

# FISCAL FACTS

Issue 91-3

John Sharp, Texas Comptroller of Public Accounts

July 1991

## *Training Sessions Offered*

# 1991 Annual Financial Reporting Requirements

**A**n agency or institution of higher education can prove accountability for funds in a properly prepared annual financial report. The Financial Reporting Section of the Comptroller's Fund Accounting Division is responsible for keeping Texas agencies, colleges and universities informed on current accounting practices to provide that proof.

Comptroller staff members publish **Annual Reporting Requirements** for agencies and colleges and universities, respond to technical inquiries on financial reporting questions, and present training sessions for agencies, colleges and universities.

The information in the annual report must be presented in a standard way to meet the needs of a variety of users. In addition to fiscal and legal accountability, users want to know about an entity's financial position and condition: whether or not its financial position improved due to the year's operations, how it used its financial resources, and how it financed its activities and met its cash requirements. Standardized financial information provides a meaningful comparison of performance among reporting entities.

Training sessions on reporting requirements for 1991 annual financial reports will be offered during the summer months preceding the fiscal year close, August 31, 1991. Training will address changes made to existing reporting requirements and new requirements, such as the new **Cash Flow Statement**. The training also will clarify



reporting problems encountered in previous annual financial reports and the impact of those problems on statewide auditing and reporting. Questions raised at training sessions will either be answered or noted for further study.

**Annual Reporting Requirements** is made as comprehensive as possible, but there are always issues requiring more detailed explanations. The annual training sessions provide an opportunity for officials responsible for annual financial reports to resolve these issues by meeting with the staff responsible for producing the statewide Comprehensive Annual Financial Report (CAFR).

The financial data summarized in the statewide CAFR is only as good as the data

### ***In This Issue***

Straight FACTS .....	2
HIGHLIGHTS .....	3
New Procedures for Processing FICA Payments ...	4
Reader Survey .....	5
HOW TO .....	6
Q & A .....	7
Notices To State Agencies .....	8

## Straight FACTS

**M**ore than 2,000 Texans, many of them state employees, called the special confidential 1-800-BEAT WASTE hotline in the past several months to offer ideas about how state government can decrease spending and improve efficiency.

These calls will help us find ways to eliminate duplicated effort and wasteful spending in state government. I think the fact that a large number of calls to the hotline came from state employees is a good indication that a lot of them feel — as do a lot of other taxpayers — that state government is unresponsive.

Calls to the BEAT WASTE hotline are confidential. Callers need not identify themselves.

I had the BEAT WASTE hotline (1-800-232-8927) installed as a part of the Texas Performance Review, an in-depth examination of the budgets, management practices and performance of all state agencies.

The review was ordered by the Texas Legislature, and I was named to direct it. A final report on the review was made to Governor Ann Richards and members of the Texas Legislature on June 26.

The phone started ringing in mid-February when we plugged in the BEAT WASTE hotline, and it kept right on ringing off the wall. We average about 40 calls each day, and we have received well over 2,000 suggestions for reducing the state budget.

We also held a series of public hearings across the state to provide Texans with a personal opportunity to present their suggestions for making state government more efficient. ■




## Annual Financial Reporting Requirements *(Continued from page 1)*

submitted by the individual reporting entities. Affected personnel should attend the training sessions to help assure the highest quality financial reporting possible for Texas.

As in the past, credit for Continuing Professional Education will be given for attendance at the training. A formal Notice to State Agencies will be sent the times and locations for the training.

Additional information on the scheduled training is available from Wallace Lankford at (512)463-4892, TEX-AN 257-4892 or toll free 1-800-531-5441 ext. 3-4892. Contact Carl Prestfeldt at (512)475-0325, TEX-AN 255-0325 or 1-800-531-5441, ext. 5-0325 for information on training for colleges and universities. ■



### Ideas for Better State Government

As part of the Texas Performance Review, the Comptroller installed a special telephone hotline to encourage input from state employees and the general public. The hotline was advertised statewide in local convenience stores, city halls, county courthouses and state agency offices. More than 2,600 calls were received. Each one of the suggestions was reviewed and many were incorporated into the overall Performance Review recommendations.

## FISCAL FACTS

JOHN SHARP • TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

Fiscal FACTS is a publication of the Texas Comptroller of Public Accounts, written to help inform Texas agencies about the latest developments in Texas government and changes in state tax law.

