



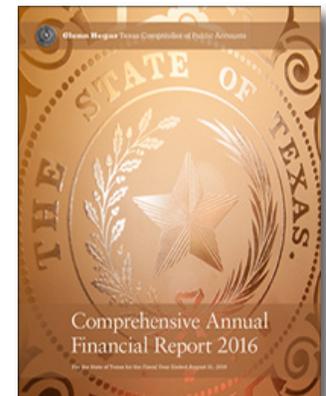
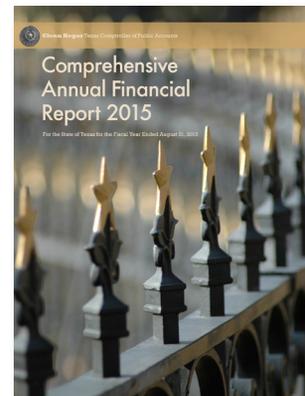
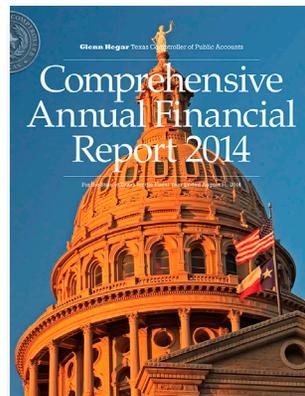
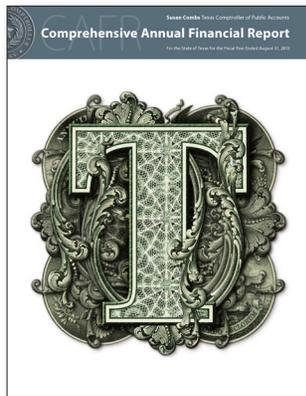
Reporting Requirements for Fiscal 2017  
**Annual Financial Reports**  
of State Agencies and Universities

# Welcome to the **2017 Annual Financial Report Update**

## Afternoon Presentation (Part 2)

1:30 p.m. — 4:00 p.m.

July 6, 2017



# Administrative

## Obtain 2.5 Hours of CPE Credit (for the Afternoon Session — Part 2)

- Register in [Training Center](#) to get CPE credit for attending (live presentation or the online webinar)
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  - Register to view the webinar through [GoToWebinar](#) at least 24 hours prior to the event
  - CPE credit can only be awarded to individuals who answer all of the polling questions presented during the webinar

## Ask a Question

- Use the “Ask a Question” icon on your media player.
- All questions/answers will be posted on the AFR Training page of the Reporting Requirements website in a few weeks.



# Administrative

- If you lose your online connection, click on the link in your **registration confirmation email** to resume the webinar.
- **GoToWebinar** Customer Support:  
(877) 582-7011



# GoToWebinar



# Afternoon (Part 2) Agenda

Topics	Presenters
SEFA Updates	J. Renee Castro
SAO — Federal Schedules	Audrey O’Neill & Christy Srubar
GR Reconciliation Updates	Lori Williams
Unmatched Transfers	Kip Anderson
CANNS and Note 2 Updates	Elzbieta (Ela) Jochacy
DINSS and Note 3 Updates	David Haecker
Helpful Tips	Lori Williams
Q&A and Closing Comments	Shelly Arnold





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**Coming up next...**

## **SEFA Updates**

Fiscal 2017 AFR Update

**J. Renee Castro**

[jessica.castro@cpa.texas.gov](mailto:jessica.castro@cpa.texas.gov)

(512) 463-4365



## SEFA Update

# Topics

- General Information
- Data Elements
- Reconciliation Reports
- Important Dates to Know



## SEFA Update

# General Information

- Agencies that expend federal awards are required to submit the Schedule of Expenditures of Federal Awards (SEFA) and notes to SEFA in the SEFA web application.
- SEFA captures all agency expended federal funds
- SEFA expenditures use the same basis of accounting for the fund financial statements — modified accrual

**Note:** Cash basis is NOT permitted for SEFA reporting

- Federal receivables are reported in SEFA
- Universities are exempt from SEFA Note 7 – Deferred Revenues



## SEFA Update General Information continued...

- All federal assistance received is categorized as either **Direct** or **Pass-Through From**
- All federal assistance expended is categorized as either **Expenditures** or **Pass-Through To**
- Pass-through entity must:
  - Inform the sub-recipient that the funds the sub-recipient is receiving are federal funds
  - Provide the correct CFDA number and program name



## SEFA Update General Information continued...

- Do **not report** vendor payments between state agencies in SEFA Note 2 — Reconciliation
- All federal funds received are reported in SEFA (even if agency/university does not pass-through federal funds to another entity)
- Use the USAS RTI process to include accruals in federal award pass-throughs



## SEFA Update

# Data Elements

Data Elements consist of the three key pieces:

- Catalog of Federal Domestic Assistance (CFDA)
- Non-State Entity (NSE) Name
- ID Number



## SEFA Update Data Elements continued...

- Verify CFDA's on their website: [www.cfda.gov](http://www.cfda.gov)
- When the CFDA cannot be identified:
  - Use CFDA XX.000\* (**ID Number Required**)
  - “XX” is the federal grantor agency prefix

See the [Table I — List of Federal Agency Two-Digit Prefix Numbers](#) on the AFR Reporting Requirements website:

1. Click the **Pass-Through Activity** tab.
2. Select **Data Elements** in the left navigation.
3. Click on **Table I**.

\*Effective in fiscal 2018, the CFDA format will change to XXX.0000



## SEFA Update

# Data Elements continued...

## Non-State Entity (NSE) Names

- NSE names do not include Texas state agencies/universities or federal agencies as an NSE
- Agencies must use a pre-approved NSE list for reporting
- For additions, send the request and NSE supporting documentation to the SEFA analyst: [jessica.castro@cpa.texas.gov](mailto:jessica.castro@cpa.texas.gov)

## ID Numbers

- Use a proper ID number provided by grant documentation
  - Not a CFDA number
  - Not an Employee Identification Number (EIN)
  - Not a DUNS reporting number
  - Preferable not to use dates, grant names or purchase order numbers
- **Should be award or contract assigned by the grantor federal agency**



## SEFA Update Data Elements continued...

### Expenditure Types

- Select the type of expenditure that is being reported
  - Non-Monetary: empty/checked box
  - R&D: Yes/No
  - ARRA: Yes/No



## SEFA Update

# SEFA Agency Pass-Through Reconciliation Report

- Displays both sides of each pass-through relationship
- Data shown at CFDA level
- Initial Certification deadline is Sept. 1
- Must display \$0 difference to complete the Interagency Federal Pass-Through Certification on Sept. 28



## SEFA Update

# SEFA Agency Pass-Through Reconciliation Report continued...

- Displays both agencies and USAS D23 Fund involved in the pass-through
- Initial Certification deadline is Sept. 1
- Variances must be resolved in order to complete the Pass-Through Certification on Sept. 28



SEFA Update

# SEFA USAS Pass-Through Reconciliation Report

Same structure as the SEFA Agency Pass-Through Reconciliation Report except:

- Additional columns for Grantor and Grantee that displays the D23 Fund
- Row Totals that compare the Totals per USAS with the Totals per SEFA

**Note:** Include any difference in Note 2 Reconciling Items.



## SEFA Update

# SEFA Web Application

- Begin entering SEFA records to get a head-start on reconciling pass-throughs
- Submit requests for new CFDA additions to the SEFA web application and the USAS D40 profile
- If you have an addition for a new NSE name to the SEFA web application, send the NSE name request and the grant award documentation to the SEFA analyst:  
[jessica.castro@cpa.texas.gov](mailto:jessica.castro@cpa.texas.gov)



## SEFA Updates

# Dates to Know

Date	Item
Sept. 1	Initial Certification
Sept. 2–26	Interagency Federal Pass-Through Reconciliation
Sept. 28	Interagency Federal Pass-Through Certification
Nov. 1	Final Certification

## Notes

- All USAS transactions must be entered, released and correct by COB on Sept. 26 in order to certify by Sept. 28. If the 26th falls on a weekend, all USAS transactions must be entered by COB the prior Friday or they will not process until Monday (which is past the deadline).





