



Statewide Financial Updates

Accounting Policy Meeting

Aug. 14, 2025

Appropriation Control, Expenditure Assistance and Financial Reporting sections
Fiscal Management Division

Agenda and Presenters



Welcome & Introductions

Presenter: **Kevin Muir**
appropriation control officer

89th Legislature Bills of Interest

Presenter: **Ben Strauser**
appropriation control assistant supervisor

Payment & Travel Cards Update and Miscellaneous Taxes & Fees

Presenter: **Lawrence Koonce**
expenditure assistance supervisor

AFR Deadlines & Highlights

Presenter: **Pam Kaby**
financial reporting analyst

Additional Information and Open Q&A Session

Presenter: **Kevin Muir**
appropriation control officer

Questions During the Meeting



During the webinar, please type questions in the available chat box.

We will have an **Open Q&A session** at the end of the meeting.

89th Legislature Bills of Interest



- [Changes to Article IX of the GAA and Other Bills of Interest to State Agencies \(FPP F.008\)](#)
- 8,719 Bills were filed — 1,213 were sent to the Governor (with 14% passage rate).
- 18 constitutional amendments to be voted on (Nov. 4).
- General Appropriations Act ([SB 1](#)):
 - ❖ Contains biennial appropriations of \$338 billion in all funds, a 5% increase from the 2024/2025 biennium.
 - ❖ Federal reimbursements for border security (Article IX, Sections 13.01 and 13.05).
 - ❖ Changes to capital budgets (Article IX, Section 14.03).
 - ❖ Salary increase for licensed attorneys in certain positions (Article IX, Section 17.15).

89th Legislature Bills of Interest (Cont.)



Benefit/Salary Changes

- No changes in retirement eligibility or calculation of benefits for current employees in the Employees Retirement System (ERS) or Teacher Retirement System (TRS).
- Frequency of salary payments for certain employees ([HB 252](#)).
- Purchase of service credit for some ERS employees ([HB 2434](#)).
- Telework policy ([HB 5196](#)).

Standard Legislation

- Funds Consolidation bill ([HB 4488](#)). See [*Funds Consolidation: Limits on New General Revenue Accounts, Special Funds and Dedications of Revenue*](#) (FPP A.046).
- Miscellaneous Claims bill ([HB 4486](#)).
- Supplemental appropriations bill ([HB 500](#)). See [*Processing Supplemental Appropriations and Reductions*](#) (FPP A. 047).
- Agencies under sunset review ([HB 1545](#)).

89th Legislature Bills of Interest (Cont.)



Information Technology Legislation

- Regulation of AI ([HB 149](#), [HB 2818](#) and [SB 1964](#)).
- Texas Cyber Command ([HB 150](#)).
- New IT requirements and opportunities ([HB 1500](#)).
- AI training programs ([HB 3512](#)).

Procurement/Purchase Legislation

- Multiple award purchasing procedure ([HB 4748](#)).
- Outside legal services contracts ([SB 992](#)).
- Repeal of certain vehicle restrictions ([SB 1364](#)).

Miscellaneous Legislation

- Reviews and audits of state agencies ([HB 12](#)).
- Public information requests ([HB 4219](#)).
- Modernization of websites and digital services ([HB 5195](#)).
- Reforming the procedure by which state agencies adopt rules ([SB 14](#)).

Payment and Travel Card Updates



U.S. Bank Charge Card Contract

➤ Contract Details: # 946-M4

- ❖ Contract term: March 1, 2025 — March 31, 2027.
- ❖ U.S. Bank will transition all existing payment and travel cards to the new contract's charge cards.
- ❖ U.S. Bank will email program administrators information and a link to a survey about specific agency needs.
- ❖ Training for program administrators will not occur unless all enrollment documents are returned to U.S. Bank.

➤ Payment instructions

- ❖ Refer to [Processing Third-Party Transactions in USAS for Payment/Travel Cards, Direct Bill Payments and Reimbursements \(FPP A.043\) \(login required\)](#) for the required U.S. Bank TIN/mail codes.
- ❖ Must enter the full 16-digit managing account number in the INV NO field.
- ❖ No requirement for physical warrants.

