

2024 BARS Update

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October 9, 2024



Office of the Washington State Auditor



Agenda

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Accounting Changes
and Error Corrections

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Compensated
Absences

3

Additional
BARS Updates

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Annual Filing
Reminders and
Updates



Accounting changes and error corrections – GASB 100





Summary of categories

Accounting Changes

- Changes in accounting principles
- Changes to or within the reporting entity
- ❖ Change in accounting estimate
(GAAP only)

Error Corrections





Changes in accounting principle

Situation

- ❖ When switching from one accounting standard to another (**GAAP only**)
- Adopting a new standard

Accounting

- Retroactive application

Reporting

- BARS code: 388.50/588.50
- Note Disclosure



Changes to or within the reporting entity

Situation

- Addition/removal of fund
- ❖ Change in major funds (**GAAP only**)
- ❖ Component unit changes (**GAAP only**)

Accounting

- Beginning balance adjustment

Reporting

- BARS code: 388.40/588.40
- Note Disclosure





EXAMPLES

Changes to or within the reporting entity

Scenario 1

- The city has a special revenue fund for tourism activities
- On June 15, 2024, management reviews their overall financial activity and decides to move the tourism activities into the general fund (rather than report a separate special revenue fund)
- This change is reported as if it happened on 1/1/2024





EXAMPLES

Changes to or within the reporting entity

Scenario 1

Tourism fund activity thru June 15:

Account	Tourism Activity
Beginning balance 1/1/2024	\$50,000
Revenues thru 6/15/2024	\$25,000
Expenditures thru 6/15/2024	\$20,000
Balance on 6/15/2024	\$55,000



EXAMPLES

Changes to or within the reporting entity

Scenario 1

- General fund reports \$50,000 to BARS 388.40
- Tourism fund reports \$50,000 to BARS 588.40

Account	General	Tourism
Beginning balance	\$5,000,000	\$50,000
Change to or within the financial reporting entity	\$50,000	\$(50,000)
Beginning balance, restated	\$5,050,000	\$0
Revenues	\$3,625,000	\$0
Expenditures	\$3,820,000	\$0
Ending balance	\$4,855,000	\$0





EXAMPLES

Changes to or within the reporting entity

Scenario 2

- The government has a debt service fund for an outstanding bond
- On June 15, 2024, it makes the last debt service payment and closes the fund
- There is \$2,000 left over that is transferred to the general fund
- This is **not** a change to/within the reporting entity, because this is **not** an ongoing activity





EXAMPLES

Changes to or within the reporting entity

Scenario 2

- Neither fund uses BARS 388.40/588.40
- The debt service fund activity is reported separately from the general fund

Account	General	Debt Service
Beginning balance	\$5,000,000	\$30,000
Revenues	\$4,760,000	\$100,000
Expenditures	\$4,900,000	\$128,000
Transfer in	\$2,000	\$0
Transfer out	\$0	\$2,000
Ending balance	\$4,862,000	\$0





Change in accounting estimate

Situation

- ❖ Change in inputs used to calculate an accounting estimate (**GAAP only**)

