

# **Financial Reporting Updates**

Accounting Policy Meeting Aug. 15, 2024

Financial Reporting Section
Fiscal Management Division

# **Agenda and Presenters**



#### **SPA Threshold Increase**

Presenters: Shirley Perry & Vanessa Heckert

SPA analysts

#### **LeaseQuery Reports Overview**

Presenter: David Haecker

financial reporting supervisor

#### **New USAS General Ledger (GL) Accounts**

Presenter: Megan Toliver

financial reporting assistant supervisor

#### **General Revenue Reconciliation Automation**

Presenter: Shelly Arnold

CPA, special projects analyst

#### **Questions/Adjournment**

Presenters: Financial Reporting section & SPA analysts

# **Being Informed on FMX**



#### Resources

- > FMX —Fiscal Management's website
  - What's New? on FMX (available on the home page and topic pages). FMX's "What's New" Archive tab includes everything that's been posted to What's New? for the past two years so you never have to worry about missing something.
  - FMX Quick Links flyout menu shortcuts.
- FMXtra Fiscal Management's weekly FMXtra e-newsletter. Sign up or Manage your FMXtra subscription and stay up-to-date on policies, procedures and other important information from Fiscal Management.
- > Accounting Policy Meetings, each including:
  - Registration (to attend meetings via Webex)
  - Agenda
  - Meeting Materials (PDF)
  - Q&A's (posted a month or so after the meeting, if applicable.)
- > Reporting Requirements for the Annual Financial Reports of State Agencies and Universities (FPP A.036)

## **SPA Threshold Increase**



➤ Effective Sept. 1, 2024 (fiscal 2025), the capitalization threshold increases.

Note: Title 2 of the Code of Federal Regulations (CFR)

Only <u>AFR Categories</u> 4 (Furniture and Equipment) and 5 (Vehicles, Boats and Aircraft) are affected.

Note: Threshold increases from \$5,000 to \$10,000

> SPA Controlled Class Codes will increase from \$500-\$4,999.99 to \$500-**\$9,999.99**.

**Note:** This does not affect the controlled class codes 106 (Hand Guns) and 107 (Rifles and Shotguns), which remain controlled at any cost.

SPA and CAPPS will make the update — no action is required by agencies.

**Note:** If your agency is not on CAPPS or SPA, you must make adjustments to your systems.

## **Reporting Requirement Changes – GASB 100**

- > GASB 100 no longer allows for prior period adjustments.
- > Changes are reported **prospectively** by recognizing the change in the reporting period in which the change occurred.
- This provides authority for there being no adjustments to prior threshold amounts.

# **Annual Certification of Physical Inventory**



- > Form 73-283
- ➤ Each year, every state agency must conduct a physical inventory of the trust, capitalized, and controlled personal property assets in the agency's possession (excluding libraries, e-books and software).
- The physical inventory must be completed each fiscal year by Aug. 31.
- > The inventory must be performed and certified to the Comptroller's office no later than the earliest of either:
  - ❖ 45 days after the date the inventory is completed.
  - ❖ 20 days after the last day of the fiscal year (Sept. 20).
- Retrieve the CERT\_PHYINV report known as the list of Property Inventoried Annually (See <u>Daily Generation of SPA</u> <u>Ad Hoc Reports (FPP N.009)</u> [login required]). The report:
  - Shows asset detail in property number order. Includes capitalized, controlled and trust property.
  - ❖ Is used to complete form 73-283.

#### **SPA Resources**

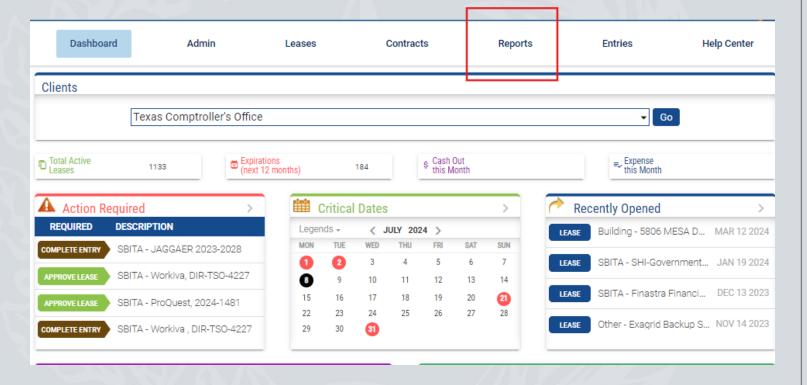


- > SPA Process User's Guide
- Appendix A Class Codes, AFR Categories and Controlled Class Codes
- Appendix C Disposal Methods
- > SPA Fiscal Year-End Close Process
- Chapter 2 General Policies Certification of Physical Inventory
- > SPA analysts:
  - vanessa.heckert@cpa.texas.gov
  - shirley.perry@cpa.texas.gov

