WORKFORCE SOLUTIONS SOUTHEAST TEXAS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2025
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

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INTRODUCTORY SECTION

WORKFORCE SOLUTIONS
SOUTHEAST TEXAS
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Members of Workforce Solutions Southeast Texas Board and Citizens of Southeast Texas

Ladies and Gentlemen:

We are pleased to present the Annual Financial Report of the Workforce Solutions Southeast Texas Board (Board) for the year ended August 31, 2025. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with agency management. To the best of our knowledge and belief, the data as presented are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations. All disclosures necessary to enable interested citizens to gain a reasonable understanding of the Board's financial affairs have been included.

This Annual Financial Report is presented in six sections: Introductory Section, Independent Auditors' Report, Management's Discussion and Analysis, Financial Section, Supplemental Schedules, and Federal and State Awards. The Introductory Section contains, in addition to this letter, a listing of the Governing Board and Executive Staff of the Board and an organizational chart. The Financial Section includes the basic financial statements of the Board as of and for the twelve months ended August 31, 2025. The Supplemental Schedules Section includes additional schedules which support the financial statements. The Federal and State Awards Section includes the auditors' reports on the internal control structure and compliance with applicable laws and regulations, the Schedule of Expenditures of Federal and State Awards and notes, and findings and recommendations.

Because the Board receives federal and state financial assistance through the Texas Workforce Commission, the board is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1984, as amended 1996, P.L. 104-156, as implemented by the U. S. Office of Management and Budget Uniform Guidance, "Audits of Institutes of Higher Education and Other Nonprofit Institutions". The required auditor reports on compliance and internal controls are included in the Federal and State Awards Section.

REPORTING ENTITY

The Workforce Solutions Southeast Texas Board was formed in accordance with Texas House Bill 1863 on September 11, 1996. The volunteer body is appointed by the Mayor of the City of Beaumont and the County Judges of Jefferson, Orange, and Hardin Counties in accordance with SB 642 and HB 1863. All appointments are subject to the approval of the governor. The Board is composed of representative of business and industry, organized labor, community-based organizations, economic development agencies, educational agencies, the State Employment Service, Texas Department of Human Services, Texas Department of Assistive and Rehabilitative Services and public interest groups. The functional responsibility of the Board is to provide policy guidance and to exercise oversight with respect to Workforce Development activities in Southeast Texas. Representatives of the private sector constitute a majority of the Board membership. The Board generally meets once a month on the second Wednesday of the month.

Board Office 510 Park Street, Suite 500 Beaumont, Texas 77701 | 409.719.4750 Mailing Address P.O Box 3607 Beaumont, Texas 77704 setworks.org

REPORTING ENTITY (Continued)

Prior to October 1, 2002, the Board was part of the Southeast Texas Regional Planning Commission. Effective October 1, 2002, the Board established its own corporate structure and identity and has 501 (c) (3) tax exempt status with the Internal Revenue Service. The Board is considered a governmental, not-for-profit organization because the Board members are appointed by elected officials. The Board was formally known as the Southeast Texas Workforce Development Board, Inc. but was required by the Texas Workforce Commission to change its name on July 1, 2008 to Workforce Solutions Southeast Texas.

MAJOR ACTIVITIES

The Board conducts primary program operation through three Workforce Centers located in Beaumont, Port Arthur, and Orange. The Board also coordinates with the Region 5ESC to utilize space in the Silsbee Palm Plaza to serve Workforce Solutions customers in Hardin County. The Board receives funds by contract from the Texas Workforce Commission. The Board utilizes subcontracts to operate workforce-related programs at the Workforce Centers including the Workforce Innovation and Opportunity Act (WIOA), Wagner-Peyser Employment Services, Temporary Assistance to Needy Families (TANF), Food Stamps Employment and Training, Child Care Development Fund, and other workforce-related contracts. The Board administers funds and provides planning, policy development, oversight and reporting for the programs.

FINANCIAL ACTIVITIES

The Executive Director of the Board is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Board are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with the generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and; (2) the valuation of costs and benefits require estimates and judgments by the Board management.

Single Audit: As a recipient of federal and state assistance, the Board also is responsible for ensuring that an adequate control structure is in place to ensure compliance with applicable laws and regulations. The internal control structure is subject to periodic evaluation by management.

As a part of the Board's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the Board has complied with applicable laws and regulations. The results of the Board's single audit for the fiscal year ended August 31, 2025, disclosed no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls: In addition, the Board maintains budgetary controls. The objectives of these budgetary controls are to ensure compliance with the annual budget approved by the Board and with the budgetary provisions of each of the various assistance agreements.

OTHER INFORMATION

Independent Audit: As a condition of receiving funds from the Texas Workforce Commission and as a requirement of its bylaws, the Board is required to have conducted an annual audit by independent certified accountants. This has been accomplished for the year ended August 31, 2025, by the accounting firm Mitchell T. Fontenote CPA, Inc. This audit was designed to meet the requirements of the federal Single Audit Act of 1984, as amended 1996 and related Uniform Guidance. The auditors' report on the basic financial statements and schedules is included after the Introductory Section of this report. The auditors' reports related specifically to the single audit are included in the Federal and State Awards Section.

Acknowledgements: The preparation of the annual financial report was made possible by the dedicated service of the Board's Executive Director, Melanie Williams and staff, and the Board's auditors, Mitchell T. Fontenote CPA, Inc. Their expertise, experience, and advice were extremely valuable in the preparation of this report.

Respectfully Submitted,

Melanie Williams

Melanie Williams
Executive Director

Workforce Solutions Southeast Texas

Board Member Roster (as of 01/18/2025)

Roxanne Acosta-Hellberg, Co-Owner **Get Recovery, Inc.** Email: **get_recovery@msn.com** **Roxanne.acosta-hellberg@jeffcotx.us** Private Sector – Small Minority City of Beaumont	**Michelle Barnette, M.Ed., Owner/Director** **The Clubhouse Child Care** Email: the-clubhouse@hotmail.com Child Care Workforce Representative Jefferson County
Dr. Shannon Allen, Superintendent **Beaumont ISD** Email: **spier@bmtisd.com** Marcia Williams-Assistant Email: mcodrin@bmtisd.com Education City of Beaumont	**Jeffery Broussard, Business Agent/Organizer** **Pipefitters Local 211** Email: jeffb@pflocal211.com Organized Labor Jefferson County
Michelle Armstrong, Manager, Region Customer Service **Entergy Texas Inc. (ETI)** Email: marmst1@entergy.com Private Sector-Large North Jefferson County	**Capt. Elmo "Burnie" Burnistine, Member** **NAACP** Email: **burnieburnistine@yahoo.com** Community Based Organization Jefferson County **Finance Committee**

Natosha Coleman/Unit Director **HEB Grocery** Email: **coleman.natosha@heb.com** Private Sector – Small Business Jefferson County	**Jeffrey Darby, President** **Sabine Area Central Labor Council, AFL-CIO** Email: jeffdarby@yahoo.com Organized Labor Jefferson County
Justin Cooper, Business Assistance/Business Manager International Brotherhood of Electrical Workers Local Union 479 Email: **justin@ibew479.com** Organized Labor Jefferson County	**Kay DeCuir, Executive Director** **Nederland Economic Development Corporation** Email: kaydecuir@gmail.com or kdecuir@nededc.com Economic Development Jefferson County

Sue Daniels, Owner/Director **Early Learning Pre-School & Child Care Center** Email: **sdaniels2395@yahoo.com** Private Sector – Small Minority Business Orange County	**Jerome Delafosse, Director of Refinery Human Resources** **Valero Energy Corporation – Port Arthur Refinery** Email: **jerome.delafosse@valero.com** **jamie.hulin@valero.com** Large Private Sector South Jefferson County

