



**Office of the Washington State Auditor  
Pat McCarthy**

**Local Government Advisory Committee (LGAC)  
Meeting Agenda  
December 7, 2022  
9:00am – 11:00 am  
Virtual Meeting – Microsoft Teams**

<b>Topics:</b>	<b>Speaker</b>	<b>Time</b>
<b>Welcome and Attendance</b>	<b>Stacie</b>	<b>5 minutes</b>
<b>Approval of Minutes from October 2022</b>	<b>Stacie/LGAC</b>	<b>10 minutes</b>
<b>SAO Executive Update</b>	<b>Pat McCarthy</b>	<b>15 minutes</b>
<b>BARS Updates and Discussion</b>	<b>BARS Team</b>	<b>30 minutes</b>
a. Update from the October meeting regarding Dec 22 BARS update		
b. Annual update list – tentative list for Dec 23/Jan 24 update		
i. New and upcoming GASB Statements		
c. Asset Retirement Obligations – implementation year follow-up		
d. SAO’s annual report filing system update		
e. Open Discussion - BARS		
<b>SAO Resources</b>	<b>Niles</b>	<b>30 minutes</b>
<b>Open Discussion</b>	<b>LGAC</b>	<b>As needed</b>
<b>Proposed Meeting Schedule for 2023</b>		
Wednesday, June 7, 2023, 9:00am-11:00am		Virtual
Wednesday, October 4, 2023, 9:00am-10:30am		Virtual
Wednesday, December 6, 2023, 9:00am-11:00am		Virtual



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## GASB UPDATE

November 2022

The Governmental Accounting Standards Board (GASB) establishes generally accepted accounting principles (GAAP) for U.S. state and local governments. All statements, exposure drafts and other documents for public comment are available from the GASB website, [www.gasb.org](http://www.gasb.org), free of charge.

Here is a summary of current and upcoming accounting and financial reporting standards.

### GASB Pronouncements Effective for Reporting Year 2021

- **Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period***  
This statement suspends paragraphs 5-22 of GASB 62. Do not capitalize interest cost related to capital assets – expense as incurred. This statement was originally effective for the 2020 reporting year but was postponed by GASB 95.

**GAAP** – Formalizes that interest incurred before construction is complete for a capital asset is **not** capitalizable.

**CASH** – Does not apply since this is in relation to capital assets.

- **Implementation Guide 2019-1**  
This guide's objective is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This guide addresses OPEB, Derivative Instruments, Nonexchange Transactions, Impairment and Insurance Recoveries, and other accounting and reporting topics. This guidance was originally effective for the 2020 reporting year, but was postponed by GASB 95.

**GAAP** – Most of the required changes have been implemented in BARS. Please review the new rules for storm cleanup and insurance recoveries, which can be found in the insurance recovery BARS codes.

**CASH** - Most of the required changes have been implemented in BARS. Please review the new rules for storm cleanup and insurance recoveries, which can be found in the insurance recovery BARS codes.

- **Statement No. 98, *The Annual Comprehensive Financial Report***  
This statement replaces the term *comprehensive annual financial report* and the related acronym with *annual comprehensive financial report* (ACFR). Effective for years ended after December 15, 2021.

**GAAP** – Most of the required changes have been implemented in BARS.

**CASH** – Does not apply since cash does not prepare ACFRs.

## GASB Pronouncements Effective for Reporting Year 2022

- **Statement No. 87, *Leases***

This statement's scope includes definition of a lease, lease term, short-term leases, subleases, and sale-leasebacks. Guidance related to accounting and reporting for lessee and lessor. An implementation guide is available: **Implementation Guide 2019-3 - *Leases***. The statement and guidance were originally effective for the 2020 reporting year but was postponed by GASB 95.

**GAAP** – Please see the Leases project page for accounting and reporting requirements. Early implementation allowed.

**CASH** - Please see the Leases project page for accounting and reporting requirements. No early implementation allowed.

- **Statement No. 91, *Conduit Debt Obligations***

The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement was originally effective for the 2021 reporting year, but was postponed by GASB 95.

**GAAP** - Conduit debt will not be reported unless certain criteria has been met.

**CASH** - Conduit debt will not be reported unless certain criteria has been met.

- **Statement No. 92, *Omnibus 2020***

This statement addresses a mix of implementation issues related to leases, reinsurance recoveries, and derivative instruments (**effective immediately for reporting year 2020**). Other items effective for reporting year 2022 include intra-entity transfers of assets, postemployment benefit arrangements, government acquisitions, etc. This guidance was originally effective for the 2021 reporting year, but was postponed by GASB 95.

**GAAP** – Most of the required changes have been implemented in BARS.

**CASH** - Most of the required changes have been implemented in BARS.

- **Statement No. 93, *Replacement of Interbank Offered Rates***

This statement provides exceptions to derivatives hedge accounting termination provisions and lease modifications solely to replace an interbank offered rate (IBOR). This guidance was originally effective for the 2021 reporting year but was postponed by GASB 95.

**GAAP** – LIBOR has been removed from the hedging derivative section of the BARS manual.

**CASH** – Does not apply to cash due to only apply to hedging derivatives.

- **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans***

This statement supersedes GASB Statement No. 32. IRC section 457 deferred compensation plans that meet the definition of a pension plan should follow the accounting and financial reporting requirements of pension plans.

**GAAP** – Most of the required changes have been implemented in BARS.

**CASH** - Most of the required changes have been implemented in BARS.

- **Statement No. 99, *Omnibus 2022***

This statement addresses a mix of implementation issues related to LIBOR, nonmonetary transaction disclosures, future revenue pledges, and terminology updates to leases, reinsurance recoveries, and derivative instruments (**effective immediately for reporting year 2021**). Other items effective for reporting years after 2022 include clarification issues with leases, PPP, and SBITA, and financial guarantees and derivative instrument requirements..

