

13. FUTURE GASB PRONOUNCEMENTS

Observation

In 2020, the Governmental Accounting Standards Board (GASB) issued Statement Number 96 - *Subscription-Based Information Technology Arrangements* to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal year December 31, 2023.

Recommendation

In preparation for the implementation of this Statement, we recommend that the Water Board accumulate a listing of all significant information technology arrangements and review such agreements to determine how they will need to be reported once this Statement is implemented. To best do this, we continue to encourage management to begin a process of centralization of all key contracts, grants, documents, and agreements that have financial implications to be maintained in the Finance office. This will facilitate retrieval in the future and ensure that all accounting is proper.

Observation

In 2022, the Governmental Accounting Standards Board (GASB) issued Statement Number 101 - *Compensated Absences* to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal year December 31, 2024. Earlier application is encouraged.

Recommendation

In preparation for the implementation of this Statement, we recommend that the Water Board review the balances currently included in the calculation of this liability and the current employment agreements to ensure additional liabilities are not required to be accrued based on the new standard.