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# Financial Reporting Updates

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**Accounting Policy Meeting**  
**April 17, 2024**

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

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# Agenda and Presenters

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**Being Informed on FMX**

**House Bill 4510, 88th Legislature, Regular Session**

**What's Not Changing?**

**Yearly Deadlines/Due Dates**

**Quarterly Deadlines/Due Dates**

**Quarterly Reconciliations**

**What is Changing?**

**Updating Agency Contacts**

**Important Email Addresses**

**Questions/Adjournment**

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Presenters: **Shelly Arnold, CPA**

special projects analyst

–and–

**David Haecker**

financial reporting supervisor

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# Being Informed on FMX



## Resources

- [FMX](#) —Fiscal Management’s website
  - ❖ **What’s New?** — You can monitor the "What’s New?" on FMX (on the main page and topic pages). There’s an [archive](#) of everything that’s posted to "What’s New?", so you never have to worry about missing something.
  - ❖ **FMX Quick Links** flyout menu
- *FMXtra* — You can sign up to receive Fiscal Management’s weekly e-newsletter, [FMXtra](#), to keep you up to date on policies, procedures and other important information from Fiscal Management.
  - ❖ [Manage your FMXtra subscription](#)
- [Accounting Policy Meetings](#), each including:
  - ❖ 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 \(FPP A.036\)](#)

## HB 4510, 88th Legislature, Regular Session



HB 4510 establishes the due date for the filing of an agency's or university's annual financial report (AFR):

- **Nov. 1** – Group I (paragraph b) applicable to all ***unaudited*** state agencies\*
- **Nov. 20** – Group II (paragraph b-1) applicable to all ***unaudited*** institutions of higher education.\*
- **Dec. 15** – Group III (paragraph b-2) applicable to all ***audited*** state agencies and institutions of higher education.

\* Since the Financial Reporting section extracts agencies' data from USAS for *Annual Comprehensive Financial Report* (ACFR) purposes, each agency is required to ensure and certify that its financial data correctly reflects its agency's financial position as of Aug. 31, 20CY (CY = current year of the AFR), **as recorded in USAS and the agency's accounting system.**

## HB 4510, 88th Legislature, Regular Session (Cont.)

### Exception to HB 4510



- Any state agency or institution of higher education may choose to undergo a non-statutorily required audit on its AFR.
- A letter (on the university system's official letterhead) and signed by the Executive Director/head of the university system that states the intent to undergo an audit.
- Due to the Comptroller's Fiscal Management Division by Sept. 15 of **EACH** fiscal year for the corresponding fiscal year's AFR.
- Failure to complete the audit or not meeting the audited deadline of Dec. 15 results in an out-of-compliance status and future requests will not be granted.
- Agency will be required to include an audit requirement in their Texas Administration Code.
- Agencies should consult with the State Auditor's office when procuring audit services. See the State Auditor's [Audit Delegation Request](#).

# What's Not Changing?



## Yearly Deadlines and Due Dates

- **July 7** – Petty Cash Certification, see:
  - ❖ [Travel Advance Account and Petty Cash Account \(APS 010\) \(FPP A.044\)](#)
  - ❖ [USAS Balances for Imprest, Petty Cash and Travel Advance Accounts \(FPP A.045\)](#)
- **Aug. 15** – GASB Questionnaires.
- **Sept. 14** – Cash in Bank and Investments (Note 3).
- **Sept. 28** – Interagency Activities (pass-throughs).

## Quarterly Deadlines and Due Dates

- [Encumbrance Reporting and Lapsing of Appropriations \(APS 018\) \(FPP A.019\)](#)
- [Correcting Bookkeeping and Cost Allocation Entries \(APS 021\) \(FPP A.013\)](#)
- [SPA Process User's Guide \(FPP N.005\), Chapter 2 – General Policies](#)

# Yearly Deadlines/Due Dates



## Petty Cash Certification

- [FPP A.044](#) — The Texas Comptroller of Public Accounts requires state agencies and institutions of higher education to complete the steps outlined in APS 010 for establishing, administering, overseeing and reducing or closing out travel advances and petty cash accounts.
- [FPP A.045](#) — To ensure the year-end USAS balances for imprest, petty cash and travel advance accounts are correct, agencies authorized to maintain these accounts are asked to certify that USAS balances and agency computed balances (cash plus outstanding reimbursements) agree. Only cash accounts with balances created with funds from the state treasury are subject to this requirement.