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## SEFA Update Questions?



If you have any questions,  
feel free to contact me:

**J. Renee Castro**

[jessica.castro@cpa.texas.gov](mailto:jessica.castro@cpa.texas.gov)

(512) 463-4365

Or contact your [Financial Reporting Analyst](#).





**Coming up next...**

# **Criteria and Common Issues in the Schedule of Expenditures of Federal Awards**

Fiscal 2017 AFR Update

**State Auditor's Office**

**Audrey O'Neill, CIA, CFE, CGAP, Audit Manager**

**Christy Srubar, CPA, Managing Senior Auditor**



## Criteria and Common Issues in the Schedule of Expenditures of Federal Awards

# Audit Objective

## Statewide Objective

Express an opinion on whether the State's Schedule of Expenditures of Federal Awards (SEFA) for the fiscal year ended Aug. 31, 2017, is presented fairly in all material respects in relation to the State's financial statements taken as a whole.

## Entity Objective

To determine whether the SEFA is materially complete and accurate.

---

We also use this audit to help determine whether the SEFA provides an appropriate basis for determining major programs for the purposes of the full Statewide Single Audit.



## Criteria and Common Issues in the Schedule of Expenditures of Federal Awards

# SEFA Audit Criteria

- Government Auditing Standards and Single Audits – Audit Guide, American Institute of Certified Public Accountants, March 1, 2017
- Title 2, Code of Federal Regulations, Part 200, Appendix XI, Compliance Supplement
- Reporting Requirements for Fiscal 2017 published by the Texas Comptroller of Public Accounts



## Criteria and Common Issues in the Schedule of Expenditures of Federal Awards

# Common SEFA Errors/Findings

- Incorrect balances of loans with continuing compliance requirements (Note 3)
- Including expenditures outside of the SEFA current fiscal year
- Incorrect reconciling items reported in federal revenue (Note 2)
- Incorrect classification of expenditures (direct vs. pass-through)
- Incorrect classification of expenditures between federal programs
- Incorrect classification of Research and Development (R&D) funds



## Criteria and Common Issues in the Schedule of Expenditures of Federal Awards

# Recent Updates on Criteria & Requirements

- **Note 3** — Student Loans
- **Note 8** — Disaster Grants — Public Assistance  
(Catalog of Federal Domestic Assistance (CFDA) 97.036)
- **Note 9** — Economic Adjustment Assistance (CFDA 11.307)
- **Note 10** — 10 Percent de Minimis Indirect Cost Rate





## SEFA Criteria Questions?



If you have any questions,  
feel free to contact:

**State Auditor's Office**

(512) 936-9500

[www.sao.texas.gov/contact/](http://www.sao.texas.gov/contact/)

Or contact your [Financial Reporting Analyst](#).





**Coming up next...**

# **GR Reconciliation**

Fiscal 2017 AFR Update

**Lori Williams**

[lori.williams@cpa.texas.gov](mailto:lori.williams@cpa.texas.gov)

(512) 463-4911



## GR Reconciliation

# Overview & Introduction

General Revenue Reconciliation web application topics in this presentation:

- GR Rec Beginning Balance Reconciliation (after CAFR is finalized)
- GR Rec Upload and Testing (after CAFR is finalized)
- Security
- Due dates
- Reports
- USAS transactions
- Agency input fields
- Reconcile and verify
- Budget type indicator
- Calculation I
- Calculation II
- Difference between Calculation I and Calculation II
- Transaction types
- Payroll-related costs
- FRS line adjustments
- Working Papers



## GR Reconciliation Overview & Introduction continued...

- Applies only to appropriated fund 0001
- Determines the operating statement impact of your agency's budget given by the General Appropriations Act (GAA), riders, additional payroll expenditures and other special legislation
- Determines the balance sheet amount for the remaining appropriation authority available to be spent in future years



## GR Reconciliation Overview & Introduction continued...

- Agency 902 is the controlling agency for Fund 0001
  - Agency 902 reports the GL 0045 Cash In State Treasury (CIST) balance for appropriated fund 0001 in its AFR
- Non-controlling agencies:
  - Report the fiscal year's appropriation authority given to them in the agency's AFR
  - Adjust GL 0048 (legislative cash) so that GL accounts 0045 (CIST) and 0048 net to zero
  - Use T-code 463R to record a positive net change in cash (or T-code 463 to record a negative net change in cash)



## GR Reconciliation **Security**

- Ensure security access exists as early in the process as possible.
- Request security access from your agency's security coordinator
- Verify your security access was established by viewing the USAS Titles Profile (D53) screen
  - Enter **GRSC** in the **TABLE ID** field
  - Enter your User ID and agency number (in that order) in the **KEY** field.



## GR Reconciliation **Due Dates**

- **Sept. 28, 20CY** — for simplified reporting agencies
- **Nov. 1, 20CY** — for full reporting agencies



## GR Reconciliation **Reports**

- GR 201A — Direct Strategy Appropriations by Fund Type
- GR 201N — Unappropriated Appropriations
- GR 202 and 202A — BRP Expenditures
- GR 203 — Appropriation Transfers
- GR 204 — Net Change in Cash in State Treasury
- GR 205 – Appropriations Revisions
- GR 206 – Appropriations Expended



## GR Reconciliation

# USAS Transactions

- Make entries for the following FPPs:
  - APS 001 — Sources of Revenue
  - APS 011 — Benefits proportional by Fund
  - APS 018 — Encumbrance Report and Lapsing of Appropriations
  - APS 019 — Salary Benefit Appropriation Allocations
- Ensure all supplemental payrolls are processed
- After Oct. 31, **DO NOT** backdate any budget T-codes to the prior fiscal year
- USAS updates the GR Reconciliation web application nightly



## GR Reconciliation

# Agency Input Fields (Required)

- **Salary increase** — line number 200700
  - No specific expenditure COBJ to pull in from USAS like there is for BRP
  - Agencies must use own records to input expenditure total in this field
- **BRP adjustments** — line number 700600
  - Compare the cumulative expenditures for all AYs in COBJ 7050 to amount transferred out of appropriation 23102 into the direct strategy appropriations
    - Input as a **negative** adjustment if budget moved into the strategy appropriations is in excess of the expenditures
    - Input as a **positive** adjustment if not enough budget was moved into strategy appropriations to cover BRP expenditures
- **Salary increase adjustment** — line number 700800
  - Input as a **positive** adjustment if additional amount is needed to cover salary increase expenditures in a direct strategy
  - Input as a **negative** adjustment for the amount to return from a direct strategy of the salary increase appropriation in excess of salary increase expenditures.



## GR Reconciliation

# Agency Input Fields (N/A)

- Benefits Paid on Behalf
  - Retirement Contribution — line number 400100
  - Group Insurance Contribution — line number 400200
  - Unemployment Contribution — line number 400300
- Input at the statewide level by FRS
- Optional entries by universities for informational purposes only



# GR Reconciliation Reconcile and Verify

Instructions to [Reconcile and Verify Data](#) for the GR Reconciliation Web application are available on the AFR Website. These instructions can be a very helpful resource. To navigate to these instructions:

1. Click on the **GR Recon** tab.
2. Select **Instructions for the GR Reconciliation Web application** in the left navigation menu.
3. Click on **Step 7 – Reconcile and Verify Data**.



## GR Reconciliation Reconcile and Verify continued...

These instructions include information such as:

- In-depth explanations of the types of transactions by column & line number
- Specifies how to use GR Reconciliation Ad Hoc reports

### Budget Type Indicator

The Budget Type Indicator determines the location on the GR Reconciliation.