Dr. Wendy Elmore, Executive Vice President **Lamar State College Orange** Email: **Wendy.Elmore@lsco.edu** Adult Basic and Continuing Education City of Orange	**Claire Jackson, Social Responsibility & Community Affairs Manager** **Motiva Enterprises** Email: Claire.jackson@motiva.com Private Sector – Large Jefferson County
Ada Hartman, Controller **South Hampton Resources Inc./TRECORA** Email: ahartman@southhamptonr.com Ada.hartman@Trecora.com Private Sector Small Hardin County	**Daniel Marshall, Branch Manager** **Rave Financial** Email: **dmarshall@bankwithrave.com** Private Sector Small Hardin County
Dr. Angela Hill, Vice President of Student and Academic Success/Provost **Lamar Institute of Technology** Email: ajhill@lit.edu arcoon@lit.edu Education City of Beaumont	**Patricia Martinez, Texas Workforce Commission Director, Board of Strategies** Email: **patricia.martinez@twc.texas.gov** Public Employment Services
Jamie Hogge, Patient Advocate **Baptist Hospitals of Southeast Texas** Email: **jamie.hogge@bhset.net** Private Sector-Large South Jefferson County	**Telisha McCall, VP Banking Center Manager** **Stellar Bank** Email: Telisha.mccall@stellar.bank or tmb8402@aol.com Private Sector-Large Hardin Jefferson
Laura Morales, HR Manager **Chevron Phillips Chemical Company** Email: morall@cpchem.com Private Sector-Large Orange County	**Rickey L. Simmons, III, Vice-President** **Triple S Industrial Corporation** Email: **rickey@triplesindustrial.com** Email: pennyr@triplesindustrial.com Hardin County

Diana Nguyen **Health & Human Services Commission** **Program Manager of Office of Eligibility Services** Email: **diana.nguyen@hhs.texas.gov** **Public Assistant** Jefferson County	**Brandy Trojcak, Mechanical Organization Effectiveness SLS, ExxonMobil Beaumont** Email: brandy.trojcak@edxxonmobil.com Private Sector-Large Jefferson County
Bill Nickum, Owner **Nickum Insurance Agency** Email : **bill@nickuminsurance.com** Private Sector - Small Orange County	**Bobby Tupper, President/CEO** **Industrial Safety Training Council (ISTC)** Email: Bobby.Tupper@ISTC.net Private Sector-Small Jefferson County
LaToya Overstreet, Board Secretary **GOALS** Email: latoyaoverstreet@gmail.com Literacy Council Orange County	**Dr. Harold W. Whitfield, Area Manager** **Texas Workforce Solutions/Vocational Rehabilitation** Email : **harold.whitfield@twc.texas.gov** Vocational Rehabilitation Agency North Jefferson County

CHIEF ELECTED OFFICIALS

Jeff Branick, County Judge (Lead CEO) **Jefferson County** Jefferson County Courthouse 1149 Pearl-4th Floor, Beaumont, TX 77701 P. O. Box 4025 Beaumont, TX, 77704 Phone: (409) 835-8467 Fax: (409) 839-2311 Email: **jeff.branick@jeffcotx.us** Secretary: Maria Vargas Email: maria.vargas@jeffcotx.us	**John Gothia, County Judge** **Orange County** Administration Building 123 South 6th Street Orange, TX, 77630 Phone: (409) 882-7070 Fax: (409) 882-7079 Email: **jgothia@co.orange.tx.us** Secretary: Sharla Sorge Email: **ssorge@co.orange.tx.us**
Judge Wayne McDaniel, County Judge **Hardin County** 300 Monroe Street Kountze, TX, 77625 Phone: (409) 246-5120 Fax: (409) 246-5195 Email: **wayne.mcdaniel@co.hardin.tx.us** Secretary: Lora Guynes Email: **lora.guynes@co.hardin.tx.us** Email: **elysia.ryan@co.hardin.tx.us**	**Roy West, Mayor** **City of Beaumont** P. O. Box 3827 Beaumont, TX, 77704 Phone: (409) 880-3770 Email: Roy.West@**beaumonttexas.gov** Secretary: Virtue Alexander Ph: (409)880-3736 Email: **virtue.alexander@beaumonttexas.gov**

WORKFORCE SOLUTIONS
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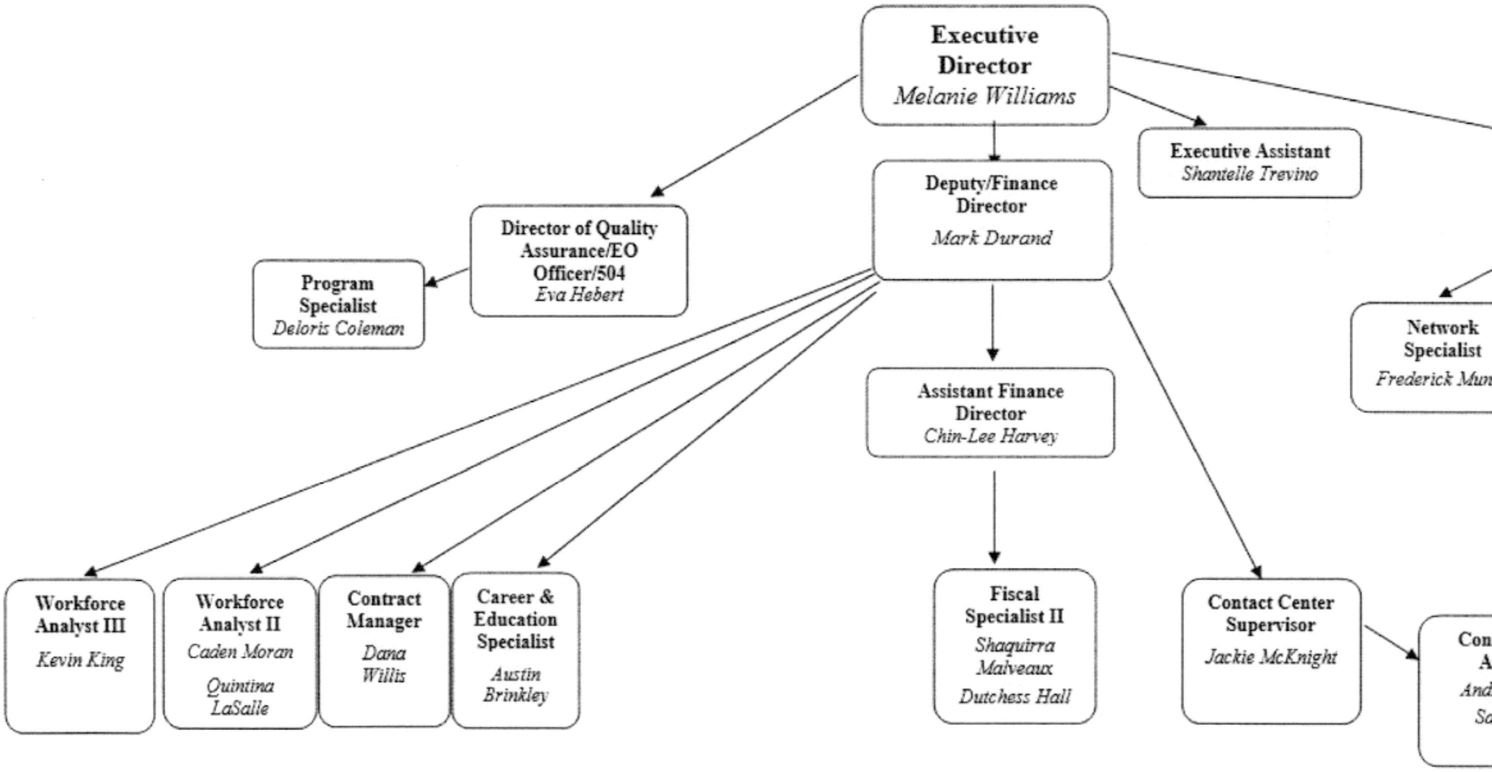
ORGANIZATIONAL CHART
11/1/2025



INDEPENDENT AUDITORS' REPORT

MITCHELL T FONTENOTE CPA, INC.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Beaumont, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Workforce Solutions Southeast Texas, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the Workforce Solutions Southeast Texas's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Workforce Solutions Southeast Texas, as of August 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Workforce Solutions Southeast Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Workforce Solutions Southeast Texas's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

2428 NALL STREET, PORT NECHES, TX 77651 TELEPHONE: 409-722-6300

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Workforce Solutions Southeast Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Workforce Solutions Southeast Texas's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Workforce Solutions Southeast Texas's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal and state awards*, and the *Texas Grant Management Standards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2026, on our consideration of the Workforce Solutions Southeast Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Workforce Solutions Southeast Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Workforce Solutions Southeast Texas's internal control over financial reporting and compliance.

