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**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2: CHANGES IN FINANCIAL ACCOUNTING AND REPORTING**

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**CHANGES RESULTING FROM ADOPTION OF NEW ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2024, the State implemented the following pronouncements and implementation guides issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 99, *Omnibus 2022* (paragraphs 4-10),
- Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*,
- Implementation Guide 2021-1 (Question 5.1), and
- Implementation Guide 2023-1.

Statement No. 99 provides clarification on the requirements related to financial guarantees and the classification and reporting of derivative instruments.

Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity, and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for each type of accounting change and error correction and requires disclosure in the notes to the financial statements of descriptive information about accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information.

Implementation Guide 2021-1 question 5.1 provides guidance and clarification for questions related to capital assets whose individual costs are less than the capitalization for an individual asset, stating such assets should be capitalized when significant in aggregate.

Implementation Guide 2023-1 provides additional guidance and clarification on leases, subscription-based information technology arrangements (SBITAs), and Statement No. 100, *Accounting Changes and Error Corrections*.