

**Accounting Principles Committee (APC)**  
**TACUBO Summer Conference**  
**Tuesday, July 16, 2024**  
**7:15 a.m. – 8:15 a.m.**  
**Agenda**

- **Welcome (Leanna Odom/Leslie Fluharty)**

- **GASB Implementations – Looking Back:**

**GASB 87 (Leases) & GASB 96 (SBITAs)** - what tools are you using to maintain the contracts and amendments? How does this ensure year-end impact is timely?

- **GASB Implementations – fiscal 2024 Impact:**

**GASB Statement No. 99 Omnibus** – effective fiscal **2024**.

Amends GASB 70 from 2014. Exchange or Exchange-Like Financial Guarantees component that goes into effect in fiscal **2024** – information is found under “Specialized Accounting” tab of Comptroller site under [fmx.cpa.texas.gov/fmx/pubs/](http://fmx.cpa.texas.gov/fmx/pubs/). See reporting requirements if this applies. (More likely than not is 51%.) Expanded Note 30 – Financial Guarantees.

Amends GASB 53, Accounting and Financial Reporting for Derivative Instruments. Added an “other derivative instrument” – a derivative instrument that was intended to be a hedge but does not meet the hedge effectiveness criteria is neither an investment derivative instrument nor a hedging derivative instrument. Comptroller looking into if any new codes are needed. Third line will need to be separated in investment revenue and in notes. Note 7 – Derivative Instruments for more information.

**GASB Statement No. 100, Accounting Changes and Error Corrections** – effective fiscal **2024**. (Replaces “prior period adjustment.”) For more information, see Note 14 – Adjustments to Fund Balances and Net Position.

- **GASB Implementations – Looking Forward:**

**GASB Statement No. 101, Compensated Absences**, effective fiscal **2025**. GASB

101:

- Updates the recognition and measurement guidance for compensated absences by:
  - Aligning the recognition and measurement guidance under a unified model
  - Amending certain previously required disclosures
- Amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability
- Supersedes GASB 16

### **Things to consider (from past notes):**

- Sick leave is a challenge; it is calculating to be twice as much as vacation payouts.
- Review all earned balances; determine what percentage is being used. If 60%, then this will be the current and non-current liability.
- Per GASB, other institutions have already been recording sick leave in their liability balances, so this standard is bringing our financials in line with others.
- NACUBO stated it is accelerating the sick leave expense.
- Need to communicate with the budgeting team for planning purposes.
- Is it going to be “more than likely used”? Page 40 under B/Appendix C. There’s some language that speaks to us.
- Remember the catastrophic leave pool in the calculation.
- State does not require restatement of FY 2024. An external audit would require it.
- Consider caps (example: two times FMLA) since it is highly unlikely anyone would be off for three years.
- Consider a review of your estimate and methodology by an external CPA firm.

### **Current things to consider:**

- Any current progress by IHE who are early implementing?
- Anyone working with their IT?

### **GASB Statement No. 102, *Certain Risk Disclosures*, effective fiscal 2025 (fiscal years beginning after June 15, 2024. Earlier implementation is encouraged). GASB 102:**

- The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition.
- See GASB No. 102 for the evaluation criteria and other disclosure examples.
- Example disclosure: The Airport Fund accounts for the City’s airport operations and reports \$X million of revenue bonds outstanding on June 30, 20X0. The bond indentures state that the revenue generated by airport operations is pledged as the sole source of repayment for the bonds. XX percent of the Airport Fund’s revenues are associated with a single airline customer who has notified the City that it plans to terminate its lease and discontinue service to the City’s airport by December 31, 20X0. A loss of revenue from that airline could adversely affect the Airport Fund.

### **GASB Statement No. 103, *Financial Reporting Model Improvements*, effective fiscal 2026 (fiscal years beginning after June 15, 2025. Earlier implementation is encouraged). GASB 103:**

- The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability.
- MD&A, unusual and infrequent items, operating vs nonoperating revenue, major component unit information, and budget comparison as RSI are addressed in this Statement.
- See GASB No. 103 for detailed information.

○ **Other Topics:**

- **Comptroller Changes – see 2024 Updates Table for all changes:** [fmx.cpa.texas.gov/fmx/pubs/afrrptreq/index.php](https://fmx.cpa.texas.gov/fmx/pubs/afrrptreq/index.php). A few of the changes noted are:
  - **GR Reconciliation process** – see Accounting Policy Meetings materials dated June 13, 2024. Any comments?
  - **SPTR Certification process** – no initial certification; deadline is September 28. See Accounting Policy Meetings materials dated June 13, 2024. Any comments?
  - **SEFA Certification process** – initial certification process opened July 1, 2024 - updates to notes to SEFA. See Accounting Policy Meetings materials dated June 13, 2024. Any comments?
  - **GASB Questionnaires** – added a new GASB 70 and 99 questionnaires Financial Guarantees (superseding last year’s GASB 70 questionnaire) and added a new GASB 94 questionnaire Public-Private and Public-Public partnerships and Availability Payment Arrangements. Any comments?

- **Federal Guidance changes issued on April 22, 2024** (comment from Teresa Edwards on 5/10/2024 & 7/8/2024) The modified total direct costs (MTDC) based and capitalization thresholds have not been modified materially for years (maybe decades).

[Federal Register: Guidance for Federal Financial Assistance](#)

- Issued April 22, 2024
- Summary of changes provided and effective date October 1, 2024
- Explanations are provided on the website.

[2024-07496.pdf \(govinfo.gov\)](#)

- Page 2, increased single audit threshold from \$750,000 to \$1,000,000
- Page 2, increase for equipment definition from \$5,000 to \$10,000 by 2025 (it is UP TO \$10,000 which would require a policy change by the IHE)
- Page 15 & 60, adjust the exclusion of subawards from \$25k to \$50k

[2 CFR 2024 Redline \(cfo.gov\) Version](#)

Comptroller update as of 6/13/2024 stated that “management is still looking at this request.” No changes are being made to any thresholds right now.

Discussion? Additional insights?

- **NACUBO Accounting Principles Committee** – Pledged revenues or deferred item on balance sheet/statement of net position. GASB is researching changing endowment pledge reporting. They will either be recognized as revenue or a Deferred Inflow. They can’t decide which would be more appropriate.
- **Current expected credit losses** – During our recent affiliated organization audits (Foundation/Alumni), the auditors mentioned a change to CECL (current expected credit losses) which could impact our bad debt calculations in FY25. Curious to know

if anyone else has encountered this change.

- **Tuition Discounting – NACUBO Update**

Background: The annual Tuition Discounting Study measures institutional tuition discount rates and other indicators of institutionally funded scholarships awarded to undergraduates attending private, nonprofit (independent) colleges and universities. Tuition Discounting changes to move away from the Alternative Approach.

10/6/2023 - 2023 Tuition Discounting Study - Data collection for the 2023 NACUBO Tuition Discounting Study (TDS) begins in October 2023. Final results will be posted in May 2024.

No discussion in Summer APC.

Join Tuition Discount subcommittee from 1:00 – 3:30 today for discussion (UT Dallas, Greg Argueta and Matthew Geis, UT Dallas).

- **Travel software (what is being used)?**

- **Any audits of accounting relevance?**

- **Anything else?**

- **Adjourn**