



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

Local Government Advisory Committee (LGAC)

Meeting Agenda

May 1, 2024

9:00am – 11:00 am

Virtual Meeting – Microsoft Teams

Members in attendance:

Brodersen, Bret (WFOA) | Clark, Kathy (Housing) | Corin, Shannon (WFOA) | DeGroot, David (SWFOA) | Goodrich, Scott (WPPA) | Hendren, Alisha (SCCFOA) | Hunt, Heidi (WACO) | Jimenez, Grace (WSAC) | Knudson, Erin (WSTA) | Liang, David (PSFOA) | Lundeen, Ann (WACO) | McMillan, Sandi (WASWD) | Payne, Randy (WAPUDA) | Riley, Michael (WPTA) | Robacker, Tanya (Fire) | Scott, Jill (WFOA) | Tellers, Stacie (SAO, Chair) | Williams, Jason (ESD)

Members absent:

Excused: Kinley, Leana (WCCMA) | Olander, Scott (AWPHD) | vacant AWC position
Unexcused: Gall, Sheila (AWC) | Pohle, Derek (CRAB) | Rupe, Sara (OFM) |

Other attendees:

Booher, Debbie (Poulsbo) | Ewing, Jacob (unknown) | Gosnell, Donnie (Hospital) | Hill, Shawn (Grays Harbor County) | Lowell, Eric (MSRC) | Pascoe, Jerica (Ellensburg) | Rogers, Danette (Transit) | Stimson, Mary (Library) | Turntine, Cori (Conservation District) | Wilson, Kimberly (Housing) | Zhang, Wenju (King County)

SAO Staff in attendance:

Aguilar, Tamara | Browning, Roxann | Collins, Kelly | Cowgill, Christie | Crouch, Olivia | Kostick, Niles | McCarthy, Pat | Pagio, Kayley | Rooney, Keri | 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 verbal notification for attendees calling in via phone.



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Approval of Minutes from December 2023

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 Sandi McMillan and seconded by Bret Broderson. The appointed committee members approved the minutes with no corrections or changes, unanimously.

Stacie followed up on the WSDOT topic from December's meeting minutes. SAO spoke with WSDOT regarding their additional requests to local governments for duplicate information of what is in the annual filing street/road report. WSDOT informed SAO that they will make requests if the data appears differently than anticipated, if there is missing data, or if they were unable to pull data completely. They also have had turnover in the reporting role, which has increased additional requests for data as they learn and adjust with new staff. Please continue to let SAO know if governments are experiencing increased data requests from WSDOT and we will continue to work with them on the street/road reporting needs.

SAO Executive Update

Washington State Auditor, Pat McCarthy, provided the SAO executive update to the Committee. Pat thanked the committee members for their attendance. She appreciates the comments, questions, and ideas members bring to the meeting. Pat discussed that SAO is in conference season and looks forward to seeing our clients in person. She discussed meeting David Bean at a recent conference and was pleased to hear that Washington State is seen as a beacon in governmental accounting and finance. Pat stated that she is proud to be on the National Association of State Auditors, Comptrollers and Treasurers (NASACT) executive board member and slated to become president for the National State Auditors Association. She believes in state and national association and supports the power associations have, allowing them to get messages to legislators and standard setters.

Pat discussed the recent frauds that are being found in government, especially smaller governments. SAO is working with associations to help build up tools for governments to help minimize the impacts of fraud and to help governments build internal controls. SAO continues to build our cybersecurity reviews to assist governments in assessing their cyber environment. These services are free to governments.

Pat discussed the impacts of Artificial Intelligence (AI) and its use in governments. SAO is seeing governments using AI services. As SAO moves forward in AI use, we have begun developing policies and researching AI technologies for use in audit and by SAO. More to



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come as this work is developing. Other initiatives SAO continues to work on are use of deadly force reviews, energy audits, and performance audits on important topics, such as aquatic land lease rates and civil asset forfeiture.

BARS Updates and Discussion

Christie Cowgill, Assistant Audit Manager for the Local Government Support Team provided an overview of the preliminary list for the December 2024 update, including a brief overview of each item. Bret Brodersen asked about the new economic development 345 BARS codes and if the intent is to replace the hotel/motel tax codes. Christie stated that these codes are intended for additional revenues governments are collecting for this purpose, outside of tax and grants.

Vivian Vandenburg, Assistant Audit Manager for the Local Government Support Team reviewed the draft BARS pages for Accounting Changes and Error Corrections (GASB 100). The committee reviewed the proposed pages, bringing forward clarifying questions. The BARS team will review the draft notes table to clarify the use of opinion units vs. funds or reporting units. The committee issued their support to post the draft pages to the Coming in Fiscal Year 2024 (GAAP and Cash) page in the BARS and Annual Filing menu on www.sao.wa.gov.

Christie reviewed the draft BARS pages for Compensated Absences (GASB 101). The committee reviewed the proposed pages. There was committee discussion on specific vesting schedules, add-pays, and other policies. SAO recommends governments perform their policy analysis and develop a process for these calculations. If there are questions on a specific calculation or item to submit a HelpDesk. The committee issued their support to post the draft pages to the Coming in Fiscal Year 2024 (GAAP and Cash) page in the BARS and Annual Filing menu on www.sao.wa.gov.

Olivia Crouch, Assistant Audit Manager for the Local Government Support Team, reviewed the updates from GASB and the impacts to BARS. Olivia responded to David DeGroot's questions about the types of events that would be reported under GASB 102 – Certain Risk Disclosures.

Kayley Pagio, Assistant Audit Manager for the Local Government Support Team, provided an update on the annual filing system and the FY2023 filing season. The filing team offered twelve live webinars on the refreshed system, recorded versions are available on the SAO website, BARS and Annual Filing, Training and Workshops page.



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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 reminded the committee that the Center resources, services, and training are funded by the I-900 funds and are provided at no cost to local governments. The Center is planning to attend numerous conferences this year and hopes to connect with the committee and SAO's clients.

Updates to FIT are coming soon, bringing back some of the features that were in prior versions of FIT and were not launched when the newest version was released. These features include drilldown features to allow users to review underlying data for governments. Niles requested the committee to please let him know if there are specific features they are interested in or rely on.

There are several updates coming to the existing resources in the resource library including take home vehicles and bid laws. New resources coming include best practices for small entity resources, travel, reimbursable expenses, small and attractive assets, single audit/federal grant management. The Center is working on new cybersecurity resources, including best practice for IT policies. Please let Niles know if you are interested in reviewing resources.

Cyber check-ups are one year old! The Center has performed over 50 check-ups in the last year. Additionally, they continue to offer cyber training at conferences, having offered over 10 hours since inception. Cyber check-ups are offered at no cost to local governments.

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

David DeGroot mentioned the Clark County developed a process to use the local loan programs interest rate, plus 1% for the County's incremental borrowing rate for leases and



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SBITAs. He says they've documented their process and found it to be a good process for them.*

**Each GAAP government needs to develop a process for determining an incremental borrowing rate that is appropriate for them and their specific lease/SBITA activity. A process that works for one government may not be an appropriate process for another government.*

Meeting adjourned at 10:35 am.

DRAFT