For additional copies or back issues, or to be added to our mailing list, contact:

Fund Accounting Division, Texas Comptroller of Public Accounts, P.O. Box 13528, Austin, TX 78711-9831

*Little Time for Account Clean-Up*

# Agency Assistance Needed to Prepare for Year-End Close-Out

**O**n August 31, the statewide accounting system (FACTS) must be closed. On that day, the closing process will begin once daily voucher processing is complete.

The closing process is lengthy and requires careful planning. The Comptroller's Claims and Fund Accounting Divisions will mail a joint **Notice to State Agencies** in August to advise agencies of voucher processing deadlines. Each agency's assistance and cooperation is necessary to ensure the necessary steps are completed prior to closing the books.

Closing the year always triggers a heavy work load for agencies and the Comptroller's Office. This year will be especially busy since the appropriations bill for state agencies will not be considered until the Legislature meets in special session in mid-July. The Governor has requested that the report from the Texas Performance Review Project be received before the budget is passed. The final report from the review was due on July 1, 1991.

If lawmakers take the full 30 days allowed in the special session to pass the bill, the budget won't be certified and set up on the Comptroller's books until the end of August. State agencies rely on the Comptroller's budget set-up for appropriation and cost center numbers of new programs authorized by the Legislature.

Budget set-ups for the next fiscal year normally are completed by mid-July, with the remainder of the fiscal year available to review and adjust year-end balances. This year both budget set-up and account clean-up will be deferred until August.

To offset this time crunch, accounts should be reviewed as early as possible. Agencies should use their monthly FACTS reports to ana-

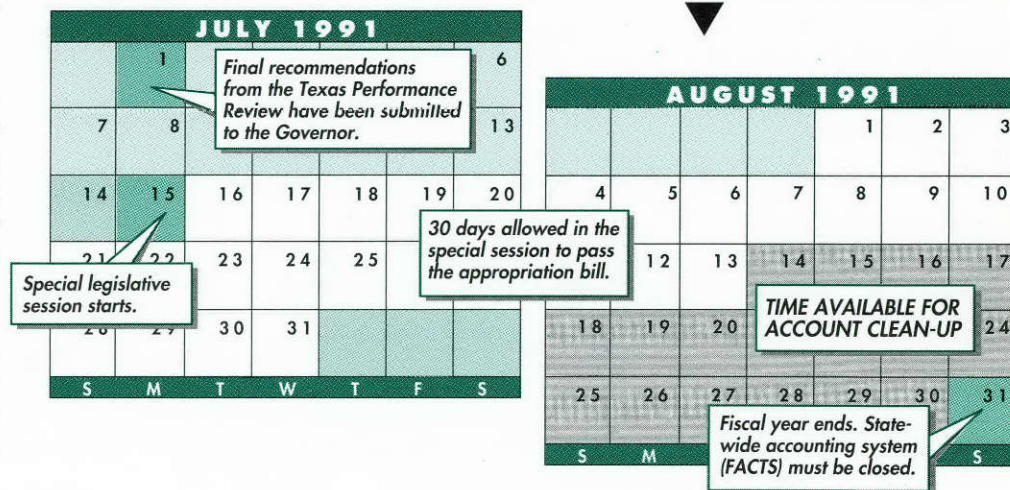
lyze transactions for accuracy. This includes use of proper fund, appropriation and object codes. Error corrections should be submitted as soon as possible, and agencies should carefully review future transactions to ensure that they are correctly coded prior to processing.

Accuracy of information processed through FACTS is important since this information is used to compile the **Texas Annual Cash Report**. This report consists of financial data for funds and object codes for each fiscal year.

In addition, unencumbered appropriation balances should be lapsed, unexpended appropriation balances with "UB" authority should be carried forward, and prior year fund cash balances should be carried forward. All of this must be done before August 31st. The 1987 balances will drop from the Comptroller's books on September 1st unless these procedures are followed.

If you have questions about deadlines and the year-end close, contact your Appropriation Control Officer in the Fund Accounting Division at (512)463-4992 (TEX-AN (512)255-4992). Or call the Claims Division at (512)463-4850 (TEX-AN (512)-255-4850). Calls may also be placed toll free at 1-800-531-5441, ext. 4992 or 4850. ■

**IF LAWMAKERS TAKE THE FULL 30 DAYS ALLOWED IN THE SPECIAL SESSION TO PASS THE BILL, THE BUDGET WON'T BE CERTIFIED AND SET UP ON THE COMPTROLLER'S BOOKS UNTIL THE END OF AUGUST.**



# New Procedures for Processing FICA Payments Started July 1

**S**tarting July 1, 1991, the procedures for processing Federal Insurance Contributions Act (FICA) payments have changed. This is necessary to help agencies meet federal remittance deadlines and to help avoid federal penalties for late payments.