Mitchell T Fontenote CPA, Inc.

Port Neches, Texas
May 18, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended August 31, 2025

As management of the Workforce Solutions Southeast Texas (the "WFS"), we offer readers of the WFS' financial statements this narrative overview and analysis of the financial activities of the WFS for the fiscal year ended August 31, 2025. We encourage readers to consider the information in conjunction with our letter of transmittal at the front of this report and the WFS' financial statements, which follow this section.

The WFS is a volunteer body appointed by the Mayor of the City of Beaumont, Texas and the County Judges of Jefferson, Orange, and Hardin Counties, Texas in accordance with the Workforce Investment Act of 1998, Texas Senate Bill 642 and Texas House Bill 1863.

Prior to October 1, 2002, the WFS was part of the South East Texas Regional Planning Commission. Effective October 1, 2002, the WFS established its own corporate structure and identity and has been granted 501(c)(3) tax-exempt status for the Internal Revenue Service. The WFS is considered a quasi-governmental, not-for-profit organization because the Board of Directors is appointed by elected officials. Workforce Solutions Southeast Texas formerly known as the Southeast Texas Workforce Development Board was required to change its name July 1, 2008 in order to have continuity of services across Texas. The Workforce Solutions Southeast Texas was filed as a DBA.

FINANCIAL HIGHLIGHTS

- The assets of WFS exceeded its liabilities at the close of 2025 by $894,472 net position. The net amount invested in capital assets is $94,442. Restricted net position is $320,072. Unrestricted net position is $479,958. Lease asset is $3,176,737; Lease liability is $3,218,845.

- The WFS' net position decreased by $(46,540) between 2024 and 2025

- At the close of the current fiscal year, the WFS' governmental funds reported a combined ending fund balance of $842,138. The General Fund Balance assigned for personnel costs is $93,653 and restricted for projects is $320,072; and the Texas Workforce Programs Fund has non-spendable fund balance of $96,397 for prepaid items and unassigned fund balance of $326,024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the WFS' basic financial statements. The WFS' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the WFS' finances, in a manner similar to private-sector business.

The *statement of net position* presents information of all of the WFS' assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the WFS is improving or deteriorating.

The *statement of changes in net position* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items will only result in cash flows in the future fiscal periods (i.e. depreciation and earned but unused vacation leave).

The government-wide financial statements present the function of the WFS that is principally supported by federal and state grants (governmental activities). WFS does not have any business-type activities. The governmental activity of the WFS consists of providing policy guidance and exercise of oversight with respect to Workforce Solutions activities in Southeast Texas.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The WFS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. WFS has only one category of funds; governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The WFS maintains two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Texas Workforce Commission Fund, both of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 26 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE

Net Position. As noted earlier, net position may serve over time as a useful indicator of whether a government's financial position is improving or deteriorating over time. WFS' net position decreased between fiscal years 2024 and 2025 by $(46,540) to $894,472.

The portion of the WFS' unrestricted net position reflects its investment in capital assets (e.g. leasehold improvements, equipment, and furniture and fixtures) decreased by $25,185. These assets are not available for future spending. The change in net investment in capital assets, $(25,185) is directly related to depreciation expense.

During 2025, unrestricted Fund Balance decrease by $(1,908), in the General Fund. The programs operated by WFS are funded on an ongoing basis based on budgeted and allowable costs approved by the granting agencies.

NET POSITION
Governmental Activities

	2025	2024
Assets		
Current and other assets	$ 2,043,850	$ 2,537,014
Capital assets	94,442	119,627
Lease assets	3,176,737	4,185,891
Total Assets	$ 5,315,029	$ 6,842,532
Liabilities		
Current Liabilities	$ 2,224,345	$ 2,715,601
Long-term liabilities - Lease liabilities	2,196,212	3,185,919
Total liabilities	$ 4,420,557	$ 5,901,520
Net Position		
Net investment in capital assets	$ 94,442	$ 119,627
Restricted	$ 320,072	$ 327,972
Unrestricted	479,958	493,413
Total Net Position	$ 894,472	$ 941,012

CHANGES IN NET POSITION

		2025		2024
REVENUES				
Operating grants and contributions	$	32,182,674	$	30,874,893
Other revenue		127,260		68,339
Total Revenues	$	32,309,934	$	30,943,232
EXPENSES				
Personnel related payments to WCTCOG	$	2,064,478	$	2,092,487
Equipment- lease, repair and other		32,174		38,836
Travel, allowances, and conferences		46,819		50,580
Rent		-		-
Audit, consultations, and contract services		7,483,093		5,254,562
Direct program expenses		20,708,392		21,227,200
Inkind contributions		583,506		569,506
Supplies and other		120,458		536,984
Postage and printing		7,278		7,464
Utilities/Telecommunications		120,870		
Depreciation		25,185		25,185
Lease interest and amortization		1,164,221		1,143,985
Total Expenses	$	32,356,474	$	30,946,789
Change in net position		(46,540)		(3,557)
Net position at September 01, beginning		941,012		944,569
Net position at August 31, ending	$	894,472	$	941,012

The government's total net position decreased by $(46,540) during the current fiscal year from $941,012 in 2024 to $894,472 in 2025.

Financial Analysis of the Government's Funds
As noted earlier, the WFS uses fund accounting to insure and demonstrate compliance with finance-related requirements.

Governmental funds. The focus of the WFS' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the WFS' financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental funds (*continued*)

As of August 31, 2025 the WFS' governmental funds reported ending fund balance of $842,138, a decrease of $(1,908) the prior year fund balance of $843,250. Fund balance in the general fund was restricted for projects and scholarships of $320,072 and assigned for personnel of $93,653. Fund balance in the Texas Workforce Programs Fund was considered nonspendable, for prepaid items of $96,397 and unassigned balance of $326,024. The cost of all governmental activities in 2025 was $32,311,844, an increase of $1,412,901, 4.3% from total 2024 expenses of 30,898,943. The amount of funding through grants from federal and state programs for these expenses was $31,599,170 in 2025. Total revenue from all sources in 2025 was $32,182,676 total revenues from all sources in 2024 was $30,943,232.

Capital Asset and Debt Administration

Capital assets. The WFS' investment in capital assets for governmental activities amounted to $94,442 as of August 31, 2025 and $119,627 at August 31, 2024 (net of accumulated depreciation). The investment in capital assets including leasehold improvements, equipment and furniture and fixtures, totals $1,176,331 before accumulated depreciation of $1,081,889.

CAPITAL ASSETS
Net of Depreciation

	2025
Leasehold improvements	$ 380,360
Furniture and equipment	795,971
Sub total	1,176,331
Less accumulated depreciation	1,081,889
Capital assets net of depreciation	$ 94,442

Additional information on the WFS' capital assets can be found in Note 1 on page 19 and in Note 3 on page 23 of this report.

Long-Term Debt. At August 31, 2025, WFS has long-term debt related to leases in the amount of $2,196,212.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The budget for FY 2026 will be similar to FY 2025 at about $32 million. Child care funding for direct care, is the largest part of the budget. There is a bright economic future for our area with historically high industrial expansions and new construction. We have had some closures and layoffs however, overall our unemployment rates have been low.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (Continued)

The economic forecast for our area is still relatively bright, with several expected industry expansions and construction projects. Our unemployment numbers at December 2025 5.2%, which is up from 5.1% at December 2024.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the WFS' finances and to show accountability for the funding it receives. If you have questions about this report or need any additional information, contact Melanie Williams, Finance Director, P.O. Box 3607, Beaumont, Texas 77704.

FINANCIAL SECTION

EXHIBIT A

WORKFORCE SOLUTIONS SOUTHEAST TEXAS
STATEMENT OF NET POSITION
AUGUST 31, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,841,446
Due from grantor agency	100,015
Prepaid items and advance to subgrantee	102,389
Leased Asset	3,176,737
Capital assets net of accumulated depreciation	94,442
Total Assets	$ 5,315,029
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable and accrued expenses	$ 1,201,712
Due to	-
Capitalized lease obligations due in 1 year	1,022,633
Capitalized lease obligations due after 1 year	2,196,212
Total Liabilities	$ 4,420,557
Net Position:	
Invested in capital assets	$ 94,442
Restricted	320,072
Unrestricted	479,958
Total Net Position	$ 894,472

The accompanying notes are an integral part of these financial statements.

