
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

CHANGES RESULTING FROM ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2023, the State implemented the following pronouncements and implementation guides issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 91, *Conduit Debt Obligations*,
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*,
- Statement No. 96, *Subscription-Based Information Technology Arrangements*,
- Statement No. 99, *Omnibus 2022*,
- Implementation Guide 2020-1 (Questions 4.6-4.17 and 4.19-4.21), and
- Implementation Guide 2021-1 (Question 4.1-4.21, 4.23, 5.2-5.4).

Statement No. 91 provides a single method for reporting conduit debt obligations by issuers and eliminates diversity in practice associated with the commitments extended by issuers, the arrangements associated with conduit debt obligations, and the related note disclosures. It clarifies the definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; sets standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves the required note disclosures. This statement also addresses arrangements often characterized as leases that are associated with conduit debt obligations.

Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership agreements (PPPs) and providing guidance for availability payment arrangements (APAs). The statement establishes the definition of PPPs and APAs, including those that meet the definition of a service concession arrangement. It also provides guidance on accounting and financial reporting for transactions that meet those definitions, requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions.

Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. It provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and requires note disclosures regarding a SBITA. To the extent relevant, this standard is based on Statement No.87, *Leases*, as amended.

Statement No.99 provides clarification on several previously issued standards including *Leases*, PPPs, and SBITAs.

Implementation Guide No. 2020-1 provides additional guidance on the requirements of Statement No. 87 *Leases*, and Statement No. 91 *Conduit Debt Obligations*.

Implementation Guide 2021-1 provides guidance and clarification for questions related to derivative instruments, fiduciary activities, leases, nonexchange transactions, sales and pledges of receivables and future revenues and intra-entity transfers of assets and future revenues, Implementation Guide 2021-2 also clarifies the appropriateness of reporting fines as general revenues and the allowability of reporting a particular fund as a major fund for a specific period only.