



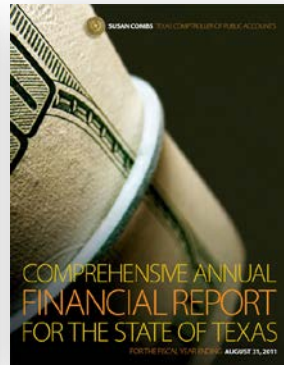
Reporting Requirements for Fiscal 2016  
**Annual Financial Reports**  
of State Agencies and Universities



# TASSCUBO

## 2016 AFR Update

### July 11, 2016

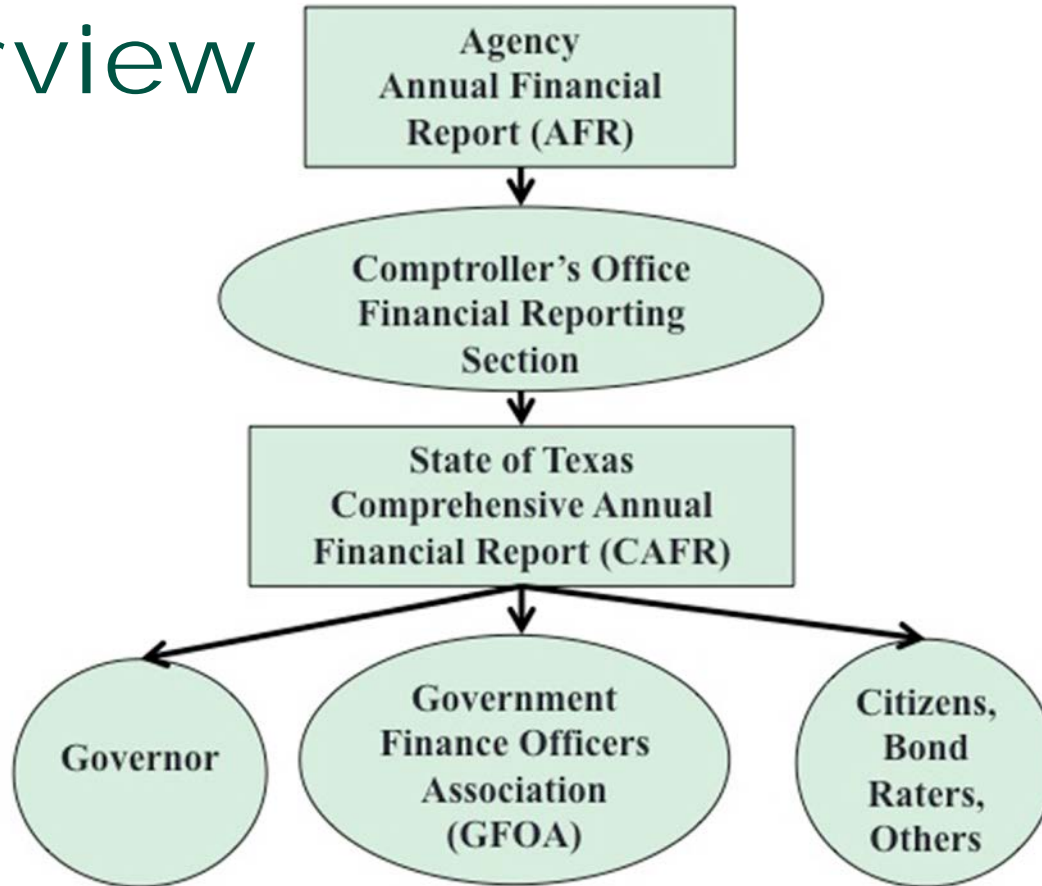


# Agenda Topics

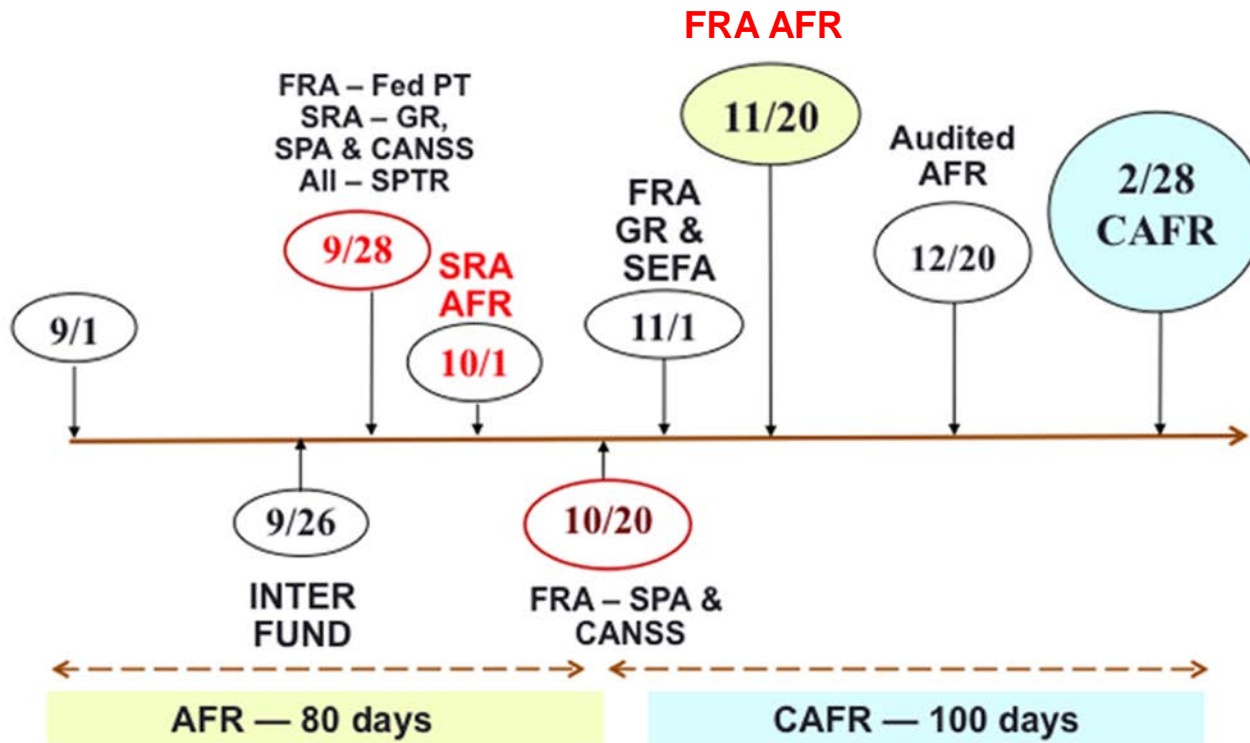
- ❖ Overview, Highlights and Changes
- ❖ GASB Statements
- ❖ Schedule of Federal Awards (SEFA)
- ❖ Statement of Cash Flows (ACFR)
- ❖ Deposits and Investments (DINSS)
- ❖ GASB Surveys
- ❖ Restatement (RNSS)
- ❖ Helpful AFR Tips
- ❖ Q&A and Closing Comments



# Overview



# Deadlines



# Highlights

## Audited AFR and Audit Adjustments

- ❖ Statute or Voluntary - Due by COB Dec. 20
- ❖ USAS and Interagency Activity Certification Form – mark exception if reporting pension information

## Compliance

- ❖ Audit adjustments not in compliance with the Reporting Requirements – notify financial reporting analyst prior to finalization of the report/adjustment

## Do Not Round

- ❖ USAS
- ❖ Financial Statements
- ❖ Notes



Highlights continued...

### Work Session – November 4

Prior to making travel arrangements or scheduling a work session:

- ❖ Attempt to enter your USAS transactions
- ❖ Contact your financial reporting analyst if you need assistance
- ❖ Work session will only be scheduled if the issue cannot be resolved by phone or email

### Contact Us

- ❖ Financial Reporting Analyst directory
- ❖ Interagency Transactions Contact List

<https://fmx.cpa.texas.gov/fm/contacts/fm.php?list=finrpt>



# Changes

Check the Changes navigation menu on the Home tab for a complete list of the changes made for Fiscal 2016 reporting.  
New Requirements

## New Requirements

### **General Accounting tab**

#### **Specialized Accounting**

- **Fair Value Measurement and Application**
  - **related to GASB 72**
- **External Investment Pools**
  - **related to GASB 79**



# Updates to Existing Requirements

In the [Pass-Through Activity](#) tab, select the following from the left navigation menu: Notes to SEFA and select Note 8 to view updated requirement information

Instructions for the SEFA Web Application and select Step 10 to reconcile R&D flags

In the [Bonds](#) tab, select the following from the left navigation menu:

Instructions for the BRS Web Application and open (+) the Adding a New Bond Issue for the Current Year section. Read about the new comments field in section 4.

