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# Financial Reporting Updates

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**Accounting Policy Meeting**  
**July 20, 2023**

**Financial Reporting Section**  
**Fiscal Management Division**

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# Agenda and Presenters

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## State of Texas Travel Contracts & Exceptions to the Use of Contract Travel Services

Presenter: Annalisa Bossoni  
expenditure assistance program specialist

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## Updates to AFR Reporting Requirements/New GASB Pronouncements

Presenter: Lisa Parks  
financial reporting analyst

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## Financial Reporting Due Date Reminders & Upcoming Changes

Presenter: Megan Toliver  
financial reporting analyst

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## TINS ACR #60547 – TINS Edits

Presenter: Franny Villareal  
payment services team lead

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## Questions/Adjournment

Presenter: Payment Services, Expenditure Assistance and Financial Reporting sections  
Presenters: fiscal management staff

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# Staying Informed on FMX



## Resources

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

# State of Texas Travel Contracts



## State Travel Management Program (STMP)

- Negotiates statewide contracts with travel vendors.
- Obtain discounted travel services.
- Conservation of funds (see [Texas Government Code, Section 660.007](#)).
- Need to contact [STMP Customer Service](#)?
  - ❖ Email: [stmp@cpa.texas.gov](mailto:stmp@cpa.texas.gov)
  - ❖ Phone: (512) 463-3435

For more information, see the [STMP web page](#).

# Current Travel Contract Vendors



## ➤ Airlines

- ❖ American Airlines
- ❖ Delta Air Lines
- ❖ Southwest Airlines

Contract term: Sept. 1, 2020 – Aug. 31, 2023

## ➤ Hotels

- ❖ Hotel Engine

Contract term: Oct. 1, 2018 – Sept. 30, 2023

## ➤ Rental Cars

- ❖ Enterprise Rent-A-Car/National Car Rental
- ❖ The Hertz Corporation

Contract term: Dec. 1, 2022 – May 21, 2025

## Current Travel Contract Vendors (Cont.)



### ➤ [State Payment and Travel Card](#)

- ❖ Citibank
- ❖ See [FPP A.043](#) for information on processing third-party transactions in USAS for payment/travel cards (login required).

Contract term: Sept. 1, 2023 – Aug. 31, 2024

### ➤ [Travel Agency](#)

- ❖ National Travel Systems, LP

Contract term: June 1, 2023 – May 31, 2024



# Exceptions to the Use of Contract Travel Services



## 34 Texas Administrative Code Rule §5.22

Each state agency may allow its employees to use travel services other than contract travel services **only** if one or more of the exceptions in rule [5.22](#) apply:

- (b) Lower overall cost of travel
- (c) Unavailability of contract travel services
- (d) Special needs
- (e) Custodians of persons
- (f) In travel status
- (g) Group program
- (h) Emergency response
- (i) Legally required attendance

# Reporting Requirement Changes – GASB 94 & 96



## Resources

- FMX's [Reporting Requirements for the Annual Financial Reports](#) website.
- [GASB Statement No. 94](#), *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (PPPs and APAs).
- [GASB Statement No. 96](#), *Subscription-Based Information Technology Arrangements* (SBITAs).
- [Accounting Policy Meetings](#) on FMX:
  - ❖ Agenda
  - ❖ Handout
  - ❖ Q&As



# Tabs Affected



- Leases/SBITAs (updated tab)
- Capital Assets
- Notes & Samples

Reporting Requirements for the  
**Annual Financial Reports**  
of State Agencies and Universities

Home	General Accounting	USAS	Suspense Funds	CIST/Shared Funds	General Revenue Reconciliation	Capital Assets
Leases/SBITAs	Interfund Activity	Pass-Through Activity	SEFA	Notes & Samples	Universities	Global Certification

## Updated Leases/SBITAs Tab



- GASB 87 — *Leases* & GASB 96 – *SBITAs*
- Definitions
- USAS entries
- Examples
- Remeasures
- Modifications & Terminations
- Contains more information:
  - ❖ Interest Rates
  - ❖ Capitalization Thresholds
  - ❖ Multiple Components (combineations) Contracts
  - ❖ Short-Term Contracts
  - ❖ Leases — Recognitions and Measurements
    - For Lessees
    - For Lessors
    - Remeasurements
    - Modifications and Terminations

## Updated Leases/SBITA Tab (Cont.)



- ❖ Leases — Special Transactions
  - Sale Leaseback
  - Lease Leaseback
  - Sublease
  
- ❖ Leases — Exceptions
  - Certain Regulated Leases
  - Transfer Ownership Contracts
  
- ❖ Subscription-Based IT Arrangements (SBITA)
  - Recognition and Measurements
  - Stages of Implementation
  - Modifications and Terminations

# Public-Private and Public-Public Partnerships (PPP)



GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, is **superseded** by GASB 94.

