



**Office of the Washington State Auditor
Pat McCarthy**

Local Government Advisory Committee (LGAC)

Meeting Minutes

October 2, 2024

9:00am – 10:30 am

Virtual Meeting – Microsoft Teams

Members in attendance:

Brodersen, Bret (WFOA) | Clark, Kathy (Housing) | Corin, Shannon (WFOA) | DeGroot, David (SWFOA) | Gall, Sheila (AWC) | Goodrich, Scott (WPPA) | Hendren, Alisha (SCCFOA) | Hunt, Heidi (WACO) | Jimenez, Grace (WSAC) | Knudson, Erin (WSTA) | Liang, David (PSFOA) | Lundeen, Ann (WACO) | Payne, Randy (WAPUDA) | Pohle, Derek (CRAB) | Robacker, Tanya (Fire) | Scott, Jill (WFOA) | Tellers, Stacie (SAO, Chair)

Members absent:

Excused: McMillan, Sandi (WASWD) | Riley, Michael (WPTA) | vacant AWC position | vacant (WCCMA)

Unexcused: Olander, Scott (AWPHD) | Rupe, Sara (OFM) | Williams, Jason (ESD)

Other attendees:

Bishop, Olivia (unknown) | Ellington, Lauren (City) | Gosnell, Donnie (Hospitals) | Hill, Shawn (Grays Harbor County) | Kelly, Mitchell (County) | Pascoe, Jerica (Ellensburg) | Rogers, Danette (Transit) | Schmidt, Cami (Transit) | Turntine, Cori (Conservation District) | Wilson, Kimberly (Housing) | Zhang, Wenju (King County)

SAO Staff in attendance:

Aguilar, Tamara | Collins, Kelly | Cowgill, Christie | Crouch, Olivia | Kostick, Niles | McCarthy, Pat | Montgomery, Ryan | Pagio, Kayley | Strand, Ann | Vandenburg, Vivian | Watkins, Tina

Call to Order

The Committee meeting began at 9:00am, held via Teams. The meeting was called to order by Stacie Tellers, Manager for the Local Government Support Team.

Welcome and Attendance

Stacie welcomed everyone. Attendance was taken via the Teams attendee list and noted there were no attendees calling in via phone.



Office of the Washington State Auditor Pat McCarthy

Approval of Minutes from May 1, 2024, meeting

The minutes previously distributed via email with a link to the SAO LGAC webpage where the draft minutes are posted were presented.

Motion to approve the May 2024 minutes was made by Bret Brodersen and seconded by Ann Lundeen. The appointed committee members approved the minutes with no corrections or changes, unanimously.

May 2024 meeting follow-up

Stacie discussed the email that some attendees received after the May 2024 from Teams AI Notes. This email occurred due to an attendee's Teams automatically turning on the AI Notes feature. SAO has worked with the attendee on this issue and are aware that it may be available. SAO will ensure this feature is turned off if it is activated in future meetings.

SAO Executive Update

Washington State Auditor Pat McCarthy thanked the committee members for their attendance. Addressed that SAO continues to research AI tools and currently uses various tools to perform data analytics. SAO continues to evaluate emerging technologies.

Pat appreciates the time committee members take to attend the meeting and participate with SAO. You are an accountability partner, and we appreciate you.

Pat noted that SAO was recognized at the National State Auditors Association for our Cyber Check-up program. She encouraged cyber awareness and supports the work of our cyber programs. Pat discussed the participation of SAO in national issues, such as the Financial Data Transparency Act, which SAO prepared a comment letter on the proposed rules.

SAO continues to focus on timely audits. We actively are working with clients to meet audit deadlines for single audit, bond reporting, and more. Pat discussed the increase in fraud work as well as the tools the office continues to produce to assist governments in improving their processes and controls to assist governments in being vigilant in the work we do. SAO recently attended the WFOA conference where SAO held several standing room only sessions, presenting several of the topics already discussed.

BARS Updates and Discussion

Christie Cowgill, Assistant Audit Manager for the Local Government Support Team provided an overview of the final list for the December 2024 update, including a brief overview of each item. We will also be adding to the GAAP manual the note template for GASB 102, Certain Risk Disclosures, which will assist any early implementors.