EXHIBIT B

WORKFORCE SOLUTIONS SOUTHEAST TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

Functions / Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
Governmental activities:			
Workforce Development Activities	$ 32,356,474	$ 32,182,674	$ (173,800)
Total Governmental Activities	$ 32,356,474	$ 32,182,674	$ (173,800)
Interest income			1,267
Other revenue			125,993
Total general revenues			127,260
Change in net position			(46,540)
Net position at beginning of year			941,012
Net position at ending of year			$ 894,472

The accompanying notes are an integral part of these financial statements.

EXHIBIT C

WORKFORCE SOLUTIONS SOUTHEAST TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2025

	1 General Fund	22 Texas Workforce Programs	Total Governmental Funds
ASSETS			
Cash and cash equivalents	432,402	$ 1,409,044	$ 1,841,446
Accounts receivable	-	-	-
Due from TX Workforce Program		-	-
Due from grantor agency	-	100,015	100,015
Prepaid items and advance to subgrantee agency	5,992	96,397	102,389
Total Assets	438,394	1,605,456	2,043,850
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	18,677	1,183,035	1,201,712
Due to grantor agency	-	-	-
Due to general fund	-		-
Total Liabilities	18,677	1,183,035	1,201,712
Fund Balances:			
Non-spendable			
Prepaid items/Inventory	5,992	96,397	102,389
Restricted			
Projects and Scholarships	320,072	-	320,072
Assigned			
Personnel	93,653	-	93,653
Unassigned, reported in Texas Workforce			-
Programs fund	-	326,024	326,024
Total Fund Balances	419,717	422,421	842,138
Total Liabilities and Fund Balances	$ 438,394	$ 1,605,456	$ 2,043,850

The accompanying notes are an integral part of these financial statements.

EXHIBIT C-1

WORKFORCE SOLUTIONS SOUTHEAST TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
AUGUST 31, 2025

Amounts reported for governmental activities in the statement of net position.

Total governmental fund balances in the Balance Sheet (Exhibit C)	$	842,138
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		94,442
Lease, Asset and Liabilities used in overnmental activities are not financial resources and, therefore, are not reported in the funds.		(42,108)
Total net postion of governmental activities (Exhibit A)	$	894,472

The accompanying notes are an integral part of these financial statements.

EXHIBIT D

WORKFORCE SOLUTIONS SOUTHEAST TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	General Fund	Texas Workforce Programs	Total Governmental Funds
REVENUES:			
Federal awards	$ -	$ 31,599,170	$ 31,599,170
State awards	-		-
State agency contracts - Voc Rehab	-		-
Texas Veterans	-		-
Inkind contributions	-	583,506	583,506
Interest Income	1,267	-	1,267
Other Revenue	125,993	-	125,993
Total Revenue	127,260	32,182,676	32,309,936
EXPENDITURES:			
Current			
Federal awards & State Workforce Programs	$ -	$ 31,555,170	$ 31,555,170
Agency contracts - Voc Rehab	-	-	-
Texas Veterans	-	44,000	44,000
Inkind contributions	-	583,506	583,506
Other Expenditures	129,168	-	129,168
Total Expendites	129,168	32,182,676	32,311,844
Excess of Revenues Over Expenditures before Transfers	(1,908)	-	(1,908)
Other Financing Sources (Uses)			
Transfers	-	-	-
Excess of Revenues over Expenditures and Other Financing Uses	(1,908)	-	(1,908)
FUND BALANCES AT BEGINNING OF YEAR	421,625	422,421	844,046
FUND BALANCES AT END OF YEAR	$ 419,717	$ 422,421	$ 842,138

The accompanying notes are an integral part of these financial statements.

EXHIBIT D-1

WORKFORCE SOLUTIONS SOUTHEAST TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

Amounts reported for governmental activities in the Statement of position are different because:		
Net change in fund balances - total governmental funds (Exhibit D)	$	(1,908)
Governmental funds report capital outlays as expenditures. However, in the statement of position the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlay		-
Depreciation		(25,185)
Lease activity has been recorded. WFS Southeast Texas adopted GASB 87 to recognise certain lease assets and liabilities, resulting in difference of amortization lease liability and lease asset.		(19,447)
Change in net positon of governmental activities (Exhibit B)	$	(46,540)

The accompanying notes are an integral part of these financial statements.

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

NOTES TO FINANCIAL STATEMENTS
August 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying statements follows.

A. Reporting Entity -

The Workforce Solutions Southeast Texas (WFS) is a volunteer body appointed by the Mayor of the City of Beaumont, Texas and the County Judges of Jefferson, Orange and Hardin Counties, Texas in accordance with the Workforce Investment Act of 1998, Senate Bill 642 and House Bill 1863. The functional responsibility of the WFS is to provide policy guidance and to exercise oversight with respect to Workforce Development activities in Southeast Texas.

Prior to October 1, 2002, the WFS was part of the South East Texas Regional Planning Commission. Effective October 1, 2002, the WFS established its own corporate structure and identity and has been granted 501(c)(3) tax exempt status from the Internal Revenue Service. The WFS is considered a governmental, not-for-profit organization because elected officials appoint the board and officers.

The general-purpose financial statements of WFS have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

As required by generally accepted accounting principles, these financial statements solely present WFS financial activities. There are no component units over which WFS has oversight responsibility as defined in GASB Cod. Sec 2100, (i.e. fiscal accountability, selection of governing authority, designation of management or ability to influence operations).

The basic financial statements are the core of the general-purpose external financial reporting for state and local governments. Basic financial statements have three components:

1. *Government-wide Financial Statements.* GAAP requires that WFS provide a government-wide statement of net position and a government-wide statement of activities that are to include all of the WFS governmental activities and business-type activities. These government-wide financial statements are to be presented using the economic resources measurement focus and the accrual basis of accounting, the same measurement focus and basis of accounting employed by private-sector business enterprises and not-for-profit organizations.

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

NOTES TO FINANCIAL STATEMENTS
August 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity - (Continued)

2. *Fund Financial Statements.* GAAP requires that the government-wide financial statements be accompanied by separate sets of financial statements for WFS' governmental and proprietary funds. The financial statements for proprietary fund use the same measurement focus and basis of accounting used for government-wide financial reporting. The financial statements for governmental funds, on the other hand, are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, the governmental fund financial statements must present a summary reconciliation to explain the differences between the data reported in the governmental funds and the data reported for the corresponding *governmental activities* in the government-wide and fund financial statements. WFS has no proprietary fund.

3. *Notes to the Financial Statements.* The data displayed on the face of the government-wide and fund financial statements must be accompanied by various disclosures to ensure that a complete picture is presented in the financial statements. This additional disclosure is presented in the form of a single set of notes placed immediately following the government-wide and fund financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. The government-wide financial statements report governmental activities, which are supported by federal and state grants and by regional appropriations. The WFS does not have business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Regional appropriations and other items not properly included among program revenue are reported instead as general revenues. Financial statements are provided for the governmental funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grant and similar items are recognized as revenues as soon as all eligibility requirements imposed have been met.

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

NOTES TO FINANCIAL STATEMENTS
August 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)
Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, WFS considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, expenditures related to compensated absences and claims and judgments are recorded when payment is due.

Governmental funds grant resources and supportive services fees are susceptible to accrual and recognized as revenues to the extent of qualifying expenditures recorded for the individual programs since WFS is only reimbursed for qualifying expenditures incurred for grant and contract purposes.

WFS reports the following as major governmental funds:

1. General Fund - The General Fund is the general operating fund of WFS. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Workforce Programs Fund – Administers flow-through monies to subcontractors who offer job training and placement assistance to economically disadvantaged adults, at-risk youth, and "displaced" workers in the region.

The WFS reports no proprietary fund types or internal service funds.

When both restricted and unrestricted resources are available for use, it is the WFS policy to use restricted resources first and then unrestricted resources, as they are needed.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments
WFS' cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition.

2. Receivables and Payables
All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to / due from other funds". At August 31, 2025 there were no outstanding amounts due between funds.

