34)
Subtotal Benefits	\$	<u>3,196,848,838.70</u>

Total	\$	<u>3,399,397,474.49</u>
--------------	----	--------------------------------

Expenditure Amount		3,377,364,001.20
Pass-Through to Non-State Entity Amount (RESEA)		22,033,473.29
Total expenditures reported for ALN 17.225 on Schedule 1A	\$	<u>3,399,397,474.49</u>

The expenditures in ALN 97.050 consists of the following:

COVID - Presidential Declared Disaster Lost Wages Assist.		(14,751.18)
COVID - Presidential Declared Disaster Lost Wages Assist.		(2,677,291.78)
Total	\$	<u>(2,692,042.96)</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.

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2025

Note 6 - Not Applicable

Note 7 - Federal Deferred Revenue

Program	ALN	Federal Deferred Revenue August 31, 2024	Increase (Decrease)	Federal Deferred Revenue August 31, 2025
Labor Force Statistics	17.002	92,224.17	(92,224.17)	-
Employment Services	17.207	-	1,262,936.35	1,262,936.35
Unemployment Insurance	17.225	818,118.41	(818,118.41)	-
Trade Adj Assistance - Workers	17.245	154,412.24	(154,412.24)	-
E & T Administration Pilots	17.261	69,904.70	(69,904.70)	-
Work Opportunity Tax Credit	17.271	66,524.39	(54,587.15)	11,937.24
Temporary Labor Certification	17.273	-	-	-
Voc Rehab Grants to States	84.126A	24,050,218.20	4,211,164.19	28,261,382.39
Child Care & Develop Block Gnt	93.575	15,683,186.50	(15,683,186.50)	-
Child Care & Develop Block Gnt	93.575CO	5,009,154.82	(5,009,154.82)	-
Total Deferred Revenue		45,943,743.43	(16,407,487.45)	29,536,255.98

ALN 84.126A represents excess funds as a result of a late year method of finance adjustment of expenditures from federal to non federal funds.

Notes 8-11 - Not Applicable

Note 12 - Funding Sources within the Child Care Development Fund Cluster

Program	ALN	FY2025 Expended
Child Care and Development Block Grant (CCDBG)	93.575	1,088,608,185.54
CCDF Disaster Relief	93.575	-
CCDF Coronavirus Aid, Relief, and Economic Security (CARE)	93.575	-
CCDF Coronavirus Response and Relief Sup. Approp. (CRRS)	93.575	(6,078,376.24)
CCDF American Rescue Plan (ARP) Supplemental	93.575	139,019,534.76
CCDF ARP Child Care Stabilization Funds	93.575	(2,811,068.87)
Total Assistance Listing Number 93.575		1,218,738,275.19

Program	ALN	FY2025 Expended
CCDF Mandatory	93.596	60,285,616.53
CCDF Matching	93.596	220,259,642.04
Total Assistance Listing Number 93.596		280,545,258.57

Note 13 - Not Applicable

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SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2025

