



Financial Reporting Updates

Accounting Policy Meeting
April 28, 2021

Financial Reporting Section
Fiscal Management Division

Agenda and Presenters



Being Informed on FMX

Presenter: **Gaby Needham**
financial reporting analyst

GASB Statement Updates

Presenter: **Michael Hensley**
financial reporting analyst

SEFA Frequently Asked Questions

Presenter: **Amber Copeland**
financial reporting analyst

Questions/Adjournment

Presenter: **Gaby Needham, Michael Hensley, Amber Copeland**
financial reporting analysts

Being Informed on FMX



Resources

- [FMX](#) —Fiscal Management’s website
 - ❖ **FMX Quick Links** flyout menu
- [FMXtra](#) — Fiscal Management’s weekly e-newsletter
 - ❖ How to subscribe
- [Accounting Policy Meetings](#) webpage
 - ❖ Agenda
 - ❖ Handout
 - ❖ Q&A’s

GASB Statement Updates



Implementation for Fiscal 2021

- GASB Statement No. 92, *Omnibus 2020*
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

GASB Statement Updates (Cont.)



GASB Questionnaires

- All agencies are required to complete and submit each GASB Questionnaire for each fiscal year.
- Questionnaires are available in Survey Monkey from **July 6** to **August 15**.
- Confirm or update your agency's point of contact.



GASB Statement Updates (Cont.)

GASB Questionnaires (Cont.)

- GASB 14/39/61/80/90 — *Component Units*
- GASB Statement No. 47, *Accounting for Termination Benefits*
- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*
- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*
- GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*

GASB Statement Updates (Cont.)

Effective for Fiscal 2022 (Sept. 1, 2021)

- GASB Statement No. 87, *Leases*
- Implementation Guide 2019-3, *Leases*



SEFA Frequently Asked Questions



SEFA Deadlines

- **Question:** Is my agency required to submit a SEFA each year?
- **Answer:** Yes. Your agency **must** enter and certify its SEFA **each** fiscal year in which your agency received federal revenue, regardless of whether the federal funds were:
 - ❖ Received directly from the federal government
 - ❖ Passed-through from a non-state entity (NSE)
 - ❖ Passed-through from another state agency (interagency pass-through)

Your agency *may* still certify its SEFA even if your agency had no federal direct or pass-through activity.



SEFA Frequently Asked Questions (Cont.)

SEFA Deadlines (Cont.)

- **Question:** When is my agency's SEFA due?
- **Answer:** The SEFA web application has three certification deadlines:
 - ❖ Sept. 1 – Initial Certification
 - ❖ Sept. 28 – Pass-through Certification
 - ❖ Nov. 1 – Final Certification
- **Question:** What happens if my agency misses a SEFA deadline?
- **Answer:** The Financial Reporting section will certify your agency's SEFA on your behalf.
 - ❖ The Financial Reporting section may request additional information.
 - ❖ The Financial Reporting section submits SEFA certification data to the State Auditor's Office (SAO).

SEFA Frequently Asked Questions (Cont.)



SEFA Deadlines (Cont.)

- **Question:** Will agencies get an extra day when the deadline falls on a weekend or a day when our agency is closed?
- **Answer:** No. All deadlines are final, regardless of where the day falls (on a weekend or holiday).
- **Question:** May I certify my SEFA early?
- **Answer:** Yes, but not until the prior SEFA certification deadline has passed (meaning the *initial certification* or *pass-through certification*).
 - ❖ The *initial certification* may not be completed until the SEFA web application is opened for current fiscal year entry.

SEFA Frequently Asked Questions (Cont.)



SEFA Deadlines (Cont.)

- **Question:** May our agency request an extension if our SEFA staff is on vacation or busy working on the AFR?
- **Answer:** No. All deadlines are final.
- **Question:** Where can I find more information about the SEFA certification deadlines?
- **Answer:** On the AFR Reporting Requirements' [SEFA – Timeline](#) page.

SEFA Frequently Asked Questions (Cont.)



Federal Pass-Through

Note: See [Federal Pass-Throughs](#) for additional information.

- **Question:** Why do agencies have to agree on how to report interagency pass-through?
- **Answer:** The state of Texas is viewed and reported as one entity, therefore:
 - ❖ Interagency pass-through must be eliminated from the SEFA.
 - ❖ Interagency pass-through revenue must be balanced with interagency pass-through expenditures.



SEFA Frequently Asked Questions (Cont.)

Federal Pass-Through (Cont.)