- Budget Type of **A** = Appropriated
  - Appropriated Number Profile (20) screen, the Budg Type = A
  - Included in column B, Direct Strategy column
  - Appears on Report 201A



## GR Reconciliation Budget Type Indicator continued...

- Budget Type of **N** = Non-Budgeted
  - Appropriated Number Profile (20) screen, the Budg Type = N
  - Included in columns C – J:
    - OASI
    - ERS/TRS
    - ORP
    - Insurance
    - GIP
    - BRP
    - Salary Increase
    - Other
  - Appears on Report 201N
  - Additional benefit appropriation columns C – H specify their appropriation numbers within the column heading
  - Appropriations not otherwise specified in any other column are included in column J, Other



## GR Reconciliation Budget Type Indicator continued...

- Budget Type of **U** = Unappropriated
  - Appropriated Number Profile (20) screen, the Budg Type = U
  - “Unappropriated” is appropriations where remaining budget is not available to keep and spend
  - Included in column J, Other column
  - Appear on Report 201N

If any of these indicators are incorrect on the Appropriated Number Profile (20) screen, contact your [appropriation control officer](#) (ACO) to make corrections.



## GR Reconciliation **Calculation I**

Calculation I starts with the audited prior year legislative appropriation balance (GL 9000) as the beginning balance. Calculation I shows all current fiscal year operating statement activity (appropriation and CIST) including:

- Original Legislative appropriation revenue
- Additional appropriation revenue
- Committed Appropriations Lapsed
- Legislative transfers in/out
- Net Change in Cash

Calculation I represents what should be reported as the current year ending legislative appropriation balance on the balance sheet/ statement of net position.



## GR Reconciliation **Calculation II**

Calculation II relates to the balance sheet and calculates the ending legislative appropriation balance on the Appropriation Inquiry (62) screen:

- Entry of an amount on line 900000 infers something is incorrect on agency's 62 screen
- Line 900000 is "FRS only"
- You must research and make sure 62 screen is incorrect before request "FRS only" adjustment
- Process the necessary USAS entries so the GR Reconciliation Web application is updated with the corrections
- Updated GR reconciliation may not require a "FRS only" adjustment once the entries are made in USAS



## GR Reconciliation **Difference**

When the **Difference** line (between Calculation I and Calculation II) equals zero (Ø), the calculated ending legislative appropriation balance is equal to the amount on the Appropriation Inquiry (62) screen.



## GR Reconciliation

# Transaction Types

- Cash Activity populates:
  - General ledger
  - GR Reconciliation web application
- Budgetary Activity (T-codes 001–043)
  - Moves or establishes budget
  - Posts to budget and balance types
  - Populates the GR Reconciliation web application
- Generated Transactions (T-codes in 400 range)
  - Transactions generated as a result of actual budgetary transactions
  - Changes the amounts on the general ledger
  - Does not change the GR Reconciliation web application data



## GR Reconciliation Transaction Types continued...

- Generated Transactions and AFR Adjustments:
  - Do not post to budget or balance types
  - Changes the amounts on the general ledger
  - Do not change the GR Reconciliation web application data

Example: AFR adjustment for the net change in cash (T-code 463) hits the general ledger accounts 0048 and 9000 but has no effect on the GR Reconciliation web application data.



## GR Reconciliation

# Payroll-Related Costs

Report payroll-related costs in:

- GR Reconciliation Web application — resulting from payroll-related expenditures
- Operating statement — resulting from generated transactions (COBJs 9420-9440) of actual budgetary transactions

If payroll-related revenue in the GR Reconciliation web application and payroll-related expenditures on the GR 206 do not tie to the operating statement's payroll-related costs, **return excess budget with the appropriate budgetary T-codes by the GR Reconciliation submission deadline.**

- Generated transactions reduce legislative revenue to match expenditures.
- Payroll-related costs require manual adjustments if excess budget is not returned prior to the GR Reconciliation deadline.



## GR Reconciliation

# FRS Line Adjustments

### Calculation I, line 590000:

- Restatement for the beginning balance is needed
- Adjustment for an unappropriated Net Change in Cash balance is needed when agency does not have authority to spend it

### Calculation I and II, lines 590000 and 900000:

- Net Change in cash for petty cash
- Appropriation 94992 should not give agency more or less authority
- Appropriation authority was already given



# GR Reconciliation Working Papers

The [AFR Working Papers](#) are available on the AFR Website. To navigate to the working papers click on the **Working Papers** link in the right-hand tool box.

These working papers can be a very helpful resource.

Use the **Legislative Appropriation Verification** file to calculate the differences to adjust between GR Reconciliation Web application and the general ledger.

**Annual Financial Report Working Papers 2015**

TIPS FOR VIEWING files downloaded with Internet Explorer — if the file view is minimized upon opening, perform the following steps:

1. Choose **Open** in the file download box.
2. Click the maximize button in file window.
3. Click the maximize button on application window.
4. Choose **Save As** to save the file with the revised view settings.

**General Year-End Working Papers**

- [Accounts Receivable, Record \(Excel\)](#)
- [Unearned Revenue or Deferred Inflows of Resources, Record \(Excel\)](#)
- [Eliminating Accounts Receivable and Funds Held for Others in Fund Type 09 \(Excel\)](#)
- [Eliminating Revenues and Expenses in GAAP Fund Type 09 \(Excel\)](#)
- [Fund Balance Governmental Activities, Allocating Fund Type 01 \(Excel\)](#)
- [Fund Balance Governmental Activities, Allocating Fund Type 02, 03 and 04 \(Excel\)](#)
- [Fund Balance Governmental Activities, Allocating Fund Type 19 \(Excel\)](#)
- [Fund Type 09 Revenue Activity, Correct \(Excel\)](#)
- [General Revenue, Eliminate Operating Statement Legislative Transfers within Agency \(Excel\)](#)
- [General Revenue, Legislative Revenue - Legislative Appropriation Verification \(Excel\)](#)
- [General Revenue, Net Change In Cash \(Excel\)](#)
- [Interfund Activity, Recording or Correcting \(Excel\)](#)
- [Net Change in Inventories, Record \(Excel\)](#)
- [Net Change in Prepaid Items, Record \(Excel\)](#)
- [Payables, Record \(Excel\)](#)
- [Revenue/Expenditure, Reclass \(Excel\)](#)
- [Unrestricted Net Position to Restricted Net Position, Reclass \(Excel\)](#)
- [Accrued Interest, Record \(Excel\)](#)

**References**

- Contact Information
- Deadlines
- Address & Number of Copies to Deliver
- Submission Requirements

**Resources**

Agency Year-End USAS Adjustments and AFR Checklist

FAQs **< New**

Glossary

Appendices

**Tools**

- Templates & Sample Exhibits
- Working Papers**
  - Long-Term Liabilities Basis Conversion (FT 12) Instructions, Fiscal 2015
  - Long-Term Liabilities Proprietary Funds (FT 05) Instructions, Fiscal 2015

AFR Web Applications

AFR Ad Hoc Review Reports

USAS & Interagency Activity Certification Forms

List of Notes to the Financial Statements — Forms

**Training/Work Sessions**

- AFR Work Sessions
- AFR Training



## GR Reconciliation Working Papers continued...

Eliminate OS Legislative Transfers within the Agency:

- These entries only eliminate the generated accounting general ledger entry — not the actual budget transfer.
- Final legislative transfers reported in your AFR (after elimination entries) are those ***transfers between agencies***
- Elimination entries are made at the D23 agency fund level
  - An AGL must be entered
  - Reconcile legislative transfers in and out at the D23 agency fund level
- Input elimination amounts (entered in USAS) to the GR Rec Web application in column L, lines 500300 and 500400
- Match final legislative transfers in and out amounts in column M to OS



## GR Reconciliation Working Papers continued...

### Net Change in Cash:

- Use T-code 463 to record the net change in cash in column M, lines 600200 and 600500
- The net of appropriated fund 0001 GL accounts 0045 (CIST) and 0048 (legislative cash) must equal zero — unless a shared cash entry is necessary

A shared cash entry in appropriated fund 0001 would only occur between D23 funds within the same agency in appropriated fund 0001.