The change involves employer's Old Age, Survivors, and Disability Insurance (OASI) matching contribution, object code 7043, and the employer's share of employees' OASI contribution, object code 7044.

Instead of submitting these charges on separate purchase vouchers, as is currently done, agencies will submit them on payroll vouchers. This ensures that FICA payments will receive the same priority processing as payrolls. The Purchase Audit Section of the Claims Division will accept and process FICA payments on purchase vouchers only through July 31, 1991. If you have questions, please call (512)463-4850, TexAn 255-4850 or toll free at 1-800-531-5441, extension 3-4850.

Under the new procedure, agency FICA appropriation balances must be sufficient to cover the FICA charges represented on the payroll. Agency fund balances must be sufficient to cover both the FICA and the salary charges so that payroll vouchers can be processed without delay.

If you have questions, contact your appropriation control officer in the Fund Accounting Division at (512)463-4992, TexAn 255-4992 or toll free at 1-800-531-5441, extension 3-4992.

The last entries on the payroll detail sheet for transaction codes 022 and 023 vouchers should reflect your state matching and state share of OASI, respectively.

The amount in the Gross Amount column and the amount in the Net Amount column must be the same in order for the payroll voucher to balance.

For questions related to the preparation of payroll vouchers with FICA payments, please contact the Payroll Audit Section of the Human Resource Information Services Division at (512)463-4678 or call toll free at 1-800-531-5441, extension 3-4678.

To consolidate payments of FICA under one Payee Identification Number (PIN), agencies must establish a mail code on the Texas Payee Information System (TPIS) under the Internal Revenue Service's federal employer identification (FEI) number. The mail code number must be the same as the agency number. The name on the mail code may be your agency's bank depository or Federal Reserve Bank. A supplemental line will contain your agency's FEI number and the words **IRS/FICA**.

Finally, to provide uniformity and to facilitate research on payments of federal withholding, agencies must establish a mail code on TPIS under the PIN, 30003185995, with a mail code number the same as the agency number. The name on this mail code will be the same one used for the FICA payment mail code. The supplemental line will contain your agency's FEI number and the words "IRS Withholding." You may submit the mail code set-ups electronically or on paper documents. Use Form AF152-2, Texas Application for Payee Identification Number when not submitting electronically.

More information is available in Notices to State Agencies and Accounting Policy Statements of the Comptroller's Office.

If you have questions about the mail code, contact the Payee Information Section of the Claims Division at (512)463-4850 or toll free at 1-800-531-5441, extension 3-4850. ■

**AGENCY FUND BALANCES  
MUST BE SUFFICIENT TO  
COVER BOTH THE FICA AND  
SALARY CHARGES SO THAT  
PAYROLL VOUCHERS CAN BE  
PROCESSED WITHOUT DELAY.**

Reader Survey

# Tell Us What You Want From Fiscal FACTS

**W**e need your opinion. We'd like to know if you find **Fiscal FACTS** informative. With your assistance, we will make the newsletter more useful. Please complete and return this survey by August 1, 1991. This is an anonymous survey. You do not need to sign your name.

1. What topics covered in Fiscal FACTS are useful to you? Rank each on the following scale (circle one):

1) Very useful 2) Useful 3) Slightly useful 4) Not useful

Accounting Policy Statements	1	2	3	4
Annual Financial Report Preparation	1	2	3	4
Attorney General Rulings	1	2	3	4
Compensatory Per Diem Payments	1	2	3	4
Cost-Cutting Services	1	2	3	4
Direct Deposit Program	1	2	3	4
Employee Benefits	1	2	3	4
Federal Regulations	1	2	3	4
Human Resources Information System	1	2	3	4
Travel Regulations	1	2	3	4
Uniform Statewide Accounting System	1	2	3	4
Payee Payment Rules	1	2	3	4
Warrant & Voucher Processing	1	2	3	4

2. What topics not currently covered would you like to read about in **Fiscal FACTS**?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. How many articles do you read in each issue?