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

NOTES TO FINANCIAL STATEMENTS
August 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

3. Prepaid Items
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. WFS has a small inventory of shirts for sale in the general fund, $5,992 at August 31, 2025 stated at cost.

4. Capital Assets
Capital assets, which include leasehold improvements, and furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by the WFS as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is recognized on a straight-line basis. Leasehold improvements are depreciated over the remaining term of the lease. Furniture and equipment is depreciated over its specific useful life of 3 - 10 years.

5. Assigned for Personnel Cost
WFS contracts with West Central Texas Council of Governments, the employer of record. The contract between WFS and WCTCOG requires reimbursement for compensated absences paid to those who serve the WFS. The Board of the Workforce Solutions has set aside or assigned a portion of the fund balance, $93,653 to assist in accumulating assets for these future payments.

It is WFS' policy to permit those contracted through WCTCOG to accumulate earned but unused vacation and sick pay benefits.

6. Restricted for Projects and Scholarships
The WFS has restricted fund balance in the General Fund in the amount of $318,714, for projects and scholarships, including youth events, veterans, job fairs and working with area employers. Funding is obtained from area companies for these purposes.

7. Long-term Obligations
In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. There are no long-term liabilities as of August 31, 2025, lease liability has been recorded. See Note 3D.

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

NOTES TO FINANCIAL STATEMENTS
August 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

8. Fund Equity

Beginning with fiscal year 2011, the WFS implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance -
Amounts that are not in spendable form or are required to be maintained intact. As such, the inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet.

Restricted fund balance -
Amounts that can be spent for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. The WFS does have restricted fund balance as of August 31, 2025, for projects and scholarships.

Committed fund balance -
Amounts constrained to specific purposes by the WFS itself, using its highest level of decision – making authority, the WFS' Board. To be reported as committed, amounts cannot be used for any other purposes unless WFS takes the same highest level of action to remove or change the constraint. The WFS establishes, modifies, or rescinds fund balance commitments by passage of a resolution.

Assigned fund balance -
Balances that are intended for a defined purpose. This is generally the purpose of certain special revenue funds. The assignment can be expressed by the CFO. The WFS did have assigned fund balance as of August 31, 2025, for personnel.

Unassigned fund balance -
Amounts that are available for any purpose. Balance that has not been restricted, committed, or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the WFS considers restricted fund to have been spent first. The WFS has adopted a policy stating which fund balance category is spent first when restricted, committed, assigned, or unassigned fund balances are available.

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

NOTES TO FINANCIAL STATEMENTS
August 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

9. Deferred Outflows and Inflows of Resources
The WFS has implemented GASB 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB 65 - *Items Previously Reported as Assets and Liabilities* as of September 1, 2012. The WFS has no deferred outflows or deferred inflows.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets
The WFS budgetary process is accomplished at two levels. The WFS annual budget serves as a policy and planning document, while programmatic budgets or awards serve as implementation guides.

A. Annual Budget
WFS' annual budget, a requirement of agency bylaws, serves as a guide to estimate and coordinate anticipated revenues and expenditures. Because most of WFS' revenues are received through contract with various funding agencies, the budget is based upon estimated funds to be derived and obligations to be incurred through future negotiations with numerous State and Federal agencies. Thus the budget, which does not restrict or appropriate monies, has not been included in the combined financial statements.

B. Programmatic Budget or Award
Programmatic budgets or awards are approved by the various funding agencies for their respective programs. The award for a program or activity sets the maximum amount to be provided by a funding agency for a particular purpose and generally specifies by cost category the permitted level of expenditure.

The programmatic budget includes both the funding to be provided by the funding agency and the required matching funds to be provided by WFS or others.

C. WFS Cost Allocation Process
The overall objective of cost allocation is to achieve an equitable distribution of costs among the benefiting cost objectives or grants. In order to achieve the goal of an equitable distribution of cost on an overall or bottom-line basis for jointly conducted activities a cost allocation plan serves as the blueprint for charging costs to the various fund sources. The cost allocation plan provides for consistent classification of individual elements of costs, such as travel, space, telephones, as either direct or indirect. Also, essential is that reconciliation between planned and actual results is performed on a regular basis. The allocation of un-assignable direct costs incurred should result in a measure of costs incurred to accomplish broad program results and the benefits derived from the investment of public funds.

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

NOTES TO FINANCIAL STATEMENTS
August 31, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

C. WFS Cost Allocation Process (Continued)

Unassignable direct costs are those costs that can be identified with a specific cost category, but not by grant. These costs are analyzed, categorized and subsequently allocated based on the calculated allocation percentages.

Costs charged to the WFS cost pool will be reallocated each month. The reallocation is based upon a combination of detailed time reports submitted by each staff person that indicate the direct time charges they have on a monthly basis to specific grants and square footage used per program. Time that does not apply to a specific grant is considered an un-assignable direct cost and cost allocated. The percentage of time spent directly on each grant is calculated and those percentages are applied to the un-assignable direct costs. The cost allocation percentages are calculated separately for the administrative and workforce center cost pools.

NOTE 3 - DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The carrying amounts of WFS deposits as of August 31, 2025 were $1,836,848 and the bank balance was $1,910,183. All cash is insured up to $250,000 or collateralized by securities held by the financial institution's trust department.

The total cash on Exhibit A consists of:

Checking Accounts	$ 1,836,848
Petty cash	4,598
	$ 1,841,446

B. Receivables

Receivables as of August 31, 2025 for WFS governmental funds were as follows:

Due from grantor agencies	$100,015

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

NOTES TO FINANCIAL STATEMENTS
August 31, 2025

NOTE 3 - DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS (Continued)

C. Capital Assets

Capital asset activity for the governmental funds for the year ended August 31, 2025 was:

	Balance at 9/1/2024	Additions	Deletions	Balance at 8/31/2025
Capital assets being depreciated:				
Leasehold improvements	$ 380,360	$ -	$ -	$ 380,360
Furniture and equipment	795,971	-	-	795,971
Total capital assets being depreciated	$ 1,176,331	$ -	$ -	$ 1,176,331
Less accumulated depreciation for:				
Leasehold improvements	380,360	-	-	380,360
Furniture and equipment	676,344	25,185	-	701,529
	1,056,704	25,185	-	$ 1,081,889
Total accumulated depreciation	1,056,704	25,185	-	1,081,889
Capital Assets, net	$ 119,627	$ (25,185)	$ -	$ 94,442

D. Long-term Lease Obligations

During in the fiscal year ended August 31, 2022, the Workforce Solutions Southeast Texas adopted the Government Accounting Standards Board (GASB) Statement No.87. The objective of the Statement 87 is to improve accounting and financial reporting for lease by governments. The statement requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible leased assets, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new lease standard had a significant effect on the Workforce Solutions Southeast Texas' statement of net position and statement of activities and as a result of the leases described below that were previously classified as operating leases, including an increase of lease assets and lease liabilities.

The District serves as a lessee for the facility and office space in Beaumont, Port Arthur, and Orange.

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

NOTES TO FINANCIAL STATEMENTS
August 31, 2025

NOTE 3 - DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS (Continued)

The discounted lease liabilities at August 31, 2025 are as follows:

	Lease Liability
Facilities	$ 3,218,845
Less: Current Portion	(1,022,633)
	$ 2,196,212

For the year ended September 30,2025, interest expense was $99,479.

The present value of lease liabilities for the remaining terms of the leases are as follows:

Year Ending	Leases Payables		
September 30,	Principal	Interest	Total
2026	1,022,633	99,479	$ 1,122,112
2027	1,096,671	58,113	$ 1,154,784
2028	370,125	31,311	$ 401,436
2029	119,891	22,345	$ 142,236
2030-2034	609,525	45,568	$ 655,093
	$ 3,218,845	$ 256,816	$ 3,475,661

Lease agreements are summarized as follows:

Description	Date	Length	Payment	Interest Rate	Total Lease	Balance
510 Park Street	1/1/2018	10 Years	$ 62,779	3.50%	$ 7,533,480	$ 1,453,125
4680 HWY 365	9/1/2018	10 Years	$ 20,400	3.50%	$ 2,448,000	$ 737,149
OrangehurstVenture LLC	1/1/2024	10 Years	$ 11,853	3.50%	$ 1,132,821	$ 1,028,571
						$ 3,218,845

WFS is required by the Texas Workforce Commission to accommodate the co-location of the Vocational Rehabilitation Services program. The Board provides facilities for Vocational Rehabilitation Services staff in Port Arthur (3 staff) and in Beaumont (35 staff). TWC provides reimbursement to the Board for these additional costs.