## GR Reconciliation Questions?



If you have any questions,  
feel free to contact me:

**Lori Williams**

[lori.williams@cpa.texas.gov](mailto:lori.williams@cpa.texas.gov)

(512) 463-4911

Or contact your [Financial Reporting Analyst](#).





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**Coming up next...**

# **Unmatched Transfers**

Fiscal 2017 AFR Update

**Kip Anderson**

[kip.anderson@cpa.texas.gov](mailto:kip.anderson@cpa.texas.gov)

(512) 936-8537



## Unmatched Transfers

# Definitions

GASB 34, paragraph 112b. (1) definition:

Transfers are nonreciprocal interfund activity where one fund furnishes resources to another fund with no expectation of repayment.



## Unmatched Transfers Definitions continued...

AFR Reporting Requirements definition:

- Interfund transfers are nonreciprocal interfund activities — flows of assets (such as cash, goods or services) without a repayment requirement and without equivalent flows of assets in return
- Interfund transfers include “payments in lieu of taxes” that are not payments for (but are reasonably equivalent in value to) services provided
- In governmental funds, report transfers as:
  - In the funds making transfers — other financing uses
  - In the funds receiving transfers — other financing sources



## Unmatched Transfers Definitions continued...

- In proprietary funds, report transfers after non-operating revenues and expenses.
  - Display them as a separate category after capital contributions, additions to permanent and term endowments, special items and extraordinary items (as the final item before change in net position).



## Unmatched Transfers

# Purpose of The Transfers Process

The purpose of the transfer process is to accurately report transfers in and transfers out on each agency's AFR (and on the CAFR fund financial statements and government-wide financial statements) so that transfers are not overstated:

- AFR is the agency's stand-alone report at the D23 (agency) fund level.
- CAFR is the statewide consolidated report at D24 (GAAP fund) level.



## Unmatched Transfers

# Transfers

A transfer can occur between:

- Agencies
- Funds within an agency
- Appropriations

Examples:

- Transfer of dedicated receipts from fund 0001 to those funds statutorily authorized to spend them
- Transfer to debt service funds
- Legally required transfers of unobligated fund balances to the general revenue fund

Do not net transfers between transfers out and transfers in. Report actual activity.



## Unmatched Transfers

# Transfer T-Code for ITVs & RTIs

Use Interagency Transaction Vouchers (ITV) when transferring funds between agencies.

ITV's entered by the disbursing agency require a recurring transaction index (RTI) that must be set up by the receiving agency on the Recurring Transaction Profile (55) screen (to be used by the disbursing agency).

The RTI entered on the ITV tells USAS how to post the receiving transaction and generates a transaction on behalf of the receiving agency.



## Unmatched Transfers

# Fiscal Year-End Accrued Transfers

To record transfers accrual between agencies use RTI (Recurring Transaction Index) process accrued transfer of CIST (cash in state treasury) with liquidation (RTI Table 5)

Transferring agency uses T-code 475 to accrue transfer out and liquidates (pay) cash in the following period (encouraged by ACO's). The RTI process will generate T-code 476 for the receiving agency to accrue Transfer in and receive cash in the following period.

- Accrued transfer with reversal — No impact to CIST (RTI Table 6)
- Transferring agency uses T-code 478 to accrue Transfer out and generates T-code 756 for reversal; the RTI will generate T-code 479 for the receiving agency to accrue Transfer in and T-code 755 for the reversal



## Unmatched Transfers Fiscal Year-End Accrued Transfers continued...

To record transfers accrual within an agency, use:

- T-code 450 (for transfer out),  
which then generates T-code 452 for the reversal
- T-code 451 (for transfer in),  
which then generates T-code 453 for the reversal



## Unmatched Transfers Fiscal Year-End Accrued Transfers continued...

An unmatched transfer occurs when a transfer in for a fund does not match to a corresponding transfer out into another fund or agency due to either:

- Negative transfer in
- Negative transfer out
- Incorrect or blank AGL's
- Fund type 09 transfers (FT09 doesn't have OS)



## Unmatched Transfers

# USAS Tips — How to Correct Unmatched Transfers

## Verify Transfers are Accurate in USAS

Order operating statement and determine if the correct amount is reported for other sources and uses. Order the interfund/Interagency activity report and determine if the AGL field reflects the opposite agency's agency number.



## Unmatched Transfers

# AGL for Transfers Within an Agency

- The AGL information reflects **from where** or **to where** the funds moved
- On a transfer in, the AGL information includes the transfer out's agency number and D23 fund
- If the corrections are processed during the fiscal year, the original T-code can be used
- There are two lines of entry:
  - First entry reverses the original entry
  - Second entry records the corrected AGL information.
- If the corrections are processed after fiscal year-end, use generic transfer T-codes (654/655)



## Unmatched Transfers

# Negative Transfer In Within an Agency

- The agency cannot report a negative transfer in (debit) balance on its AFR at D23 fund level
- A negative transfer in must be converted to a corresponding transfer out using generic transfer balancing T-codes 654 and 655
- T-codes 654 & 655 do not affect BT 20 — Cash Transfers In on the Appropriation Record Inquiry (62) screen



## Unmatched Transfers

# Negative Transfer Out within an Agency

- The agency cannot report a negative transfer out (credit) balance on its AFR at D23 fund level
- A negative transfer out must be converted to a corresponding transfer in using generic transfer balance T-codes 654 and 655.
- Use the DAFR8910 Interfund/Interagency Activity report or FMQuery—SIRS Interagency/Interfund Activity report (located in the USAS Research Tool menu) to find negative transfer out (credit) balances





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## Unmatched Transfer Questions?



If you have any questions,  
feel free to contact me:

**Kip Anderson**

[kip.anderson@cpa.texas.gov](mailto:kip.anderson@cpa.texas.gov)

(512) 936-8537

Or contact your [Financial Reporting Analyst](#).





**Coming up next...**

## **CANSS and Note 2 Update**

Fiscal 2017 AFR Update

**Elzbieta (Ela) Jochacy**

[elzbieta.jochacy@cpa.texas.gov](mailto:elzbieta.jochacy@cpa.texas.gov)

(512) 475-5382



## CANSS and Note 2 Update

# Interagency Transfers of Capital Assets

- When an asset is transferred between state agencies, calculate:
  - Net increase — the value of the asset plus accumulated depreciation is greater than the historical cost of the asset being transferred.
  - Net decrease — the value of the asset plus accumulated depreciation is less than the historical cost of the asset being transferred.
- Receiving agency (transfer in agency) must record the amount provided by the sending agency (transfer out agency)
  - Recorded differences are addressed in the CAFR consolidation process



