

# 2025 BARS Update

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Office of the Washington State Auditor



# Agenda

1

2024 Recap

2

2025 BARS  
Updates

3

Annual Filing  
Reminders and  
Updates



# 2024 Recap



# Accounting Changes and Error Corrections

Category	Accounting Treatment	BARS Codes
Changes in accounting principle	Retroactive	388.50/588.50
Changes to/within the reporting entity	Beginning balance adjustment	388.40/588.40
Change in accounting estimate	Prospective	None
Error correction	Retroactive	388.30/588.30





# 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



# Notes to the Financial Statements





# Compensated Absence Liability

## Biggest change

- Sick leave and other leave not paid upon separation
- Calculating for estimated usage
  - 50% or more likelihood that the leave will be used for time off

## Methodology takeaways

- Check the math and formulas
- Understand the assumptions used
- Be able to speak to methodology





# 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



# Resources

## Training and Workshops

### 2024 BARS Update *(added October 28, 2024)*

- Cash BARS Update
  - [2024 BARS Cash Update](#)  (eLearning runs 13 minutes)
  - [Cash BARS Accounting Changes and Error Corrections](#)  (eLearning runs 5 minutes)
  - [Cash BARS Compensated Absences](#)  (eLearning runs 26 minutes)
- GAAP BARS Update
  - [2024 BARS GAAP Update](#)  (eLearning runs 11 minutes)
  - [GAAP BARS Accounting Changes and Error Corrections](#)  (eLearning runs 8 minutes)
  - [GAAP BARS Compensated Absences](#)  (eLearning runs 26 minutes)



# Resources





# 2025 BARS Updates



# Charts of Accounts

- Reorganizing to be more meaningful and usable
  - Deleting 1.1.1 Applicability
  - Merging 1.1.2 Structure and 1.3 Revenue/Expenditure Accounts Overview
- Cleaning up BARS codes descriptions
- Adding new section for memo codes - (GAAP only)