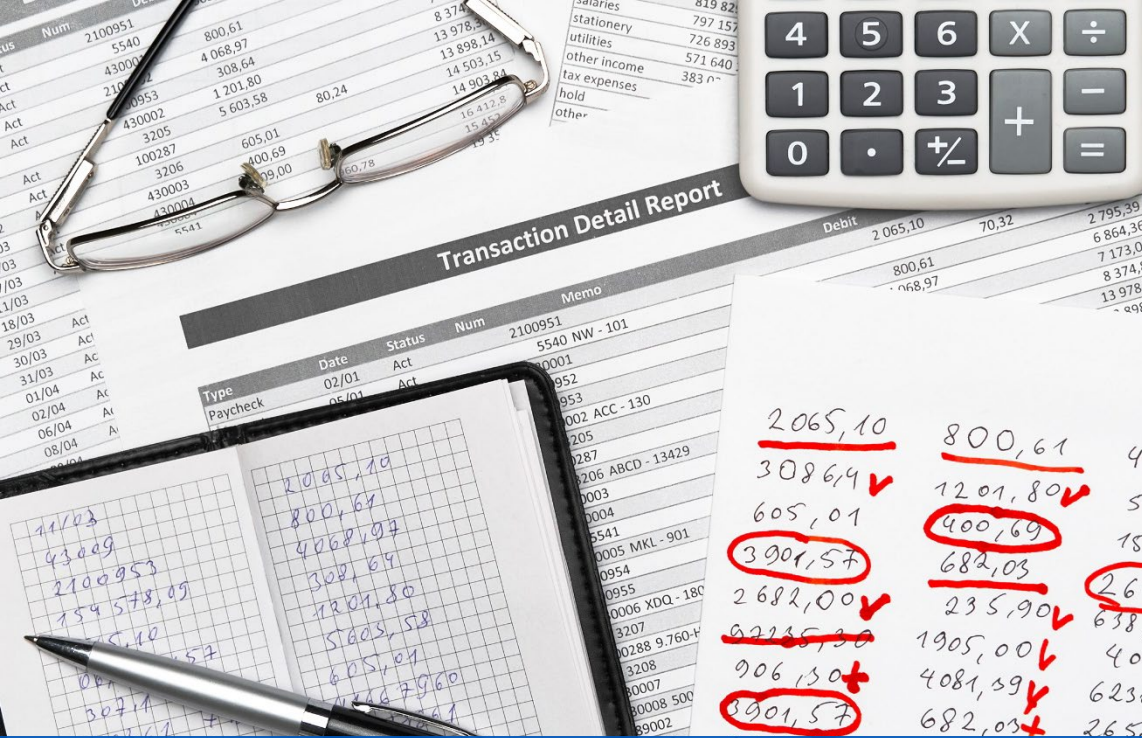
Accounting

- Prospective application

Reporting

- No specific BARS code
- Note Disclosure





Error Correction

Situation

- Mathematical error
- Oversight or misuse of facts
- Incorrect accounting application

Accounting

- Retroactive, for non-trivial errors
- Current revenue/expenditure for trivial errors

Reporting

- BARS code: 388.30/588.30
- Note Disclosure





Notes to the financial statements

Narrative

- Specific requirements for each change or error correction
 - Nature of the change
 - Reason for the change

Table format

- Detail how the change or error has impacted the beginning balances



Scenario 1 Note

In 2024 the tourism activity was moved into the general fund because the tourism activity no longer qualified to be reported as a special revenue fund.

Fund	12/31/23 as previously reported	Change in accounting principle	Change to / within the financial reporting entity	Error correction	12/31/23 as restated/ adjusted
General	\$5,000,000	\$0	\$50,000	\$0	\$5,050,000
Tourism	\$50,000	\$0	\$(50,000)	\$0	\$0



Compensated absences – GASB 101





Definition

Leave for which employees may receive:

- Cash payments when the leave is used for time off
- Other cash payments like unused leave upon termination of employment
- Noncash settlements like conversion to defined benefit postemployment benefits





Compensated absence liability

Leave for that has not been used and:

- Attributable to services already rendered
- Accumulates
- 50% or more likelihood that the leave will:
 - Paid in cash / settled through noncash means
 - Be used for time off





POLICIES

50% or more
likelihood

Considerations:

- Review your policy
- Evaluate if the earned leave will become eligible for use or payment in the future
- Evaluate your historical information about the use and payment of compensated absences
- Review for any items that would show that the historical information may not be representative of future trends or patterns





Compensated absence liability


Leave that has been used

- Has been used for time off, but not paid yet
 - GAAP chooses between compensated absence or accrued wages liability

Calculating the liability

- Calculated with current pay rate at fiscal year-end
- Or another rate if 50%+ likelihood of being paid at different rate
- Include salary-related payments





HSA

Compensated absence liability

Salary related payments

Includes:

- Directly & incrementally related payments
- Payroll taxes
- Health savings accounts (HSAs), flexible spending accounts (FSAs)
- Defined **contribution** pension/OPEB plans

Excludes:

- Defined **benefit** pension/OPEB payments, such as state-sponsored retirement plans (PERS, PSERS, LEOFF)





Exceptions

Leave recognized at commencement

Dependent upon occurrence of a sporadic event that affects a relatively small proportion of employees.