Required Schedule and Samples and select Schedule 2B to view new columns





## Updates to Existing Requirements continued...

- ❖ In the [Notes and Samples tab, select the following from the left navigation menu:](#)

- Note 1 to view updates for clarification on accounting policies

- Notes 2 to view updates (GASB 62 & GASB 72)

- Notes 3 to view updates (GASB 72)

- Notes 6 to view updates for the disclosures

- Notes 7 to view updates (GASB 72)

- ❖ In the [Universities tab, select the following from the left navigation menu:](#)

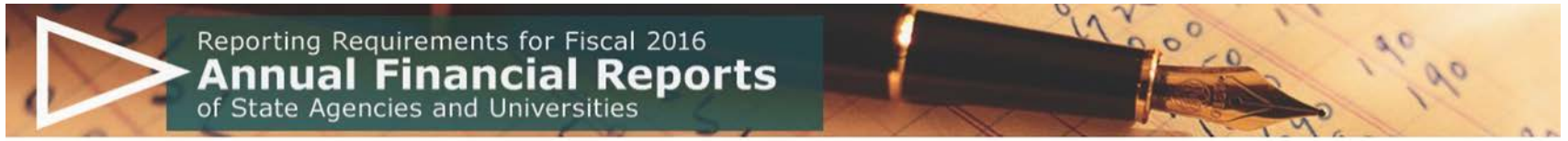
- Organization of AFRs for University Systems, Component, Independent Universities to view updates



## Updates to Existing Requirements continued...

- ❖ In the [Reference/Resources/Tools](#) box, we have made updates to the following areas:
  - Agency Year-End USAS Adjustments and AFR Checklist in Step 8, Notes 3 and 7 (GASB 72)
- ❖ Note Submission Requirements — each note must be submitted in a separate word document sent as an attachment in an email to [frs@cpa.texas.gov](mailto:frs@cpa.texas.gov)
- ❖ Updated screenshots and clarified steps for the following Web applications:
  - DINSS
  - LTLN
  - LNSS
  - RNSS





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# GASB Statements



# Effective for Fiscal Year 2016

GASB Statement No. 72, *Fair Value Measurement and Application*:

- ❖ Defines fair value
- ❖ Provides methods to measure fair value
- ❖ Discusses applicability of fair value guidance to investments and other items currently reported at fair value
- ❖ Provides potential disclosures about fair value

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*:

- ❖ Reexamine/Modify GAAP hierarchy levels
  - ❖ Assess standards-setting process and the governmental financial reporting environment
  - ❖ To determine if changes are needed to certain areas of the reporting structure
- ❖ Applied retroactively.



# GASB Statement No. 72, *Fair Value Measurement and Application*

## Fair Value – Old Definition

The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## Fair Value – New Definition

- ❖ The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- ❖ Fair value is:
  - ❖ Market-based — not an entity-specific
  - ❖ An exit price



# Valuation Approaches

Apply valuation technique(s) that best represent(s) fair value in the circumstances:

- ❖ Market approach — Uses prices and other relevant information generated by market transactions involving identical or similar assets and/or liabilities
- ❖ Cost approach — Uses amount currently required to replace the service capacity of an asset
- ❖ Income approach — Converts expected future amounts to a single current amount (such as present value techniques, option-pricing models, etc.)



# Application of Fair Value to Investments

- ❖ Requires investments to be measured at fair value with a few exceptions
- ❖ Investment: a security or other asset that a government holds primarily for the purpose of income or profit **–and–** the investment has the present service capacity based solely on its ability to generate cash or to be sold to generate cash
- ❖ The investment designation is made at acquisition and remains for the life of the asset — even if usage changes over time
- ❖ Implications of the changed “investment” definition:
  - ❖ Agencies need to reassess whether something should be an investment
  - ❖ Agencies with same type of asset may classify them differently because the use is different



## Fair Value Hierarchy

Inputs to valuation techniques are assumptions that market participants use in pricing an asset or liability.

LEVEL 1 — Unadjusted quoted prices accessed at the measurement date for identical assets and liabilities in active markets

Example: Company A common stock traded and quoted on the New York Stock Exchange

LEVEL 2 — Those that are observable for an asset or liability (directly or indirectly) borrowing that they are not the quoted prices in level 1

Example: Company B common stock traded and quoted only on an inactive market in an emerging country

LEVEL 3 — Unobservable inputs for an asset or liability

Example: Shares of a privately held company whose value is based on projected cash flows





## Net Asset Value (NAV)

Use NAV for an investment in a nongovernmental entity that does not have a readily determinable fair value.

