

Section 2.44

Fiscal Year-End Procedures

Comptroller of Public Accounts (TPASS) Fiscal Year-End Determination

The state fiscal year begins on September 1st and ends on August 31st of each year. State funds are appropriated by the Texas Legislature on a biennial basis. TPASS establishes guidelines and rules for how and what money is charged to a specific fiscal year.

When submitting a request for payment, the agency must designate which fiscal year will be charged for the purchase. This is necessary because three appropriation years (five for construction, repair, or remodeling appropriations) are always available to be charged for any purchase.

There are different criteria for payments of consumables, services, capital assets, and mixed purchases. The general requirements below reflect current TPASS policies and procedures. For further clarification, refer to your fiscal office or TPASS's Texas Purchase Policies and Procedures Guide

Consumables

An agency must charge a purchase of consumables to the appropriation year in which the delivery of the consumables occurred and in which they are reasonably expected to be consumed.

Services

An agency must charge a purchase of services for the appropriation year in which the services were rendered.

Capital Assets

Capital assets are real or personal property that have an estimated life of greater than one year. When an agency purchases a capital asset, the entity may charge the purchase to any appropriation year or combination of appropriation years that are in existence on the date that the agency enters into the purchase contract. The delivery date of a capital asset is never a relevant factor when determining the appropriation year that must be charged for the purchase of the asset.

Mixed Purchases

Mixed purchases may involve the purchase of a combination of consumables, services and capital assets. The appropriation year principles are determined by the dominant purpose of the contract. For example, if the dominant purpose of the mixed contract is to purchase services, then the appropriation year determination principles for services would govern the entire purchase.

Exceptions to the Appropriation Year Determination Procedures

Seminars and Conferences

Except as discussed in the next sentence, a state agency may use money appropriated for a particular fiscal year to pay expenses related to conducting or attending a seminar or conference only to the extent it occurs during that fiscal year. To the extent that it is cost-effective, a state agency may use money appropriated for a particular fiscal year to pay expenses related to conducting or attending a seminar or conference that will occur partly or entirely during a different fiscal year.

Periodical subscriptions, maintenance contracts, post office box rentals, insurance, and surety or honesty bonds

A state agency may use money appropriated for a particular fiscal year to pay the entire cost or amount of a periodical subscription, a maintenance contract, a post office box rental, insurance, or a surety or honesty bond, regardless of whether it covers more than one fiscal year.

Utility Services

A state agency may use money appropriated for a particular fiscal year to pay for a utility service provided during that fiscal year and September of the next fiscal year. The applicable statute specifically defines “utility service” to mean:

- The furnishing of electricity, water, or natural gas; or
- A telecommunications service, a wastewater treatment services, or a waste disposal service; or
- Any similar commodity or service that the Comptroller considers to be a utility service.

Additional information is provided in the TPASS Texas Purchase Policies and Procedures Guide

Note: See Section 2.38 Prepayment & Advance Payments for allowable advance payment exceptions.

TPASS Procedures for Open Market Fiscal Year-End Purchases

See Section 2.7 Open Market Purchases

Funds Which Revert

Entities may have appropriated funds which revert to the state's fund at the end of the fiscal year. If an order is to be paid with funds which revert at the end of a fiscal year, the agency should note on the requisition **"To be paid with funds which revert at the end of this fiscal year."**

Requisitions requiring delivery on or before August 31st must include a similar notation. Requisitions with either of these notations will be given priority for processing. The TPASS deadline for receipt of open market requisitions is approximately eight to ten weeks prior to the end of the fiscal year. Current fiscal year requisitions received after this deadline will be processed only if TPASS determines there is sufficient time to process the purchase order.

Next Fiscal Year Funds

For requisitions to be paid with funds from the next fiscal year, the agency should note the following on the requisition:

- New fiscal year requisition number; and
- The statement: **"Goods are to be Delivered and Invoiced after September 1, 2XXX."**

TPASS Procedures for Re-Award of an Order Using Prior Fiscal Year Funds

This procedure involves the cancellation of a purchase for capital assets. A purchase order using prior year funds is allowed when a prior year order is canceled for reasons which are not within the control of the agency or TPASS, such as a vendor's default for inability to deliver, meet performance or specification requirements. Please note the following:

If it is necessary to cancel and re-award an order for a capital asset item, the agency shall request and justify the action as being in the best interest of the state. TPASS:

- May cancel and re-award the order or cancel and re-advertise the purchase (as appropriate for the situation); and
- Will use the original requisition number and issue a new purchase order number for the previous fiscal year with the current date.

Since the original purchase order was executed in the prior fiscal year, the agency may use prior fiscal year funds to pay for the purchase. If the amount of the re-award exceeds the amount of the original award, the difference will be charged to the current year's appropriations. See Section 2.18 *Excess Obligations Prohibited* for information on excess obligations.