

May 10, 2013

Johnson County  
Ms. Laura Baxter  
2 N Main St Rm 215  
Cleburne, TX 76033-5500

Dear Ms. Baxter:

We have completed an operational audit of the Texas Association of Counties Unemployment Compensation Fund's (Fund) fiscal activities for calendar year 2012. As part of this audit we have determined the one-year reserve balance required to be maintained in your organization's individual account and have enclosed a report showing this balance and the claims and payments activity within your account for the years 2008 through 2012.

In accordance with the Fund's bylaws and the interlocal agreement between the Fund and your organization, monies held in your reserve account are invested and earnings from these investments are credited against the expense of operating the Fund, including costs of processing claims. Expenses for 2012 exceeded interest income. Therefore, a prorated portion, allocated according to the number of full time employees, of this additional expense charge is reflected on the Reserve Calculation Report as a negative figure under the Other column as Operating Expense.

**Based on these calculations, your account balance exceeds the minimum required one-year reserve by \$12,818.98**

The Fund's board of directors voted to allow members the option of receiving a refund for the amount exceeding the required balance, or retaining these funds on deposit to help avoid future deficit bills that may occur when claims are higher than expected.

**Please notify us by 5/24/2013 if you wish to keep these funds on deposit.**

If we do not receive your request to leave your funds on deposit by this date, a refund check will be mailed to you. To notify us return this letter by fax to 512-478-1426 with the signature and printed name of your county judge or contracting authority.

Johnson County elects to have the excess reserve funds retained by the Fund.

 (signature of county judge or contracting authority)

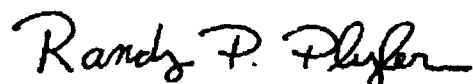
Roger Harman (printed name)

5-28-13

We continuously update our Fund coordinator information listing. If you are no longer the coordinator, or if the address to which we mailed this notice is incorrect, please let us know so we can correct our records.

If you have any questions, please call your Member Services Representative at 1-800-456-5974.

Sincerely,

A handwritten signature in cursive script that reads "Randy P. Plyler".

Randy P. Plyler, CIC, ARM, AAI  
Director, Risk Management Services

Enclosures