- Examples:
 - Military leave
 - Bereavement leave
 - Jury duty
 - Parental leave





Reporting

Schedule 09

- Liability code: 259.12 (no change)
- Can net increases/decreases

Notes

- Note X – Changes in Long-Term Liabilities
 - GAAP – no longer discloses which fund liquidates the compensated absence liability
 - Cash – title changed from Long-Term Debt
- Updates to Note 1 Summary of Significant Accounting Policies



Additional BARS Updates



3.1.1 / 3.1.7 Fund Types and Accounting Principles

- Separating these two topics:
 - Accounting Principles (3.1.10)
 - Fund Types (3.1.1 GAAP, 3.1.7 Cash)

Cash 3.2.7 Special Assessments

- Removed GAAP references



Accounting



GAAP 3.2.7 Special Assessments

- Clarified reporting for capital assessments
- Both modified and full accrual accounting recognize the receivable when the assessment is levied
- Only governmental funds report a deferred inflow for amounts not collected within availability period
- Proprietary funds and government-wide statements recognize all revenue when the assessment is levied



Accounting



Cash 3.3.8 Capital Assets

- Routine repairs/maintenance are normal expenditures
- Costs that increase the capacity or efficiency of a capital asset should be reported as a capital expenditure using BARS 594 or 595

GAAP 3.3.10 Capital Assets

- Clarified that costs related to acquisition or construction of a capital asset should be capitalized
- If costs relate to more than one project, they should be allocated to those projects/assets



Accounting



Cash 3.4.1 Leases / 3.4.21 SBITA / 3.4.22 PPP

- Defined variable payments that are fixed in substances
 - Example: Contract says you pay the greater of \$5,000 or 5% of total sales, the \$5,000 is “fixed in substance”
 - Fixed in substance payments are include in liability calculations
- Added guidance for prepaid leases and prepaid SBITAs
 - Prepaid contracts are not reported on the Schedule of Liabilities (Schedule 09).



Accounting



GAAP 3.4.1 Leases / 3.4.21 SBITA / 3.4.22 PPP

- Clarified accounting for rate increases
 - Known rate increases are included in liability – i.e., payments increase by \$2,000 or by 3% each year
 - Variable rate increases are not included – i.e., payments increase by CPI each year
- Clarified that variable and non-lease / non-SBITA / non-PPP payments should not be included in calculations
 - A charge per mile or copy made
 - Taxes or maintenance costs



Accounting



3.4.3 Bond Revenue Warrants

- No longer applicable – RCWs from this page have been repealed

GAAP 3.4.11 LOCAL Program

- New section for LOCAL program (reported like normal debt)

3.6.10 Working Advances from DSHS

- Moving to 3.4.7 Intergovernmental and Forgivable Loans



Accounting



3.8.1 Unemployment & Deferred Comp / 4.8.9 Sch. 21

- Clarified that assuming a risk (not setting aside resources for future claims) is not self-insurance

3.8.12: Election Costs

- Secretary of State (SOS) has authority over election costs.
- BARS page will be updated to link directly to the SOS's guidance.



Accounting



3.9.5 Overhead Cost Allocation

- Removed non-authoritative examples
- Additional minor clarifications

Other minor updates / clarifications

- Miscellaneous improvements and clarifications to several BARS codes and BARS pages



Accounting





Reporting – BARS codes

Economic Development

- New 345 series
 - 345.51.00 – Business and Growth Development
 - 345.52.00 - Tourism
 - 345.59.00 – Other Economic Development

Business Payroll Excise Tax

- 318.46.00- Should be included in the municipal code





Reporting – Schedule 09

Liability code

- 263.13 – Self-insurance and risk pool claims liabilities
 - Self-insurance and risk pool claims liabilities such as open claims, incurred but not reported (IBNR), unallocated loss adjustment expense (UALE).
 - Governments with self-insurance programs should only report a claims liability on the Schedule 09 if they have an **actuarially determined liability**.



