



Washington State & GASB Statement No. 77

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Who in state government is most likely to influence GASB 77 disclosure?

State Auditor Pat McCarthy (D-elected 2016)

State law ([Chapter 43.09 RCW](#)) requires the State Auditor's Office to examine the financial affairs of local governments. The State Auditor's Office audits more than 3,000 local bodies ranging from the largest counties to the smallest special-purpose districts. The timing and scope of audits are based on risk analyses that consider such factors as size, analytical procedures and prior audit history. The auditor performs both financial and performance audits on local governments in the state. The auditor established [common reporting \(the BARS system\) and auditing standards](#) for all governmental bodies in the state.

McCarthy was previously the county executive and auditor of Pierce County (Tacoma). While supportive of tax breaks for aerospace jobs, she also publicly supported greater accountability on them after it was shown that companies are shrinking jobs in Washington and growing jobs outside of the state. Her campaign platform proposed requiring tax exemptions to be listed as expenditures in the state budget, and she also supported performance audits of tax exemption programs.

Who commented on the Exposure Draft from Washington?

- The Society of Professional Engineering Employees in Aerospace (SPEEA), representing 23,000 workers in Washington State (mostly at Boeing), joined the Louisiana Budget Project in a [comment](#) calling on GASB to disclose future-year costs of tax abatements.
- The Washington Education Association [asked](#) GASB to include tax diversions as well as tax abatements, to list top abatement recipients and to require future year disclosure of abatement liabilities.

- The State of Washington Office of Financial Management [filed](#) a series of technical objections to the Exposure Draft, arguing that the definition of “tax abatement” was ill-defined, that the disclosure might violate taxpayer confidentiality, and that differing fiscal year ends between government bodies might impede the gathering and presentation of information.
- State Rep. Joe Fitzgibbon, Clark County Treasurer Doug Lasher, Seattle City Council Member Nick Licata, and Spokane City Council Member Jon Snyder joined 59 other local officials in a [comment](#) broadly supportive of GASB 77.
- Former State Auditor Troy Kelley [opposed](#) the new standard, citing concerns that users would not have enough information to understand the scope and measure of abatement impact and because the standards presumes that abatements are negative.

How many counties, municipalities and school districts in the state are required to conform with GAAP and therefore GASB Statements?

According to a GASB’s [State and Local Government Use of Generally Accepted Accounting Principles for General Purpose External Financial Reporting](#) (published March 2008) none of Washington’s 39 counties, 279 municipalities, or 296 school districts is required by state law to use GAAP. However, the same study indicates that many jurisdictions that are not legally required to follow GAAP do so anyway, presumably to satisfy credit ratings agencies and obtain the lowest possible interest rates on bond borrowings. It is up to the state auditor to approve alternative accounting principles. All public universities are required to use GAAP.

Which state office collects CAFRS from counties/cities/school districts?

The State Auditor collects and posts summary information from local governments in the state, but does not appear to publish complete CAFRs or Annual Financial Reports from local governments.

Does the state government or do academic/NGO institutions provide technical assistance on GAAP, GASB or completing CAFRs?

The State Auditor’s office has extensive resources to help local government officials complete financial reports. The office developed a Financial Intelligence

Tool, for use by GAAP-compliant bodies. The tool won an award from NASACT. The office also operates extensive [training](#) in filling out online financial reports. The [Local Government Performance Center](#) also provides hands-on technical assistance for local officials, including a useful [Best Practices for Implementing New GASB Standards](#) check-list.

Does state government monitor fiscal stress within county/municipality/school district?

Washington does not monitor the fiscal stress of local governments or school districts.

Which state office is responsible for completing state's CAFR?

The state's Office of Financial Management completes the state's CAFR.

When was most recent CAFR filed?

Washington's fiscal year ends on June 30th. Its most recent [CAFR](#) was published on November 1, 2016.

Other state-specific information pertaining to subsidy disclosure?

The State Department of Revenue publishes a tax subsidy report every four years. The [most recent edition](#) in 2016 listed the costs of 694 exemptions found in the state's tax code (up from 640, in the previous report, published in 2012). While there is some interesting information in the report, it does not break out cost of abatements by jurisdiction as GASB 77 would. The Citizen's Commission for Performance Measurement of Tax Preferences was established in 2006 to periodically [review](#) the numerous tax preferences in the state at least once every ten years. The non-partisan body is composed of appointees from the House, the Senate, and the Governor. The Auditor and the Chair of the Joint Legislative Audit and Review Committee (JLARC) sit on the committee as well as a non-voting member. JLARC staff perform technical analyses of tax preferences to aid the Citizen's Commission in formulating legislative recommendations.

Based on what we know about past filing behavior, when will GASB 77 start appearing in Washington?

- **State government**: early November 2017
- **Largest cities:**
 - Seattle: Issued August 11, 2017
 - Spokane: late September 2017
 - Tacoma: late September 2017
- **Largest Counties**
 - King: Issued June 29 ,2017
 - Pierce: Issued June 29, 2017
 - Snohomish: Issued June 29, 2017
- **Largest School Districts**
 - Seattle: late May 2018
 - Spokane: late February 2018

For more information on GASB 77, visit: <http://www.goodjobsfirst.org/gasb>

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