- all     almost all     half
- less than half     none

4. Rank the content of the following features (circle one):

- 1) Very interesting    2) Interesting  
3) Slightly interesting    4) Not interesting

Straight Facts	1	2	3	4
Highlights	1	2	3	4
HOW TO	1	2	3	4
Questions and Answers	1	2	3	4
Notices to State Agencies	1	2	3	4

5. Rate **Fiscal FACTS** on each of the following attributes (circle one): 1) Excellent 2) Good 3) Fair 4) Poor

Ease of Reading	1	2	3	4
Appearance	1	2	3	4
Your overall opinion	1	2	3	4

Would you miss **Fiscal FACTS** if it were not published?

- A lot     Some     Not Much     Not at all

6. How many people in your office read your copy of **Fiscal FACTS**? \_\_\_\_\_

7. Are you a state employee?     Yes     No

8. Do you work for the Comptroller of Public Accounts?     Yes     No

9. Comments:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

RETURN TO:

Editor, **Fiscal FACTS**  
Fund Accounting Division  
111 East 17th Street  
Austin, Texas 78774

Travel Allowance Changes

# Out-of-State Reimbursement Rates

**R**evised reimbursement rates for out-of-state meals and lodging went into effect March 1, 1991. The Comptroller's *Notice to State Agencies* updating the out-of-state rates was issued on February 4, 1991. The revised rates are in effect until the Comptroller issues another update.

Travel prior to March 1, 1991, is reimbursed according to the prior rates.

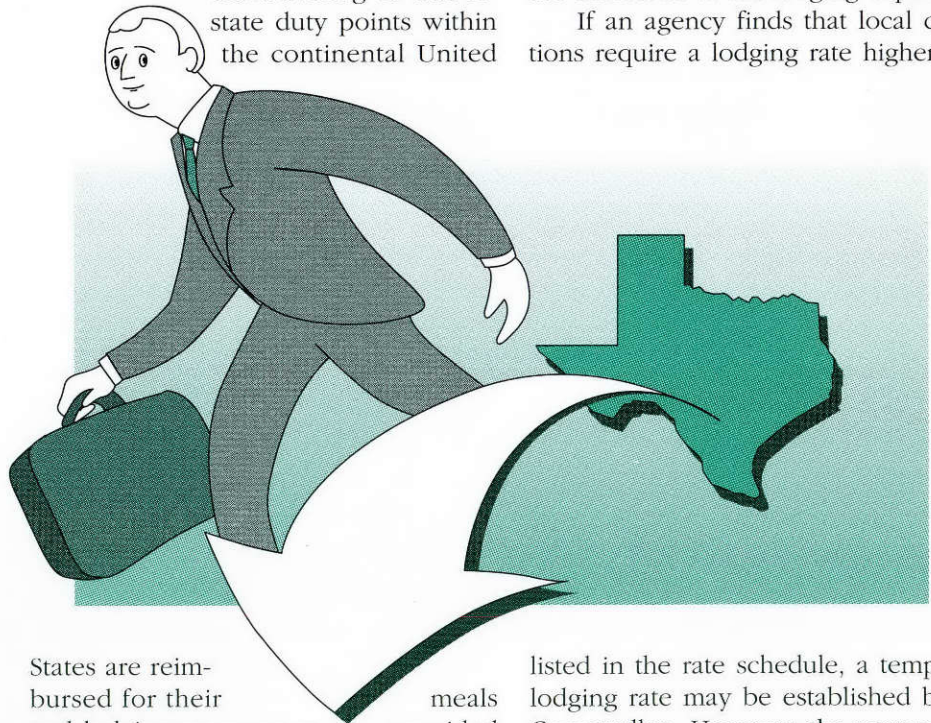
By law, state employees traveling to out-of-state duty points within the continental United

city not listed in the rate schedule, the rates for the county in which the city is located will apply. If neither the city nor the county is in the schedule, the lowest rate for that state will apply.

The rates listed in the schedule are not flat rates. An employee may be reimbursed only for actual meals and lodging expense – not to exceed the specified rates for the employee's designated location. If necessary, an employee may reduce meal reimbursement and apply the difference to the lodging expense.

If an agency finds that local conditions require a lodging rate higher than

**EMPLOYEES MAY BE REIMBURSED ONLY FOR ACTUAL MEALS AND LODGING EXPENSES – NOT TO EXCEED THE SPECIFIED RATES FOR THE EMPLOYEE'S DESIGNATED LOCATION.**



States are reimbursed for their meals and lodging expenses as provided for in federal travel regulations. Employees who travel to Alaska, Hawaii or any foreign country are reimbursed for their actual expenses.