## CANSS and Note 2 Update

# Examples

### Transfer Without Cash

Historical Cost \$10,000  
 Less: Acc Depr 7,000  
Net Book Value 3,000

#### Transfer Out agency:

Acc Depr \$ 7,000  
**Net Decrease 3,000**  
 Asset \$10,000

#### Transfer In agency:

Asset \$10,000  
**Net Increase \$ 3,000**  
 Acc Depr 7,000



## CANSS and Note 2 Update Examples continued...

### Transfer With Cash

Historical Cost \$10,000

Less: Acc Depr 7,000

Net Book Value 3,000

Cash paid (Boot) \$2,000

#### Transfer Out agency:

Acc Depr \$ 7,000

**Net Decrease 3,000**

Asset \$10,000

Cash Received \$ 2,000

Sale of Asset \$ 2,000

#### Transfer In agency:

Asset \$10,000

**Net Increase \$ 3,000**

Acc Depr 7,000

Capital Outlay \$ 2,000

Cash Paid \$ 2,000



## CANSS and Note 2 Update Examples continued...

### Adjusting Entry

Sale of Asset     \$ 2,000  
**Net Decrease                 \$ 2, 000**

Net Decrease = \$1,000

**Net Increase     \$ 2,000**  
Capital Outlay                 \$ 2,000

Net Increase = \$1,000



## CANSS and Note 2 Update Examples continued...

### Here is what's changing

Cash Received \$ 2,000

**Sale of Asset \$ 2,000**

**Capital Outlay \$ 2,000**

Cash Paid \$ 2,000

- New COBJs are being created to record transactions within the proper category — Other Financing Sources and Uses. These will be available for use beginning Sept. 1, 2017
  - COBJ 7974 — Transfer Purchase of Capitalized Assets
  - COBJ 3984 — Sales Receipt Asset Transfers
- Allows for transfer activity to be negated more accurately during the CAFR consolidation



## CANSS and Note 2 Update

# Non-Monetary Transactions

- Per GASB 62, non-monetary transactions involve an exchange of principally non-monetary assets and liabilities with another entity (reciprocal transfer) outside the same reporting entity (i.e., outside the State of Texas)
- Exchanges can involve a small monetary consideration (referred to as “boot”)
- Accounting for non-monetary transactions is based on the fair value of the assets (or services) involved
- Recognize gain or loss

Gain or loss on a non-monetary transaction is computed as:

Fair value of the asset given (FV) – Book value of the asset given (BV) = Gain (loss)



## CANSS and Note 2 Update

# Non-Monetary Transactions continued...

The following rules apply in recording non-monetary transactions (accounting examples included in the reporting requirements):

- Losses are always recognized (conservatism)
- Gains are recognized when dissimilar assets are exchanged (for example, a machine for a truck)
- Gains are not recognized when similar assets are exchanged (for example, a machine for a machine) because the earnings process is not considered complete
- The asset received is recorded at the fair value of the asset given up (or the fair value of the asset received if “more clearly evident”) whenever gains and losses are recognized
- Asset received is recorded at the book value of the asset given up when gains and losses are not recognized. Gains and losses are not recognized when:
  - Earnings process is not considered complete
  - AND–
  - Gain or loss cannot be computed

**Note:** Exceptions to these rules occur when boot (cash) is involved.





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# CANSS and Note 2 Update Questions?



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**Elzbieta (Ela) Jochacy**

[elzieta.jochacy@cpa.texas.gov](mailto:elzieta.jochacy@cpa.texas.gov)

(512) 475-5382

Or contact your [Financial Reporting Analyst](#).





Reporting Requirements for Fiscal 2017  
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**Coming up next...**

# **Deposit and Investment Note Submission System (DINSS) Update**

Fiscal 2017 AFR Update

**David Haecker**

[david.haecker@cpa.texas.gov](mailto:david.haecker@cpa.texas.gov)

(512) 936-8535



## DINSS Update

# Timeline for Submission

## Note 3

- SRA — Oct. 1, 2017
- FRA — Nov. 20, 2017

## DINSS

- SRA — Oct. 1, 2017
- FRA — Nov. 20, 2017



## DINSS Update

# GASB Statements

- GASB 3 — Deposits with Financial Institutions, Investments & Repurchase Agreement
- GASB 31 — Accounting and Financial Reporting for Certain Investments & for External Investment Pool
- GASB 40 — Deposits and Investment Risk Disclosures
  - Credit risk
  - Concentration of credit risk
  - Interest rate risk
  - Foreign currency risk
- GASB 72 — Fair Value Measurement & Application  
Fair Value Hierarchy:
  - Level 1, Level 2 and Level 3
  - Net Asset Value (NAV)
  - Not subject to GASB 72
- GASB 79 — Certain External Investment Pools and Pool Participants



## DINSS Update

# Note 3

Required Note 3 disclosures are:

### Deposits

- Carrying Amount, Bank Balance, Custodial Credit Risk, Foreign Currency Risk

### Investments

- Fair Value Hierarchy, Custodial Risk, Foreign Currency Risk, Credit Risk, Concentration of Credit Risk, Interest Rate Risk
- Securities Lending
- Investments reported at NAV
- Derivatives



## DINSS Update

# DINSS Modifications for 2017

Modifications were made to the DINSS web application to improve information gathering for GASB 72 requirements.

Updates to the Investments left navigation menu:

**Fair Value** — Added a NEW input column

**Fair Value: Securities Lending**

**Collateral Pool** — Added NEW input column

**Fair Value: Investments**

**at NAV** — Added NEW input screen

**Foreign Currency**

**Risk** — Has NEW input format



All DINSS input screens with associated GL accounts must reconcile those accounts to USAS in order to certify.



## DINSS Update

# DINSS Investment Categories

- U.S. Treasury Securities
- U.S. Treasury Strips
- U.S. Treasury TIPS
- U.S. Government Agency Obligations
- U.S. Government Agency Obligations  
(Texas Treasury Safekeeping Trust Co.)
- Corporate Obligations
- Corporate Asset & Mortgage Backed Securities
- Equity
- International Obligations (Govt. and Corp)
- International Equity
- International Other Commingled Funds
- Repurchase Agreement
- Repurchase Agreement  
(Texas Treasury Safekeeping Trust Co.)
- Domestic Mutual Funds
- International Mutual Funds
- Fixed Income Money Market & Bond Mutual Fund
- Other Commingled Funds
- Other Commingled Funds  
(TexPool and TexPool Prime)
- Commercial Paper
- Securities Lending Collateral Investment Pool
- Real Estate
- Domestic Derivatives
- International Derivatives
- Externally Managed Investments — Domestic
- Externally Managed Investments — International
- Miscellaneous

**NOTE:** International investments are based upon the country of origin, not simply that they are in a foreign currency.



# DINSS Update Investment Categories continued...

Use the cross reference of **DINSS Investment Types** to the guidance for **Investment and Deposit Types** to identify the proper investment types in DINSS for each of the most common types of investments.

Each investment type in DINSS has the item number(s) of the possible investment descriptions for that category. Each investment in the Guidance for Investment and Deposit types has the DINSS number(s) for the possible category option for that investment type.

DINSS #	Investment Type	Examples of what the type includes (not all inclusive)	Item #
A	U.S. Treasury Securities	U.S. Treasury Bills, Notes or Bonds Only available as short-term investments. Risk level: Low	46
B	U.S. Treasury Strips	U.S. Treasury Strips Do not offer periodic interest payments. All payments are received upon maturity. Risk level: Low	46
C	U.S. Treasury TIPS	U.S. Treasury TIPS Protect against inflation and are long-term investments (mature in 5, 10 or 30 years). Risk level: Low	46
D	U.S. Government Agency Obligations	Asset and mortgage backed securities issued by government sponsored enterprises such as Fannie Mae, Freddie Mac or Ginnie Mae. Risk level: Moderate	6, 25, 45
E	Corporate Obligations	Domestic corporate obligations Risk level: Low to High depending on the corporation's credit rating	2, 15, 21 27, 29, 31
F	Corporate Asset and Mortgage Backed Securities	Collateralized mortgage obligation, mortgage backed securities or commercial mortgage backed securities Risk level: Low to High depending on the payments affected by mortgage rates	2, 8, 26
G	Equity	Domestic equity Risk level: Low to High depending on the corporation, generally low	14, 17, 33