- The definition of an SCA did not change.
- An SCA is a special type of PPP.
- Three scenarios — PPP arrangements for:
  - ❖ An existing asset.
  - ❖ A new or improved asset for a PPP that is an SCA.
  - ❖ A new or improved asset for a PPP is **not** an SCA.

For more information on PPPs, see [Note 27 — Service Concession Arrangements](#).

# Availability Payment Arrangements (APAs)



APAs are a way to procure a capital asset or a service.

Two scenarios:

- **Financed Purchase** — relates to designing, constructing and financing a capital asset.
  - ❖ Example: building a new bridge
  - ❖ Disclose in [Note 5 – Long-Term Liabilities](#)
- **Payment for Services** — related to operating or maintaining an asset.
  - ❖ Example: operating a university bookstore

## Notes & Samples Tab



Changes to the Note 2 – Capital Assets navigation menu:

### Note 2 – Capital Assets

Summary of Changes in Capital Assets

Instructions for the CANNS Web Application

SPA Capital Assets Reports

Sample

- Updated the summary of changes.
- Added the RTU subscriptions.
- Updated the CANSS instructions.
- Updated the sample.



## Notes & Samples Tab (Cont.)



### Changes to the Note 5 – Long-Term Liabilities navigation menu:

- Added new GL accounts for SBITAs.
- Added USAS entries.
- Add APAs.
- Updated the instructions for LTLN.
- Updated the sample.

#### Note 5 – Long-Term Liabilities

USAS Transaction Entries

Reporting Long-Term Liabilities

Notes and Loan Payable

Claims & Judgments

Employee Compensable Leave

Compensable Leave Methodology

Bonds Payable

Leases/SBITAs

Liabilities Payable from Restricted Assets

Pollution Remediation Obligations

Certain Asset Retirement Obligations

Direct Borrowings and Direct Placements

Pledged Future Revenues

Instructions for the LTLN Web Application

Sample

## Notes & Samples Tab (Cont.)



Changes to the **Note 8 – Leases/SBITAs** navigation menu:

### Note 8 – Leases/SBITAs

Leesessees

Lessors

Lessors – Regulated Leases

Subscription-based IT Arrangements

Instructions for the LNSS Web Application

Sample

- Added required disclosures for Leases & SBITAs.
- Updated the instructions for LNSS.
- Updated the sample.

# Changes in the Right-hand Toolbox



## Resources

[Agency Fiscal Year-End USAS Adjustments and AFR Checklist](#)  
[FAQs](#)  
[Definitions](#)  
[Appendices](#)

## Tools

[Templates & Sample Exhibits](#)  
[Working Papers](#)  
[AFR Web Applications](#)  
[AFR Ad Hoc Review Reports](#)

## Resources

- Updated FAQs to include implementation of GASB 94 & 96.
- Updated the Definitions page.
- Added Appendices (for 2023).

## Tools

- Updated Templates & Sample Exhibits.
- Updated Working Papers.

# Working Papers for USAS Entries



## Annual Financial Report Working Papers

- Grouped by Subject Matter:
  - ❖ GCA Closing Package
  - ❖ AFR Year-End
  - ❖ Capital Asset Basis Conversion
  - ❖ Fund Balance/Net Position
  - ❖ GR Reconciliation
  - ❖ Leases/SBITAs
  - ❖ Long-Term Liability BC and BTA
- Long-Term Liabilities BC instructions.
- Long-Term Liabilities Proprietary Funds instructions.

# AFR Web Applications



Updated the following AFR web applications:

- [Capital Asset Note Submission System \(CANSS\)](#)
- [Long-Term Liability Note \(LTLN\)](#)
- [Lease Note Submission System \(LNSS\)](#)

## AFR Web Applications (Cont.)



### CANSS

Select the **type of asset** by choosing either:

- Capital Asset
- Intangible Right to Use Asset:
  - ❖ Intangible RTU Assets (Leases & Subscriptions).
  - ❖ Amortization of Intangible RTU assets.
- Reports:
  - ❖ Capital assets reports.
  - ❖ Intangible right to use assets reports.
- Certification:
  - ❖ All disclosure screens must be populated.
  - ❖ USAS ending balances must reconcile to CANSS.

For more information, see the AFR's [Capital Assets](#) page and the [Instructions for the CANSS Web Application](#).



## AFR Web Applications (Cont.)



### LTLN

- Long-term liability disclosures include RTU Lease and SBITA Obligations.
- Double check matching information:
  - ❖ Bond Reporting System (BRS)
  - ❖ Leases Note Submission System (LNSS)

Available data entry fields include:

- Additions
- Reductions
- Other Changes
- Due Within One Year

For more information, see AFR's [Instructions for the LTLN Web Application](#).