# **LeaseQuery Reports Overview**

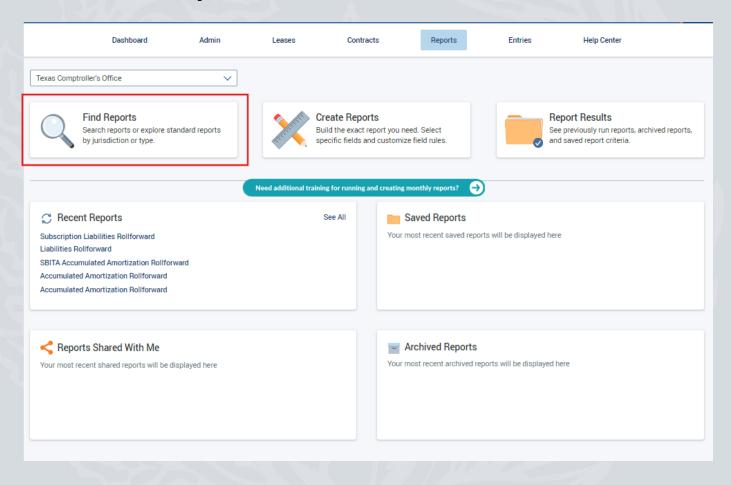


To navigate to the available reports in LeaseQuery, select the **Reports** tab on the home page.





To access the standard reports provided by LeaseQuery, select **Find Report**.

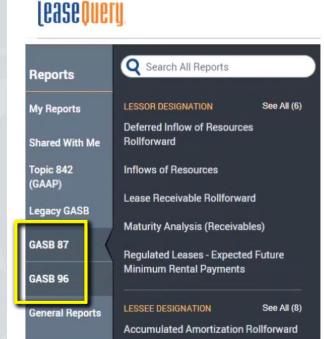




Choose between **GASB 87** (Leases) and **GASB 96** (SBITA) in the left-hand *Reports* column.

#### **GASB 87 Reports are grouped by:**

- Lessor Designation used when agency is collecting rental payments.
- Lessee Designation used when agency is making payments for rental of equipment or facilities.
- Lessee & Lessor used when there is a leaseback scenario.

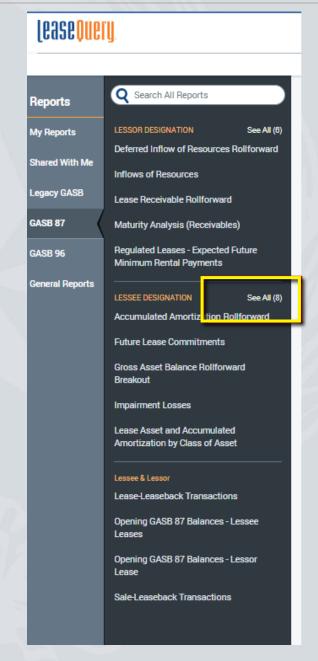


GASB 96 reports are only in one group. These reports are very similar to GASB 87 (Lessee Designation).



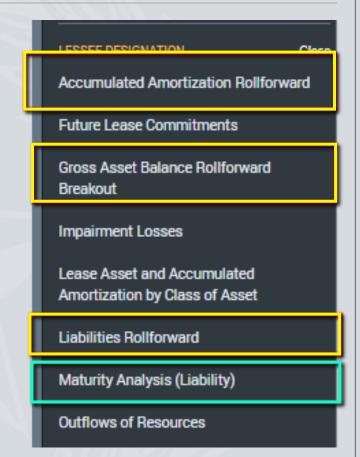
Initially, only 5 reports are displayed under the *Lessee Designation*.