Payment and Travel Card Updates (Cont.)



U.S. Bank Cards Offered

- Procurement Cards (P-cards)
- Central Bill Travel Cards
- Corporate Liability Individual Billed (CLIBA) Travel Cards
- Individual Billed Travel Cards
- Miscellaneous
 - ❖ Declining Balance Cards
 - ❖ Virtual Cards

Transition and Implementation Progress

- U.S. Bank and the Comptroller's office are currently developing an FAQ document for end users, which will be posted to the State Travel Management Program (STMP) website when available.
- 104 agencies have engaged and 43 of those will receive cards soon.
- 226 Texas SmartBuy members have engaged and 31 of those will receive cards soon.

Payment and Travel Card Updates (Cont.)



U.S. Bank Account Management Team

- Direct Texas SmartBuy/Higher Education contracting and program questions to:
 - ❖ Leslie Massey: leslie.massey@usbank.com
- Direct state agency adoption/implementation questions to:
 - ❖ Tatiana Caguenas: tatiana.caguenas@usbank.com
 - ❖ Ryan Schweiger: ryan.schweiger@usbank.com
- Direct U.S. Bank program questions to:
 - ❖ Courtney Hoppe: courtney.hoppe@usbank.com
 - ❖ Kara Walsh: kara.walsh@usbank.com
 - ❖ Sarah Fortune: sarah.fortune@usbank.com

Payment and Travel Card Updates (Cont.)



Citibank Charge Card Contract

- Commercial charge card services
 - ❖ [Contract Details: # 946-M2](#)
 - ❖ Contract ends Aug. 31, 2025.
 - ❖ No interruption in service and current cards will remain active until each agency's transition is complete.
 - ❖ Information and instructions on closing Citibank accounts will be provided once U.S. Bank card issuance begins.
- Payment instructions — continue to follow the instructions in FPP A.043 for outstanding payments to Citibank for payment and travel cards.

Payment and Travel Card Updates (Cont.)



Third-Party Transaction USAS Instructions

- Comptroller's office captures vendor-level detail in USAS for:
 - ❖ Open records
 - ❖ Historically underutilized business reporting
 - ❖ 1099 reports
 - ❖ Post-payment audits.
- Original detailed third-party transaction vendor information is essential to an accountable and open government!

T-codes 264/905

- **T-code 264** records the TIN of the vendor where the purchase was made or the employee incurring the expense.
- **T-code 905** records the TIN of the entity to receive payment.
- **T-codes 264 and 905** apply to:
 - ❖ Payment card
 - ❖ Central billed account (CBA) travel card
 - ❖ Corporate liability individually billed account (CLIBA) travel card
 - Virtual card accounts
 - Direct bill payments for travel

Payment and Travel Card Updates (Cont.)



T-codes 247/904

- **T-code 247** records the TIN of the vendor or employee associated with the original disbursement.
- **T-code 904** records the TIN of the entity to receive the reimbursement payment for a non-payroll reimbursement.
- T-codes 247 and 904 apply to:
 - ❖ Travel advance reimbursements
 - ❖ Reimbursement of local funds for purchase, travel or grants
 - ❖ Employee purchase reimbursement
 - ❖ Replenishing petty cash

T-codes 246/903

- **T-code 246** records the TIN of the employee associated with the original payroll disbursement.
- **T-code 903** records the TIN of the entity to receive the payment for a payroll reimbursement.
- T-codes 246 and 903 apply to the reimbursement of local funds for payroll.

Payment and Travel Card Updates (Cont.)