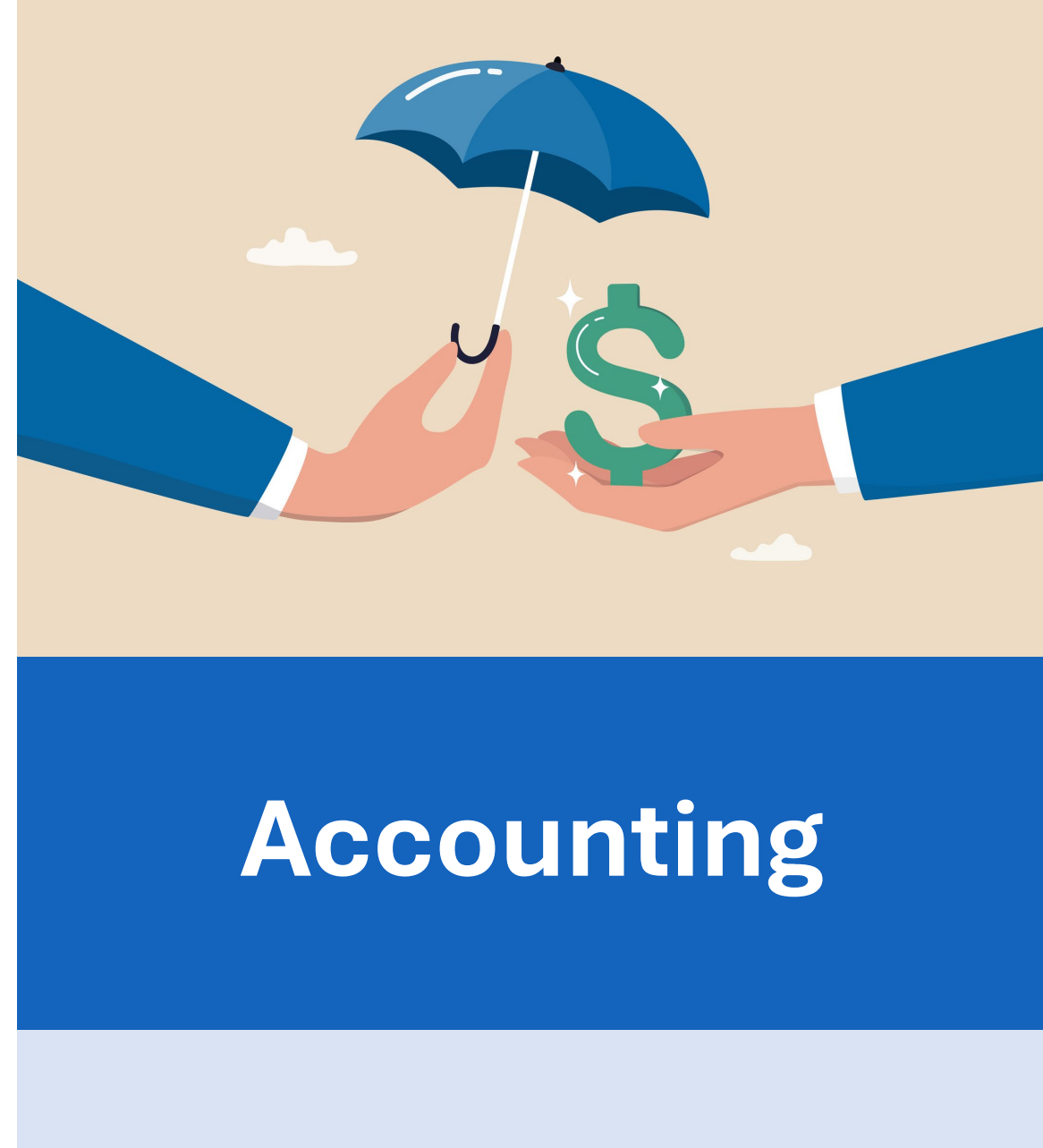


## Chart of Accounts



## 3.1.1 GAAP & 3.1.7 Cash – Fund Accounting and Fund Types

- Special revenue fund description says, “**should** be used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.”
- Updating to “**are** used ...”
- Special revenue funds are not required for every restricted / committed revenue stream



Accounting



## 3.3.8 Capital Assets (Cash Basis Only)

- Clarifying when costs should be classified as capital expenditures
- Costs must relate to specific identifiable asset
- Does not include feasibility or research



# Accounting





## 3.1.1.50 GAAP & 3.1.7.50 Cash: Number of Funds – Reminders

- Only the ***minimum*** number of funds consistent with legal and operating requirements should be established
- Too many funds leads to inflexibility, complexity and inefficiency
- Periodically review fund structure
- Accountability can be achieved through department / program account coding or managerial funds



# Accounting



# New Section – Managerial Funds

- Current guidance is spread out and incomplete
- Will consolidate and improve guidance in a new section:
  - Define managerial funds
  - Converting a reported fund to a managerial fund
  - Discuss roll ups and eliminations



## Accounting



## 3.3.10 Capital Asset Accounting / 3.3.9 Capital Asset Management System Requirements

- Moving general information on fully depreciated assets from 3.3.10 to 3.3.9
- Useful lives should be periodically reviewed
- Should not have significant amounts of fully depreciated assets
  - Significant amounts are generally considered an error