**GAAP** – Most of the required changes have been implemented in BARS.

**CASH** - Most of the required changes have been implemented in BARS.

#### GASB Pronouncements Effective for Reporting Year 2023

- **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***

This statement establishes the definition of PPP's and APA's and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions.

**GAAP** – Adds more situations for Service Concession Arrangements to apply and updates the accounting and reporting requirements in these areas.

**CASH** – Does not apply due to the fact that Service Concession Arrangements are not reported in Cash.

- **Statement No. 96, *Subscription Based Information Technology Arrangements***

This statement brings the guidance on the accounting and financial reporting for “SBITA's” in line with that of GASB 87 - Leases.

**GAAP** – Adds leased software to similar accounting and reporting requirements as leases.

**CASH** – Adds leased software to similar accounting and reporting requirements as leases.

- **Implementation Guide 2021-1**

This guide's objective is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This statement brings the guidance on the accounting and financial reporting for derivatives, fiduciary activities, leases, and more.

**GAAP** – Most of the required changes have been implemented in BARS.

**CASH** - Most of the required changes have been implemented in BARS.

## GASB Pronouncements Effective for Reporting Year 2024

- **Statement No. 100, *Prior Period Adjustments, Accounting Changes, and Error Corrections***  
This statement improves the accounting and financial reporting guidance for prior-period adjustments, accounting changes, and error corrections – amendment of GASB Statement 62.

**GAAP** – Clarifies when to apply the accounting and financial reporting for the variety of transactions that make up these categories.

**CASH** – BARS will provide clearer guidance and updated BARS codes regarding these types of transactions.

- **Statement No. 101, *Compensated Absences – Reexamination of Statement 16***  
This statement improves the accounting and financial reporting guidance for compensated absences.

**GAAP** – Provides clearer definitions of the types of absences and the requirements for the accounting and financial reporting.

**CASH** – BARS will provide clearer guidance and requirements for reporting specific types of absences.

***GAAP – For all statements, earlier application is encouraged.***

***CASH – Implementation will be at the time of BARS prescription.***

### **Current GASB Exposure Drafts, Invitations to Comments, etc.**

*Implementation Guidance Update – 2023, comments due January 20, 2023*

Documents for public comments are posted to <https://www.gasb.org/exposedocument>.



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# What is coming to BARS in 2023

as of November 29, 2022

*Italicized items are new from the prior meeting*

## Both Manuals

- Hot topics
  - COVID-19 Note – update requirements to limit not use only if effect of COVID-19 is material
  - Leases – see project page on SAO website (accounting, reporting, BARS codes, annual filing impacts – schedule 09 and BARS Codes)
- Accounting and Reporting updates
  - Budget note – clarify note requirements, clarify biennial budget disclosure requirements
  - CFDA – Catalog of Federal Domestic Assistance changing to ALN – Assistance Listing Number
  - Conduit Debt – update to notes and clarify when to report liability, including Schedule 09 coding
  - Fiduciary Fund use and clarification – Flexible Spending Accounts (FSA) and Health Savings Accounts (HSA), provide clarification on when these transactions are considered custodial or non-custodial
  - Fund definitions – clarify 700 Funds (Permanent Funds) usage
  - Going Concern note – clarify note requirements and header instructions
  - *Liability section update – new section to pull in intergovernmental loans and forgivable loans from other BARS sections into a single BARS section*
  - Public Facility Districts – clarify allowability for promotional hosting
  - Schedule 19 – Labor Relations schedule, **removing** schedule effective with 12/31/2022 annual filing
  - Schedule 20 – **Counties Only** – changing to excel file template to allow for automated reporting for legislature use
  - Telecommunication Note – expanding note to include additional governments who may offer telecommunications services and adding to the Cash Manual. Applicable to City, Town, County, Port, PUD.
- BARS Coding
  - All codes have clarified and/or complete descriptions for use.
  - Municipal Court 512.50 – splitting to 512.51 – Non-contracted and 512.52 – Contracted
  - Transportation Codes (54X) in Proprietary Funds – red flagging



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## What is coming to BARS in 2023, continued

### GAAP Manual Only

- Clarification of operating/non-operating BARS codes, updated matrix
- GFOA Section in BARS update and direct readers to GFOA website for ACFR awards.
- Reporting – RSI Section – breakout section for easier use in online environment
  - Clarify budgetary information for RSI reporting
- Unearned revenue/Unavailable revenue/Deferred Inflow clarifications of category use

### Cash Manual Only

- Code update: 389.90/589.90 – Holding and Clearing Account Transactions, clarify code description and add use for customer overpayments

## What is coming to BARS in 2024

### *Both Manuals*

- *Hot topics*
  - *Subscription Based Information Technology Arrangements (SBITA) accounting & reporting*
  - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPP/APA)*
- *see project page on SAO website (accounting, reporting, BARS codes, annual filing impacts – schedule 09 and BARS Codes)*
- *BARS code 311.30 - Sale of Tax Title Property, RCW 36.35.110, removing from BARS chart of accounts, effective for FY2023 filed in 2024.*

### Pending future updates

- Both manuals - Clarification to the Equipment Rental and Revolving Fund sections
- Both manuals – Schedule 15, clarify when to recognize expenses
- GAAP – *Upcoming GASB implementations*
- Cash - Providing more details in Note 1 – Summary of Significant Accounting Principles