## AFR Web Applications (Cont.)



### LNSS

- New SBITA disclosures:
  - ❖ Right to Use Subscription Debt Service.
  - ❖ See [Note 8 — Leases/SBITAs](#) for disclosure requirements.
- New reports:
  - ❖ Right to Use Subscription Debt Summary Report.
  - ❖ Right to Use Subscription Debt Detail Report.

For more information, see AFR's [Instructions for the LNSS Web Application](#).

# AFR Annual Due Date Reminders and Upcoming Changes



## Reporting Requirements Toolbox

Use AFR's right-hand toolbox menu to access additional information.

In the **References** section:

- [Contact Information](#)
- [Deadlines](#)
- [AFR Submission Method](#)
- [Submission Requirements](#)' submenu contains:
  - ❖ [GR Consolidated Agencies \(GCA\)](#)
  - ❖ [Full Reporting Agencies \(FRA\)](#)
  - ❖ [Agencies that do not issue Stand-Alone or Audited AFRs](#)
  - ❖ [Agencies that issue Stand-Alone or Audited AFRs](#)

## Reporting Requirements Toolbox (Cont.)



In the **Resources** section:

- [Agency Fiscal Year-End USAS Adjustments and AFR Checklist](#)
- [FAQs](#)
- [Definitions](#)
- [Appendices](#)

In the **Tools** section:

- [Templates & Sample Exhibits](#)
- [Working Papers](#)
- [AFR Web Applications](#)
- [AFR Ad Hoc Review Reports](#)

# GCA Requirements



Each **GCA** is responsible for:

- Making any necessary entries to ensure USAS accurately reflects the agency's financial position.
- Completing the [GCA Closing Package \(Excel\)](#) file.
  - ❖ Submitting the GCA Closing Package to [frs@cpa.texas.gov](mailto:frs@cpa.texas.gov) by close of business on **Sept. 15**.
- Submitting all applicable notes and schedules and certifying through the various AFR web applications.
- Submitting completed AFR by **Oct. 1**.
- Submitting independent auditor's financial report by **Dec. 20** (if applicable).

For more information, see the submission requirements for [GR Consolidated Agencies](#).

## FRA Requirements



Each **FRA** is responsible for:

- Making any necessary entries to ensure USAS accurately reflects the agency's financial position.
- Submitting all applicable notes and schedules and certifying through the various AFR web applications.
- Performing fluctuation analysis and providing explanations for why variances occurred.
  - ❖ [FMQuery – SIRS Main Menu](#) provides USAS Fluctuation Analysis (**five** reporting categories are available, each with various drop-down menus).
- Submitting completed AFR by **Nov. 20**.
- Submitting independent auditor's financial report by **Dec. 20** (if applicable).

For more information, see the Submission Requirements for [Full Reporting Agencies](#) (FRA)



# Due Date Changes Effective for Fiscal 2024



[H.B. 4510](#), 88th Legislature, Regular Session, amended [Texas Government Code, Section 2101.011](#). Changes include:

- Unaudited AFRs are due **Nov. 1**.
- Higher Education AFRs are due **Nov. 20**.
- Audited AFRs are due **Dec. 15**.

**Note:** To prepare for earlier deadlines in fiscal 2024, all agencies should assess internal processes for efficiency.

- **Fiscal 2023** reports are due in the fall of 2023:
  - ❖ No change in the due dates/deadlines.
  - ❖ Follow the AFR [Deadlines](#) currently listed.
- **Fiscal 2024** reports are due in the fall of 2024.
  - ❖ New due dates/deadlines will apply.
  - ❖ ***Deadlines to be determined:*** All current submission deadlines are subject to change.

## Due Date Changes Effective for Fiscal 2024 (Cont.)



Audited AFRs are due **Dec. 15**:

- [List of Agencies with independent Audits Required by Statute](#) – letter is not required.
- If an agency **chooses** to undergo a non-statutorily required financial statement audit for its AFR, the agency must:
  - ❖ Submit its intention to do so with a signed letter from the executive director on agency letterhead.
  - ❖ Letter will state the agency's intention of undergoing the audit and submit the name of the CPA firm that will be conducting the audit.
  - ❖ Letter is due to [frs@cpa.texas.gov](mailto:frs@cpa.texas.gov) by close of business on **Sept. 15** of each fiscal year.

**Note:** Failure to complete intended audit will result in an out-of-compliance audit finding — and future requests will **not** be granted.