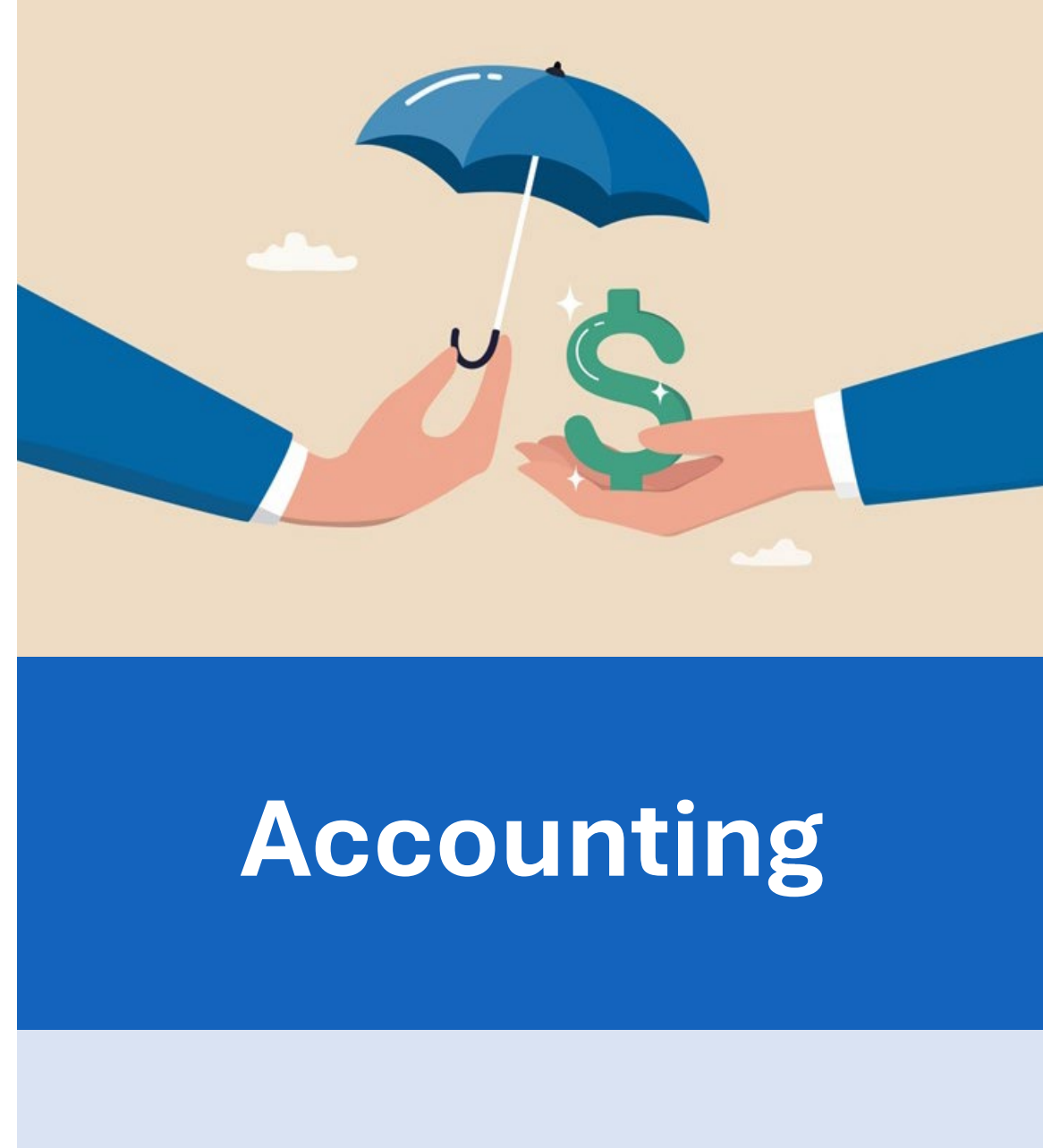


**Accounting  
(GAAP Only)**



## 3.2.4 Money Held In Trust

- Clarifying that deposits held for customers are not fiduciary
  - Example: Utility deposits should be reported as liabilities in the utility funds
- Clarifying that court trusts are not automatically accounting trusts
- Adding guidance on when government deposits money into a trust
  - Example: Payments to escrow accounts



**Accounting**





## 3.2.4 Money Held In Trust

- Earnest money placed in escrow is not an expenditure
- The government is just moving money from one account (their normal bank) to another account (money held by a fiscal agent)

Cash held with fiscal agent	\$10,000	
Cash - bank		\$10,000

- The expenditure is recorded when the escrow money is paid out

Capital expenditure	\$10,000	
Cash held with fiscal agent		\$10,000



# Accounting



# Solid Waste Utilities: Closure and Postclosure Cost Accounting

- Clarified that landfill closure and postclosure liabilities must be reported on the Schedule 09
- Estimated liability should be updated annually
- Should have a related note disclosure