## Steps 4 and 5 of Certification

- After submitting the reconciliation form, complete and submit the certification form. Certifications are due by **July 7, 2024**.
- Enter all corrections in USAS by **July 21, 2024**, to ensure accurate balances are recorded in USAS as of **Aug. 31**.

## Yearly Deadlines/Due Dates (Cont.)

### Cash in Bank and Investments (Note 3)



#### Due **Sept 14:**

- Reporting Requirements for the Annual Financial Reports (FPP A.036).
- Note 3 – Deposits, Investments and Repurchase Agreements  
During the fiscal year, ensure USAS transactions are recorded as follows:
  - ❖ Record investments in USAS using the applicable investment GL account that most closely reflects the specific type of investment.
  - ❖ Designate the investments as either current or non-current.
  - ❖ Report investments in USAS when purchased or sold.
  - ❖ Record changes in the fair value of investments in USAS within seven working days after the close of each month.

**Note:** For fiscal year-end balances, post investments in USAS by Sept. 14, 20CY.



## Quarterly Deadlines/Due Dates



### *Encumbrance Reporting and Lapsing of Appropriations (APS 018) – FPP A.019*

- Report binding encumbrances and payables to the Comptroller's office by **Oct. 30** for all appropriated funds for all open appropriation years (due by **Sept. 30** for GR consolidated agencies).
- The Comptroller's office is statutorily required to lapse all unencumbered non-construction appropriation balances for all prior appropriation years on Nov. 1 of each fiscal year. To facilitate this, an automatic lapse program runs in USAS as early as the **Nov. 1** nightly cycle.

## Quarterly Deadlines/Due Dates (Cont.)

### *Encumbrance Reporting and Lapsing of Appropriations (APS 018) – FPP A.019 (Cont.)*



- Encumbrance Reporting
  - ❖ Commitments for **goods or services** (NOT payroll) are made **before** the end of the reporting period.
  - ❖ Actual receipt of the **goods or service** does not occur until **after** the end of the reporting period (Nov. 30, Feb. 28/29, May 31 or Aug. 31).
  - ❖ Contract, agreement or other action that legally obligates state funds
  - ❖ Actual contracts **awarded** (not anticipated contracts or contracts under negotiation).
- Payables Reporting
  - ❖ Amounts obligated for good and services actually rendered or provided to the agency.
  - ❖ **Due by the end** of the reporting period (Nov. 30, Feb. 28/29, May 31 or Aug. 31).

## Quarterly Deadlines/Due Dates (Cont.)

### Encumbrance Reporting and Lapsing of Appropriations (APS 018) – FPP A.019 (Cont.)



- Agency has not yet made payment:
  - ❖ **Invoice received** – the amount is available to record in USAS:
    - T-code 231 – VOUCHER PAYABLE – ENCUMBERED (if ready to pay).
    - T-code 225 – ESTABLISH VOUCHERS PAYABLE (if ready to pay).
    - T-code 420 – RECORD ACCOUNTS PAYABLE (not ready to pay):
      - Missing documentation
      - Dispute pending resolution
      - Accommodates incomplete Vendor Reimbursement Vendors
      - Does not require vendor number or produce payment
  - ❖ **Invoice not received** – make an *estimate* using the purchase documentation:
    - T-code 420 – RECORD ACCOUNTS PAYABLE.
    - Covers situations where capital assets **have been received and put into service** but billing has not caught up.