- ❖ NAV per share — the amount of net assets attributable to each share of capital stock (**other than preferred stock**) outstanding at FYE
- ❖ Investments measured at NAV for fair value are not subject to level classification
- ❖ New Disclosures Required Under GASB 72
- ❖ For each type of asset measured at fair value on a recurring/nonrecurring basis, agencies must include the:
  - ❖ Fair value measurement at the end of the fiscal year
  - ❖ Level of the fair value hierarchy (**Level 1, 2 or 3**)
  - ❖ Description of the valuation techniques
  - ❖ Significant change in valuation techniques (**itemize changes/reasons**)
  - ❖ For non recurring basis, agencies must disclose the reason for the measurement



# Acquisition Value

New definition: Acquisition value (**an entry price**) — The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Use the acquisition value for:

- ❖ Donated capital assets
- ❖ Donated works of art, historical treasures and similar assets
- ❖ Capital assets received through a service concession arrangement



# *GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

GASB 76 reduces the GAAP hierarchy to two levels:

- ❖ Level A includes all GASB Statements
  
- ❖ Level B includes:
  - GASB Technical Bulletins
  - GASB Implementation Guides
  - AICPA Literature



# GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

- ❖ Part was effective in fiscal 16 — part becomes effective in fiscal 17
- ❖ Effective in fiscal 17 — certain provisions on portfolio quality, custodial credit risk and shadow pricing in paragraphs 18, 19, 23-26 and 40
  - ❖ State of Texas External Investment Pools:  
TexPool and TexPool Prime
  - ❖ Administered by the Texas Treasury Safekeeping Trust Company (TTSTC) - participants are state and local governments
  - ❖ TTSTC reports total net position as “Held in Trust for Pool Participants” in fiduciary funds ([FT 18: External Investment Pools](#))



# Effective for Fiscal Year 2017

GASB also approved Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68:

Accounting and financial reporting for pensions that are not administered through trusts meeting certain criteria, and thus are not covered by board statements issued in 2012.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

OPEB Plans – Plan Administrator statement



# Effective for Fiscal Year 2018

## *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

- ❖ OPEB plans — Employer statement
- ❖ Replaces GASB 43 and GASB 45
- ❖ Entire net OPEB liability must be reported on the face of the financial statements — rather than in the footnotes
- ❖ Agencies can no longer amortize the unfunded liability for 30 years
- ❖ Establishes one cost method for attributing the present value of benefit payments to specific years
- ❖ Recognition of changes in benefit plan assumptions within the current fiscal year
- ❖ Recognition of deferred outflows and inflows
- ❖ Increase in disclosure and required supplementary information

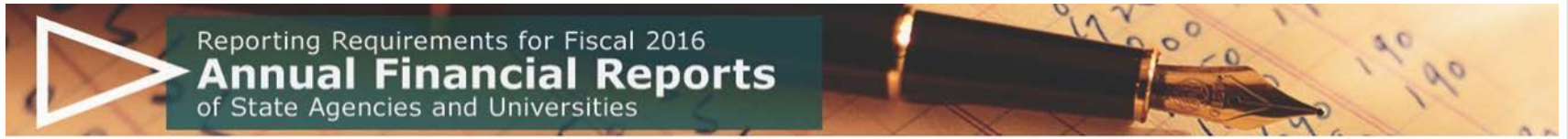


# Effective for Fiscal Year 2018

GASB Statement No. 82, *Pension Issues*—an amendment of GASB Statements No. 67, No. 68, and No. 73

- ❖ Presentation of payroll-related measures in required supplementary information
- ❖ Selection of assumptions and the treatment of deviations from guidance in Actuarial Standards of Practice for financial reporting purposes
- ❖ Classification of payments made by employers to satisfy plan member contribution requirements.





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# Schedule of Expenditure of Federal Awards (SEFA)





# 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 –



## General Information continued...

- ❖ All federal assistance received is categorized as either Direct or Pass-Through From
  - Cannot commingle beginning in FY 16
  - Report all federal revenue received
  
- ❖ All federal assistance expended is categorized as either Expenditures or Pass-Through To
  - Pass-through entity must:
    - Inform the sub-recipient that the funds received are federal funds
    - Provide the correct CFDA number and program name
  
- ❖ Do not report vendor payments between state agencies in SEFA Note 2 — Reconciliation
  
- ❖ Use the RTI process to include accruals in federal award pass-throughs



# Data Elements

- ❖ 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

The [List of Federal Agency 2-Digit Prefix Numbers](#) is available on the AFR website. [To navigate to these prefix numbers:](#)

- ❖ Click the [Pass-Through Activity](#) tab.
- ❖ Select [Data Elements](#) in the left navigation.
- ❖ Click on [Table I](#).



