

# GASB Update

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Office of the Washington State Auditor



# Agenda

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Implementation  
Recap

Upcoming  
GASB

Federal Data  
Transparency Act



# 2024 Updates – Recap





# Accounting changes and error corrections

## Accounting Changes

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

## Error Corrections



# 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 (GAAP only)	Prospective	None
Error correction	Retroactive	388.30/588.30





# 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



# BARS Project Page

[Coming in Fiscal Year 2024](#)



# Compensated absences – GASB 101





# 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

## Definition





# 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





## 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)





## 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

## Exceptions





# BARS Sections

## Accounting Section

- 3.4.23 - Compensated Absences
  - Includes common leave policies and steps to calculate the liability.

## Reporting

- Schedule 09 – 259.12 code

## Notes

- Note X – Changes in Long-Term Liabilities
- Updates to Note 1 Summary of Significant Accounting Policies



# BARS Project Page

Coming in Fiscal Year 2024



**Resources**





# Upcoming GASBS



# Certain Risk Disclosures – GASB 102





# GASB 102 - Disclosures

## 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



# Financial Reporting Model – GASB 103



- Improvements to:
  - Management's Discussion and Analysis (MD&A)
  - Major Component Units
  - Budgetary Comparison Information
  - Statistical Section
  - Proprietary Statements
  - Definitions:
    - Operating Revenues and Expenses
    - Nonoperating Revenues and Expenses
    - Subsidies
    - Unusual or Infrequent Items

# What is GASB 103?



- GAAP governments that report:
  - MD&A
  - Proprietary funds
  - Major component units
  - Budgetary comparison information
  - Financial trends information
  - Unusual or infrequent items

## Who does GASB 103 impact?



- Objective and easily readable analysis of financial activities
- Compare current year balances to prior year
  - Explain **why** balances changed from prior year, rather than stating the amount or percentage of the change
- Avoid unnecessary duplication
- Avoid “boilerplate” discussion

# Management’s Discussion and Analysis (MD&A)



# MD&A – Analysis Example

Tax revenues are the largest source of revenue within governmental activities, making up approximately 70% of total revenues:

- Property tax revenue increased by 5%, or \$500,000.
- Sales tax revenue increased by 6%, or \$1 million.
- Utility tax generated from the sale of the city's water and sewer services increased by 9%.





## Two options for display:

1. Each component unit in the basic financial statements OR
2. As combining statements after the fund financial statements in the basic financial statements

When to use one option over the other?

Use option two if displaying each component unit impacts readability of the government's statements.

# Major Component Units



Sample City Statement of Net Position June 30, 2026 (amounts expressed in thousands)			
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 253,130	\$ 78,702	\$ 331,832
Investments	528,563	-	528,563
Receivables, net	85,267	12,888	77,955
Internal balances	256	(256)	-
Inventories	-	465	465
Prepaid expenses	-	868	868
Notes receivable	-	3,558	3,558
Other assets	2,033	-	2,033
Capital assets:			
Nondepreciable capital assets	717,814	125,752	843,366
Depreciable capital assets, net	1,127,785	451,124	1,578,889
Total assets	2,694,828	672,901	3,367,529
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related items	88,021	2,817	90,838
OPEB-related items	506	95	601
Debt refundings	1,375	1,082	2,457
Total deferred outflows of resources	89,902	3,994	93,896
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	39,728	8,793	48,521
Advances	593	14,808	15,401
Long-term liabilities:			
Amount due within one year			
Bonds payable	91,749	3,730	95,479
Other	26,251	593	26,844
Amount due in more than one year			
Bonds payable	538,899	84,069	622,968
Net pension liability	280,369	14,505	294,874
Net OPEB liability	2,901	483	3,384
Other	34,934	314	35,248
Total liabilities	1,015,424	127,295	1,142,719
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related items	35,049	614	35,663
OPEB-related items	246	41	287
Debt refundings	-	549	549
Total deferred inflows of resources	35,295	1,204	36,499
<b>NET POSITION</b>			
Net investment in capital assets	1,216,106	489,610	1,705,716
Restricted for:			
Debt service	75,800	1,345	77,145
Capital projects	617,138	14,834	631,972
Public safety	2,149	-	2,149
Public works	5,713	-	5,713
Culture and recreation	2,286	-	2,286
Social and economic development	2,378	-	2,378
Other purposes	-	1,335	1,335
Unrestricted	(187,759)	41,272	(146,487)
Total net position	\$ 1,733,811	\$ 548,396	\$ 2,282,207