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

NOTES TO FINANCIAL STATEMENTS
August 31, 2025

NOTE 3 - DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS (Continued)

Government wide financial statements:

Lease Asset Recorded	$	3,176,737
Lease Liability due in 1 year	$	1,022,633
Lease Liability due after 1 year	$	2,196,212
Total Lease Liability	$	3,218,845
Depreciation of Lease Assets	$	1,064,741
Interest Expense	$	99,479

NOTE 4 - OTHER INFORMATION

A. Retirement Plan
WFS, contracts with West Central Council of Governments, the employer of record. WFS has no employees; WFS has a contract requiring reimbursement to WCTCOG for retirement plan contributions. Employees of WCTCOG including those that serve WFS participate in the Texas County and District Retirement System. WFS payments contributions to WCTCOG for retirement plan contributions totaled $318,538 and Life Benefits of $4,867.

B. Inkind Services and Costs
Inkind services and costs are accounted for as revenues and expenditures and are valued in accordance with A-102 (i.e. cost or market value for contributed services, materials and office space). Inkind contributions, and services and costs for fiscal year 2025 is $583,866.

C. ***Texas Veterans***
The Texas Veterans Commission (TVC) has 4 staff who are housed at WFS' centers. They have an agreement with WFS to house the TVC staff and to provide them with certain supplies and equipment. WFS recognized revenue of $44,000 to cover these costs.

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

NOTES TO FINANCIAL STATEMENTS
August 31, 2025

NOTE 5 - PERSONNEL

At October 1, 2010, employees of the WFS became employees of West Central Texas Council of Governments under a contract arrangement.

NOTE 6 - UNASSIGNED FUND BALANCE

Unassigned Fund Balance in the Texas Workforce Programs Fund is $326,024 due to timing of funding and spending of funds. However, total fund balance for the Texas Workforce Programs Fund is $422,421.

NOTE 7 - SUBSEQUENT EVENTS

Events occurring subsequent to August 31, 2025 were evaluated by management and reviewed through May 18, 2026, the date of report issuance.

Our area is continuing to recover from COVID-19 as unemployment rates have declined. We are feeling the impact of high inflation and the need for people to earn more by upskilling or changing jobs. We have a budget of over $32 million in FY 2026, of which over 50-percent is childcare assistance funds for low-income families. We anticipate this level of funding to continue for at least the next two years.

NOTE 8 – CHANGES IN ACCOUNTING AND CHANGES TO OR WITHIN THE FINANCIAL REPORTING ENTITY

As required by GASB 100, the district must disclose in these notes any change in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. The impact of all of these changes described below are presented in the financial statements as an Adjustment and/or Restatement of the beginning net position, fund balance, or fund net position as applicable at the earliest period presented. No changes were made during the year are required to be reported.

SUPPLEMENTAL SCHEDULES

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

118 1824WPA001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 95,330	$ 42,646	$ 52,684	$ 95,330
Total Revenues	95,330	42,646	52,684	95,330
Expenditures				
Total Expenditures	95,330	42,646	52,684	95,330
Net Revenues & Expenditures	$ -		$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

119 1825WPA001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 58,577	$ 43,017	$ -	$ 43,017
Total Revenues	58,577	43,017	-	43,017
Expenditures				
Total Expenditures	58,577	43,017	-	43,017
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

134 1824WCI001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 38,158	$ -	$ 38,158	$ 38,158
Total Revenues	38,158	-	38,158	38,158
Expenditures				
Total Expenditures	38,158	-	38,158	38,158
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

135 1825WCI001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 38,382	$ 31,346	$ -	$ 31,346
Total Revenues	38,382	31,346	-	31,346
Expenditures				
Total Expenditures	38,382	31,346	-	31,346
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

142 1824WPB003

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 287,423	$ -	$ 287,423	$ 287,423
Total Revenues	287,423	-	287,423	287,423
Expenditures				
Total Expenditures	287,423	-	287,423	287,423
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

143 1825EXT001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 125,600	$ 125,600	$ -	$ 125,600
Total Revenues	125,600	125,600	-	125,600
Expenditures				
Total Expenditures	125,600	125,600		125,600
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

146 1823ATG001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 260,000	$ 49,631	$ 210,369	$ 260,000
Total Revenues	260,000	49,631	210,369	260,000
Expenditures				
Total Expenditures	260,000	49,631	210,369	260,000
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

155 1823REA001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 406,409		$ 406,409	$ 406,409
Total Revenues	406,409	-	406,409	406,409
Expenditures				
Total Expenditures	406,409		406,409	406,409
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.

Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

156 1824REA001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 411,095	$ 38,023	$ 373,072	$ 411,095
Total Revenues	411,095	38,023	373,072	411,095
Expenditures				
Total Expenditures	411,095	38,023	373,072	411,095
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

157 1824REO001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 217,800	$ 178,220	$ 39,580	$ 217,800
Total Revenues	217,800	178,220	39,580	217,800
Expenditures				
Total Expenditures	217,800	178,220	39,580	217,800
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

160 1825REA001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 382,646	$ 330,474	$ -	$ 330,474
Total Revenues	382,646	330,474	-	330,474
Expenditures				
Total Expenditures	382,646	330,474	-	330,474
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

314 1823WOA001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,919,022	$ 42,199	$ 1,876,823	$ 1,919,022
Total Revenues	1,919,022	42,199	1,876,823	1,919,022
Expenditures				
Total Expenditures	1,919,022	42,199	1,876,823	1,919,022
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

315 1824WOA001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,932,959	$ 1,723,431	$ 207,849	$ 1,931,280
Total Revenues	1,932,959	1,723,431	207,849	1,931,280
Expenditures				
Total Expenditures	1,932,959	1,723,431	207,849	1,931,280
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

316 1825WOA001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,600,808	$ 367,795	$ -	$ 367,795
Total Revenues	1,600,808	367,795	-	367,795
Expenditures				
Total Expenditures	1,600,808	367,795	-	367,795
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

414 1823WOD001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,097,651	$ 108,187	$ 989,464	$ 1,097,651
Total Revenues	1,097,651	108,187	989,464	1,097,651
Expenditures				
Total Expenditures	1,097,651	108,187	989,464	1,097,651
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

415 1824WOD001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,074,737	$ 916,460	$ 137,346	$ 1,053,806
Total Revenues	1,074,737	916,460	137,346	1,053,806
Expenditures				
Total Expenditures	1,074,737	916,460	137,346	1,053,806
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

416 1825WOD001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,209,419	$ 108,144	$ -	$ 108,144
Total Revenues	1,209,419	108,144	-	108,144
Expenditures				
Total Expenditures	1,209,419	108,144	-	108,144
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

514 1823WOY001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,915,258	$ 379,174	$ 1,536,084	$ 1,915,258
Total Revenues	1,915,258	379,174	1,536,084	1,915,258
Expenditures				
Total Expenditures	1,915,258	379,174	1,536,084	1,915,258
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

515 1824WOY001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,921,476	$ 1,498,850	$ 297,740	$ 1,796,590
Total Revenues	1,921,476	1,498,850	297,740	1,796,590
Expenditures				
Total Expenditures	1,921,476	1,498,850	297,740	1,796,590
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

516 1825WOY001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,580,723	$ 332,727	$ -	$ 332,727
Total Revenues	1,580,723	332,727	-	332,727
Expenditures				
Total Expenditures	1,580,723	332,727	-	332,727
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

751 1824BSA001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 75,000	$ 21,532	$ 53,468	$ 75,000
Total Revenues	75,000	21,532	53,468	75,000
Expenditures				
Total Expenditures	75,000	21,532	53,468	75,000
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

754 1824BSA002

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 75,000	$ 72,242	$ 2,758	$ 75,000
Total Revenues	75,000	72,242	2,758	75,000
Expenditures				
Total Expenditures	75,000	72,242	2,758	75,000
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

