Office of the Washington State Auditor
Pat McCarthy

Local Government Advisory Committee (LGAC)
Meeting Minutes
April 30, 2025
9:00am – 11:00 am
Virtual Meeting – Microsoft Teams

Member attendance:

Member name	Attendance Status	Member name	Attendance Status
Brodersen, Bret	Present	McMillan, Sandi	Excused
Clark, Kathy*	Present	Olander, Scott	Unexcused
Corin, Shannon*	Present	Pohle, Derek	Unexcused
DeGroot, David	Present	Prada, Stacie	Excused
Fulton, Katrina	Present	Riley, Michael	Present
Gall, Sheila	Present	Robacker, Tanya	Excused
Goodrich, Scott	Present	Quichocho, Anna	Unexcused
Hendren, Alisha	Present	Tellers, Stacie - Chair	Present
Jimenez, Grace	Unexcused	Williams, Jason	Unexcused
Knudson, Erin	Present	AWC*	Vacant
Knudson, Katrina	Present	WACO	Vacant
Liang, David	Present	WFOA	Vacant

**appointment pending*

Other attendees:
Bhattad, Neha (Housing) | Bishop, Olivia (Library) | Gosnell, Donnie (Hospital) | Ellington, Lauren (City) | Kelly, Mitchell (County) | Maule, Timothy (Fire) | Rogers, Danette (Transit) | Schmidt, Cami (Transit)| Thorson, Sarah (unknown) | Turntine, Cori (Conservation) | Wilson, Kimberly (Housing) | Zhang, Wenju (County)

SAO Staff in attendance:
Aguilar, Tamara | Choy, Wendy | Collins, Kelly | Cowgill, Christie | Crouch, Olivia | Kostick, Niles | McCarthy, Pat | Montgomery, Ryan | Pagio, Kayley | Vandenburg, Vivian | Watkins, Tina

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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.

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

Approval of Minutes from the December 4, 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 December 2024 minutes was made by Bret Brodersen and seconded by Kathy Clark. The appointed committee members approved the minutes with no corrections or changes, unanimously.

SAO Executive Update
Washington State Auditor Pat McCarthy thanked the committee for their service on the committee, we value the opinions from the associations and local governments. Pat spoke to the recent legislative session and the challenges the state faced with the budget deficit. The budget is with the governor for approval.

Pat spoke to the reorganization of the leadership team, due to Keri Rooney's retirement. Kelly Collins and Janel Roper assumed Deputy State Auditor roles, Tina Watkins stepped into the Director of Local Audit, and Kristina Baylor into the Assistant Director of Local Audit. Pat is traveling the state with Kelly, meeting with associations, local governments, and more to collaborate and hear about their challenges, projects, and successes.

Pat spoke about the goal of increasing the trust in government and strives for SAO to do work that will help achieve this goal. Pat stated she recognized the concerns about some of the federal leadership changes, the tariffs, and funding freezes and how that will impact Washington State, the local governments, and citizens.

Pat invites the committee to take advantage of all the available resources on the website and being offered by the Center of Government Innovation, including the updates to the FIT tool and lean training.

BARS Updates and Discussion
Kayley Pagio, Assistant Audit Manager for the Local Government Support Team provided an overview of the update list for the December 2025 BARS update, including a brief overview of the added items since the December 2024 meeting.

Olivia Crouch, Assistant Audit Manager for the Local Government Support Team, discussed the current Severe Financial Stress and Going Concern document that GASB has out for public comment, she recommended governments review the preliminary views document and comment to the GASB. Olivia reviewed the updates from GASB and the impact on BARS. Olivia gave special thanks to Kathy Clark for her assistance with housing authority questions related to GASB 103.

Olivia spoke to GASB 104, *Disclosure of Certain Capital Assets* and a possible note disclosure for Cash BARS. Olivia asked the Cash governments if they have thoughts on what type of capital asset disclosures might be valuable. Bret mentioned that there are capital asset reports available in the budget document and capital facilities plan. He expressed concern that if there was a need for significant details in the financial statement notes it would be duplicative to the other capital-related documents that are available. David DeGroot mentioned that as a GAAP government they have been tracking data for numerous years and sees that this may be a hinderance to cash governments. Stacie noted that historical tracking is not the intent with the possible note disclosure discussion. Shiela Gall asked about the value of an annual number when many projects are multi-year, she is also concerned about the burden if there was a need for excessive detail. Timothy Maule mentioned that they disclose this type of information in the construction commitment note and was thinking that there may be a way to use that note to disclose capital expenditures and reduce duplication. Bret and Timothy volunteered to speak with the BARS team further as SAO researches this topic.

Bret Brodersen commented that the Washington Finance Officers Association, Professional Rules and Operational Standards Committee will be meeting to discuss the GASB documents for comments and invited members who want to participate in that meeting to let him know.

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

SAO Resources
Niles Kostick, Manager for the Center for Government Innovation, provided an update on the new and updated resources from SAO.

Niles noted that the Financial Intelligence Tool (FIT) has several new features that are coming soon, including improved clarity on the financial health outlooks, comparing government to government data (up to six), displaying statewide averages, and more. He provided a visual walkthrough of some of the upcoming changes.

Niles provided an update on the lean program, noting they are fully staffed and serving governments across the state with no waitlists. He also noted that recently a client provided a recorded testimonial about their recent lean experience.