- **Question:** What happens if the recipient and disbursing agencies can't reach an agreement on how to record pass-through?
- **Answer:** This depends on the cause of the disagreement:
 - ❖ The disbursing agency determines the classification of funds:
 - Pass-through vs. contractor (vendor)
 - Federal vs. state
 - The portions of federal and state
 - ❖ The recipient agency determines the accruals.
 - ❖ Contact your financial reporting analyst if the disagreement persists.



SEFA Frequently Asked Questions (Cont.)

Federal Pass-Through (Cont.)

- **Question:** What should I do if I am the receiving agency and I didn't spend all federal pass-through revenue (that I received from the disbursing agency) by fiscal year-end?
- **Answer:** Record a federal expenditure accrual:
 - ❖ Initiate an ITV using an RTI (see [RTI Table 4](#)).
 - ❖ Return excess funds to the disbursing agency in the following fiscal year.
- **Question:** What if I need to record a federal expenditure accrual but the disbursing agency says it's too late for my agency to initiate the ITV?
- **Answer:** Record the federal expenditure accrual by initiating an ITV using an RTI.

Note: The recipient agency determines the accruals.

SEFA Frequently Asked Questions (Cont.)

Federal Pass-Through (Cont.)



- **Question:** What should I do if my agency recorded grant revenue as state pass-through, but the disbursing agency is now telling me that the funds were federal pass-through funds?
- **Answer:** The disbursing agency must provide a written request to change the nature of the funds from state to federal.
 - ❖ If the request is provided in **writing**, reclassify the revenue as federal pass-through revenue.
 - ❖ If the request is **not** provided in **writing**, do not reclassify the revenue, the original agreement stands.

SEFA Frequently Asked Questions (Cont.)



Federal Pass-Through (Cont.)

- **Question:** How should I record federal pass-through revenue from a non-state entity (NSE) in USAS?
- **Answer:** Direct federal revenue.
 - ❖ Use a direct federal revenue COBJ in USAS.
- **Question:** How should I record federal pass-through expenditures to an NSE in USAS?
- **Answer:** Direct expenditures.

SEFA Frequently Asked Questions (Cont.)



Notes to SEFA

- **Question:** Do I need to complete all SEFA notes?
- **Answer:** Your agency **must** complete all applicable SEFA notes.
 - ❖ Some notes require a response.
 - ❖ Required notes may be marked “N/A” if not applicable to your agency.
- **Question:** Where can I find out more information about each note and its requirements?
- **Answer:** On the [Notes to SEFA](#) page.
 - ❖ Use the left-hand submenu to navigate directly to instructions for each note.



SEFA Frequently Asked Questions (Cont.)

Notes to SEFA (Cont.)

- **Question:** Do I need to complete SEFA Note 1, Non-Monetary Assistance, if I already selected “non-monetary” in my SEFA record list?
- **Answer:** Yes. Use SEFA Note 1 to disclose additional information about the non-monetary assistance.

Note: See [Note 1: Nonmonetary Assistance](#) for more information.

- **Question:** How do I enter the name of the “other” deductions and additions in my agency’s SEFA Note 2 reconciliation? The web app is not letting me enter text in these fields.
- **Answer:** Contact your financial reporting analyst to have an “other” deduction or addition entered on your agency’s behalf.

Note: Agencies may not enter text in the “other” fields.

SEFA Frequently Asked Questions (Cont.)

Notes to SEFA (Cont.)



- **Question:** What should I do if the beginning loan balance in Note 3a or Note 3b is incorrect? The web application is not letting me change this number.
- **Answer:** Contact your financial reporting analyst if the ending balance of the loan was misstated in the prior year.
 - ❖ The beginning balance field of the current year automatically populates with the ending balance of the prior year.
 - ❖ Agencies cannot edit the beginning balances of the loans.

SEFA Frequently Asked Questions (Cont.)

Notes to SEFA (Cont.)



- **Question:** Should my agency complete Note 8 if we entered Disaster Grant – Public Assistance, CFDA 97.036 expenditures in our prior year’s SEFA but received the reimbursement from FEMA in the current year?
- **Answer:** No. SEFA Note 8 should only be completed when CFDA 97.036 expenditures satisfy **all** of the following criteria:
 - ❖ The agency incurred the eligible expenditures in a prior reporting period
 - ❖ FEMA approved the project worksheet in the current reporting period
 - ❖ The expenditures are recorded in the SEFA records for the current reporting period.

SEFA Frequently Asked Questions (Cont.)

Notes to SEFA (Cont.)