Select **See All** to view additional standard reports.



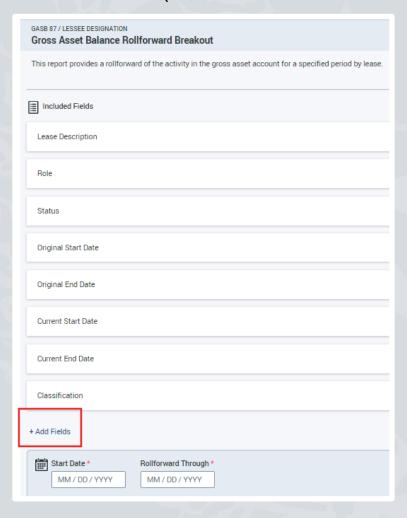


- Four reports are required in order to complete note disclosures and create AJE:
  - Gross Asset Balance Rollforward
  - Accumulated Amortization
  - Liabilities Rollforward
  - Maturity Analysis (Liability)
- ➤ The three *rollforward* reports require the date range to be the fiscal year date range (*for example, fiscal 2024 is entered as 09/01/2023 08/31/2024*).
- ➤ The maturity analysis report date uses the first month of the fiscal year being reported (fiscal 2024 is entered as 09/2024).





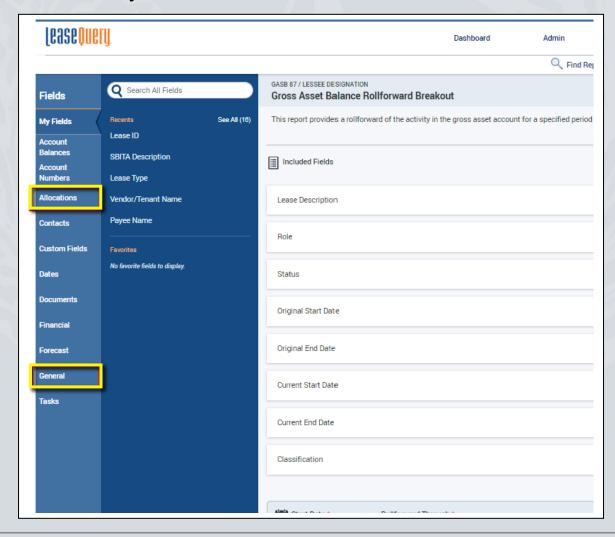
To add additional fields to your report, select **Add Fields** (located near the bottom left).



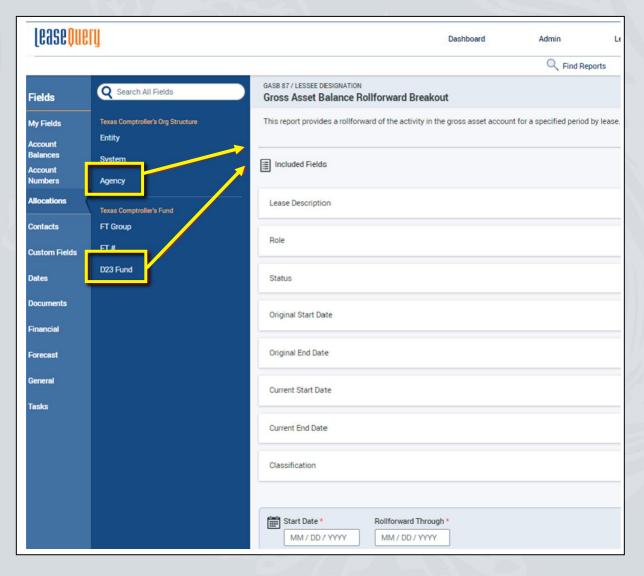


#### Within the Fields column, under:

- > Allocations, you will find the agency and D23 fund.
- > General, you will find Lease ID.



Drag and drop and additional fields into **Included Fields** area. The order of the selected fields can be changed.