Guidance for Investment and Deposit Types (not all inclusive)			
Item #	Investment	Explanation	DINSS #
1	Annuity	A type of contract sold by insurance companies guaranteeing fixed or variable future payments.	U
2	Asset Backed Securities (ABS)	Securities backed by pools of assets such as credit card receivables, home equity loans, and auto loans, but typically excluding mortgages.	E, F
3	Balanced Mutual Funds	Mutual Funds that expect to invest in a mix of equity and debt investments. (Categorize in the "Publicly Traded Equity & Similar" category if the fund's target allocation is expected to be > 50% equities. Otherwise, categorize in the "Publicly Traded Debt & Similar" category.) (See also #25 and #31.)	L
4	Bank Deposits	Amounts reported in this category should include balances held in a financial institution such as a bank, savings bank, or credit union as "demand deposits" (which the customer can withdraw at any time without penalty) or "time deposits" (which might be subject to restrictions on immediate withdrawal). However, do not include certificates of deposit. Although non-negotiable certificates of deposit are generally considered time deposits, these balances should be separately disclosed on the annual investment report. (See also Certificates of Deposit.)	n/a
5	Bankers' Acceptances	A time draft drawn on a bank by a bank's customer, ordering the bank to pay an amount at a future date, generally within a short time period. When accepted by the bank, it can be traded in secondary markets, usually as a money market instrument.	U
6	Cash Held at State Treasury	All deposit balances held by the State Comptroller in the State Treasury. Institutions should not include funds invested in TexPool or TexPool Prime. Amounts managed by the Texas State Treasury Safekeeping Trust Company should be reported in the appropriate investment category, and any collection cash held by the Trust Company should be reported as cash.	D, J



## DINSS Update

# Levels of Hierarchy

The three levels of the fair value hierarchy under GASB 72:

- Level 1 inputs – Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. An active market is defined as a market where transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 inputs – Inputs, other than quoted prices in active markets that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument’s anticipated life.
- Level 3 Inputs – Inputs are unobservable inputs and should be used only if relevant Level 1 and Level 2 inputs are not available. The state may use their own data or assumptions to develop unobservable inputs.



## DINSS Update

# Investment Values

## Net Asset Value (NAV)

- Method for determining fair value for certain investments in equity, repurchase agreements, commingled funds, mutual funds, real estate, fixed income money market, and externally managed investment.
- Calculation consistent with the Financial Accounting Standards Board's (FASB) measurement principles for investment companies
- Do not intend to sell all or a portion of the investment for an amount that is different from the NAV.

## Amortized Cost

The state has some investments that are not subject to GASB 72. Investments not measured at fair value include money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less. These investments are reported at amortized cost.



## DINSS Update

# Investment Fair Values

A new input column to the Investment Fair Value input screen was incorporated into the DINSS web application.

Were Hedging Derivatives Reclassified to Investment Derivatives?		<input type="radio"/> Yes <input type="radio"/> No				
	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value	Amt Cost/Other
U.S. Treasury Securities	2015= 0.00 0.00	0.00	0.00	0.00	0.00	0.00
U.S. Treasury Strips	2015= 0.00 0.00	0.00	0.00	0.00	0.00	0.00
U.S. Treasury TIPS	2015= 0.00 0.00	0.00	0.00	0.00	0.00	0.00
U.S. Government Agency Obligations	2015= 0.00 0.00	0.00	0.00	0.00	0.00	0.00

The new column (named **Amt Cost/Other**) allows input value for an investment category (other than the Level 1, 2, 3 inputs or the Net Asset Value). This is for investments not subject to GASB 72 that includes those valued at amortized cost.



DINSS Update

# Investment Fair Value NAV

The DINSS web application has a new input screen: **Investment Fair Value: NAV**

Fiscal Year		2016				
Fund Type		01				
Save		Select New Fund Type		Calc Totals		
	1. Fair Value	2. Frequency Range - Low	3. Frequency Range - High	4. Notice Period Range - Low	5. Notice Period Range - High	6. Unfunded Commitment
Alternative	0.00	N/A	N/A	N/A	N/A	0.00
Commingled Funds	0.00	N/A	N/A	N/A	N/A	0.00
Energy, Natural Resources, Infrastructure	0.00	N/A	N/A	N/A	N/A	0.00
Fixed Income	0.00	N/A	N/A	N/A	N/A	0.00
Hedge funds	0.00	N/A	N/A	N/A	N/A	0.00
Mutual Funds	0.00	N/A	N/A	N/A	N/A	0.00
Private Equity	0.00	N/A	N/A	N/A	N/A	0.00
Real Estate	0.00	N/A	N/A	N/A	N/A	0.00
Risk Parity	0.00	N/A	N/A	N/A	N/A	0.00
U.S. Government Agency Obligations	0.00	N/A	N/A	N/A	N/A	0.00
Totals	0.00					0.00

There are six new input fields:

1. Fair Value amount for each investment category
2. Frequency Range — Low (for each category)
3. Frequency Range — High (for each category)
4. Notice Period Range Low (for each category)
5. Notice Period Range — High (for each category)
6. Unfunded Commitment amount (for each category)



# DINSS Update

## Investment Fair Value NAV continued...

On the new **Investment Fair Value: NAV** input screen, four of the input boxes are drop-down menus.

Use the first pair of the drop-down menus to disclose the Low and High Frequency Range with these possible values:

Alternative	Fair Value	Frequency Range - Low	Frequency Range - High	Notice Period Range - Low	Notice Period Range - High	Unfunded Commitment
Alternative	0.00	N/A	N/A	N/A	N/A	0.00

- N/A
- Daily
- Weekly
- Monthly
- Quarterly
- Semi-Annually
- Annually
- 2 years
- 3 years
- 4 years
- 5 years

Alternative	Fair Value	Frequency Range - Low	Frequency Range - High	Notice Period Range - Low	Notice Period Range - High	Unfunded Commitment
Alternative	0.00	N/A	N/A	N/A	N/A	0.00

Use the second pair of the drop-down menu to disclose the Low and High Notice Period Range with these possible values:

- N/A
- 1 day
- 2 days
- 3 days
- 4 days
- 5 days
- 10 days
- 15 days
- 30 days
- 45 days
- 60 days
- 90 days
- 180 days
- 1 year
- 2 years
- 3 years



**DINSS Update**

# **Reconciling Input Screens**

## **Reconciles with USAS**

- Deposits — Cash in Bank and Bank Balances
- Investments — Fair Value
- Investments — S&P Credit Risks

## **Reconciles with Investments: Fair Value**

- Fair Value — Securities Lending Collateral Pool
- Fair Value — Investments at NAV



# DINSS Update Examples

The DINSS web application has screens that **must** tie in **total amount**.

For example, the totals of the **Securities Lending Collateral Investment Pool** row on the **Investment Fair Value** screen must tie to the **Totals** of the input columns on the **Investment Fair Value: Securities Lending Collateral Pool** screen.

	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value
U.S. Treasury Securities	2015= 1,444,564,884.00 1,373,439,210.00	1,373,439,210.00	0.00	0.00	0.00
U.S. Treasury Strips	2015= 0.00 0.00	0.00	0.00	0.00	0.00
<b>Securities Lending Collateral Investment Pool</b>	<b>2015= 524,451,933.00 1,362,216,872.00</b>	<b>0.00</b>	<b>1,362,216,872.00</b>	<b>0.00</b>	<b>0.00</b>
Real Estate	2015= 1,840,878,082.00 2,115,511,836.00	0.00	0.00	0.00	2,115,511,836.00
Domestic Derivatives	2015= 0.00 0.00	0.00	0.00	0.00	0.00
International Derivatives	2015= 0.00 0.00	0.00	0.00	0.00	0.00
Externally Managed Investments - Domestic	2015= 7,191,814,682.00 7,713,922,258.00	0.00	0.00	0.00	7,713,922,258.00
Externally Managed Investments - International	2015= 6,700,076,782.85 7,625,618,972.00	4,726,243,187.00	0.00	17.95	2,899,375,767.00
Miscellaneous	2015= 88,404,518.75 88,402,981.75	0.00	88,492,981.75	0.00	0.00
<b>Totals</b>	<b>31,494,526,364.42</b>	<b>14,891,718,838.60</b>	<b>3,873,998,066.88</b>	<b>17.95</b>	<b>12,726,809,661.00</b>