Component Units
\$ 60,133
52,203
34,259
-
2,282
-
-
1,399
162,390
305,932
618,598
4,615
78
9,452
14,145
11,725
622
9,411
645
168,359
37,281
2,081
415
230,539
2,696
35
-
2,731
322,982
12,977
9,844
-
-
-
-
-
21,927
31,743
399,473

Sample City  
Combining Statement of Net Position  
Discretely Presented Component Units  
June 30, 2026  
(amounts expressed in thousands)

	Energy Authority	Airport	Nonmajor Component Units	Total See GW SNP
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,928	\$ 31,958	\$ 17,247	\$ 60,133
Investments	9,487	27,744	14,972	52,203
Receivables, net	2,946	6,486	24,827	34,259
Inventories	-	1,517	765	2,282
Other assets	-	407	992	1,399
Capital assets:				
Nondepreciable capital assets	171	147,234	14,985	162,390
Depreciable capital assets, net	7,857	252,813	45,262	305,932
Total assets	31,389	468,159	119,050	618,598
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related items	814	2,404	1,397	4,615
OPEB-related items	42	-	36	78
Debt refundings	-	9,185	267	9,452
Total deferred outflows of resources	856	11,589	1,700	14,145
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	1,963	6,299	3,463	11,725
Advances	-	529	93	622
Long-term liabilities:				
Short-term portion				
Bonds payable	-	8,441	970	9,411
Other	255	276	114	645
Long-term portion				
Bonds payable	-	162,164	6,195	168,359
Net pension liability	5,656	19,308	12,317	37,281
Net OPEB liability	57	1,837	187	2,081
Other	11	367	37	415
Total liabilities	7,942	199,221	23,376	230,539
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related items	246	670	1,780	2,696
OPEB-related items	18	-	17	35
Total deferred inflows of resources	264	670	1,797	2,731
<b>NET POSITION</b>				
Net investment in capital assets	8,016	260,554	54,412	322,982
Restricted for:				
Debt service	-	9,733	3,244	12,977
Capital projects	-	1,812	8,032	9,844
Other purposes	-	-	21,927	21,927
Unrestricted	16,023	7,758	7,962	31,743
Total net position	\$ 24,039	\$ 279,857	\$ 95,577	\$ 399,473

\* Source: GASB Statement 103, Appendix C, Exhibit 2

## New requirements:

- Must be reported as RSI
- Include variance column for original budget vs. final budget
- Include variance column for final budget vs. actual expenditures
- Notes to RSI must include an explanation for significant variations