## Data Elements continued...

### Non-State Entity (NSE) Names

- ❖ NSE names do not include Texas state agencies/universities or federal agencies as an NSE
- ❖ **NEW! Agencies will use a pre-approved NSE list for reporting**
- ❖ Email SEFA analyst for additions: [jessica.castro@cpa.texas.gov](mailto:jessica.castro@cpa.texas.gov)
  - Include NSE supporting documentation

### 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 by the grantor federal agency



## Dates to Know — SEFA Deadlines

Sept. 18	Initial Certification
Sept. 19–27	Interagency Federal Pass-Through Reconciliation
Sept. 28	Interagency Federal Pass-Through Certification
Nov. 1	Final Certification





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# Statement of Cash Flows — Pitfalls to Avoid



# Line Item Pitfalls

## Cash Flows from Operating Activities

- Proceeds from Loan Programs
- Payments for Loans Provided
  - ❖ Program loans — undertaken to fulfill a governmental responsibility (such as low-income housing mortgages and student loans)
  - ❖ Loans made and collected (including the interest) are part of a governmental program
  - ❖ Report Loan activities as operating activities — rather than investing activities
- Payments to Employees
  - ❖ Salaries
  - ❖ Wages
  - ❖ Payroll related costs



## Line Item Pitfalls Continued...

### Cash Flows from Operating Activities continued...

Payroll costs paid by a central agency on behalf of another agency include:

- ❖ Retirement
- ❖ Insurance
- ❖ Unemployment

The expense on the hard copy AFR associated with these benefits is not included in the Payments to Employees line item.

### Cash Flows from Noncapital Financing Activities

Proceeds from State Appropriations

(Do not include the associated appropriation revenue)





## Line Item Pitfalls Continued...

- ❖ Cash and Cash Equivalents, as Restated
  - ❖ Cash and Cash Equivalents, September 1, 201X
    - ❖ DR300 – Review Cash Flow Stmt (BS,SNA-8580)
  - ❖ Restatements
  - ❖ Cash and Cash Equivalents, August 31, 20XX
    - ❖ DR301 – Review Cash Flow Stmt (BS,SNA-8580)
  
- ❖ Reconciliation of Operating Income to Net Cash
  - ❖ Operating Income (Loss)
  - ❖ Must tie to operating statement
    - ❖ DR302 – Review Operating Income (Loss)  
(StmtOfChangesAssetsLiab-8600)



## Line Item Pitfalls Continued...

- ❖ Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities
  - Depreciation and Amortization
    - ❖ DR304 — Review Depreciation Expense (StmtOfChangesAssetsLiab-8600)
  - Bad Debt Expense
    - ❖ DR303 — Review Bad Debt Expense (StmtofChangesAssetsLiab-8600)
  - Pension Expense
    - ❖ 7036 — Pension Expense Proprietary
  
- ❖ Noncash Transactions
  - Net Change in Fair Value of Investments
    - ❖ DR305 – Review Change FV Investment (StmtOfChangesAssetsLiab-8600)



# Other Potential Pitfalls

- ❖ Positive Payments and Negative Proceeds

- ❖ Do not enter positive payments or negative proceeds into ACFR or hard copy AFR

- ❖ Net with another line item within the same category or with a more appropriate line item in a different category

- ❖ Incorrect line items

Review each individual line item within the following categories to ensure proper posting:



# Agency Cash Flow Reporting (ACFR) Web App

- ❖ Submit the statement of cash flows through the Agency Cash Flow Reporting (ACFR) Web application
- ❖ All agencies are required to submit a certification within the ACFR Web application (even if there is \$0 activity)
- ❖ Agencies with enterprise funds (FT 05) and internal service funds (FT 06) must certify and submit a hard copy of the statement of cash flows (from their Annual Financial Report) as a word file attachment in an email to [frs@cpa.texas.gov](mailto:frs@cpa.texas.gov)



# SOCF Reconciliation Template

- ❖ The submitted hard copy must tie to the certified data in the ACFR Web application
- ❖ If the hard copy does not tie, submit a SOCF Reconciliation template for each GAAP Fund
  - The ***SOCF Reconciliation template*** is available in the [Templates & Sample Exhibits in the right-hand toolbox](#) of the Reporting Requirements website.





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# Deposit and Investment Note Submission System (DINSS)



## Modifications to DINSS

Prior year amounts entered are displayed in the following input screens:

- ❖ Cash in Bank and Bank Balances
- ❖ Investment Fair Value
- ❖ Investment Fair Value: Securities Lending Collateral Pool

Added 4 new input columns (to identify Fair Value Hierarchy Levels) to the following input screens:

- ❖ Investment Fair Value
- ❖ Investment Fair Value: Securities Lending Collateral Pool

Added a question (that requires an answer) to Investment Fair Value screen.

