

Accounting Principles Committee (APC)
TACUBO Winter Conference
Tuesday, January 28, 2025
7:15 a.m. – 8:15 a.m.
Agenda

- **Welcome (Leanna Odom/Leslie Fluharty)**
The focus of this Winter 2025 meeting is the tuition discounting conclusions. We will pick back up in the Summer 2025 session with final thoughts on GASB 101 as well as other GASBs and accounting updates.
- **Tuition Discounting (Greg Argueta, UT Dallas)**
 - *Greg provided a presentation based on the findings of the Tuition Discount Subcommittee consisting of 94 members. The presentation includes project overview, objectives, process review, policy development, and next steps. Greg discussed the process review steps 1 to 4. As far as policy development, the information was compiled into a policy format as a replacement for the Comptroller's AFR policy FPP A.036 – Tuition and Scholarship Allowances. Any feedback from the APC is requested by February 28, 2025. Discussions started with the Comptroller's Office in December 2024. The draft policy has also been shared with the external CPA firm, Deloitte for input. No final decisions have been made.*
- **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.
- The 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.
- Consider payroll taxes related to the sick leave calculation.

- *Faraz Khan with the UT System shared insights about the “more likely than not” assumption used for accruing nonvesting sick leave as related to GASB 101. The term more likely than not means a likelihood of more than 50 percent. Nonvesting means the government does not pay employees for unused amounts upon termination of employment. A liability should be recognized for leave that has not been used if ALL the following are true: 1) the leave is attributable to services already rendered, 2) the leave accumulates, and 3) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The discussion went on to address flow assumptions and policy. In the absence of a policy that states that employees use the oldest hours first, then it is understood that employees take sick leave hours with additions and deductions. The balance simply moves with these changes. In the absence of a policy the aforementioned is assumed. The meeting in which this discussion took place on 11/14/2024 emphasized the importance of a policy.*

- **Anything else?**
 - *Sarah Baker with Texas A&M Commerce mentioned the federal financial assistance pause that was scheduled to go into effect on 1/28/2025 at 5:00 p.m. It was later rescinded.*

- **Adjourn**