	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value
U.S. Treasury Securities	2015= 0.00 0.00	0.00	0.00	0.00	0.00
U.S. Government Agency Obligations	2015= 0.00 145,114,670.00	0.00	145,114,670.00	0.00	0.00
Corporate Obligations	2015= 45,087,790.00 51,747,285.00	0.00	51,747,285.00	0.00	0.00
Corporate Asset and Mortgage Backed Securities	2015= 107,964,808.00 433,053,186.00	0.00	433,053,186.00	0.00	0.00
Miscellaneous	2015= 81,290,246.00 267,071,281.00	0.00	267,071,281.00	0.00	0.00
<b>Totals</b>	<b>267,071,281.00</b>	<b>0.00</b>	<b>1,362,216,872.00</b>	<b>0.00</b>	<b>0.00</b>
Securities Lending Collateral Pool from In Fair Value	1,362,216,872.00				
Difference Between Securities Lending Collateral Pool Entered and Securities Lending Collateral Pool from In Fair Value	0.00				



# DINSS Update Examples continued...

Another example of screens that must tie is the **Total Amount** for input columns on the **Investment Fair Value** screen that must tie to the **Fair Value** input columns on the **Investment Fair Value: NAV** screen.

	Total	Level 1 inputs	Level 2 inputs	Level 3 inputs	Net Asset Value
U.S. Treasury Securities	2019+ 1,444,664,684.00 1,373,439,210.00	1,373,439,210.00	0.00	0.00	0.00
U.S. Treasury Strips	2019+ 0.00 0.00	0.00	0.00	0.00	0.00

Securities Lending Collateral Investment Pool	2019+ 824,481,933.00 1,302,216,872.00	0.00	1,302,216,872.00	0.00	0.00
Real Estate	2019+ 1,840,978,082.00 2,115,511,636.00	0.00	0.00	0.00	2,115,511,636.00
Domestic Derivatives	2019+ 6.00 0.00	0.00	0.00	0.00	0.00
International Derivatives	2019+ 6.00 0.00	0.00	0.00	0.00	0.00
Externally Managed Investments - Domestic	2019+ 7,191,814,682.00 7,713,922,258.00	0.00	0.00	0.00	7,713,922,258.00
Externally Managed Investments - International	2019+ 4,700,076,792.82 7,625,818,972.00	4,726,243,187.05	0.00	17.95	2,899,575,767.00
Miscellaneous	2019+ 88,464,818.75 88,492,981.75	0.00	88,492,981.75	0.00	0.00
<b>Totals</b>	<b>31,434,526,384.42</b>	<b>14,891,718,638.60</b>	<b>3,873,998,066.88</b>	<b>17.95</b>	<b>12,728,809,661.00</b>

	Fair Value	Frequency Range - Low	Frequency Range - High	Notice Period Range - Low	Notice Period Range - High	Unfunded Commitment
Alternative	0.00	N/A	N/A	N/A	N/A	0.00
Commingled Funds	0.00	N/A	N/A	N/A	N/A	0.00
Energy, Natural Resources, Infrastructure	0.00	N/A	N/A	N/A	N/A	0.00
Fixed Income	1,991,120,517.00	Daily	Daily	1 day	5 days	0.00
Hedge funds	3,835,786,738.00	Daily	Annually	1 day	180 days	0.00
Mutual Funds	0.00	N/A	N/A	N/A	N/A	0.00
Private Equity	2,724,391,029.00	Daily	Daily	1 day	3 days	1,150,382,877.00
Real Estate	2,115,511,636.00	N/A	N/A	N/A	N/A	830,955,242.00
Risk Parity	2,061,999,741.00	Monthly	Monthly	5 days	15 days	0.00
U.S. Government Agency Obligations	0.00	N/A	N/A	N/A	N/A	0.00
<b>Totals</b>	<b>12,728,809,661.00</b>					<b>1,960,338,119.00</b>
Investments Reported at NAV from Investment Fair Value	12,728,809,661.00					
Unfunded Commitment	0.00					



## DINSS Update

# Foreign Currency Risk Screen

The DINSS web application's **Foreign Currency Risk** screen has been modified.

The input amounts have been moved to a column presentation across four investment category columns with the last column containing the total amount of all categories. The amounts are listed vertically by the foreign currency.

	International Obligation	International Equity	International Other Commingled Funds	International Externally Managed Investment	Total
Balance held in US Dollar <small>Denominated this section has been disabled.</small>	0.00	0.00	0.00	0.00	0.00
Balance held in Argentine Peso	0.00	0.00	0.00	0.00	0.00
Balance held in Australian Dollar	0.00	0.00	0.00	0.00	0.00
Balance held in Bangladeshi Taka	0.00	0.00	0.00	0.00	0.00
Balance held in Bermudian Dollar	0.00	0.00	0.00	0.00	0.00
Balance held in Botswana Pula	0.00	0.00	0.00	0.00	0.00
Balance held in Brazilian Real	0.00	0.00	0.00	0.00	0.00
Balance held in British Pound	0.00	0.00	0.00	0.00	0.00
Balance held in Canadian Dollar	0.00	0.00	0.00	0.00	0.00

Investment categories:

- International Obligations
- International Equity
- International Other Commingled Funds
- International Externally Managed Investment

Foreign currencies (some):

- Argentine Peso
- Australian Dollar
- British Pound
- Canadian Dollar





# DINSS Questions?



If you have any questions,  
feel free to contact me:

**David Haecker**

[david.haecker@cpa.texas.gov](mailto:david.haecker@cpa.texas.gov)

(512) 936-8535

Or contact your [Financial Reporting Analyst](#).





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**Coming up next...**

## **Helpful AFR Tips**

Fiscal 2017 AFR Update

**Lori Williams**

[lori.williams@cpa.texas.gov](mailto:lori.williams@cpa.texas.gov)

(512) 463-4911



## Helpful AFR Tips

# Review/correct reports throughout the year

- Interfund/Interagency Activity
  - DAFR8910**
  - OR—**
  - FMQuery—SIRS**
    - Correct blank AGL’s on SIRS or “No Posts” on DAFR.
    - Match interfund/interagency balances at D23 fund level and correct unmatched.
- System Clearing (GLs 9992 and 9999)
  - PCU120**
  - OR—**
  - DR115**
    - Must clear at the D23 fund level



## Helpful AFR Tips Review/Correct Reports continued...

### System Clearing Reasons

1. PY auto-reversing generic T-codes where one side did auto-reverse and one side did not. Example:
  - ▶ In the PY, recorded an accrual Due To that auto-reversed in the CY. The other side was a transfer out that did not auto-reverse in the current year. Each were one-sided entries offset to system clearing.
  - ▶ To correct, analyze CY actual transfers out (GL accounts 6050) to determine if the transfer of cash occurred.
    - If the cash transfer occurred, reverse the transfer out generically in the CY because the transfer out is included in the PY AFR.
    - If the cash transfer did not occur, record a Due To again and determine why the transfer has not occurred. The actual funds still need to be transferred.
  
2. One-sided entries using generic T-codes.



## Helpful AFR Tips

# Review/Correct Reports continued...

Clear Backout N/A (BONA) for expenditures and revenues.

- DR203 — BONA Governmental Fund Types
- DR204 — BONA Proprietary Fund Types
- DR205 — BONA Fiduciary Fund Types

Examples of BONA for **expenditures/expenses**:

- ▶ **Governmental fund types** (GAAP Src Obj 0910)
  - Loans to others — reclassify to loan receivable
  - Purchase of investments — reclassify to investment
  - Capital asset donated to another entity — reclassify to capital asset donated
  - Expenditures with incorrect COBJ's in governmental fund types — research further to determine correction



## Helpful AFR Tips

# Review/Correct Reports continued...

Examples of BONA for **expenditures** continued...