Investment derivatives in a liability position are no longer netted against investment derivatives in an asset position. General ledger account 1470 was established to account for these amounts in the liability section of the balance sheet.



# Modifications to DINSS continued...

Fiscal Year		2015
Fund Type	01	
<input type="button" value="Save"/> <input type="button" value="Return to list"/> <input type="button" value="Calc Totals"/>		
Cash in Bank Carry Amount	2014= 10,000.00	<input type="text" value="10,000.00"/>
Less: Nonnegotiable CDs included in Carry Amount	2014= 0.00	<input type="text" value="0.00"/>
Less: Uninvested Cash Collateral Included in Carry Amount	2014= 0.00	<input type="text" value="0.00"/>
Less: Nonnegotiable CDs Collateral Included in Carry Amount	2014= 0.00	<input type="text" value="0.00"/>
Bank Balance	2014= 0.00	<input type="text" value="10,000.00"/>
Total Cash In Bank per AFR	<input type="text" value="10,000.00"/>	
GL Acct Class 002 CA Cash in Bank	<input type="text" value="10,000.00"/>	
GL Acct Class 011 CA Restricted Cash in Bank	<input type="text" value="0.00"/>	
GL Acct Class 120 NC Restricted Cash in Bank	<input type="text" value="0.00"/>	
Difference Between CIB and USAS GL balances	<input type="text" value="0.00"/>	

New modifications to Cash in Bank and Bank Balances were incorporated into the DINSS Web application.

The amount input from the previous fiscal year is now displayed directly above the current fiscal year's input field (for each category)





# Modifications to DINSS continued...

New modifications to the Investment Fair Value input screen were incorporated into the DINSS Web application. Two new features are:

1. Agencies are required to answer the new question “Were hedging derivatives reclassified to investment derivatives?”
2. Added four columns of input to the right of the total column. These columns represent the 3 levels of fair value hierarchy and net asset — the sum of these columns displays in the total column (to the left of these columns).

Fiscal Year 2015

Fund Type 05

Save Return to list Calc Totals

Were Hedging Derivatives Reclassed to Investment Derivatives?  Yes  No

	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value
U.S. Treasury Securities	2014= 76,540,910.00 76,540,910.00	76,540,910.00	0.00	0.00	0.00
U.S. Treasury Strips	2014= 67,964,119.20 67,964,119.20	67,964,119.20	0.00	0.00	0.00
U.S. Treasury TIPS	2014= 0.00 0.00	0.00	0.00	0.00	0.00
U.S. Government Agency Obligations	2014= 249,512,093.45 249,512,093.45	249,512,093.45	0.00	0.00	0.00
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co.)	2014= 0.00 0.00	0.00	0.00	0.00	0.00



# Investment Categories

Proper use of investment categories:

Other Commingled Funds (TexPool) — used for both TexPool and TexPool Prime investments

Texas Treasury Safekeeping Trust Co. — investments must be entered into the fields identified as Texas Treasury Safekeeping Trust Co.

We have created new guidance (in the AFR website) to help identify the proper DINSS investment category for your investment type (as shown on the next page).



## Investment Categories continued...

### 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 (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



## 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.





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# GASB Questionnaires



# Applicable 2016 GASB Questionnaires

- ❖ GASB 14/39/61 — Component Unit
- ❖ GASB 49 — Pollution Remediation
- ❖ GASB 60 — Service Concession Arrangements
- ❖ GASB 62 — Codification of Accounting and Financial Reporting Guidance
- ❖ GASB 69 — Government Combination and Disposals
- ❖ GASB 70 — Nonexchange Financial Guarantees
- ❖ GASB 77 — Tax Abatement



# Changes

Every state agency is required to complete and submit the GASB questionnaires

## Submitting Questionnaires

- ❖ Submit copies of all supporting documentation by email to [frs@cpa.texas.gov](mailto:frs@cpa.texas.gov)
- ❖ Make sure that you click the submit button
- ❖ A PDF version of each questionnaire is available for preview
- ❖ All GASB Questionnaires are available on FMX on the [Financial Reporting page](#)
- ❖ Answers cannot be changed once a user clicks the submit button at the end of each survey



# GASB 14/39/61 — CU's

## General Information

- ❖ Prepare supporting documentation in advance when:
  - ❖ New Component unit (CU)
  - ❖ Agency abolished or dissolved the CU or transferred existing CU to another agency
  - ❖ Address to obtain financial statement changed
  - ❖ Number of appointed board of directors has changed
- ❖ All agencies are required to complete the GASB 14/39/61 questionnaire by Sept. 16, 2016