815 1824WOR001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
0				
Texas Workforce Commission	$ 22,001	$ 21,921	$ 80	$ 22,001
Total Revenues	22,001	21,921	80	22,001
Expenditures				
Total Expenditures	22,001	21,921	80	22,001
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

816 1825WOR001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
0				
Texas Workforce Commission	$ 22,246	$ 4,199	$ -	$ 4,199
Total Revenues	22,246	4,199	-	4,199
Expenditures				
Total Expenditures	22,246	4,199	-	4,199
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

954 1824TVC001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 44,000	$ 4,321	$ 39,679	$ 44,000
Total Revenues	44,000	4,321	39,679	44,000
Expenditures				
Total Expenditures	44,000	4,321	39,679	44,000
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

955 1825TVC001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 44,000	$ 33,855	$ -	$ 33,855
Total Revenues	44,000	33,855	-	33,855
Expenditures				
Total Expenditures	44,000	33,855	-	33,855
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1421 1824SNE001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 294,699	$ 19,063	$ 275,636	$ 294,699
Total Revenues	294,699	19,063	275,636	294,699
Expenditures				
Total Expenditures	294,699	19,063	275,636	294,699
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1422 1825SNE001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 317,144	$ 317,144	$ -	$ 317,144
Total Revenues	317,144	317,144	-	317,144
Expenditures				
Total Expenditures	317,144	317,144	-	317,144
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1435 1824SDF002

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 192,104	$ 62,962	$ -	$ 62,962
Total Revenues	192,104	62,962	-	62,962
Expenditures				
Total Expenditures	192,104	62,962	-	62,962
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1531 1824TAF001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,551,635	$ -	$ 1,551,635	$ 1,551,635
Total Revenues	1,551,635	-	1,551,635	1,551,635
Expenditures				
Total Expenditures	1,551,635	-	1,551,635	1,551,635
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1532 1824NCP001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 355,692	$ 56,176	$ 299,516	$ 355,692
Total Revenues	355,692	56,176	299,516	355,692
Expenditures				
Total Expenditures	355,692	56,176	299,516	355,692
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1533 1825TAF001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,722,266	$ 1,720,285	$ 217	$ 1,720,502
Total Revenues	1,722,266	1,720,285	217	1,720,502
Expenditures				
Total Expenditures	1,722,266	1,720,285	217	1,720,502
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1534 1825NCP001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 338,898	$ 300,831	$ -	$ 300,831
Total Revenues	338,898	300,831	-	300,831
Expenditures				
Total Expenditures	338,898	300,831	-	300,831
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1714 1824CCF001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 16,375,526	$ 1,549,314	$ 14,826,212	$ 16,375,526
Total Revenues	16,375,526	1,549,314	14,826,212	16,375,526
Expenditures				
Total Expenditures	16,375,526	1,549,314	14,826,212	16,375,526
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1715 1825CCF001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 19,099,467	$ 17,125,594	$ -	$ 17,125,594
Total Revenues	19,099,467	17,125,594	-	17,125,594
Expenditures				
Total Expenditures	19,099,467	17,125,594	-	17,125,594
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1813 1823CCP001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 714,359	$ -	$ 702,379	$ 702,379
Total Revenues	714,359	-	702,379	702,379
Expenditures				
Total Expenditures	714,359	-	702,379	702,379
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.

Schedule of Revenues and Expenditures

For the Year Ended August 31, 2025

(In Whole Dollars)

1814 1824CCP001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 850,625	$ 295	$ 908,541	$ 908,836
Total Revenues	850,625	295	908,541	908,836
Expenditures				
Total Expenditures	850,625	295	908,541	908,836
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1815 1825CCP001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 764,371	$ 756,311	$ -	$ 756,311
Total Revenues	764,371	756,311	-	756,311
Expenditures				
Total Expenditures	764,371	756,311	-	756,311
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1890 1824CCQ001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,037,406	$ 248,749	$ 788,484	$ 1,037,233
Total Revenues	1,037,406	248,749	788,484	1,037,233
Expenditures				
Total Expenditures	1,037,406	248,749	788,484	1,037,233
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1891 1825CCQ001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 869,912	$ 761,373	$ -	$ 761,373
Total Revenues	869,912	761,373	-	761,373
Expenditures				
Total Expenditures	869,912	761,373	-	761,373
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1892 1825CQF001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 799,468	$ 772,117	$ -	$ 772,117
Total Revenues	799,468	772,117	-	772,117
Expenditures				
Total Expenditures	799,468	772,117	-	772,117
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1914 1824CCM001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,139,012	$ 839,012	$ 300,000	$ 1,139,012
In Kind	$ -	$ -	$ 569,500	$ 569,500
Total Revenues	1,139,012	839,012	869,500	1,708,512
Expenditures				
Expenditures	1,139,012	839,012	300,000	1,139,012
In Kind	-	-	569,500	569,500
Total Expenditures	1,139,012	839,012	869,500	1,708,512
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

SOUTHEAST TEXAS WORKFORCE DEVELOPMENT BOARD, INC.
Schedule of Revenues and Expenditures
For the Year Ended August 31, 2025
(In Whole Dollars)

1915 1825CCM001

	Total Award	Current Period	Prior Period(s)	Cumulative Contract
Revenues				
Texas Workforce Commission	$ 1,167,732	$ -	$ -	$ -
In Kind	$ -	$ -	$ -	$ -
Total Revenues	1,167,732	-	-	-
Expenditures				
Expenditures	1,167,732	-	-	-
In Kind	-	-	-	-
Total Expenditures	1,167,732	-	-	-
Net Revenues & Expenditures	$ -	$ -	$ -	$ -

FEDERAL AND STATE AWARDS

MF MITCHELL T FONTENOTE CPA, INC.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Workforce Solutions Southeast Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Workforce Solutions Southeast Texas, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Workforce Solutions Southeast Texas's basic financial statements, and have issued our report thereon dated May 18, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Workforce Solutions Southeast Texas's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Workforce Solutions Southeast Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of Workforce Solutions Southeast Texas's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Workforce Solutions Southeast Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

2428 NALL STREET, PORT NECHES, TX 77651 TELEPHONE: 409-722-6300

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mitchell T Fontenote CPA, Inc.

Port Neches, Texas
May 18, 2026

MF MITCHELL T FONTENOTE CPA, INC.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND TEXAS GRANT MANAGEMENT STANDARDS

To the Board of Directors
Workforce Solutions Southeast Texas

Report on Compliance for Each Major Federal and state and state Program

Opinion on Each Major Federal and State Program

We have audited Workforce Solutions Southeast Texas's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Workforce Solutions Southeast Texas's major federal and state programs for the year ended August 31, 2025. Workforce Solutions Southeast Texas's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Workforce Solutions Southeast Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Texas Grant Management Standards* (TXGMS). Our responsibilities under those standards and the Uniform Guidance and TXGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Workforce Solutions Southeast Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Workforce Solutions Southeast Texas's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Workforce Solutions Southeast Texas's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Workforce Solutions Southeast Texas's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and TXGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the

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aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Workforce Solutions Southeast Texas's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and TXGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Workforce Solutions Southeast Texas's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Workforce Solutions Southeast Texas's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TXGMS, but not for the purpose of expressing an opinion on the effectiveness of Workforce Solutions Southeast Texas's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and TXGMS. Accordingly, this report is not suitable for any other purpose.

Mitchell T Fontenote CPA, Inc.

Port Neches, Texas
May 18, 2026

SCHEDULE I

WORKFORCE SOLUTIONS SOUTHEAST TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For Year Ended August 31, 2025

A. Summary of Auditor's Results

1 Financial Statements

Type of auditors' report issued:	**Unmodified**	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Noncompliance material to financial statements noted:	____ Yes	X No

2 Federal and State Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Type of auditor's report issued on compliance for major federal and state programs:	**Unmodified**	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance or TxGMS?	____ Yes	X None Reported

Identification of major federal and state programs:

CFDA #	Name of Program or Cluster	Federal Expenditures	State Expenditures
93.558	TANF	$ 1,813,876	$ 296,445
93.575/93.596	Childcare	$ 19,831,125	$ 2,165,858

Dollar threshold used to distinguish between Type A and Type B programs $ 750,000

Auditee qualified as low-risk auditee?	Federal	X Yes	____ No
	State	X Yes	____ No

B Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With *Generally Accepted Government Auditing Standards.*

There are no findings to be reported.