## Accounting



## 3.8.8 Imprest, Petty Cash and Other Revolving Funds

- Adding more accounting guidance
- These accounts should also be reconciled and replenished as of fiscal year end
- The full authorized amount of these accounts should be included in the government's ending cash balance



# Accounting



## 3.8.8 Imprest, Petty Cash and Other Revolving Funds

- The petty cash fund is established for small office supply purchases:

Cash – petty cash	\$1,000	
Cash - bank		\$1,000

- \$85 from petty cash is used for stamps:

No entry		
No entry		

- The City replenishes the petty cash:

Expenditure	\$85	
Cash - bank		\$85



# Accounting





## 3.9.1 Interfund Loans

- Adding accounting guidance and example journal entries

## 3.9.8 Interfund Activities Overview

- Adding additional guidance on the difference between interfund services provided and used versus interfund reimbursements



# Accounting



## 3.9.7 ER&R Fund / 3.9.6 Internal Service Funds

- Cash Basis Only: adding section 3.9.6 Internal Service Funds
- GAAP Only: reviewing 4.3.6 Internal Service Funds in the reporting section
- Adding more accounting guidance
  - ISF should report a revenue
  - Funds receiving services should report an expense/expenditure



# Accounting



# Determining Fiduciary Activities

- Currently in reporting section 4.3.14
- Moving to accounting section 3.1.11

## GAAP Only – 4.3.1 Fund Types

- Removing page
- Information already included in BARS  
3.1.1 Fund Accounting and Fund Types



## Reporting



# Note 1 Instructions

## Cash Basis:

- Clarifying disclosure requirements for investment income assigned to another fund – City and County governments only
- Clarifying how to report when a government doesn't have an established policy for leases and SBITA thresholds

## GAAP:

- Note 1 E.1 & E.2: minor clarifications to define cash and cash equivalents



# Reporting





# Deposits & Investments

- Minor updates to disclosure language
- Moderate updates to instructions
- Amounts in this note should match your financial statements
- Remember to include description of your policy for all applicable deposit / investment risks



## Reporting



# External Investment Pools (Counties Only)

- **GAAP** - Rewritten to match GASB requirements
- **Cash Basis** – Rewritten to consolidate disclosure
- Remember to include summarized statements for your investment pool
  - Recommend splitting between county monies and fiduciary monies



## Reporting



# External Investment Pools (Counties Only)

- LGIP is always amortized cost
  - If your pool is fair value and invests in LGIP, the LGIP portion is still measured at amortized cost



## Reporting



# Certain Risk Disclosures

- Now required – this disclosure is 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



# Short-Term Debt (Cash Basis Only)

- New note disclosure
- Include short-term debt, loans that are less than one year
- Even if there is no outstanding balance at year end



## Reporting





# Risk Management

- Variation in level of detail governments disclose
- Review requirements and potentially clarify the note disclosure



## Reporting



# Going Concern

- Cleaned up and clarified
- Going concern is the assumption that the government will continue as a legally separate entity and will be able to pay their bills/liabilities
  - Need a note disclosure if those assumptions aren't true for your government
- GAAP - GASB is working on a new standard, Severe Financial Stress and Probable Dissolution Disclosures