## Quarterly Deadlines/Due Dates (Cont.)



### Encumbrance Reporting and Lapsing of Appropriations (APS 018) – FPP A.019 (Cont.)

- Fourth quarter is affected the most:
  - ❖ Due **Nov. 1** for unaudited agencies and institutions of higher education.
  - ❖ Agencies may need to modify internal processes.
  - ❖ USAS 25 screen closure prevents additional entries to Accounts/Vouchers Payable. Adding additional amounts to the hard copy will not translate to USAS.
  - ❖ Fiscal 2025 affected by calendar date — Nov. 1 falls on a Saturday.
    - Entries in USAS should be entered by COB on Oct. 31, 2025.
    - Entries made after Oct. 31 do not process until the following Monday.
    - Entries made on Nov. 1 **must** be error free in *Edit Mode 2* to be in compliance.

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## Quarterly Deadlines/Due Dates (Cont.)

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### ***Correcting Bookkeeping and Cost Allocation Entries (APS 021) – FPP A.013***



- **Within** 30 days after the first three fiscal quarters and within 60 days following fiscal year-end (Oct. 31).
- Cost Allocation Entries.
- Accounting Activity Entries, including:
  - ❖ Budget
  - ❖ Payroll
  - ❖ Expenditures
  - ❖ Revenues
  - ❖ State property

# Quarterly Reconciliations



## USAS and Internal Accounting Systems (includes CAPPS)

See [USAS User's Manual \(FPP Q.008\), Chapter 15 – Month-end Closing/Reconciliation.](#)

- *“Texas Government Code, Section 403.036(c), requires state agencies to keep accounts of all applicable appropriations, and to balance these appropriations on a monthly basis with similar accounts kept by the Comptroller’s office. This process requires that each agency reconcile its internal accounting system to USAS.*

*“These reconciliations must be done on a cash basis because cash is the budgetary basis for the state of Texas.”*

- Includes recommended steps and DAFRs to assist.

## Quarterly Reconciliations (Cont.)



### **State Property Accounting (SPA) system and Internal Capital Asset System** (includes CAPPs)

From the ***SPA Process User's Guide*** (FPP N.005), in *Chapter 2 – General Policies*, in the **[Request for Agency Reporting Status](#)** section:

- *“Reporting agencies must report their property information on a quarterly basis via batch transactions in the format prescribed by the Comptroller’s office and must, under certain circumstances, enter data online to the SPA system”* (interagency transfers).
- Request CAAB reports
  - ❖ Governmental Funds – DR206 Report/Basis Conversion entries
  - ❖ Proprietary Funds – Operating Statement/Back-Out Not Applicable
- After entries, should net to \$0 (zero).

# What is Changing?



## Fiscal 2024

- Web applications will open on July 1.
- Shared Cash tasks shifting to Comptroller's Financial Reporting section:
  - ❖ One entry for unaudited agencies/universities.
  - ❖ Financial Reporting section will balance at the statewide level for audited agencies.
  - ❖ GR Reconciliation.
  - ❖ Creating automation analysis and entries on behalf of ALL agencies/universities.
  - ❖ Corresponds with APS 018 Oct. 31 deadline.

**Note:** More details coming in future APS meetings.



## Updating Agency Contacts



- See the [FM Contacts](#) page.
- Use the [Contact List Update Form](#) to update agency personnel (*located on right-hand side*).
  - ❖ Each agency may update its contacts at any time.
  - ❖ Contacts designated as “*Annual Financial Report (AFR)*” and/or “*Chief Financial Officer*” will receive correspondence from the Comptroller’s Financial Reporting section for financial reporting matters (*such as GASB Questionnaires or web application certifications*).
- Use the **Contact Fiscal Management** area (*located on left-hand area*) to locate Fiscal Management contacts specific to your agency by topic.

## Important Email Addresses

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- Reach the Financial Reporting section by email:  
[frs@cpa.texas.gov](mailto:frs@cpa.texas.gov)
- Reach the SEFA personnel by email:  
[sefa.texas@cpa.texas.gov](mailto:sefa.texas@cpa.texas.gov)

## Questions?

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- For financial reporting questions, contact your agency's assigned [financial reporting](#) contact.
- For Petty Cash or Encumbrances questions, contact your agency's assigned [appropriation control](#) contact.