- ▶ **Proprietary fund types** (GAAP Src Obj 1999)
  - Capital outlay — reclassify to capital assets on the balance sheet or reclassify to expense if asset is not to be capitalized
  - Debt service principal — reclassify to note payable
  - Loans to others — reclassify to loan receivable
  - Purchase of investments — reclassify to investment
  - Expenses incorrectly posted in proprietary fund types — research further to determine correction
  
- ▶ **Fiduciary fund types** (GAAP Src Obj 2910)
  - Usually expenses with incorrect COBJ's in fiduciary fund types — research further to determine correction



## Helpful AFR Tips

# Review/Correct Reports continued...

Examples of BONA for **revenues**:

- ▶ **Governmental fund types** (GAAP Src Obj 0900)
  - Sale of Investments — reclassify to investment
  - Deposits to Treasury from fund outside Treasury — reclassify to transfer in
  - Receipt of loan payments from others — reclassify to loan receivable
  - Revenues with incorrect COBJ's in governmental fund types — research further to determine correction
  
- ▶ **Proprietary fund types** (GAAP Src Obj 1998)
  - Sale of Investments — reclassify to investment
  - Sale of furniture, equipment and buildings — reclassify to capital asset on balance sheet
  - Sale of bonds — reclassify to bond principal
  - Revenues with incorrect COBJ's in proprietary fund types — research further to determine correction
  
- ▶ **Fiduciary fund types** (GAAP Src Obj 2900)
  - Usually revenues with incorrect COBJ's in fiduciary fund types — research further to determine correction



## Helpful AFR Tips Review/Correct Reports continued...

### **DR206 — Review Govt-Wide BC**

Research activity to ensure the activity is correct and nets to \$0 at the government-wide GAAP Source Object level.

1. Debt Service Principal — Capital Leases (GAAP Source Obj 390) — in GAAP fund type 11, reverse expenditure and reclassify to capital assets on the balance sheet
2. Debt Service Principal — Other GLTD (GAAP Source Obj 400) — in GAAP fund type 12, reverse expenditure and reclassify to bond principal on the balance sheet
3. Capital Outlay (GAAP Source Obj 430) — in GAAP fund type 11, reverse expenditure and reclassify to capital assets on the balance sheet
  - ▶ Reclassify to expenditure in its governmental fund type if capital outlay should not be capitalized.
4. Bond and note issuances (GAAP Source Obj 540) — in GAAP fund type 12, reverse revenue and reclassify to the note or bonds sold



## Helpful AFR Tips

# Review/Correct Reports continued...

## DR206 — Review Govt-Wide BC continued...

5. Sales of capital assets to non-state entities (GAAP Source Obj 560)
  - In governmental fund — make sure deposit for sale of capital asset used T-code 191
    - T-code 179 or 195 reports revenue on the governmental fund financial statements
    - T-code 191 reports other financing sources/uses on the governmental fund financial statement.
  - In GAAP fund type 11 — reverse the cash revenue, depreciation and historical cost associated with the capital asset and record the difference as gain or loss on the sale



## Helpful AFR Tips

# Confirm/Certify Pass-Throughs Early

- FMQuery–SIRS Interagency/Interfund activity by fund, AGL, COBJ
- PCU152 — Pass-through activity by fund, CY, AY, GL, Appropriation and T-code
- Federal COBJs — SEFA
  - ▶ 3971 – Federal Pass-Through Revenue, Non-Operating
  - ▶ 3978 – Federal Pass-Through Revenue, Operating
  - ▶ 7971 – Federal Pass-Through Expenditure, Non-operating
  - ▶ 7978 – Federal Pass-Through Expenditure, Operating
- State COBJs — SPTR
  - ▶ 3725 – State Grant Pass-Through Revenue, Non-operating
  - ▶ 3842 – State Grant Pass-Through Revenue, Operating
  - ▶ 7614 – State Grant Pass-Through Expenditure, Non-operating
  - ▶ 7615 – State Grant Pass-Through Expenditure, Operating





Reporting Requirements for Fiscal 2017  
**Annual Financial Reports**  
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## Helpful AFR Tips Questions?



If you have any questions,  
feel free to contact me:

**Lori Williams**

[lori.williams@cpa.texas.gov](mailto:lori.williams@cpa.texas.gov)

(512) 463-4911

Or contact your [Financial Reporting Analyst](#).





**Coming up next...**

# **Q&A and Closing Remarks**

Fiscal 2017 AFR Update

**Shelly Arnold**

[shelly.arnold@cpa.texas.gov](mailto:shelly.arnold@cpa.texas.gov)

(512) 463-4709



# Financial Reporting Staff

Contact	Email address	Telephone
Shelly Arnold, CPA — Manager	<a href="mailto:shelly.arnold@cpa.texas.gov">shelly.arnold@cpa.texas.gov</a>	(512) 463-4709
Lori Williams, CPA, Asst. Mgr	<a href="mailto:lori.williams@cpa.texas.gov">lori.williams@cpa.texas.gov</a>	(512) 463-4911
Kip Anderson	<a href="mailto:kip.anderson@cpa.texas.gov">kip.anderson@cpa.texas.gov</a>	(512) 936-8537
Renee Castro	<a href="mailto:jessica.castro@cpa.texas.gov">jessica.castro@cpa.texas.gov</a>	(512) 463-4365
Maricela Cayetano, TL	<a href="mailto:maricela.cayetano@cpa.texas.gov">maricela.cayetano@cpa.texas.gov</a>	(512) 475-0557
Cynthia Goodwin, CPA	<a href="mailto:cynthia.goodwin@cpa.texas.gov">cynthia.goodwin@cpa.texas.gov</a>	(512) 936-8536
David Haecker	<a href="mailto:david.haecker@cpa.texas.gov">david.haecker@cpa.texas.gov</a>	(512) 936-8535
Michael Hensley	<a href="mailto:michael.hensley@cpa.texas.gov">michael.hensley@cpa.texas.gov</a>	(512) 936-8526
Ela Jochacy, CPA	<a href="mailto:elzbieta.jochacy@cpa.texas.gov">elzbieta.jochacy@cpa.texas.gov</a>	(512) 475-5382
Albert Kruzel (SPA)	<a href="mailto:albert.kruzel@cpa.texas.gov">albert.kruzel@cpa.texas.gov</a>	(512) 936-6350
Michelle Lee, CPA	<a href="mailto:michelle.lee@cpa.texas.gov">michelle.lee@cpa.texas.gov</a>	(512) 936-6295
Stacy Parker (SPA), TL	<a href="mailto:stacy.parker@cpa.texas.gov">stacy.parker@cpa.texas.gov</a>	(512) 463-5895
Kamel Rahab, CPA	<a href="mailto:kamel.rahab@cpa.texas.gov">kamel.rahab@cpa.texas.gov</a>	(512) 463-4488
James “Wiley” Thedford	<a href="mailto:james.thedford@cpa.texas.gov">james.thedford@cpa.texas.gov</a>	(512) 463-1983
Joseph Werle	<a href="mailto:joseph.werle@cpa.texas.gov">joseph.werle@cpa.texas.gov</a>	(512) 475-0667





# Closing Items

- A recording of this webinar (as well as questions and answers from the webinar) will be available in the next few weeks on the Reporting Requirements website. Click the [AFR Training](#) link in the right-hand menu (located under **Training/Work Sessions**).
- After completion and verification of today's session, you will receive CPE certification within 2-3 weeks. **CPE credit is awarded to each verified attendee through [Training Center](#)** — so, please make sure that you have an **active Training Center** account so that we can award the proper CPE credit to you.
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