A state employee may claim the federal rate for meals and lodging that is applicable to the employee's duty point. However, if reasonable lodging cannot be obtained within the duty point, the employee may secure lodging in a different location and use the rates for that locale.

If an employee obtains lodging in a

meals listed in the rate schedule, a temporary lodging rate may be established by the Comptroller. However, the agency must contact the Comptroller in writing at least 10 days prior to the date of travel. Justification for the higher rate must be included in the letter.

Please refer to sections 2.03 through 2.06 of the *State of Texas Travel Allowance Guide* for the out-of-state travel rules. Questions may be directed to the travel auditors in the Claims Division. The number is (512) 463-4850 or TEX-AN 255-4850. You can also call toll free at 1-800-531-5441, extension 3-4850. ■

# Exemptions from Hotel Tax

**Q** Is a state employee exempt from paying hotel taxes when traveling in-state?

**A** In general, state employees are exempt from state, county, and city occupancy taxes when traveling on official business in Texas.

**Q** Are state employees of universities exempt from these taxes?

**A** No. Employees of institutions of higher education are exempt from the *state* hotel occupancy tax when traveling on state business in Texas, if the institution qualifies as an "educational organization." The county and local occupancy taxes paid may be claimed as incidental expenses on an employee's travel voucher. See 34 TEX. ADMIN. CODE secs. 3.161, 3.163 (b), (c).

**Q** How does an employee claim the exemption?

**A** The only way for an employee to claim exemption from paying the applicable tax is by presenting a "Texas Hotel Occupancy Tax Exemption Certificate" to the lodging establishment.

**Q** What if an employee presents the certificate, but the hotel refuses to honor the exemption?

**A** Employees who properly present the exemption certificate and have been denied the exemption may claim the tax as an inci-

dental expense on a travel voucher. If this occurs, please contact the Comptroller.

**Q** What if an employee fails to present an exemption certificate to the hotel?

**A** The tax is not reimbursable if an employee is exempt from paying the tax but fails to present the certificate.

**Q** Are state employees exempt from hotel tax when traveling out-of-state?

**A** Whether an employee is exempt from the tax charged in another state depends on the laws of that state. However, all state employees may claim hotel tax charged out-of-state as an incidental expense on a travel voucher. Please, refer to section 2.11 of the *State of Texas Travel Allowance Guide* for an explanation of the hotel tax rules.

**STATE EMPLOYEES ARE EXEMPT FROM STATE, COUNTY AND CITY OCCUPANCY TAXES WHEN TRAVELING ON OFFICIAL BUSINESS IN TEXAS.**



12-302  
Texas Hotel Occupancy Tax Exemption Certificate  
(Rev. 8-89(B))

**TEXAS HOTEL OCCUPANCY TAX EXEMPTION CERTIFICATE**

**NOTE:** This certificate is for business only, not to be used for private purposes, under no circumstances. To request a government ID, business card or other identification to verify exemption claimed. Certificate should be presented to the Comptroller of Public Accounts. The certificate does not require a stamp or signature.

Check exemption claimed:

Federal or Texas government agency employee or director

Religious, charitable or educational organization employee

Name of exempt organization \_\_\_\_\_

Address of exempt organization (Street and number, city, state, ZIP code) \_\_\_\_\_

GUEST \_\_\_\_\_

NAME OF HOTEL/MOTEL USE ONLY (OPTIONAL)

Name of hotel/motel \_\_\_\_\_

Address of hotel/motel (Street and number, city, state, ZIP code) \_\_\_\_\_

Method of payment (Cash, personal check or credit card, organization check or credit card, direct billing, other) \_\_\_\_\_

Room rate	Local tax	Exempt state tax	Amount paid by guest
-----------	-----------	------------------	----------------------

## Notices To State Agencies

The following is a list of recent Notices to State Agencies from the Comptroller's Office. For further information, contact the Fund Accounting Division at (512)463-4992, the Claims Division at (512)463-4850, the State Government Accounting Division at (512)794-8065 or the Human Resource Information Services Division at (512)794-7454.

NOTICE	DIVISION	DATE
■ State of Texas Purchase Voucher	Claims	May 15, 1991

## FISCAL FACTS

*JOHN SHARP*  
 Comptroller of Public Accounts  
 P.O. Box 13528, Capitol Station  
 Austin, Texas 78711-9831

BULK RATE  
 U.S. POSTAGE PAID  
 AUSTIN, TX  
 PERMIT NO. 1411