# GASB 14/39—CU's continued...

## Entering Data

Four options available:

1. Agency does not have any potential or existing component unit
2. Changes to existing component unit:
  - ❖ Component unit was dissolved, abolished
  - ❖ Address to obtain financial statements changed
  - ❖ Number of appointed board of directors changed
  - ❖ Other
3. A newly identified component unit:
  - ❖ Blended component unit
  - ❖ Discrete component unit
  - ❖ Related Organizations
  - ❖ Joint Venture, Jointly Governed Organizations, Related Party
    - No Disclosure
4. No changes



## GASB 77 — Tax Abatement

New this year is the GASB 77 — Tax Abatement questionnaire.

GASB Statement No. 77, *Tax Abatement Disclosures*, is effective for the state of Texas in Fiscal 2017. GASB 77 establishes disclosure requirements for tax abatement agreements entered into by:

- Agencies
- Component Units
- Universities
- Other Governments

All agencies are required to complete the GASB 77 questionnaire by Sept. 1, 2016.



## GASB 77 — Tax Abatement continued...

Prior to taking the survey, be prepared with the following information:

- ❖ All tax abatement programs under GASB 77 (including agency, discrete or blended component units and universities)
- ❖ All individuals or entities receiving the tax abatement(s)
- ❖ All period(s) of all tax abatement agreement(s)
- ❖ All amounts of revenue or tax revenue the agency (including agency, discrete or blended component units and universities) has foregone as a result of the tax abatement program/agreement



## GASB 49—Pollution Remediation Obligations

- ❖ Each agency is responsible for ensuring proper accounting and reporting of its pollution remediation liabilities.
- ❖ When an agency knows or suspects pollution may exist at a site, the agency must take steps to determine whether an obligating event occurred that requires accounting for a pollution remediation obligation.
- ❖ Each agency must analyze its pollution remediation obligations annually and recognize pollution remediation liabilities in its financial statements.
- ❖ Each agency is required to identify all obligating events as a standard part of its procedures when acquiring, remodeling or cleaning up property.
- ❖ Each agency must maintain an annual inventory of ongoing pollution remediation projects and its related pollution remediation obligations.
- ❖ Each agency is required to complete and submit the GASB 49 questionnaire on or before Sept. 1, 2016.
- ❖ Each agency will disclose pollution remediation obligations in Note 5.



# GASB 60 —Service Concession Arrangements

Provides guidance on accounting and financial reporting for the transferor (government) and the operator (governmental or non-governmental entity) in a service concession arrangement (SCA)

Assets commonly used in SCA's that generates fees or services include:

- ❖ Roads and bridges
- ❖ Water and sewer
- ❖ Golf courses
- ❖ Parking garages or meters

Potential SCA's for universities include:

- ❖ Bookstore
- ❖ Food Service/Student Housing
- ❖ Foundations
- ❖ Parking



## GASB 60 —Service Concession Arrangements continued...

The [GASB 60 — Applicable Accounting and Financial Reporting Decision Flowchart](#) helps to determine whether a public-private or public-public partnership arrangement is within the scope of GASB 60 and, if not, what existing accounting and financial reporting guidance is applicable

Each agency is required to submit the GASB 60 questionnaire on or before Sept. 1, 2016

Service concessions arrangements are disclosed in Note 27



# GASB 62 — Codification of Accounting and Financial Reporting Guidance

Each agency is required to submit the GASB 62 questionnaire on or before Sept. 1, 2016

GASB 62 questionnaire identifies:

- ❖ Troubled Debt Restructuring – Note 29
- ❖ Foreign Currency Transactions
- ❖ Investment in Common Stock
- ❖ Research or Development Arrangement
- ❖ Insurance Entities
- ❖ Mortgage Banking Activity
- ❖ Broadcasters



## GASB 69 — Government Combinations & Disposals of Government Operations

- ❖ GASB 69 provides guidance on accounting and financial reporting on government combinations and disposals of government operations
- ❖ Each agency is required to submit the GASB 69 Questionnaire regarding government combinations and disposals of government operations
- ❖ Each agency must disclose government combinations (in a supplementary note) in the period the combination occurs
- ❖ GASB 69 Questionnaire identifies the following types of government combinations and disposals of government operations:
  - ❖ Government mergers
  - ❖ Government acquisitions
  - ❖ Transfers of operations
  - ❖ Disposals of government operations
- ❖ GASB 69 Questionnaire is due on or before Sept. 1, 2016
- ❖ Disclosed in Note 28 — If your agency has governmental combinations related to deferred outflows of resources or deferred inflows of resources