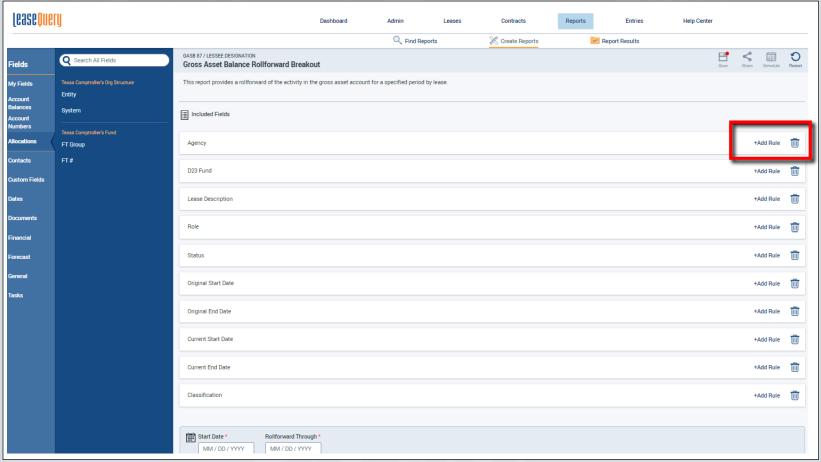






Each of the identified **Included Fields** allows for a Rule to be added.

Use the **+Add Rule** drop-down menu to select items to be added/included.



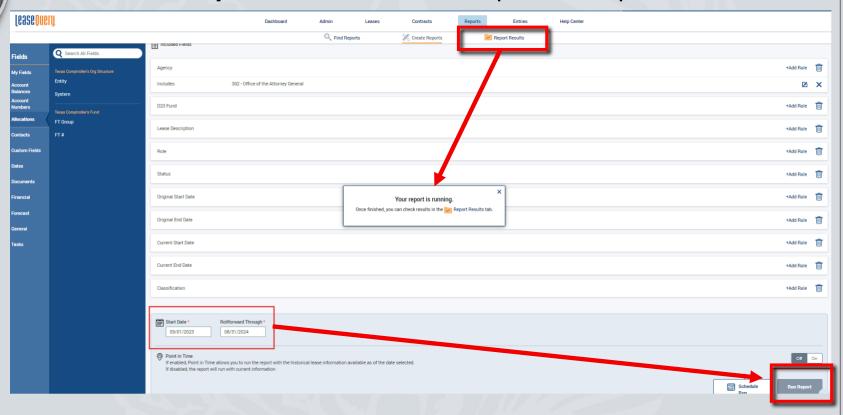
After adding a rule, you must select **Save**.



LeaseQue	ry.		Dashboard	Admin	Leases	Contracts	Reports	Entries	Help Center		
				Q Find Rep	orts	Create Reports	<mark>≥</mark> R	eport Results			
Fields	Q Search All Fields	GASB 87 / LESSEE DESIGNATION Gross Asset Balance Rollforwa	ard Breakout							Share Schedul	le Restart
My Fields Account Balances	Texas Comptroller's Org Structure Entity System	This report provides a rollforward of the	activity in the gross asset account	for a specified period t	oy lease.						
Account Numbers Allocations	Texas Comptroller's Fund FT Group	Agency								+Add Rul	e 🛅
Contacts	FT#	Includes	302 - Office of the Attorney General	al X							×
Custom Fields Dates		Save									
Documents		D23 Fund								+Add Rul	e 📋
Financial		Lease Description								+Add Rul	e iii

After entering date range for the report:

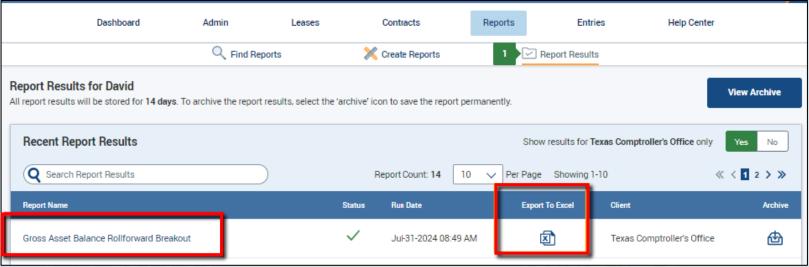
- > Select Run Report.
- > Select **Report Results** to view/export the report.





You can view the report by either:

- > Selecting the name of the report to display.
- Selecting Export To Excel for the report and then view the report natively in Excel.