# Budgetary Comparison Information



# Budgetary Comparison Information

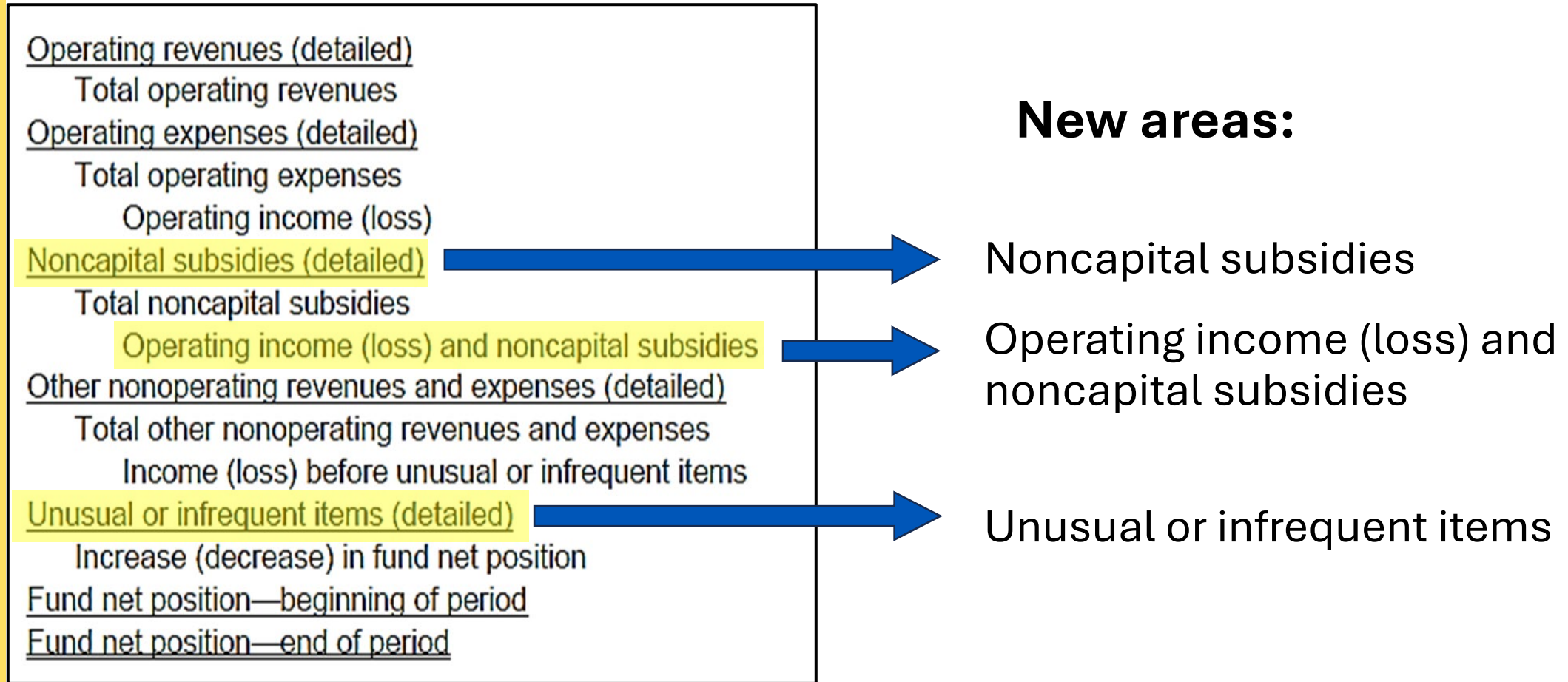
Required Supplementary Information  
 Sample City  
 Budgetary Comparison Schedule  
 General Fund  
 for the Year Ended June 30, 20X5  
 (amounts expressed in thousands)

	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>

\* Source: GASB Statement 103, Appendix C, Exhibit 15



# Presentation of Proprietary Fund Statement Revenues, Expenses and Changes



\* Source: GASB Statement 103, paragraph 12



## Nonoperating revenues and expenses are:

- 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

Operating revenues and expenses are everything else!

**Operating and  
nonoperating  
revenues and  
expenses**



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

# Subsidies



# Subsidies

## Noncapital subsidies:

- Nonoperating grants
- Transfers in and out

## Other nonoperating revenues (expenses):

- Transfers in, specific to capital activities

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

	<u>Public Utility</u>	<u>Transit Authority</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 41,003	\$ 18,636
Miscellaneous	283	33
Total operating revenues	<u>41,286</u>	<u>18,669</u>
<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	<u>40,777</u>	<u>25,378</u>
Operating income (loss)	<u>509</u>	<u>(6,709)</u>
<b>NONCAPITAL SUBSIDIES</b>		
Intergovernmental revenue	200	-
Transfers in	-	2,090
Transfers out	(1,780)	-
Total noncapital subsidies	<u>(1,980)</u>	<u>2,090</u>
Operating income (loss) and noncapital subsidies	<u>(1,471)</u>	<u>(4,619)</u>
<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)	<u>3,556</u>	<u>14,987</u>
Increase (decrease) in fund net position	2,085	10,368
Fund net position—beginning of period	<u>331,657</u>	<u>177,997</u>
Fund net position—end of period	<u>\$ 333,742</u>	<u>\$ 188,365</u>





Transactions or other events that are unusual in nature or infrequent in occurrence.

