



**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.



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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.



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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.



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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



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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.



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**Local Government Advisory Committee (LGAC)
Meeting Agenda
October 2, 2024
9:00am – 10:30 am
Virtual Meeting – Microsoft Teams**

Topics:	Speaker	Time
Welcome and Attendance	Stacie	
Approval of Minutes from May 2024	Stacie/LGAC	5 minutes
May 2024 Meeting follow-up – Teams AI	Stacie	5 minutes
SAO Executive Update	Pat McCarthy	10 minutes
BARS Updates and Discussion	BARS Team	30 minutes
a. Annual update list – i. Proposed list for Dec 24/Jan 25 update ii. GASB Update, BARS impacts iii. Financial Data Transparency Act (FDTA) Update		
b. Open Discussion - BARS		
SAO Resources	Center	30 minutes
Open Discussion	LGAC	As needed

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What is coming to BARS in 2025

as of September 23, 2024

Both Manuals

- Hot topics
 - Accounting Changes and Error Corrections – GASB 100. Will impact the following BARS areas: accounting, reporting, BARS codes.
 - Compensated Absences – GASB 101. Will impact the following BARS areas: accounting and reporting.
- General Topics -
 - Updating BARS code descriptions
 - Added codes:
 - 318.46.00 - Business Payroll Excise Tax
 - Economic Development
 - 345.51.00 - Business and Growth Development
 - 345.52.00 - Tourism
 - 345.59.00 - Other Economic Development
 - 3.8.12 - Voter Registration and Election Cost Allocation – Removing allocation prescriptions and directing user to the Secretary of State.
 - Moving section 3.6.10 - Working Advances from the Department of Social and Health Services (DSHS) to section 3.4.7 - Intergovernmental and Forgivable Loans
 - Separating out Fund Types and Accounting Principles into separate sections
 - Added liability code 263.50 Self-insurance and risk pool claims liabilities such as open claims, incurred but not reported (IBNR), unallocated loss adjustments expense (UALE). Governments with self-insurance programs should only report a claims liability on the Schedule 09 if they have an actuarially determined liability.
 - *Deleting 3.4.3 Bond Revenue Warrants since the section is no longer applicable due to RCWs being repealed.*
 - *3.8.1 and 4.8.9 Clarified that assuming a risk (not setting aside resources for future claims) is not self-insurance.*
 - *3.9.5 Overhead Cost Allocation has had non-authoritative examples removed and minor updates added.*

Cash Manual -

- Note 1 – Summary of Significant Accounting Policies – Added information about compensated absences, leases, and purpose of funds outside of the general fund.

- Note X – Long-Term Debt – Changing the title to Note X – Long-Term Liability and adding compensated absences and interfund loans.
- Note X – Interfund Loans – Removing
- Note X – Budget Compliance – Updating the note to provide clarification on how to disclose managerial accounts that are rolled up into other funds.
- *3.2.7 Special Assessments – Removed the GAAP references*
- *3.4.1 Leases/3.4.21 SBITA/3.4.22 PPP – Defined variable payments that are fixed in substance and added guidance for prepaid leases and SBITAs*
- *Note X – Certain Risk Disclosures – new disclosure required when all the criteria or met.*

GAAP Manual -

- *3.2.7 Special Assessments added clarification on accounting in both modified and full accrual.*
- *3.4.1 Leases/3.4.21 SBITA/3.4.22 PPP – Defined variable payments that are fixed in substance and added guidance for prepaid leases and SBITAs*
- *3.4.11 LOCAL Program – Added a new section for the LOCAL program.*

Pending future updates

- Both manuals - Clarification to the Equipment Rental and Revolving Fund sections
- Both manuals – Schedule 15, clarify when to recognize expenses
- GAAP – Upcoming GASB implementations
- Cash – Evaluating note disclosures for clean-up and clarification



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GASB Update

As of September 13, 2024

The Governmental Accounting Standards Board (GASB) establishes generally accepted accounting principles (GAAP) for U.S. state and local governments. All statements, exposure drafts and other documents for public comment are available from the GASB website, www.gasb.org, free of charge.

A summary of the current and upcoming accounting and financial reporting standards is below.

GAAP – For all statements, earlier application is encouraged.

CASH – Implementation will be at the time of BARS prescription.

For current GASB Documents for Comment visit: <https://www.gasb.org/projects/documents-for-public-comment>

GASB Pronouncements Effective for Reporting Year 2023

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

This statement establishes the definition of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions.

GAAP – Adds more situations for Service Concession Arrangements to apply and updates the accounting and reporting requirements in these areas.

CASH – Adds accounting and reporting requirements, similar to leases, for PPPs and Service Concession Arrangements.

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

This statement brings the guidance on the accounting and financial reporting for “SBITAs” in line with that of GASB 87 - Leases.

GAAP – Adds accounting and reporting requirements, similar to leases, for leased software.

CASH – Adds accounting and reporting requirements, similar to leases, for leased software.

- **Implementation Guide 2021-1**

This guide’s objective is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This statement brings the guidance on the accounting and financial reporting for derivatives, fiduciary activities, leases, and more.

GAAP – Most of the required changes have been implemented in BARS.

CASH - Most of the required changes have been implemented in BARS.

GASB Pronouncements Effective for Reporting Year 2024

- **Statement No. 100, *Prior Period Adjustments, Accounting Changes, and Error Corrections***
This statement improves the accounting and financial reporting guidance for prior-period adjustments, accounting changes, and error corrections – amendment of GASB Statement 62.

GAAP – Clarifies when to apply the accounting and financial reporting for the variety of transactions that make up these categories.

CASH – BARS will provide clearer guidance and updated BARS codes regarding these types of transactions.

- **Statement No. 101, *Compensated Absences – Reexamination of Statement 16***
This statement improves the accounting and financial reporting guidance for compensated absences.

GAAP – Provides clearer definitions of the types of absences and the requirements for the accounting and financial reporting.

CASH – BARS will provide clearer guidance and requirements for reporting specific types of absences.

- **Implementation Guide 2023-1**
This guide’s objective is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This statement brings the guidance on the accounting and financial reporting for leases, SBITA, Accounting Changes and Error Corrections.

GAAP – Most of the required changes have been or will be implemented in BARS with the updates related to recent accounting changes.

CASH - Most of the required changes have been or will be implemented in BARS with the updates related to recent accounting changes.

GASB Pronouncements Effective for Reporting Year 2025

- **Statement No. 102, *Certain Risk Disclosures***
This statement improves financial reporting by providing users of financial statements with timely information regarding certain concentrations or constraints and related events that make a government vulnerable to a substantial impact.

GAAP – BARS will provide guidance on when this disclosure is required and what to include in the disclosure.

CASH – BARS will provide guidance on when this disclosure is required and what to include in the disclosure.

GASB Pronouncements Effective for Reporting Year 2026

- **Statement No. 103, *Financial Reporting Model Improvements***

This statement improves key components of the financial reporting model to enhance the effectiveness in providing information that is essential for decision making and assessing a government's accountability; including improvements to the management's discussion and analysis (MD&A), required supplementary information (RSI), propriety fund reports, unusual/infrequent items, major component unit information and budgetary comparison information.

GAAP – *information coming soon, estimated mid-2025*

CASH – *information coming soon, estimated mid-2025*