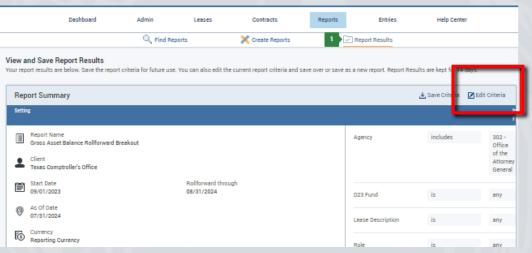




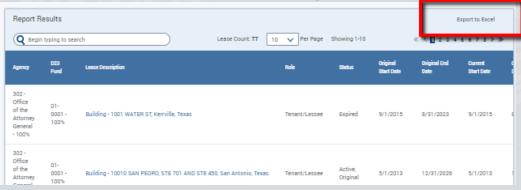


When viewing the report, you can see the criteria that was selected.

Select Edit Criteria to modify the criteria and re-run the report (if needed). The report allows you to scroll left and right and move back and forth between pages.



> You can also choose to Export to Excel.





- > Reports needed to complete CANSS (Note 2):
  - **❖** GASB 87
    - Gross Asset Balance Rollforward
    - Accumulated Amortization Rollforward
  - **❖** GASB 96
    - Gross Subscription Asset Balance Rollforward Breakout
    - SBITA Accumulated Amortization Rollforward
- > Reports needed to complete LTLN (Note 5):
  - **❖** GASB 87
    - Liabilities Rollforward
  - **❖** GASB 96
    - Subscription Liabilities Rollforward
- > Reports needed to complete LNSS (Note 8):
  - **❖** GASB 87
    - Maturity Analysis (Liability)
  - **❖** GASB 96
    - Subscription Maturity Analysis

# **New USAS General Ledger (GL) Accounts**



Portions of GASB 99 (implemented in fiscal 2024) pertain to derivative instruments and termination of hedge accounting. For more information, see:

- > GASB Statement No. 99, Omnibus 2022
- > Pronouncements on GASB's website.

#### **Derivative Instruments**

- > Amendment to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments
- > Investment derivative instruments
- > Hedging derivative instruments
- ➤ Other derivative instruments (a derivative instrument that was intended to be a hedge but does not meet the hedge effectiveness criteria is neither an investment derivative instrument nor a hedging derivative instrument.)

## New USAS General Ledger (GL) Accounts (Cont.)





General Ledger (GL) Account Description	Investment Derivative Instruments – USAS GL Numbers	Hedging Derivative Instruments – USAS GL Numbers	Other Derivative Instruments – USAS GL Numbers
Current Asset	0059	0170	0186
Basis Conversion Current Asset	0559	0570	0586
Noncurrent Asset	<b>0105</b> and <b>0480</b> (restricted)	0481	0486
Basis Conversion Noncurrent Asset	0705	0781	0786
Current Liability	1142	1143	1148
Basis Conversion Current Liability		1543	1548
Noncurrent Liability	1470	1471	1378
Basis Conversion Noncurrent Liability		1971	1978

General ledger accounts for **Other Derivative Instruments** are **new** for fiscal 2024.





## **Termination of Hedge Accounting**

If a termination event\* occurs, the balance of the deferred outflow of resources or deferred inflow of resources should be reported on the resource flows statement separately from the investment revenue classification.

\*events as described in paragraphs 22(a)–(d) and 22(f) of GASB 53, as amended.

GL account 4845 is new for fiscal 2024.

GL Account Description	USAS GL Numbers	Financial Statement
Increase/(Decrease) Upon Hedge Termination	4845	Statement of Cash Flows

For more information, see Note 7 – Derivative Instruments.

# **General Ledger Reminders**



#### **GASB Questionnaires**

- > **Due today** (Aug. 15, 2024)
- All agencies must complete and submit every GASB questionnaire each fiscal year.

## **Web Applications**

- > Opened for fiscal 2024 on July 1, 2024
- > Request access through your agency's security coordinator
- All agencies must submit a certification within each web application by the applicable due date – even if there is no activity.

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

#### **Note Submissions**

Do NOT upload a document to indicate "not applicable."