C Findings and Questioned Costs for Federal and State Awards.

There are no findings and questioned costs to be reported.

WORKFORCE SOLUTIONS OF SOUTHEAST TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended August 31, 2025

Agency/Program Grant Title		Catalog of Federal Domestic Assistance ID Number	Pass-through Grantor's Number	Passed through Subreceipents	Expenditures
Department of Agriculture					
Passed Through Texas Workforce Commission via SETWDB:					
SNAP Cluster					
SNAP E&T - ABAWDS Only	1422	10.561	1825SNE001		**212,376**
SNAP E&T - ABAWDS Only	1421	10.561	1824SNE001		**19,063**
SNAP E&T	1422	10.561.FED	1825SNE001		**58,272**
Total Department of Agriculture and SNAP Cluster					$ 289,711
Department of Labor					
Passed Through Texas Workforce Commission via SETWDB:					
WIA Cluster					
Workforce Innovation Opportunity Act - Dislocated Workers	751	17.278	1824BSA001		**12,532**
Workforce Innovation Opportunity Act - Dislocated Workers	754	17.278	1824BSA002		**72,242**
Workforce Innovation Opportunity Act - Dislocated Workers	414	17.278	1823WOD001		**108,187**
Workforce Innovation Opportunity Act - Dislocated Workers	416	17.278	1825WOD001		**108,144**
Workforce Innovation Opportunity Act - Dislocated Workers	415	17.278	1824WOD002		**916,460**
Workforce Innovation Opportunity Act - Adult	315	17.258	1824WOA001		**1,723,431**
Workforce Innovation Opportunity Act - Adult	316	17.258	1825WOA001		**367,795**
Workforce Innovation Opportunity Act - Adult	314	17.258	1823WOA001		**42,199**
Workforce Innovation Opportunity Act - Youth	516	17.259	1825WOY001		**332,727**
Workforce Innovation Opportunity Act - Youth	514	17.259	1823WOY001		**379,174**
Workforce Innovation Opportunity Act - Youth	515	17.259	1824WOY001		**1,498,850**
Workforce Investment Act Title I Dislocated Workers	815	17.278	1824WOR001		**21,921**
Workforce Investment Act Title I Dislocated Workers	816	17.278	1825WOR001		**4,199**
Workforce Investment Act Title I Dislocated Workers	143	17.278	1825EXT001		**125,600**
Total WIA Cluster					$ 5,713,461
Apprenticeship USA Grants	146	17.285	1823ATG001		$ 49,631
Employment Service Cluster					
Employment Service	751	17.207	1824BSA001		**4,500**
Employment Service	118	17.207	1824WPA001		**42,646**
Employment Service	119	17.207	1825WPA001		**43,017**
Employment Service	134	17.207	1824 WCI002		-
Disabled Vets Outreach Program	955	17.801	1825TVC001		**33,855**
Disabled Vets Outreach Program	954	17.801	1824TVC001		**4,321**
Disabled Vets Outreach Program	135	17.207	1825WCI001		**2,600**
Total Employment Service Cluster					$ 130,939
Unemployment Ins - REA/RES	156	17.225REA	1824REA001		**38,023**
Unemployment Ins - REA/RES	155	17.225.REA	1823REA001		-
Reentry Employment Opportunity	157	17.270	1824REO001		**178,220**
Reentry Employment Opportunity	160	17.225	1825REO001		**330,474**
Total Department of Labor					$ 6,440,748
Department of Health and Human Services					
Passed Through Texas Workforce Commission via SETWDB:					
CCDF Cluster					
Child Care Formula Allocation	1890	93.575	1824CCQ001		**248,749**
Child Care Formula Allocation	1891	93.575	1825CCQ001		**761,373**
Child Care & Development Block Grant Coronavirus Relief	1890	93.575	1824CCQ001		-
Child Care & Development Block Grant Coronavirus Relief	1892	93.575	1825CQF001		**772,117**
Child Care & Development Block Grant Coronavirus Relief	1714	93.575	1824CCF001		-
Child Care & Development Block Grant Coronavirus Relief	1715	93.575	1825CCF001		**14,787,036**
Child Care & Development Block Grant	1714	93.575	1824CCF001		-
CC Man & Mtch Fnd CCDF Mandato	1715	93.596MAT	1825CCF001		**16,601**
CC Man & Mtch Fnd CCDF Match	1714	93.596MAT	1824CCF001		**1,561,294**
CC Man & Mtch Fnd CCDF Match	1715	93.596MAT	1825CCF001		-
CC Man & Mtch Fnd CCDF Match	1914	93.596MAT	1824CCM001		**839,012**
CC Man & Mtch Fnd CCDF Match	1714	93.667.558	1824CCF001		**27,544**
CC Man & Mtch Fnd CCDF Match	1715	93.596.MAN	1825CCF001		**844,943**
CC Man & Mtch Fnd CCDF Match	1715	93.667.558	1825CCF001		**28,238**
Total Passed Through to ChildCare Group Direct and CCDF Cluster				-	19,886,907

WORKFORCE SOLUTIONS OF SOUTHEAST TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended August 31, 2024

Agency/Program Grant Title		Catalog of Federal Domestic Assistance ID Number	Pass-through Grantor's Number	Passed through Subreceipents	Expenditures
TANF Cluster					
Temporary Assistance for Needy Families	119	93.558	1825WPA001		-
Temporary Assistance for Needy Families	1532	93.558	1824NCP001		**56,176**
Temporary Assistance for Needy Families	1531	93.558	1824TAF001		-
Temporary Assistance for Needy Families	1533	93.558	1825TAF001		**1,515,902**
Temporary Assistance for Needy Families	134	93.558	1824WCI001		-
Temporary Assistance for Needy Families	135	93.558	1825WCI001		**28,746**
Temporary Assistance for Needy Families	751	93.558	1824BSA001		**4,500**
Temporary Assistance for Needy Families	1534	93.558	1825NCP001		**208,552**
Total TANF Cluster					$ 1,813,876
Total Department of Health and Human Services					$ 21,700,783
TOTAL FEDERAL ASSISTANCE					**$ 28,431,242**
STATE OF TEXAS ASSISTANCE					
State General Revenue via Texas Workforce Commission					
DFPS Child Care	1814		1824CCP001		**295**
DFPS Child Care	1815		1825CCP001		**756,311**
Total State General Revenue via TWC (Child Care)					$ 756,606
Temporary Assistance for Needy Families	1533		1825NCP001		**204,166**
Temporary Assistance for Needy Families	1534		1825NCP001		**92,279**
Total State General Revenue via TWC (TANF)					$ 296,445
Child Care Formula Allocation	1714		1824CCF001		**(39,524)**
Child Care Formula Allocation	1715		1825CCF001		**1,448,776**
SNAP E&T - ABAWDS Only	1422		1825SNE001		**46,496**
SNAP E&T - ABAWDS Only	1435		18245SDF002		**62,962**
Total State General Revenu via TWC (SNAP E&T - ABAWDS Only)					$ 1,518,710
TOTAL STATE OF TEXAS ASSISTANCE					**$ 2,571,761**
TOTAL ASSISTANCE				**$ -**	**$ 31,003,003**

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

NOTES TO EXPENDITURES OF FEDERAL AND STATE AWARDS SCHEDULE

For the Year Ended August 31, 2025

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal and state awards presents activity of all federal and state financial assistance programs of the Workforce Solutions Southeast Texas. All federal awards received directly from federal agencies and state and federal awards passed through state agencies are included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Financial Awards is presented using the modified accrual basis of accounting.

The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

Workforce Solutions Southeast Texas has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Code.

NOTE 3 - CONTINGENCIES

These federal and state programs are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowed expenditures, and affect the Workforce Solutions Southeast Texas' continued participation in specific programs. The amount of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Workforce Solutions Southeast Texas expects such amounts, if any, to be immaterial.

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

CORRECTIVE ACTION PLAN

For the Year Ended August 31, 2025

No corrective action plan needed.

WORKFORCE SOLUTIONS SOUTHEAST TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended August 31, 2025

There were no prior audit findings.