Office of the Washington State Auditor Pat McCarthy

Derek Pohle/CRAB inquired about the interfund loan note moving to long-term liabilities, Christie clarified that long-term liabilities, including interfund loans, are considered long-term when they are more than twelve months. Derek also inquired about the future review of the equipment rental and replacement (ER&R) BARS item. Christie clarified that the ER&R review includes analyzing the pages for clarification and consolidation as the BARS manual has several pages that speak to the topic. Derek reminded the Committee of the RCWs that govern ER&R.

Olivia Crouch, Assistant Audit Manager for the Local Government Support Team, reviewed the updates from GASB and the impact on BARS. Noted SAO is providing a template note for GASB 102 *Certain Risk Disclosures* for both GAAP and Cash BARS, this would not be used unless there is a significant event impacting the government and if all three criteria items are met. SAO will provide more information soon on GASB 103 *Financial Reporting Model Improvements*. Some key points include the requirement of answering the “why” in the analysis portion of the MD&A and changes to the proprietary fund statements. We are evaluating the updated accounting and reporting requirements for the impact to both manuals.

David DeGroot/SWFOA commented that GFOA is providing a session in December on compensated absences and that they have an excel file available for assistance in figuring out the liability. He inquired to SAO about technical training. Christie stated that updated trainings are available on the SAO website which include examples of the calculation.

Stacie provided a brief update on the financial data transparency act (FDTA), providing a link to an SAO blog post on the topic. [FDTA proposed rules public comment period is open | Office of the Washington State Auditor](#). Comments are due to the SEC and/or all nine federal agencies on October 21, 2024.

Bret Brodersen stated that GFOA is working on a template letter for governments to use and that it should be available soon. WFOA will be meeting to discuss sending a letter. David DeGroot asked if SAO has looked at sharing the data collected by local governments to the Federal Government to help provide the data. Stacie noted that at this time SAO has not evaluated data sharing at this time as the proposed rules are currently not impacting auditing requirements and due to local government’s continuing disclosure requirements only impacting bond issuers and not all governments. Stacie also commented that SAO continues to monitor the FDTA for impacts to auditing standards.

Stacie opened the floor for questions, comments, and concerns related to BARS, GASB, or Annual Filing. Nothing was brought forward.



Office of the Washington State Auditor Pat McCarthy

SAO Resources

Niles Kostick, Manager for the Center for Government Innovation, provided an update on the new and updated resources from SAO. Update to FIT which now will provide reporting on schools. Updated data filter options, such as displaying certain amounts, percent of change, etc. to help governments evaluate their data better. Trend reporting has returned and now shows eleven years of data and comparing the government to averages, mean, median of their government type. All data is exportable to excel for your data analysis needs.

Lean program updates include the retirement of Debra Hentz and the hiring of Cami Jones. New resources include the IT policy guide, including cybersecurity programs to help governments find areas to improve their cybersecurity. Updated small and attractive assets guide was issued in July 2024. Published in September 2024, Essentials of Managing Federal Awards, (over 100 pages) helping governments with federal award compliance, such as internal controls, completing the SEFA, and more. A new school district financial statement checklist has been published, covering several topics, including SBITA reporting, new accounting requirements, interfund activities, and more.

Coming soon: resources on asset retirement obligations, segregation of duties guide, and monitoring interfund topics. Reminder that the Center provides leadership and strengths workshops and cyber checkups, at no cost to local governments. Please reach out for more info.

Wenju Zhang/King County inquired about individual fund data in FIT – Niles confirmed this is available. Grace Jimenez/WSAC inquired about the path to the Schedule 01 data – Niles provided a walkthrough of FIT and how to find this information.

Questions or comments for the Center, email center@sao.wa.gov.

Open Discussion

Stacie opened the floor for the discussion period, starting with the remaining meeting dates for 2024.

Meeting Schedule for 2024

Wednesday, May 1, 2024, 9:00am-11:00am	Virtual
Wednesday, October 2, 2024, 9:00am-10:30am	Virtual
Wednesday, December 4, 2024, 9:00am-11:00am	Virtual

Stacie provided a link to the BARS draft pages for Accounting Changes and Error Corrections (GASB 100) and Compensated Absences (GASB 101) have been posted to the



**Office of the Washington State Auditor
Pat McCarthy**

Coming in Fiscal Year 2024 (GAAP and Cash) webpage in the BARS and Annual Filing menu on www.sao.wa.gov since June.

Meeting adjourned at 9:55 am.

DRAFT