#### **General Revenue Reconcilation Automation**



#### **Beginning Balances**

- > Ending prior year (PY) ACFR balance imported from USAS
- Legislative Appropriations (PY Ending Asset Balance)
  - ❖ <> to PY on agency AFR ACFR AJE
  - May need a restatement to agency's internal AFR
  - All column beginning balances cover PY FISCAL activity
  - CY Legislative Revenues covers current year fiscal

Column	Purpose	Benefit	Appropriation Years (AYs)	COBJ Activity
В	Summary of the Fund 0001 activity	Base Appropriations	All active open AYs	Based on agency
С	Reconcile and report legislative revenue	OASI	91142 — All open AYs	9420/9421
D	Reconcile and report legislative revenue	Retirement	90327/91327/94327 — All open AYs	9435/9436
Е	Reconcile and report legislative revenue	ORP	97646 — All open AYs	9565
F	Reconcile and report legislative revenue	Insurance/SKIP	98327/99327 — All open AYs	9425/9426
G	Reconcile and report legislative revenue	GIP (UT/TAMU only)	95002 — All open AYs	9570
Н	Reconcile and report legislative revenue	BRP (agency only)	23102 — All open AYs	9440/9442
I	Reconcile and report legislative revenue	Salary Increase	28901/38901	9445/9447

## **Updates on GR Recon Automation (Cont.)**

## **Beginning Balances (Cont.)**



#### Agency XXX — Sample Agency Fund Type 01/05

#### Columns B-I:

В	С	D	E	F	G	Н	I
Direct	OASI	ERS/TRS Retirement	ORP (Article III only)	Insurance (HE non self- insured only)	GIP (HE self- insured only)	BRP (Agency only)	Salary/Longevity Increase
201A 201N 203	206	206	206	206	223	202 202A	201A 203

Calculation I — return excess or draw more

Calculation II — must tie to 62 Screen for BTs 15, 16, 17.

#### Columns J-M:

J	K	L	M
Other	Calc per Source	Adjustments	Amount as Adjusted
201N 203		Operating Statement	

Calculation I — if not swept or transferred to 902 before Aug. 31, contact your appropriation control officer. Calculation II — must ties to 62 screen Appropriation Cash Available at Aug. 31.

# **Common Elements for Payroll-Related Benefits**



# **APS 001 – Sources of Revenue Required to Pay Benefit Cost**

Revenue is **not** recognized in excess of expenditures. Expenditures are pulled for balance types (BTs) 15, 16 & 17 using payroll COBJs for all open AYs.

**Note:** No matter how many generic entries are made, they will not affect legislative payroll revenues — these amounts are cash activity.

- ➤ Offset by APS 001 for other methods of finance BT 14
- O/S activity must tie by committed/collected amounts. There is a reconciliation that can assist with that on the AFR website.
- Calculation I indicates excess to return or additional funds to draw.
- > Calculation II MUST tie to BTs 15, 16 & 17 for all open AYs.

**Note:** For adjusting entries, use **R** when returning funds to the receiving accounts and to 902/327.

## **Common Elements for Payroll Related Benefits (Cont.)**



#### Column J - Other

- > On the USAS 20 profile, all activity is either:
  - Nonappropriated (N)OR-
  - Unappropriated (U)
- > Other than payroll benefit appropriations.
- Unappropriated Appropriations Net Cash Activity funds belong to Agency 902 — therefore, agencies cannot spend it.
- Calculated amount must tie to Appn Cash Available on USAS 62 profile on Aug. 31.
- > Calculation II MUST tie to all open AYs.
- ➤ If cash is not picked up in the sweep or transferred before Aug. 31, contact your appropriation control officer.

**Note:** Any Calculation I balances for Column J will roll to the next fiscal year until resolved.

## **Common Elements for Payroll Related Benefits (Cont.)**



## **Column L – Adjustment**

- > Main purpose is to eliminate **intra-agency** transfers.
- USAS GL accounts need to match per T/In and T/Out, not just the net effect.
- Agencies cannot have Legislative Transfers outside fund 0001.

