NOTE 21: CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2005, the State implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3*. This Statement addresses common deposit and investment risks related to credit risk, concentrations of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Formally adopted deposit and investment policies related to the risks identified in this Statement are also a required disclosure. Additionally, the custodial credit risk disclosures of GASB Statement No. 3 were modified to require disclosure only when a government has a category 3 exposure.

GASB Technical Bulletin No. 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers* became effective during the current fiscal year. The State was already adhering to the requirements of this pronouncement, so it did not change the State's recognition of pension contributions to cost-sharing plans.