Note 1 – Summary of Significant Accounting Policies

- Cash – Adding information about:
 - Lease/SBITA thresholds
 - Compensated absences
 - Fund descriptions
- GAAP – Adding information about:
 - SBITAs
 - Deferred inflows and deferred outflows
 - Fund balance
 - Other minor clarifications/adjustments



Reporting – Notes



Cash Note – Budget Compliance

- Instructions for managerial funds

Cash Note – Long-term Debt

- Updating title to Note X – Long-Term Liability
- Will now include compensated absences & interfund loans

Cash Note – Interfund Loans

- Moving to Long-Term Liability note



Reporting – Notes



Note – Certain Risk Disclosures

- New disclosure required when all the following are met:
 - A concentration or constraint is known prior to when financials are issued
 - The government is vulnerable to the risk of a substantial impact
 - An event that could cause a substantial impact has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of the financial statement issuance
- Describe the concentration/constraint, the event, and actions taken to mitigate



Reporting – Notes



Annual filing system reminders & updates





Reminder

Unlocking Reports

- Annual reports can be unlocked up until the audit is complete.
- To unlock, click the blue “unlock” icon. If it’s grey, contact your audit team.
- To view a report, click anywhere in the dashboard, other than the unlock icon.


2021 City of Tekoa

Basis of Acct.: Cash Basis

Created: 04-04-2022


Submitted: 05-17-2022



Submitted By: Eliza Evans-Teague

Unlock 

11/11

Published

On Time 

Errors 0  0 


2020 City of Tekoa

Basis of Acct.: Cash Basis

Created: 03-09-2021


Submitted: 05-19-2021



Submitted By: Eliza Evans-Teague

Unlock 

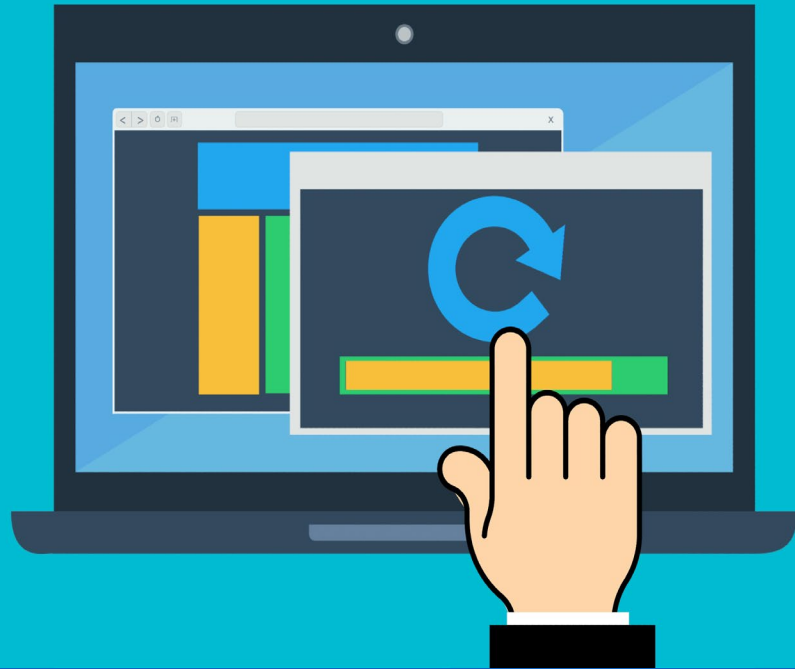
13/13

Published

On Time 

Errors 0  0 

Office of the Washington State Auditor



Annual Filing System Updates

- **Schedule 01**
 - Export a list of all required and warning errors.
- **Schedule 09**
 - New question added regarding audit deadlines for bonds.
 - Variances will be displayed as official warning errors.
- **Schedule 16**
 - Other award ID required for all indirect awards and optional for direct awards.





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