# **Automated GR 3-way Reconciliation**



General Revenue Recon Agency XXX — Sample Agency Fund Type 01							
PY/CY Reconciliation (Include in GL 9000 Balance)		PY 2023 GR 201A/201N APPN_END	PY 2024 GR 201A/201N APPN_BEG	Web App Ending Balance			
Direct Strategy	В	12,694,612.29	12,694,612.29	12,694,612.29			
OASI Appn	С	280,658.33	280,658.33	280,658.33			
ERS/TRS Retirement	D	350,473.85	350,473.85	350,473.85			
ORP (Article III only)	Е	0	0	0			
Insurance (HE non self-insured only)	F	275,260.81	275,260.81	275,260.81			
GIP (HE self-insured only)	G	0	0	0			
BRP (Agency only)	I	0	0	0			
Salary/Longevity Increase	I	0	0	0			
Other	J	0	0	0			
Calc per Source	K	13,601,005.28	13,601,005.28	13,601,005.28			
Adjustments	L	0	0	0			
Amount as Adjusted	М	\$ 13,601,005.28	\$ 13,601,005.28	\$ 13,601,005.28			

- ➤ If differences exist, a *restatement* may be necessary to correct the PY balance. The restatement is recorded through payroll revenue. Cleaning up old AY balances is in process.
- > Going forward, only six years of AYs will be used to calculate the GL 9000 balance.

**Example:** Fiscal 2024 includes the 24, 23, 22, 21, 20 & 19 AYs.

Any differences between the PY GR201 Ending Balance and CY 201 Beginning Balance should be attributed to AY 18 balances that need to be addressed.

# **Current Fiscal Year Legislative Appropriation Verification**



GL Accounts / Comptroller Objects	COMPT_OBJ	GR Worksheet Column M Amount	USAS Activity	Difference / Adjustment
Original Appropriations	9400	46,178,143.00	46,178,143.00	0.00
APS 001	9401			
OASI	9420	2,122,991.52	2,960,707.99	837,716.47*
APS 001	9421			
Retirement Appropriation	9435	2,583,163.15	2,583,163.15	1,225,255.47*
APS 001	9436			
ORP Appropriation	9465			
Group Insurance Contribution	9425	2,498,630.51	3,502,372.95	1,003,742.44*
APS 001	9426			
GIP Appropriation	9470			
BRP Appropriations	9440	10,209.73	11,000.00	790.27*
APS 001	9442			
Salary Increase	9445	89,642.80	89,642.80	0.00
APS 001	9447			
Total Additional Legislative Appn Revenue		\$ 53,482,780.71	\$ 56,550,285.36	\$ 3,067,504.65
Legislative Appropriations (BS)	9000	25,507,366.87	70,151,290.64	44,643,923.77

**Net Change in Cash** \$41,576,419.12

**Reconciled** \$ 3,067,504.65

#### The signage determines whether:

- Excess benefits need to be returned with 012R/018R & 015R/021ROR-
- Additional funds need to be drawn to cover negative revenues (expenditures).

**Remember:** Revenue is **NOT** recognized in excess of expenditures.

# Requesting Your Agency's Workbook



Each agency can request its workbook beginning Sept. 1.

#### Each workbook includes:

- General Revenue Reconciliation Excel worksheet (same format as the web application)
- > 3-Way Reconciliation
- Legislative Revenue Reconciliation
- Adjusting Journal Entries:
  - Payroll Benefits
  - Net Change in Cash
  - ❖ Legislative Transfer Elimination Adjustment

# **Questions?**



Topic	Section	Contact Information
<ul><li>Budget Revisions</li><li>Journal Vouchers</li></ul>	Appropriation Control	Appropriation Control Directory
<ul><li>Purchase and Travel Pre-Payment Audit Approvals</li><li>Payment Due Dates and AY Determination</li></ul>	Expenditure Assistance	<u>Travel and Purchase Directory</u> (512) 475-0966
Payroll (SPRS/HRIS)	SPRS/HRIS Help Desk	(512) 463-4008
<ul><li>CAPPS Financials</li><li>HR/Payroll</li></ul>	CAPPS Help Desk	(512) 463-2277
<ul> <li>Texas Identification Number System (TINS)</li> <li>Reinstated Warrant Cancellations – USAS</li> </ul>	Payment Services	(512) 936-8138
Treasury Deposits	Banking and Electronic Processing	(512) 463-6385
Warrant Cancellations – Treasury	Treasury	(512) 475-3288
Super Security Deletes	Fiscal Systems Analysis	usas.maintenance@cpa.texas.gov