## GASB 70 — Nonexchange Financial Guarantees

- ❖ GASB 70 provides guidance on accounting and financial reporting on nonexchange financial guarantees
- ❖ Each agency is required to submit the GASB 70 questionnaire regarding nonexchange financial guarantees
- ❖ GASB 70 questionnaire identifies when a government has extended certain financial guarantees for obligations of another:
  - ❖ Agency
  - ❖ Government
  - ❖ Not-for-profit organizations
  - ❖ Private entity or individual
- ❖ GASB 70 Questionnaire is due on or before Sept. 1, 2016
- ❖ Guarantor does not receive equal or approximately equal value from the legally separate entity or individual in return for extending the financial guarantee
- ❖ Disclosed in Note 30 — All nonexchange financial guarantees



# Due Dates

All simplified and full reporting agencies are required to complete and submit every GASB Questionnaire each fiscal year. All GASB questionnaires can be accessed as they become available from [Financial Reporting's page on FMX](#).

- ❖ Due Sept. 16, 2016 — **GASB 14/39/61 Component Unit Questionnaire**
  
- ❖ Due Sept. 1, 2016 — All **OTHER** GASB Questionnaires:
  - GASB 49 — Pollution Remediation Obligations Questionnaire
  - GASB 60 — Service Concession Arrangement Questionnaire
  - GASB 62 — Codification of Accounting and Financial Reporting Questionnaire
  - GASB 69 — Government Combinations and Disposals of Government Operations Questionnaire
  - GASB 70 — Nonexchange Financial Guarantees Questionnaire
  - GASB 77 — Tax Abatement Questionnaire





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# Restatement Note Submission System (RNSS)



# RNSS Highlights & Reminders

Agencies are required to submit the following through the RNSS Web application:

- ❖ Changes in accounting principle to comply with a new accounting principle
- ❖ Changes in financial reporting entity
- ❖ Change in the fund type
- ❖ Correction of an error in the financial statements of a prior period
- ❖ Mistakes in the application of accounting principles
- ❖ Oversight or misuse of facts that existed at the time the financial statements were prepared
- ❖ Accounting principle that is not GAAP to one that is GAAP



# RNSS Web Application

## Purpose

- ❖ Provides additional information not available from USAS
- ❖ Produces statewide reports and ensures uniformity of restatement disclosures used for CAFR purposes

## Security

- ❖ Requires USAS Mainframe (RACF) access
- ❖ Set up access early to avoid late certification
- ❖ Verify proper access on the USAS D53 screen – RNSS

## Deadlines

Nov. 20 — Certification of all Full Reporting Agencies



## Required Data

- ❖ No Direct Data allowed except for descriptive text
- ❖ If a change needs to be made to the financial amount, it must be recorded in USAS first
- ❖ Each fund type has a required descriptive text box
- ❖ Upload a Word document or Direct entry
- ❖ Screen format:
  - Fund Financial Statement format
  - Displays the major funds by fund type
  - Format used in the Comprehensive Annual Financial Report





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# Helpful AFR Tips



## Helpful AFR Tips

- ❖ Do not make changes to the appropriated fund field on the D23 Fund Profile after transactions have posted.
- ❖ Do not delete **D23 funds**.
- ❖ Verify that your interagency activity does not contain any **No Posts**. However, Interfund Receivable/Payable may have a No Post.
- ❖ Work with pass-through agencies and get confirmations early.
- ❖ System clearing needs to be \$0 at the D23 fund level by COB on Nov. 20, 2016.
- ❖ Restatements — Used only to correct a balance sheet GL account. Do not use to correct operating statement activity for the CY or PY.





## Helpful AFR Tips continued...

- ❖ Use the following reports to assist you with the AFR process:
  - AFR Desk Review (DR reports) – available in SIRS
  - CR Reports (Transmitted daily from Sept to Nov)
  - GR Reports (Transmitted daily from Sept to Nov)
- ❖ Submit each AFR Note on a separate Word document (and attach to email sent to [frs@cpa.texas.gov](mailto:frs@cpa.texas.gov))
- ❖ Establish the correct access to all of the AFR Web applications well before the certification deadline.
- ❖ Certification is required on all AFR Web applications.
- ❖ Ensure that the Web application amounts reconcile to your USAS amounts and your AFR before you certify.





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# Q&A and Closing Remarks







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Thank you for attending the  
**2016 Annual Financial Report Update**

By  
Fiscal Management's  
**Financial Reporting Section**  
Texas Comptroller of Public Accounts