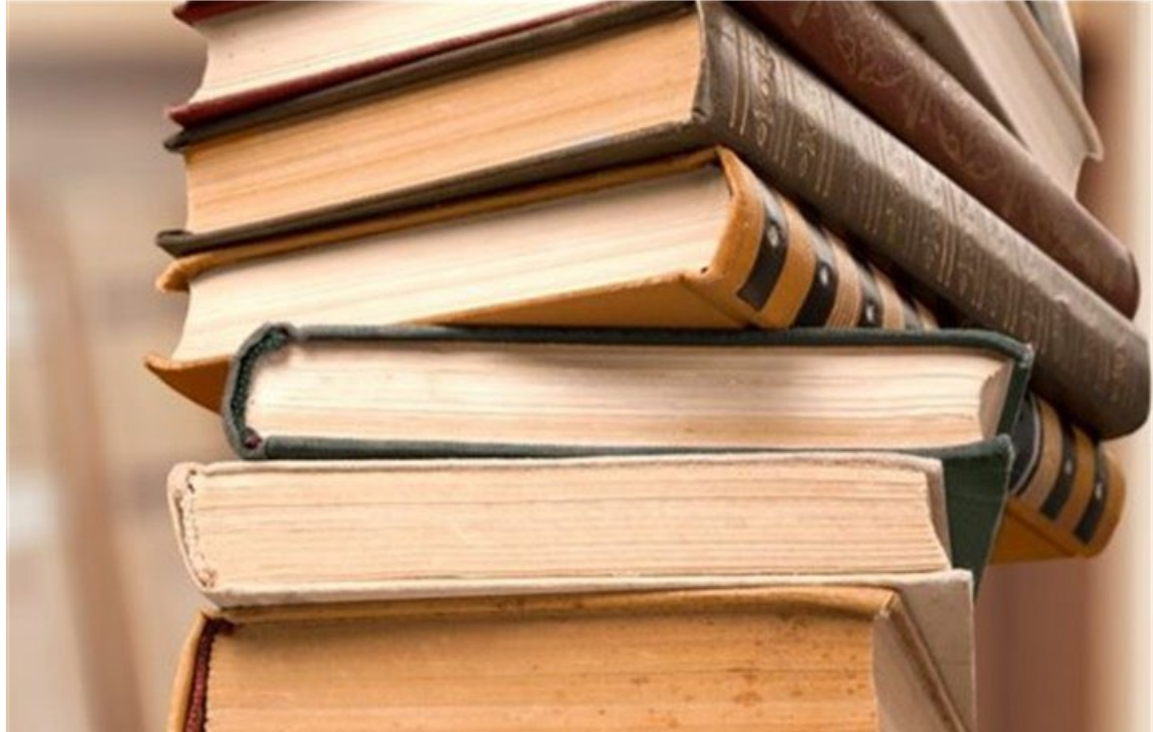


## Reporting



# Note X – Other Disclosures (Cash Basis Only)

- Review this section annually to determine if any apply to your government
- Special / Extraordinary items – significant effect on cash
- Contingencies and litigation – reasonable possibility of an unfavorable outcome
- Subsequent Events – major events that happen after year-end, but before the financial statements are issued

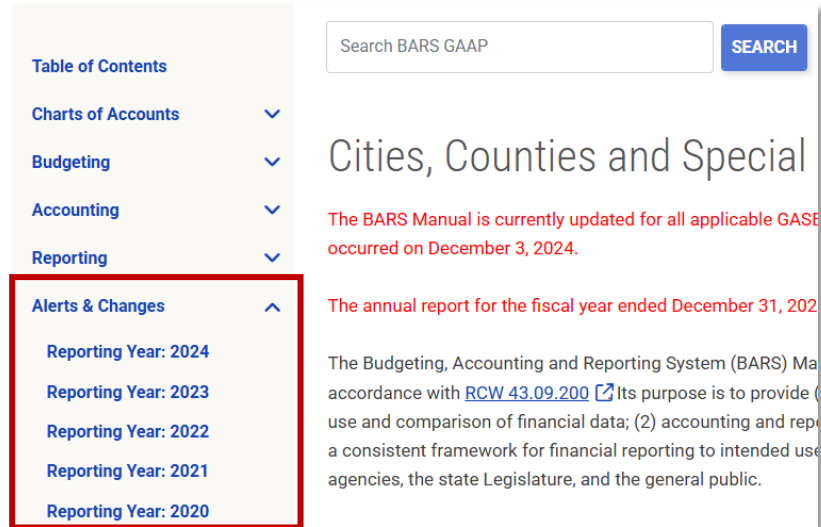


## Reporting



# BARS Update Resources

- Updates listed in Alerts & Changes



- Recorded training planned for Oct/Nov 2025
- Visit [Training and Workshops](#)