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

## Unusual and infrequent



- Financial statements:
  - Unusual and infrequent items are presented in their own category after all other inflows and outflows
    - Shall not be reported at net
- Notes to the financial statements:
  - Disclose the program, function or identifiable activity to which the item is related and;
  - Whether or not the item is in within the control of management

# Presentation of unusual and infrequent items



# Unusual and infrequent presentation

Sample City Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds for the Year Ended June 30, 20X5 (amounts expressed in thousands)	
	General Fund
<b>REVENUES</b>	
Taxes:	
Sales tax	\$ 104,142
Property tax	-
Franchise tax	22,706
Use tax	34,880
Hotel/motel tax	157
Special assessment tax	-
Payments in lieu of taxes	15,737
Intergovernmental	1,567
Charges for services	13,905
Licenses, permits, and fees	3,532
Fines and forfeitures	7,853
Investment earnings	6,792
Miscellaneous	2,075
Total revenues	<u>213,376</u>
<b>EXPENDITURES</b>	
Current:	
General government	29,097
Public safety	129,770
Public works	1,882
Culture and recreation	21,354
Social services	-
Debt service:	
Principal	-
Interest	-
Capital expenditures	-
<b>OTHER FINANCING SOURCES (USES)</b>	
Long-term debt proceeds	-
Premiums on bonds sold	-
Payment to bond refunding escrow agent	-
Proceeds from the sale of capital assets	275
Transfers in	2,830
Transfers out	(682)
Total other financing sources (uses)	<u>2,243</u>
<b>UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE</b>	
Grant revenues	2,500
Cleanup	<u>(10,000)</u>
Total unusual or infrequent item	<u>(7,500)</u>
Net change in fund balances	11,983
Fund balances—beginning of period	55,009
Fund balances—end of period	<u>\$ 66,992</u>

<b>UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE</b>	
Grant revenues	2,500
Cleanup	<u>(10,000)</u>
Total unusual or infrequent item	<u>(7,500)</u>

\* Source: GASB Statement 103, Appendix C, Exhibit 5



Applies to governments engaged only in:

- Business-type activities OR
- Only business-type and fiduciary activities

Changes in Net Position

- Present revenues by major source for business-type activities, distinguishing between operating, noncapital subsidy and other nonoperating revenues and expenses

**Statistical section**



# BARS Updates



# Cash Only 3.3.8 Capital Assets

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



## 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





# Accounting

## New Section – Managerial Funds

- Current guidance is spread out over several sections
- Current guidance is incomplete
  
- Plan: Consolidate and improve guidance in a new section







## Reporting – Notes

# Note 1 & Deposits / Investments & External Investment Pools

- Updating and clean up investment note disclosures
- Clarifying what disclosures to include for LGIP and county investment pools





## Reporting – Notes

# 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

### Cash Only Short-Term Debt

- New note disclosure
- Include short-term debt (less than one year), even if no outstanding balance at year end