## AFR Ad Hoc Review Reports



*AFR Ad Hoc Review Reports* are electronically transmitted **daily** to each agency Sept 2 through Nov. 20:

- Transmitted with DAFR reports.
- Located behind Ad Hoc reports banner page (cover page).
- Displays exceptions that must be corrected during AFR preparation.

**Note:** Most reports tie to the [GR Reconciliation](#) web application.

- Each report contains a footer explaining its purpose.

See the [AFR Ad Hoc Review Reports](#) for a list of reports included in the daily transmissions.

## AFR Ad Hoc Review Reports (Cont.)



Reports are manually generated each weekday afternoon, rather than system-generated during nightly USAS cycle.

- Transactions entered in USAS **after 2 p.m.** may not appear on the Ad Hoc reports until two days later.

**Example:** A transaction entered at 2:30 p.m. on Monday may not appear on Tuesday's report — but will appear on the report received on Wednesday.

- Each day's information is superseded on the next business day's report transmissions.

**Note:** Agencies may save or print their report transmissions.

# Common AFR Issues to Avoid



## AFR Web Application Certifications

- ALL agencies are required to submit a certification within each AFR web application by the applicable due dates – **even if there is no activity**.

**Exception:** No certification is required in SEFA if the agency has no activity.

- AFR web applications with multiple certifications:
  - ❖ CNRC has **three** certifications (Disclosure, USAS and Global).
  - ❖ SEFA has **three** certifications (Initial, Pass-thru and Final).
  - ❖ SPTR has **two** certifications (Initial and Final).
- All AFR web applications are open for current fiscal year entry no later than **Sept. 1**.



## Common AFR Issues to Avoid (Cont.)



### Interagency Activity

- Coordinate amounts with other agencies and enter all interagency activity in USAS **before Sept. 26.**

See AFR's [Interfund Activity Confirmation Form](#).

- This coordination applies to transfers, due from/due to, federal grant pass-throughs and state grant pass-throughs.

### Note Submissions

- Do **NOT** submit a note to indicate “not applicable.”
- Only upload notes with information.

**Exception:** All FRAs must submit a fluctuation analysis in ONDSS.



## Common AFR Issues to Avoid (Cont.)



### AFR Checklist

- See [Agency Fiscal Year-End USAS Adjustments and AFR Checklist](#) available in AFR's right-hand toolbox.
- The checklist's submenu is expanded and reveals the 12-step submenu — so each step can be viewed individually.
  - ❖ Examples of items to resolve:
    - Clear IT file of any transaction with an effective date prior to Sept. 1, 20CY.
    - Eliminate system clearing.
    - Clear default funds.

**Exception:** All FRAs must submit a fluctuation analysis in ONDSS.

## GASB Questionnaires



Each fiscal year, all agencies (GCAs and FRAs) are required to complete and submit **every** GASB Questionnaire.

- See AFR's [GASB Questionnaires](#) page.
- GASB Questionnaires are due on or before **Aug. 15** each fiscal year.

## TINS Resources



Available on the ***TexPayment Resources*** website:

- [Introduction to Payee Setup and Maintenance](#)
- [Forms – Payee Setup & Maintenance](#)
- [Introduction to Warrant Hold](#)

# TINS System Changes



## New TINS Edits and Process Improvements

Application Change Request (ACR) **60547**:

- Error messages will generate and include non-processed records with error codes and descriptions on agencies' daily TINS reports.
- Agencies now have the capability of submitting a payee setup and direct deposit setup for the same TIN on the same day's batch file.
- Agencies now have access to the address override indicator via the online process.
- New edits for invalid charter numbers that are required for ownership types: **T=Texas corporation; L=Texas limited partnership; A=professional association; C=professional corporation.**
- Reduced the need to submit a Payee Change Request to Payment Services.

## TINS System Changes (Cont.)



### Use System Reports to Your Advantage

Available on the TexPayment Resources website:

- [CSV File: Processed, Non-Processed and Dropped Transactions](#)
  - ❖ System output reports are generated daily for the paying agency and are available for agencies to download.
- [Report Titles and Numbers](#)
  - ❖ TINS 84104A — Non-processed/Warning Payee Maintenance Transactions Report.
  - ❖ TINS 84104W — Payee Maintenance Transactions With Warnings Only Report.

## Warrant Hold Statute Update



[H.B. 2691](#), 88th Legislature, Regular Session, updated Texas Government Code, Section 403.055.

Sec. 403.055(g)(1) requires hold source agencies to provide notification to their debtors that their state debts have been reported to the Comptroller's office.



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## Upcoming Meetings

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### Next Accounting Policy Webinar:

- Thursday, **Aug. 17**  
2–4 p.m. (CDT)

## Questions?



If you have financial reporting questions, contact your agency's assigned:

- [Financial reporting analyst](#)
- [Appropriation control officer](#)