The Center has the following resources coming soon: Third Party Cash Receipting, Segregation of Duties which includes grant monitoring, Change Order Best Practices and Responsible Bidder Checklist, and IT Related – Backup and Recovery Best Practices and IT Policies. Niles noted that the Cash Basis Financial Statement Checklist has be updated and posted, just in time for the 12/31-year end filers.

In addition to the lean opportunities, the Center continues to offer leadership and strengths workshops and cyber check-ups.

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

Open Discussion
Stacie opened the floor for open discussion.

Stacie noted she continues to work with several associations for the nominations to fill a handful of vacant seats on the committee.

Remaining Meeting Schedule for 2025

Wednesday, September 10, 2025, 9:00am-10:30am	Virtual
Wednesday, December 10, 2025, 9:00am-11:00am	Virtual

Meeting adjourned at 9:59 am.

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Local Government Advisory Committee (LGAC)
Meeting Agenda

April 30, 2025
9:00am – 11:00 am
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Topics:	Speaker	Time
Welcome and Attendance	**Stacie**	
Approval of Minutes from December 2024	**Stacie/LGAC**	**5 minutes**
SAO Executive Update		**10 minutes**
BARS Updates and Discussion	**BARS Team**	**30 minutes**

a. Annual update list –
   i. Proposed list for Dec 25/Jan 26 update
   ii. GASB Update, BARS impacts
b. Open Discussion - BARS

SAO Resources	**Niles/Center**	**30 minutes**
Open Discussion	**LGAC**	**As needed**

Remaining Meetings for 2025

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Questions, comments, or additions? Contact: Stacie Tellers, LGAC Chair: tellerss@sao.wa.gov

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Local Government Advisory Committee

What is coming to BARS in 2026

as of April 14, 2025, *italic items are new from prior meeting*

Both Manuals

- General Topics -
    - Chart of Accounts:
        - Updating BARS code descriptions, continuous project
        - Reviewing the COA section for reorganization, clean-up, and clarification
        - Research BARS code 341.92 – Property Management: need to update the description and will contact the 17 governments utilizing the code to clarify the activity being reported here.
        - *512.5 – Municipal Court BARS coding series:*
            - *512.51 Non-Contracted Court & 512.52 Contracted Court – the 5th digit will no longer be prescribed. Schedule 01 will require 512.5_, the 5th digit can continue to be used.*
    - 3.2.4 – Money Held in Trust: adding information on reporting requirements for when government monies are deposited into escrow accounts (or similar arrangements).
    - *3.8.8 Petty Cash and 3.10.3 Bond Coverage for Public Officials and Employees: evaluating section for additional accounting guidance, reorganize page to separate control guidance from accounting guidance.*
    - Managerial Funds: centralizing and clarifying guidance in the Accounting Principles section
    - Interfund Activities section: reviewing the section to ensure there is appropriate accounting guidance, focusing on Internal Service Fund and ER&R sections.
    - *Determining Fiduciary Activities section moving to accounting section, accounting principles and internal controls chapter*
    - *Interfund/Intergovernmental loans sections:*
        - *Correcting "negative fund balance" language for interfund loan requirements related to cash balances to "negative cash".*
        - *Counties only: updating guidance regarding register warrants and when they are allowed to be considered an investment.*
    - Note X – Going Concern: note being evaluated for clarification and additional guidance
    - *Note X – Risk Management: updating and clarifying what is required in this note*
    - *Note X – Deposits & Investments and Note X – External Investment Pool: evaluating note for clarification and clean up, GAAP note being updated to ensure alignment with GASB requirements.*

Cash Manual -

- *3.3.8 – Capital Asset Management: providing clarification on when governments should begin using the capital BARS codes vs. continue using functional expense codes.*
- *Note X – Short-Term Liabilities, new note disclosure which discloses the issuance and payment of liabilities settled in the same year.*
- Continue to evaluate pages for clean-up and clarification opportunities

GAAP Manual -

- *Note X – Closure and Postclosure Care Cost, aligning note title with accounting section guidance: Closure and Postclosure Cost*
- Update the Operating/Non-Operating BARS Code worksheet
- Continue to evaluate pages for clean-up and clarification opportunities

Pending future updates

- Both manuals – Schedule 15, clarify when to recognize expenses
- Cash – Evaluating note disclosures for clean-up and clarification
- GAAP – Upcoming GASB implementations

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GASB Update

As of March 31, 2025

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

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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 provides guidance on when this disclosure is required and what to include in the disclosure.

  CASH – BARS provides 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 statements, unusual/infrequent items, major component unit information and budgetary comparison information.

  GAAP –
  - "Special and extraordinary items" are renamed to "unusual or infrequent items."
  - Updates to the MD&A emphasize that detailed analyses should explain *why* balances and results of operations changed.
  - Updates to the format of the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position.
  - New definitions for operating and non-operating revenues and expenses. Introduces and defines a new term "subsidies."
  - Budgetary comparison schedules have additional required columns and must be reported as Required Supplementary Information. There is no longer the option to include them with basic statements.
  - Major component units are required to be reported separately on the face of the government wide financial statements. However, if the readability is reduced, governments may present combining statements for their major component units.

  CASH – "Special and extraordinary items" are renamed to "unusual or infrequent items."

- **Statement No. 104, *Disclosure of Certain Capital Assets***
  This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures.

  GAAP – Minor updates to the tables in *Note X – Capital Assets*. Also adding a disclosure for capital assets held for sale.

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