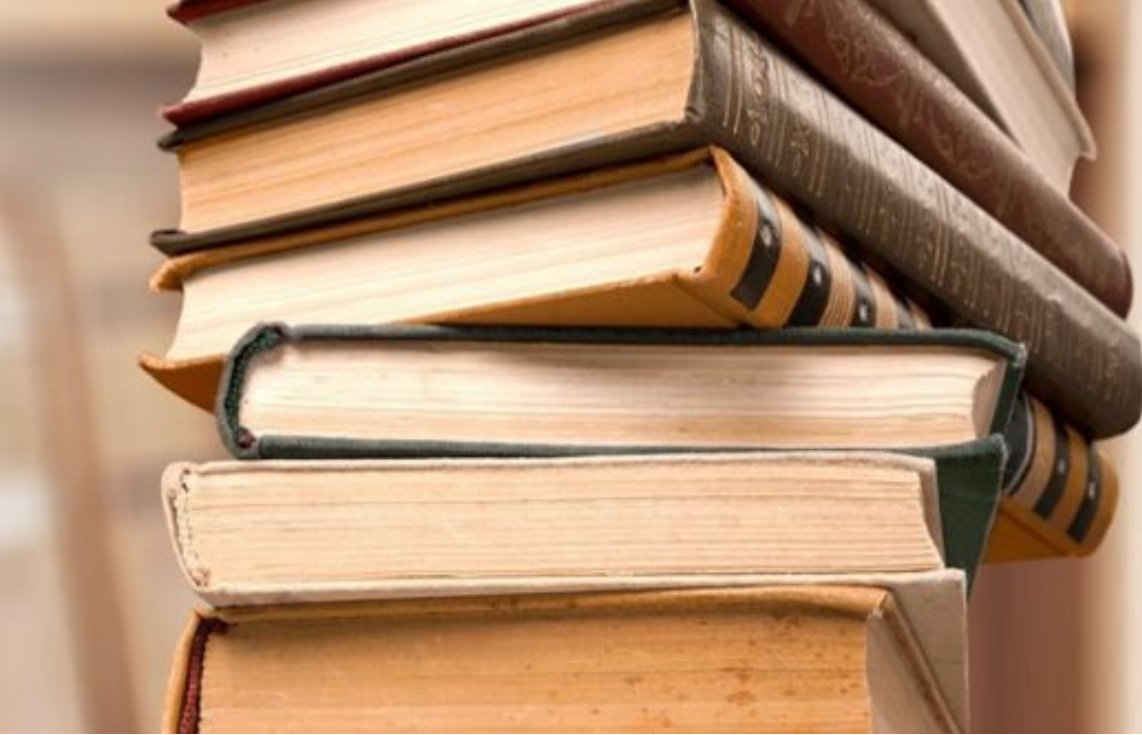


# Risk Management

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

## Reporting – Notes





## Cash Only Note X – Other Disclosures

- Catch-all disclosure for items without their own note
- Review this section annually to determine if any apply to your government

## Reporting – Notes





## Cash Only Note X – Other Disclosures

# Reporting – Notes

- Special / Extraordinary items – significant effect on cash
  - Natural disaster
  - Discontinuing a major program
  - Merger with another government
  - Major sale of capital asset(s)
  - Anything reported to BARS Code 385.00.00 / 585.00.00





## Cash Only Note X – Other Disclosures

- Contingencies and litigation – reasonable possibility of an unfavorable outcome
  - Claims that exceed insurance coverage or have a significant deductible
  - Disallowed grant expenditures
  - Disputed contracts
  - Consult your attorney

## Reporting – Notes



A stack of several old, worn books with various colored covers (brown, green, yellow) and spines, piled on top of each other.

## Cash Only Note X – Other Disclosures

# Reporting – Notes

- Subsequent Events – major events that happen after year-end, but before the financial statements are issued
  - Issue new debt
  - Discontinue major operations
  - Any other major or extraordinary events







## Cash Only Note X – Other Disclosures

- Significant commitments or obligations – restrictions on future use of cash not already disclosed
  - Construction commitments

Project	Spent to Date	Remaining Commitment
City hall construction	\$4,000,000	\$30,000,000
Repave main street	\$2,000,000	\$1,000,000

## Reporting – Notes





# Reporting – Notes

## Cash Only Note X – Other Disclosures

- Government combinations – mergers, acquisitions, transfer of operations
  - Annexation
  - Redistricting / reorganization
- Any other significant items
  - Use professional judgement
  - What will a reader of your financial statements care about?