State of Texas Retail Fuel Card

- Current vendor: U.S. Bank (Voyager Fuel Card).
- May be used (for state-owned vehicles) to pay for:
 - ❖ Fuel
 - ❖ Oil
 - ❖ Authorized maintenance
 - ❖ Repairs
 - ❖ Roadside assistance
- Payment requirements:
 - ❖ T-code 225 to U.S. Bank
 - ❖ Mail code 012
 - ❖ 9-digit account number in the INV NO field.
- Retail fuel card contacts:
 - ❖ Fuel Card Program
 - ❖ (512) 463-3435
 - ❖ fuel.card.program@cpa.texas.gov

Miscellaneous Taxes and Fees



Taxes and Fees Assessed by Governmental Entities

- Agencies are not automatically exempt from paying a tax or fee assessed by the United States, another state or the state of Texas.
- You must refer to the statute authorizing the assessment of the tax or fee to determine if an exemption applies.
- Agencies that are not exempt from paying a tax or fee must code the tax or fee the same as the goods or services for which the tax or fee was assessed.
- Agencies may not voluntarily pay a tax or fee if the agency is legally exempt from paying it.

Note: A state agency may reimburse a contractor for the taxes and fees the contractor is legally required to pay because of its dealings with the agency, if the contract between them requires it.

Miscellaneous Taxes and Fees (Cont.)



Sales Tax

- **6.25 percent** (plus up to an additional 2% imposed on local taxing jurisdictions)
- Imposed on:
 - ❖ Retail sales
 - ❖ Leases and rentals of most goods
 - ❖ Taxable services
- Exemption certificates

Note: Purchase, lease or rental of a taxable item to an exempt organization is tax exempt when the organization or an authorized agent pays for the item and provides the vendor an exemption certificate.

- Payment/reimbursement of sales tax
- Resources
 - ❖ [Texas Administrative Code Rule §3.322](#)
 - ❖ [Tax Code Chapter 151](#)

Miscellaneous Taxes and Fees (Cont.)



State Hotel Occupancy Tax

- **6 percent** imposed on all charges for items or services, other than personal services or charges for the use of a telephone that are furnished in connection with the actual occupancy of the room — these charges are includable within the tax base, whether or not separately stated.
- Payment/reimbursement of hotel occupancy tax
 - ❖ Exemptions for employees of educational organizations
 - ❖ Exemptions for key officials
- Local hotel tax
- Resources
 - ❖ [Texas Administrative Code Rule §3.161](#)
 - ❖ [Tax Code Chapter 156](#)

Miscellaneous Taxes and Fees (Cont.)



State Cost Recovery Fee

A company may charge a state cost recovery fee to recover its franchise tax expenses. It is not a tax and may not be represented as a tax by the vendor.

- Sales tax:
 - ❖ Recovery fee is part of the total sales price of a taxable item and is subject to sales tax.
 - ❖ Recovery fee + tax on the fee is coded the same as the goods/ services purchased.
- Hotel tax:
 - ❖ Recovery fee is not a charge for a personal service. Instead, it is a charge directly related to the occupancy of the room. As such, the hotel occupancy tax is due on the fee.
 - ❖ Recovery fee is an incidental expense (7105) and hotel tax assessed on the fee is coded using the appropriate hotel tax expenditure object codes.
- See the State Tax Automated Research system (STAR) [201107209N](#) and [202003037L](#).

Miscellaneous Taxes and Fees (Cont.)



Tariff Charges

A tariff is considered a tax on imported goods.

- Vendors might roll the cost of tariffs into the total cost of the goods or add a line-item charge for tariffs.
- Charges for tariffs are coded the same as the goods on which the tariff charges are assessed.
- Any additional charges not covered by the purchase agreement should not be paid until they are negotiated and agreed upon (similar to freight/shipping charges).

AFR Deadlines and Highlights



All [AFR Reporting Requirements](#) References, Resources and Tools can be found in the right-hand toolbox menu. Examples include:

- [Contact Information](#) for each agency's assigned financial reporting analyst.
- [Agency Fiscal Year-End USAS Adjustment and AFR Checklist](#)
- [Deadlines](#)
- [Submission Requirements](#)
- [Submission Methods](#)
- [Definitions](#)
- [Working Papers](#)
- [Templates & Sample Exhibits](#)

AFR Deadlines and Highlights (Cont.)



Deadlines

- **Aug 15** – [GASB Questionnaires](#) are due.

Note: Each agency must respond to all seven questionnaires, even if it is not applicable to your agency.

- **Sept 14** – Fair Value of Investments must be entered in USAS.
 - ❖ Required for inclusion in the *State of Texas Annual Cash Report*, which is published the first Monday in November.

