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MEMORANDUM

To: GAAP Liaisons and Chief Fiscal Officers

From: Pauline Lieu, Assistant Comptroller / Chief Financial Reporting Officer

Date: January 6, 2023

Subject: Governmental Accounting Standards Board (GASB) 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – Meeting date: January 18, 2023 (Wednesday) 1:00 P.M.

Governmental Accounting Standards Board (GASB) 96 *Subscription-Based Information Technology Arrangements* – Meeting date: January 30, 2023 (Monday) 1:00 P.M.

The Governmental Accounting Standards Board (GASB) is an independent, private-sector organization that sets accounting and financial reporting standards for U.S. state and local government entities that follow Generally Accepted Accounting Principles (GAAP).

GASB 94

GASB has issued GASB Statement 94, which deals with the accounting and reporting standards involving Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPP). The Office of the Comptroller (CTR) has been working on the plan to implement this new statement. The requirements of this statement are effective for fiscal years ending after June 15, 2022 (state fiscal year 2023).

GASB 94 is the new contract standard for state and local governments governing the reporting of contracts between the government and an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to use a nonfinancial asset, such as infrastructure or capital assets, for a period of time in an exchange or exchange-like transaction. The Statement also provides guidance for reporting for availability payment arrangements, in which a government compensates an operator for services that many include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

CTR has contracted with Eide Bailly to assist with the GASB 94 data collection and follow-up trainings for agencies.

GASB 96

GASB has issued GASB Statement 96, which deals with the accounting and reporting standards for Subscription-Based Information Technology Arrangements (SBITAs). CTR has been working on the plan to implement this new statement, which must be implemented for state fiscal year 2023.

To the extent relevant, the standards for SBITAs are based on the standards established in Statement 87 – Leases. A SBITA is defined as a contract that conveys the right to use another party's (vendor's) information technology software.

CTR has retained the firm of Grant Thornton to assist in the collection, review, tracking, and reporting on GASB 96 leases.

We will approach the initial data collection for GASB 96 in a similar fashion as with GASB 87 Leases. A kick-off meeting will provide an overview of the project and examples of what must be considered in your answers.

Two Zoom invitations will be sent out to agencies with the times of the meetings on GASB 94 and GASB 96.

Questions

Should you have questions, please contact me at pauline.lieu@mass.gov or contact Deputy Chief Financial Reporting Officer, Tamia Buckingham at tamia.buckingham@mass.gov.

Cc: MMARS Liaisons, General Counsels, Payroll Directors, Internal Distribution