Note 11 - Summary of Federal Reimbursable Grants

Program Title	AL 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		8,778,460.77	1,209,813.25	9,988,274.02
Fair Housing Assistance Program: State and Local	14.401			1,203,384.43	1,203,384.43
Labor Force Statistics	17.002			3,803,630.75	3,803,630.75
Employment Service	17.207	1,342,358.32	12,540,520.06	36,969,561.58	50,852,439.96
Unemployment Insurance	17.225		22,033,473.29	172,804,075.81	194,837,549.10
COVID Unemployment Insurance	17.225			7,711,086.69	7,711,086.69
Senior Community Service Employment Program	17.235		4,738,203.46	28,339.32	4,766,542.78
Trade Adjustment Assistance	17.245		155,500.98	323,475.22	478,976.20
WIA/WIOA - Adult Program	17.258	(4,668.99)	78,437,439.64	1,656,433.07	80,089,203.72
WIA/WIOA - Youth Activities	17.259		80,266,308.79	15,196,784.56	95,463,093.35
Re-entry Employment Opportunities	17.270		1,251,892.19	50,412.21	1,302,304.40
Work Opportunity Tax Credit Program	17.271			1,434,280.90	1,434,280.90
Temporary Labor Certification For Foreign Workers	17.273			1,070,707.05	1,070,707.05
WIOA National DW Grants / WIA National Emergency Grants	17.277		2,664,454.68	62,433.34	2,726,888.02
WIA/WIOA - Dislocated Worker Formula Grants	17.278	2,789,356.91	67,663,271.46	1,475,936.25	71,928,564.62
Apprenticeship USA Grants	17.285	13,049.00	3,287,164.27	1,190,524.27	4,490,737.54
Disabled Veterans Outreach Program	17.801		1,899,605.34		1,899,605.34
Adult Education - Basic Grant	84.002A	5,518,039.09	60,917,004.10	6,073,698.60	72,508,741.79
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126A	8,378,527.79	0.00	312,903,169.43	321,281,697.22
Rehabilitation Services - Independent Living for Older Individuals Who are Blind	84.177			6,606,053.77	6,606,053.77
VR Disability Innovation Fund	84.421D	2,170,932.09		128,439.14	2,299,371.23
ESSA Preschool Dev Grant 0-5	93.434	13,730,704.99	48,447.11	1,776,389.12	15,555,541.22
Temporary Assistance for Needy Families	93.558	519,463.25	78,443,242.64	15,567,201.47	94,529,907.36
Child Care and Development Block Grant	93.575	94,296,060.67	946,521,080.34	47,791,044.53	1,088,608,185.54
COVID Child Care and Development Block Grant	93.575		136,851,927.18	(6,721,837.53)	130,130,089.65
Child Care and Development Fund	93.596		280,545,258.57		280,545,258.57
Social Services Block Grant	93.667		2,000,000.00		2,000,000.00
COVID Presidential Declared Disaster Lost Wages Assistance	97.050			(14,751.18)	(14,751.18)
Total		128,753,823.12	1,789,043,254.87	630,300,286.05	2,548,097,364.04

Federal Revenue (Preadjustment)	2,440,244,314.81
Federal PassThrough	108,417,786.72
Program Income	(4,178,604.80)
Fixed Fee Contract (Differential)	3,613,867.31
Total	<u>2,548,097,364.04</u>

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

For the Year Ended August 31, 2025

Pass-Through To Other Agencies:

Apprenticeship

Lamar State College - Orange (Agency 787)

181,887.92

Subtotal

\$ 181,887.92

Adult Education & Literacy

Texas A&M University (Agency 711)

400,000.00

Subtotal

\$ 400,000.00

Skills Development

Texas State Technical College System (Agency 719)

508,825.28

Lamar Institute of Technology (Agency 789)

99,402.74

Subtotal

\$ 608,228.02

Jobs and Education for Texans Program (JET)

Texas Department of Criminal Justice (Agency 696)

287,809.99

Lamar State College - Port Arthur (Agency 788)

142,500.00

Lamar Institute of Technology (Agency 789)

33,842.50

Subtotal

\$ 464,152.49

Total Pass-Through To Other Agencies

\$ 1,654,268.43

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ADDENDA
ORGANIZATION, RESPONSIBILITIES AND GENERAL COMMENTS
 For the Year Ended August 31, 2025

The Texas Workforce Commission was created by the 74th Legislature with the passage of House Bill 1863. The Commission is comprised of three full-time members appointed by the Governor, with the advice and consent of the Senate, to serve six-year overlapping terms. Board members serving the Commission at August 31, 2025 are as follows:

<u>Commission Member</u>	<u>Term End Date</u>	<u>Hometown</u>
Jose Esparza (Chair and Commissioner Representing Employers)	February 2027 Appointed November 7, 2023 (Named Chairman September 26, 2025)	Elgin
Alberto Treviño III (Commissioner Representing Labor)	February 2029 Appointed January 2023	Harlingen
Brent Connett (Commissioner Representing the Public)	February 2031 Appointed September 26, 2025	Austin

Ed Serna was the Executive Director through October 10, 2025. Randy Townsend was named Interim Executive Director effective October 11, 2025.

The Commission had a total of 4,610 full-time employees at August 31, 2025.

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