Note: These may not be the final numbers for AFR Note 3 but should be the best information available at the time.

- ❖ Final numbers can be adjusted in USAS once the totals have been calculated for the agency's AFR.
- **Sept 15** – [GCA Closing Packages](#) are due.
- **Sept 26** – [Interagency Activity must be entered in USAS.](#)
- **Sept 28** – Federal Schedule Pass-Through Reporting Certification is due, if applicable. See [SEFA Timeline](#).
- **Sept 28** – [SPTR](#) State Pass-Through Reporting Certification is due.

Note: All agencies certify, even if there are no state pass-through activities.

- **Oct 1** – GCA Unaudited AFRs are due. See the [GR Consolidated Submission Requirements](#).

AFR Deadlines and Highlights (Cont.)



Deadlines (Cont.)

- **Nov 1** – Full Reporting Agencies (FRA) unaudited AFRs are due (other than Institutions of Higher Education). See the [Full Reporting Agencies Submission Requirements](#).
- **Nov 20** – Institutions of Higher Education unaudited AFRs are due. See the [Submission Requirements for unaudited agencies](#).
- **Dec 15** – All audited AFRs are due.
 - ❖ Last day for USAS entry by agency is Dec. 1.
 - ❖ All audit adjustments after Dec. 1 must be submitted to your agency's assigned financial reporting analyst.
 - ❖ If an agency or an institution of higher education chooses to undergo a financial statement audit for its AFR that is not required by statute, the agency must:
 - Submit its intention to do so with signed letter from the executive director on agency letterhead.
 - Include in the letter the name of the CPA firm that will be conducting the audit.
 - Submit the letter to frs@cpa.texas.gov by close of business on **Sept 15** of each fiscal year.
- **Jan 14** – Subsequent event disclosures (if any) are due, submitted through the [ONDSS](#) web application.

AFR Deadlines and Highlights (Cont.)



Common Issues to Avoid

Reminders

- Review USAS for issues to be resolved.
- Clear IT file of any transactions with an effective date prior to Sept. 1, 2025
- Eliminate system clearing accounts.
- Clear default funds.
- Review Leases & SBITAs for:
 - ❖ New contracts
 - ❖ Renewed contracts
 - ❖ Terminated contracts

AFR Deadlines and Highlights (Cont.)



Common Issues to Avoid (Cont.)

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:
 - ❖ ANRC has three certifications:
 - Disclosure
 - USAS
 - Global
 - ❖ SEFA has three certifications:
 - Initial
 - Pass-through
 - Final

AFR Deadlines and Highlights (Cont.)



Common Issues to Avoid (Cont.)

Note Submissions

- Do **NOT** upload a note to indicate “not applicable.”
- Only upload notes with information.
- Full Reporting Agencies (FRAs) must submit all five mandatory fluctuation analysis in [ONDSS](#):
 - ❖ Balance Sheet Fluctuation
 - ❖ Changes in Net Assets Fluctuation by GAAP Fund
 - ❖ Operating Statement Fluctuation
 - ❖ Operating Statement Fluctuation by GAAP Fund – Basis Conversion
 - ❖ Proprietary Operating Statement Fluctuation

Note: Use of the [FRA Fluctuation Analysis \(Excel\)](#) working paper can make the submission of the five reports easier.

Q&A from Previous Presentations



Prior APS Meetings

- Each meeting has a Q&A session.
- Answers are compiled to these questions.
- The questions and answers are posted on that meeting's agenda site.
- Example:
 - ❖ 2025 Meetings
[June 18, 2025](#) and [Q&As](#)
- Meeting agendas, handouts and Q&A are available for current fiscal year + four prior fiscal years (currently available back to fiscal 2021).

For more information, see the [Accounting Policy Meetings](#) page.

Open Q&A Session



Moderated by Kevin Muir, the Financial Reporting staff and Statewide Fiscal Programs staff are available to answer:

- Questions in the Chat (from Webex attendees)
- Questions from in-person attendees

We welcome all questions.

The answers will be posted in about two weeks.