

**BARS Prior to
*Certain Asset
Retirement
Obligations*
Implementation**

This is not the whole BARS manual. It contains excerpts of the BARS manual chosen for the purpose of providing guidance on Delayed Implementation of Certain Asset Retirement Obligations. Please see the full BARS manual at www.sao.wa.gov

For Cities, Counties and Special Purpose Districts



REPORTING

Note X - Other Disclosures

INSTRUCTIONS TO PREPARER

Disclose any additional information that are essential to a user's understanding of the financial statements, for example:

- Corrections of material errors in previous years. A disclosure should be made describing any significant transactions recorded as prior year(s) corrections in the BARS account 3880000 or 5880000.
- If there was a violation of finance-related legal or contractual provisions the city/county/district should disclose both the description of the violation(s) and the action(s) taken to address the violation(s).
- Significant transactions with related parties. These disclosures are required for any transactions with related parties, other than normal transactions conducted in the ordinary course of operations (such as compensation of employees or licensing or permitting for other governments). When evaluating the necessity of a disclosure, governments should consider both the form and substance of the transaction.

Related parties include:

- ❖ A government's related organizations, joint ventures, and jointly governed organizations
- ❖ Elected and appointed officials of the government, executive management and immediate family members of officials and executive managers
- ❖ Other parties that the government can significantly influence
- ❖ Other parties that can significantly influence the government
- ❖ Other parties that are under the influence of a related party to the government

Disclosure should include:

- a. The nature of the relationship(s) involved.
- b. A description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which financial statements are presented, and such other information deemed necessary to gain an understanding of the effects of the transactions on the financial statements.
- c. The dollar amounts of transactions for each of the periods for which financial statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period.
- d. Amounts due from or to related parties as of the date of each statement of net position presented and, if not otherwise apparent, the terms and manner of settlement.

This disclosure could be appropriately combined with other information in other notes, such as a joint venture note or reporting entity note.

- Extraordinary events with a significant effect on reported cash transactions. The disclosure should describe the event and its impact on cash transactions. Extraordinary means both (1)

unusual in nature (possessing a high degree of abnormality and clearly unrelated to, or only incidentally related to the ordinary and typical activities of the entity) and, (2) infrequent in occurrence (not reasonably expected to recur in the foreseeable future). For example, this may include a natural disaster, discontinuance of a major program or merger with another government.

- Special items are significant items subject to management's control that meet one but not both of the criteria used for identifying extraordinary items. For example, a major sale of land.
- Contingencies and litigations. Include contingencies that have at least a reasonable possibility of an unfavorable outcome resulting in a financial loss such as those related to litigation, claims and assessments (including due to unasserted or threatened claims that are probable of assertion). Disclosure is not required for claims covered by insurance unless it is material or significant and would otherwise be misleading to omit. For example, claims that may exceed insurance coverage or with significant deductibles should be disclosed. Other examples of potential contingencies requiring disclosure are material uncollectable receivables, uncompleted contracts that city/county/district is obligated to perform, disallowable grant expenditures, lawsuits settled adversely, their appeals (if applicable), material disputed contracts and any other uninsured risks affecting the government. Disclose all financial guarantees regardless of the probability of a loss. Include contingencies existing at the date of the financial statements and any that arose since that date. Disclose the nature of the contingency and, if possible, the estimated range of the potential loss or state that such an estimate is not possible. Be sure to consult with the government's attorney and auditor for appropriate wording of the disclosure.
- Subsequent events occurring after the end of period but before issuance of the statements that are essential to a user's understanding of the financial statements (e.g., issuance of new debt, discontinuation or divestiture of major operations, settlement of major litigation, or an extraordinary event occurring after the end of the period).
- Component units or joint ventures. Component units and joint ventures are any legally separate organization that the government either controls (e.g., because it appoints a voting majority of the board) or holds an ongoing financial interest (e.g., equity interest) or has an ongoing financial responsibility (e.g., government is obligated in some manner for the debts of the organization). The notes should describe the venture and the nature of the relationship with the government.
- Financial statement preparers have a responsibility to evaluate whether there is substantial doubt about a government's ability to continue as a going concern for a reasonable period of time (12 months beyond the financial statement date). The government's inability to continue to meet its obligations as they become due without substantial disposition of assets outside the ordinary course of governmental operations, restructuring of debt, submission to the oversight of a separate fiscal assistance authority or financial review board or similar actions. Moreover, if there is information that is currently known to the government that may raise substantial doubt shortly thereafter (for example, within an additional three months), it also should be considered.

If financial statement preparers have evaluated whether there is substantial doubt and determined that there is substantial doubt about the government's ability to continue as a going concern the note should include disclosure of the following:

- a. Conditions and events giving rise to the substantial doubt,
- b. Possible effects of such conditions or events,
- c. Government officials' evaluation of the significance of those conditions and events and any mitigating factors,

- d. Possible discontinuance of operations,
 - e. Government officials' plans (including relevant financial information),
 - f. Information about the recoverability or classification of recorded assets amounts or the amount or classification of liabilities.
- Significant commitments or obligations which impose restrictions on the future use of financial resources that are not already disclosed in other sections (e.g., pollution remediation, construction and other contracts, etc.).

Construction Commitment

The (city/county/district) has active construction projects as of December 31, 20___. The projects include: _____.

At year-end the district's commitments with contractors are as follows: [1]

Project	Spent to Date	Remaining Commitment
	\$	\$
	\$	\$

(Of the committed balance of \$_____ the (city/county/district) will be required to raise \$_____ in future financing.)

[1] Describe the financing arrangements for each project

Pollution Remediation

List clean-up site(s) and type of contamination. Examples:

The (city/county/district's) airport was found to have pesticide residue from previous agricultural activities.

The (city/county/district) has ground contaminated with oil from oil storage tanks.

List clean-up action(s). Examples:

The (city/county/district) is working with the Washington State Department of Ecology to clean up the site.

No clean-up action is required at this time.

List amount, if any, paid during the year for clean-up.

- Government combinations. This disclosure is required when the government underwent any changes related to its operations due to a merger, acquisition, or transfer of operations (e.g., annexation, shared service arrangement, redistricting, reorganization, etc.) or disposed of some operations.
Any monetary consideration should be accounted for and reported as special item and the note should disclose at minimum:

- ❖ Brief description and reason for the combination,
 - ❖ Effective date or expected date of the cease of existence,
 - ❖ The amount of added/reduced cash (i.e., amount of the special item),
 - ❖ Assumed/transferred debt.
- Any other items you may consider significant.