**BARS Chart of Accounts Update - GAAP Governments**

Effective for reporting for the fiscal year ending December 31, 2015 or later, there will be some revisions to the BARS chart of accounts. These will primarily impact only the GAAP reporting local governments. The changes include additional accounts that will be required for GAAP reporting local governments to submit in their Schedule 01.

Currently Schedule 01, which is a tool to collect revenue/expense data, focuses only on financial resources. The nonfinancial transactions (depreciation, amortization, etc.) were excluded which some GAAP reporting governments found inefficient since the Schedule 01 would not easily tie to their accounting records and it required some adjustments. By adding these accounts to the Schedule 01, the updated Chart of Accounts will make the reporting easier and will ensure better quality data in the Local Government Finance Reporting System (LGFRS).

The LGFRS is widely used by legislators, state agencies, bond rating companies, banks, creditors, media, etc. It is imperative the information is reliable and dependable since decisions are made based on the data. The State Auditor’s Office also plans to utilize the data extensively in the audits. Furthermore, the Local Government Performance Center is working on expanding the Financial Intelligence Tool (FIT) to include GAAP governments, which was another reason to not only revise revenues/expense accounts, but also to add some accounts from the statements of net position.

**Changes to Accommodate Full Accrual Accounting:**

The following matrix describes the changes. Shaded accounts are new and shaded areas in the remaining accounts are the revisions to definitions.

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| **Old** | **Old Title** | **New** | **New Title** | **Description** |
| 36990 | Other | 36991 | Other | This account should be used only for immaterial miscellaneous revenues. It is required that the governments code all revenues to appropriate available category in this chart of accounts. Include amortization of any charges not specified in other accounts. Proprietary GAAP funds should use this account only for other **operating** revenues and use 36992 for nonoperating miscellaneous revenues. |
|  |  | 36992 | Other Nonoperating | (Proprietary GAAP funds only) This account should be used only for immaterial nonoperating miscellaneous revenues. |
| 36110 | Investment Interest |  | Investment Earnings | Income from interest payments, dividends and other earnings collected on held or sold investments reported at cost or amortized cost. Include net increase (decrease) in the fair value of investments for any investments reported at fair value. |
|  |  | 501PP00 | Depreciation, Depletion, Amortization | (Proprietary GAAP funds only) Allocated portion of the capitalized costs over the useful life of an asset to be expensed for this fiscal year in accordance with the government’s accounting policies. |
|  |  | 59810 | Other Operating Expenses | (Proprietary GAAP funds only) This account should be used for miscellaneous operating expenses when there is no specific BARS expense account (e.g., adjustments to landfill closure/post closure or pollution remediation liabilities, etc.). Include amortization of any charges not specified in other accounts. |
|  |  | 59850 | Other Nonoperating Expenses | (Proprietary GAAP funds only) This account should be used for miscellaneous nonoperating expenses when there is no specific BARS expense account (e.g., adjustments to landfill closure/post closure or pollution remediation liabilities, etc.). Include amortization of any charges not specified in other accounts. |
| 592PP80 | Interest and Other Debt Service Cost |  |  | Include all interest due on any short or long-term type of borrowings – bonds, loans (including interfund – for principle payment on interfund loans use 5812000), debt to joint ventures and affiliates, LID assessments, intergovernmental, leases, overdue taxes (RCW 84.69.070), lines of credit and other debt. Include debt issuance cost (e.g., accounting, legal, underwriting, registration fees, commissions, printing cost, etc.).  (Proprietary GAAP funds only) Include amortization of premiums/discounts on long-term debt and amount of amortization of difference between carrying value of refunded debt and the net reacquisition price. |

The new codes listed below are needed to provide check figures and accommodate the FIT for GAAP reporting governments. These are memorandum accounts reporting balance sheet totals from the general ledger. This information will allow the FIT to provide financial indicators, initially for a government’s internal use and, in the future, for external users. It will also allow reported data to reconcile to the financial statements.

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| --- | --- | --- |
| **Account** | **Title** | **Description** |
| 8100000 | Cash, Cash Equivalents and Investments | Include cash, cash equivalents, investments both unrestricted and restricted. |
| 8200000 | Other Current Assets | Include all current assets except cash, cash equivalents and investments. |
| 8300000 | Other Noncurrent Assets | Include all noncurrent assets. |
| 8400000 | Deferred Outflows | Include all deferred outflows. |
| 8500000 | Current Liabilities | Include all current liabilities. |
| 8600000 | Noncurrent Liabilities | Include all noncurrent liabilities. |
| 8700000 | Deferred Inflows | Include all deferred inflows. |
| 3086000  5086000 | Net Investment in Capital Assets | (Proprietary GAAP funds only) The component of the difference between assets, deferred outflows and liabilities, deferred inflows that consists of capital assets less both accumulated depreciation and the outstanding balance of debt (e.g., bonds, mortgages, notes, etc.) that is directly attributable to the acquisition, construction, or improvement of those assets. |

Although the State law requires all local governments in Washington State to file annual financial reports including the detailed revenue/expense information (Schedule 01) with the State Auditor's Office, the housing authorities and public entity risk pools had not been obligated to submit Schedule 01 with their annual report. Starting with fiscal year 2015, the Schedule 01 will be required for both of these government types.

We want to assure you that SAO is ready and willing to help with the implementation of these changes. We are available to work one-on-one with entities as you work through these updates. Should you have any question or need assistance with implementation, please contact [alexandra.johnson@sao.wa.gov](mailto:alexandra.johnson@sao.wa.gov).