# Reporting

## Schedule 09 – Bond Reporting Deadline

- Effective for FY24 reports and on.
- For governments with debt that has continuing compliance requirements that include audited financial statements.
- This is a specific requirement outlined in the debt contract or agreement.




# Bond Reporting Deadline

DOES THE GOVERNMENT HAVE DEBT THAT HAS CONTINUING COMPLIANCE REQUIREMENTS THAT INCLUDE AUDITED FINANCIAL STATEMENT? \* 

- Yes
- No

WARNING: If "yes" is pre-selected, this indicates your government reported liabilities in the prior year annual report and/or your government is required to report net pension liabilities. Please click "next" at the bottom of the screen to proceed to the Schedule 09 step. For information on reporting net pension liabilities, see the BAPS Manual section here: [CASH - Pension Liabilities](#) or [GAAR - Pension Liabilities](#).

For additional information and

Schedule 09 

DO YOU HAVE LIABILITIES TO REP

Yes

No

DOES THE GOVERNMENT HAVE DE

Yes

No


DOES THE GOVERNMENT HAVE DEBT THAT HAS CONTINUING COMPLIANCE REQUIREMENTS THAT INCLUDE AUDITED FINANCIAL STATEMENT? \* 

- Yes
- No

WHAT IS THE DEADLINE FOR THIS REQUIREMENT? \*

\*

SELECT OTHER DATE:





# BARS Update Resources

- Updates listed in Alerts & Changes



The screenshot shows the BARS GAAP website interface. On the left is a navigation menu with the following items: Table of Contents, Charts of Accounts, Budgeting, Accounting, Reporting, Alerts & Changes (highlighted with a red box), Reporting Year: 2024, Reporting Year: 2023, Reporting Year: 2022, Reporting Year: 2021, and Reporting Year: 2020. The main content area features a search bar labeled 'Search BARS GAAP' with a 'SEARCH' button. Below the search bar, the heading 'Cities, Counties and Special' is visible. A red text notification states: 'The BARS Manual is currently updated for all applicable GASB occurred on December 3, 2024.' Another red text notification states: 'The annual report for the fiscal year ended December 31, 2024'. The main text begins with 'The Budgeting, Accounting and Reporting System (BARS) Ma' and continues with 'accordance with [RCW 43.09.200](#) Its purpose is to provide (1) use and comparison of financial data; (2) accounting and rep' and 'a consistent framework for financial reporting to intended use' and 'agencies, the state Legislature, and the general public.'

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



## Resources



# Financial Data Transparency Act (FDTA)



# Recap – What is the FDTA?

- Legislation passed at the end of 2022 to apply data standards to information submitted to and managed by several financial regulators, including the Municipal Securities Rulemaking Board (MSRB).
- The U.S. Securities and Exchange Commission (SEC) has authority to establish rules requiring the data standards.



## FDTA



# What is the FDTA?

- Data standards specify rules by which data is described and recorded
- Requires financial data to be searchable and machine readable
  - Format in a standard computer language (not English text) that can be read automatically by a web browser or computer system
- No changes to basis of accounting
  - Governments can continue to report using SAO's prescribed cash-basis method



**FDTA**





# Where are we at?

- Phase 1 comment period in June 2024; final rules by December 2024
  - Comment period occurred, last update was from August 2024
- Phase 2 comment period anticipated to be July – October 2026; final rules by December 2026
  - Determine what financial data will be reported
  - Identify the implementation period



**FDTA**



# Contact Us

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



Or submit a  
HelpDesk  
ticket!

Website: [www.sao.wa.gov](http://www.sao.wa.gov)

X (formerly Twitter): [@WaStateAuditor](https://twitter.com/WaStateAuditor)

Facebook: [www.facebook.com/WaStateAuditorsOffice](https://www.facebook.com/WaStateAuditorsOffice)

