



April 20, 2023

To the Finance and Audit Committee  
Fairfax County Water Authority  
Fairfax, Virginia

In connection with our audit of the financial statements of Fairfax County Water Authority (Authority) for the year ended December 31, 2022, we have the following comments and suggestions for your consideration.

### **New GASB Pronouncements**

At December 31, 2022, the Governmental Accounting Standards Board (GASB) had issued several statements not yet required to be implemented by the Authority. Statements which might impact the Authority are as follows:

#### ***GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements***

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

Statement No. 94 will be effective for the Authority in fiscal year 2023.

#### ***GASB Statement No. 96, Subscription-Based Information Technology Arrangements***

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

Statement No. 96 will be effective for the Authority in fiscal year 2023.

**Statement No. 99, *Omnibus 2022***

This Statement will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees.

The portion of Statement No. 99 related to leases, PPPs, and SBITAs will be effective for the Authority in fiscal year 2023. The portion of the Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 will be effective for the Authority in fiscal year 2024.

**Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62***

This Statement will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Statement No. 100 will be effective for the Authority for accounting changes and error corrections beginning in fiscal year 2024.

**GASB Statement No. 101, *Compensated Absences***

This Statement will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 101 will be effective for the Authority in fiscal year 2024.

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This report is intended solely for the information and use of management and the Finance and Audit Committee and is not intended to be and should not be used by anyone other than these specified parties.

If you have any questions concerning any of these items or if we can be of further assistance, please contact us. We thank you for the opportunity to conduct your audit for the year ended December 31, 2022 and express our appreciation to everyone for their cooperation during this engagement.

***PBMares, LLP***

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