## Resources





# Future Updates: GAAP Only





# MD&A

- Removing discussion of budgetary variances
- Compare prior year to current year (condensed financials)
  - Explain **why** balances changed, not just the amount or percent of change

## Major Component Units

- Include as separate columns on face of financials, OR
- As combining statements



# GASB 103



# Budgetary Comparison Information

Required Supplementary Information Sample City Budgetary Comparison Schedule General Fund for the Year Ended June 30, 20X5 (amounts expressed in thousands)					
	Budgeted Amounts		Variance with Original Budget— over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget— over (under) Actual Amounts
	Original	Final			
<b>BUDGETARY REVENUES</b>					
Taxes	\$ 157,715	\$ 157,715	\$ -	\$ 161,885	\$ 4,170
Payments in lieu of taxes	16,218	15,853	(365)	15,737	(116)
Intergovernmental	1,560	2,002	442	1,597	(405)
Charges for services	13,299	13,299	-	13,905	606
Licenses, permits, and fees	2,712	3,220	508	3,532	312
Fines and forfeitures	8,262	8,262	-	7,853	(409)
Investment earnings	5,100	5,100	-	6,792	1,692
Miscellaneous	3,313	3,313	-	2,075	(1,238)
<b>Total budgetary revenues</b>	<b>208,179</b>	<b>208,764</b>	<b>585</b>	<b>213,376</b>	<b>4,612</b>
<b>BUDGETARY EXPENDITURES</b>					
Current:					
General government	29,786	29,138	(648)	29,097	(41)
Public safety	132,479	129,953	(2,526)	129,770	(183)
Public works	3,297	3,263	(34)	1,882	(1,381)
Culture and recreation	22,086	22,075	(11)	21,354	(721)
Social and economic development	12,095	12,038	(57)	11,614	(424)
Debt Service:					
Principal	1,275	1,275	-	1,262	(13)
Interest and other charges	41	41	-	54	13
Capital outlay	1,105	1,105	-	1,103	(2)
<b>Total budgetary expenditures</b>	<b>202,164</b>	<b>198,888</b>	<b>(3,276)</b>	<b>196,136</b>	<b>(2,752)</b>
<b>Budgetary excess of revenues over expenditures</b>	<b>6,015</b>	<b>9,876</b>	<b>3,861</b>	<b>17,240</b>	<b>7,364</b>

General & major special revenue funds:

- Must be presented as RSI
  - No option to present as basic financial statements
- Must include variance columns
- Notes to schedule must explain significant variances



# Proprietary Funds

- Defined nonoperating revenues and expenses:
  - Subsidies received and provided
  - Contributions to permanent and term endowments
  - Revenues and expenses related to financing
  - Resources from the disposal of capital assets and inventory
  - Investment income and expenses
- Everything else is operating!



## GASB 103



# Proprietary Funds

- Subsidies are resources received or provided:
  - Not related to providing goods/services
  - Keeps fees lower than would be otherwise (or increases fees charged for subsidies provided)
  - All other transfers
- Examples:
  - Federal, state or local grants
  - Intergovernmental revenue (if not providing a service to the other government)



## GASB 103





# Proprietary Funds

- Noncapital subsidies reported separately
  - Grants / other intergovernmental revenue not restricted to be used for capital assets
- All other nonoperating in its own section
  - Includes resources restricted for capital purposes
- Heavily subsidized activities will likely show an operating loss
- New subtotal Operating income (loss) and noncapital subsidies

