

By: Duncan

S.B. No. 1102

A BILL TO BE ENTITLED

AN ACT

relating to financial accounting and reporting for this state and political subdivisions of this state.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The legislature finds that:

(1) state and local governments provide essential services funded by statutorily authorized taxes and fees and not by cost recovery-based rate or price models;

(2) state and local government operations derive authority from and are regulated by the Texas and federal constitutions and statutes; and

(3) financial accounting and reporting should accurately reflect government activities and not mislead or misinform the public.

SECTION 2. Subtitle F, Title 10, Government Code, is amended by adding Chapter 2264 to read as follows:

CHAPTER 2264. FINANCIAL ACCOUNTING AND REPORTING

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2264.001. APPLICABILITY. This chapter applies to this state and to each political subdivision of this state.

Sec. 2264.002. APPLICABILITY TO COMPONENT UNITS. To the extent an entity is reported on the financial statement of the state or a political subdivision as a component unit, the statutory accounting principles and reporting standards in this chapter apply

1 to that entity.

2 [Sections 2264.003-2264.050 reserved for expansion]

3 SUBCHAPTER B. FINANCIAL ACCOUNTING AND REPORTING STANDARDS

4 Sec. 2264.051. REQUIREMENTS FOR SYSTEM OF ACCOUNTING AND  
5 REPORTING. The system of accounting for and reporting the  
6 financial activities of this state and its political subdivisions:

7 (1) must be consistent with state financial laws;

8 (2) may not misrepresent the nature, scope, or  
9 duration of the financial activities of the state or political  
10 subdivision; and

11 (3) must follow the statutory standards in this  
12 chapter when other accounting bases conflict with state law.

13 Sec. 2264.052. STATUTORY MODIFIED ACCRUAL BASIS. (a) A  
14 statutory modified accrual basis is a comprehensive basis of  
15 accounting that recognizes revenue when it is measurable and  
16 available to finance current expenditures and recognizes  
17 expenditures when they are normally expected to be liquidated with  
18 current financial resources regardless of when they mature.

19 (b) This state and its political subdivisions may account  
20 for and report selected types of financial activities on a  
21 statutory modified accrual basis for government-wide and  
22 fund-level internal and external financial statement reporting.

23 Sec. 2264.053. COMPLIANCE WITH ACCOUNTING PRINCIPLES.  
24 Compliance with the statutory accounting principles of this chapter  
25 by the state or a political subdivision satisfies another statute  
26 that requires accounting and reporting according to generally  
27 accepted accounting principles.

1           Sec. 2264.054. ACCOUNTING FOR OTHER POSTEMPLOYMENT  
2 BENEFITS. (a) In this section:

3           (1) "Other postemployment benefits" means employee  
4 benefit programs for which coverage or eligibility extends to  
5 retired employees. The term does not include pension benefits.

6           (2) "Pay-as-you-go" means benefit plan financing  
7 generally made at or about the same time and in or about the same  
8 amount as benefit payments and expenses become due.

9           (b) To the extent that generally accepted accounting  
10 principles require accounting or reporting of other postemployment  
11 benefits at the government-wide or fund level on any basis other  
12 than pay-as-you-go and in accordance with the statutory accounting  
13 principles in this chapter, those accounting or reporting  
14 requirements do not apply to this state or its political  
15 subdivisions.

16           SECTION 3. Section 112.002(c), Local Government Code, is  
17 amended to read as follows:

18           (c) Except as provided by Chapter 2264, Government Code, a  
19 [A] regulation adopted under this section may not be inconsistent  
20 with generally accepted accounting principles [~~as established by~~  
21 ~~the Governmental Accounting Standards Board~~].

22           SECTION 4. The changes in law made by this Act apply to  
23 financial accounting and reporting by a governmental entity subject  
24 to Chapter 2264, Government Code, as added by this Act, beginning  
25 with the governmental entity's first fiscal year that begins on or  
26 after the effective date of this Act.

27           SECTION 5. This Act takes effect immediately if it receives

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1 a vote of two-thirds of all the members elected to each house, as  
2 provided by Section 39, Article III, Texas Constitution. If this  
3 Act does not receive the vote necessary for immediate effect, this  
4 Act takes effect September 1, 2007.