- **Question:** Do I need to complete all verification statements?
- **Answer:** Complete all **applicable** verification statements.
 - ❖ Use the textbox to provide additional details.



SEFA Frequently Asked Questions (Cont.)



Reports

- **Question:** How can I download a copy of my submitted SEFA Record List or SEFA Schedule 1A?
- **Answer:** The process varies by agency depending on the browser and firewall settings.
 - ❖ SEFA Record List or SEFA Schedule 1A can be:
 - Printed as a PDF and saved
 - Downloaded as an Excel file
 - ❖ To download the reports in Excel:
 - Save the SEFA Record List or SEFA Schedule 1A as an HTML file
 - Open the HTML file in Excel
 - ❖ Contact your financial reporting analyst if you have trouble generating these reports.
 - ❖ The Financial Reporting section is looking into integrating a reporting feature for agencies within the SEFA web application.



SEFA Frequently Asked Questions (Cont.)

Reports (Cont.)

- **Question:** When was the most recent SEFA submitted to the Office of Management and Budget (OMB) Federal Audit Clearinghouse (FAC)? Where can I find this information?
- **Answer:** The Fiscal 2020 SEFA was received by the FAC **March 18, 2021** as part of the State of Texas Single Audit package.

This information can be found in the FAC's [Search for Single Audits](#) webpage by:

- ❖ Clicking the **General Information** menu.
- ❖ Selecting the desired fiscal year.
- ❖ Entering **State of Texas** in the Auditee Name field.
- ❖ Clicking the **Search** button at the bottom of the page.

SEFA Frequently Asked Questions (Cont.)



Reports (Cont.)

- **Question:** Where can I get a copy of the statewide SEFA for the prior fiscal year?
- **Answer:** The statewide SEFA is included in the State of Texas Federal Portion of the Statewide Single Audit Report, which is available from the [State Auditor's Office Reports](#) webpage.

The [State of Texas Summary of Federal Expenditures by State Agency](#) page is updated each May with agency federal expenditure information from the prior fiscal year.

SEFA Frequently Asked Questions (Cont.)



COVID-19 Reporting Updates

- **Question:** Why did some of the Fiscal 2020 SEFA reporting guidance change after fiscal year-end close?
- **Answer:** Federal guidance and compliance requirements changed after fiscal year-end.
- **Question:** Will the COVID-19 indicator (“C” in batch entry or “COVID-19” selected for individual records) continue to be required in the Fiscal 2021 SEFA?
- **Answer:** Yes.

SEFA Frequently Asked Questions (Cont.)

COVID-19 Reporting Updates (Cont.)



- **Question:** For Fiscal 2021, are agencies that received Higher Education Emergency Relief Fund (HEERF) and other Education Stabilization Fund awards under CFDA 84.425 required to include the letter after the CFDA in SEFA?
- **Answer:** Yes. The Comptroller is currently working on updates to the SEFA web application.
- **Question:** How should agencies report lost and foregone revenue in the Fiscal 2021 SEFA?
- **Answer:** Report the lost or foregone revenue in the SEFA record list.
 - ❖ Going forward, lost or foregone revenue is considered an incurred cost.
 - ❖ See the updated [COVID-19 and the CARES Act](#) reporting requirements.

SEFA Frequently Asked Questions (Cont.)



Training and Follow-Up

- **Question:** Will the Comptroller's office resume in-person SEFA training this year?
- **Answer:** The Financial Reporting section will offer live classes at the Southcliff building on a very limited basis starting in late summer.
- **Question:** What SEFA training will be available for Fiscal 2021?
- **Answer:** The Comptroller is currently finalizing a SEFA web-based training, which may be available this summer.
 - ❖ The Financial Reporting section is also considering the feasibility of offering a live virtual training.

SEFA Frequently Asked Questions (Cont.)

Training and Follow-Up (Cont.)



- **Question:** Will the web-based training offer CPE credit?
- **Answer:** Not in Fiscal 2021. The course *may* offer CPE in future fiscal years.
- **Question:** How can I get a response to a question not listed in this policy meeting?
- **Answer:** Ask the question in this presentation's Q&A toolbox or contact your financial reporting analyst.



Upcoming Webinars

- Wednesday, **May 19**
2:00 – 4:00 p.m. (CDT)
- Wednesday, **July 14**
2:00 – 4:00 p.m. (CDT)
- Wednesday, **Aug. 18**
2:00 – 4:00 p.m. (CDT)

Questions?



If you have financial reporting questions, contact your agency's [financial reporting analyst](#).