Source: Adapted from GASB  
Statement 103, Appendix C, Exhibit 8

	Public Utility	Transit Authority
<b>OPERATING REVENUES</b>		
Charges for services	\$ 41,003	\$ 18,636
Miscellaneous	283	33
Total operating revenues	41,286	18,669
<b>OPERATING EXPENSES</b>		
Personnel services	13,991	-
Contractual services	13,952	16,406
Insurance claims and expenses	-	-
Depreciation	11,767	8,972
Other	1,067	-
Total operating expenses	40,777	25,378
Operating income (loss)	509	(6,709)
<b>NONCAPITAL SUBSIDIES</b>		
Intergovernmental revenue	200	-
Transfers in	-	2,090
Transfers out	(1,780)	-
Total noncapital subsidies	(1,980)	2,090
Operating income (loss) and noncapital subsidies	(1,471)	(4,619)
<b>OTHER NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	1,496	75
Gain from the sale of capital assets	-	-
Interest expense	(1,910)	(448)
Capital contributions	2,938	-
Transfers in—restricted for capital assets	1,032	15,360
Total other nonoperating revenue (expenses)	3,556	14,987
Increase (decrease) in fund net position	2,085	10,368
Fund net position—beginning of period	331,657	177,997
Fund net position—end of period	\$ 333,742	\$ 188,365





# Unusual and Infrequent Items

- Unusual in nature: abnormal and significantly different from the ordinary and typical activities of the government
- Infrequent in occurrence: an event or type of transaction is not reasonably expected to recur in the foreseeable future



## GASB 103



# Unusual or Infrequent Items

## OTHER FINANCING SOURCES (USES)

Long-term debt issued	-
Premium on debt issued	-
Payment to bond refunding escrow agent	-
Proceeds from the sale of capital assets	275
Transfers in	2,630
Transfers out	(662)
Total other financing sources (uses)	<u>2,243</u>

## UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE

Grant revenues	2,500
Cleanup	(10,000)
Total unusual or infrequent item	<u>(7,500)</u>

Net change in fund balances	11,983
Fund balances—beginning of period	<u>55,009</u>
Fund balances—end of period	<u>\$ 66,992</u>

- Presented last on financial statements
- Cannot be netted
  - All inflows / outflows reported separately
- Notes must state:
  - Which program / function the item is related to
  - Whether it was in control of management

Source: GASB Statement 103, Appendix C, Exhibit 5



# 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

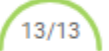
Basis of Acct.: Cash Basis

Created: 03-09-2021


Submitted: 05-19-2021


Submitted By: Eliza Evans-Teague

Unlock 

  
13/13

Published

On Time 

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# Bond Reporting Deadline

- New bond reporting deadline question was added to Schedule 09 step effective fiscal year 2024.
- Only select “yes” if your government has continuing compliance requirements related to debt that requires audited financial statements.
- This was added to assist governments in meeting their continuing compliance requirements.

An hourglass with white sand is positioned in front of a calendar. The calendar shows dates from the 19th to the 31st. The hourglass is on a light-colored wooden surface.

## Reminder







# Updates

## New Updates

- **Schedule 09 (Liabilities)**
  - Removing the maturity/due date column

## Reminders

- Online filing virtual chat assistant is available all-year to provide resources to frequently asked questions.
- Road/Street Report (cities/counties) – updates to Schedule 01 will overwrite existing data. Export a copy of the road/street report for your records.



# Training and Workshops

## Quick Links

[Annual BARS Update Training](#)

[Annual Filing Training and Support](#)

[eLearnings](#)

[In Person Trainings](#)

## Annual Filing System and Schedules Library *(contains 7 recordings)*

### Annual Filing System Walk-Through Fiscal Year 2024:

This webinar will include an overview of the annual report's components and a walk-through of the online reporting system, applicable for Fiscal Year 2024 filing.

- [How to Navigate the Annual Filing System - Cash Basis](#) *(added February 14, 2025) (eLearning runs 40:09)*
- [How to Navigate the Annual Filing System - GAAP Basis](#) *(added March 6, 2025) (eLearning runs 40:43)*

# Resources



Office of the Washington State Auditor



# Questions?



Office of the Washington State Auditor



# Information

**[LGCSFeedback@sao.wa.gov](mailto:LGCSFeedback@sao.wa.gov)**



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