Office of the Washington State Auditor
Pat McCarthy

Local Government Advisory Committee (LGAC)
Meeting Minutes
May 6, 2026
9:00am – 11:00 am
Virtual Meeting – Microsoft Teams

Member attendance:

Member name	Attendance Status	Member name	Attendance Status
Clark, Kathy	Present	Liang, David	Present
Corin, Shannon	Present	McMillan, Sandi	Present
Curbow, Nick	Present	Pohle, Derek	Present
Fulton, Katrina	Present	Prada, Stacie	Present
Gall, Sheila	Unexcused	Riley, Michael	Excused
Goodrich, Scott	Unexcused	Robacker, Tanya	Present
Hall, Mary	Present	Quichocho, Anna	Unexcused
Hendren, Alisha	Present	Seibel, Amy	Present
Hinchliffe, Randy	Present	Tellers, Stacie - Chair	Present
Jimenez, Grace	Present	Thorson, Sarah	Present
Knudson, Erin	Present	Williams, Jason	Present
Knutson, Katrina	Present		

Association of Washington Public Hospital Districts member position vacant

Other attendees:
Morrison, Christina | Udstuen, Erik | Schmidt, Cami (Transits)

SAO Staff in attendance:
Aguilar, Tamara | Baylor, Kristina | Browning, Roxann | Choy, Wendy | Cowgill, Christie | Crouch, Olivia | Montgomery, Ryan | Shelton, Zachariah | Strand, Ann

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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 (LGS) Team.

Stacie noted that Niles Kostick could not attend and provide the Center for Government Innovation so that agenda topic will be skipped until the next Committee meeting. Please let Stacie know if you do have any questions for the Center.

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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 10, 2025 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 2025 minutes was made by Sandi McMillan and seconded by Shannon Corin. The appointed committee members approved the minutes with no corrections or changes, unanimously.

SAO Executive Update
Assistant Director of Local Audit, Wendy Choy attended the meeting on behalf of State Auditor Pat McCarthy. Wendy thanked the Committee for their service; SAO values the opinions and feedback from the committee and encouraged attendees to share their comments and questions.

Wendy noted that the Washington State legislative session ended on time. SAO noted no significant impacts to our local government work in BARS, annual filing, and audit. SAO is already preparing for the 2027 legislative session as it is a longer session, and we expect more bills for us to work through.

Wendy spoke about the NSAA Conference in Tacoma, WA from June 9 – 12, 2026. State Auditor Pat McCarthy is the current President of NSAA and is excited to have the conference in our State. SAO will also be presenting several sessions at the WFOA Conference in Kennewick from September 15 – 18, 2026. We will be providing BARS updates, Center presentations, two audit roundtable discussions, and more. We hope to see you at one or both conferences.

BARS Updates and Discussion
Stacie provided an overview of the update list for the December 2026/January 2027 BARS update, including a brief overview of the items added since the December 2025 meeting.

Olivia Crouch, Assistant Audit Manager, LGS provided a GASB update. She encouraged attendees to read and comment to GASB on the recently issued exposure draft on Infrastructure Assets.

Nick Curbow asked about the requirement to display depreciable assets from non-depreciable assets on the face of the financial statements. Olivia confirmed that GASB Codification 1400.115

confirms that depreciable and non-depreciable assets only need to be displayed separately if the government has a significant amount of non-depreciable assets.

Olivia reviewed the draft note for Cash BARS. Derek Pohle inquired about how change orders contracts would be reflected in the note, would it increase the remaining commitments? Olivia clarified that if the remaining commitments increased and the expense wasn't experienced yet, that the remaining commitment number would increase. If the change order expense occurred, then the current year expenses would reflect that increase. Amy Seibel stated that in the GAAP note, GAAP governments only need to report on significant commitments and asked if Cash will need to report all commitments or only the significant ones. Olivia confirmed that the BARS team will evaluate this concern and update the instructions and note as appropriate.

Olivia asked for any feedback or questions on the draft note to be sent to her by July 31, 2026.

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

Open Discussion
Stacie opened the floor for open discussion. Stacie requested Committee review of the meeting schedule for 2026, specifically the December 9, 2026, meeting. Stacie proposed moving the meeting to December 10, 2026, due to a conflict. The Committee noted this change was acceptable.

No other topics were brought forward.

Meeting adjourned at 9:35 am.

Remaining meetings:

Wednesday, September 9, 2026, 9am – 10:30am	Virtual
Thursday, December 10, 2026, 9:00am-11:00am	Virtual

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Local Government Advisory Committee (LGAC)
Meeting Agenda

May 6, 2026
9:00am – 11:00 am
Virtual Meeting – Microsoft Teams

Topics:	Speaker	Time
Welcome, Attendance and Approval of Minutes from December 2025	**Stacie/LGAC**	**5 minutes**
SAO Executive Update	**Wendy Choy**	**10 minutes**
BARS Updates and Discussion	**BARS Team**	**30 minutes**

a. Annual update list –
   i. Proposed list for Dec 26/Jan 27 update
   ii. GASB Update and impact to BARS
   iii. Discuss draft Cash BARS note on capital outlay
b. Open Discussion – BARS

SAO Center for Government Innovation Update	**Niles Kostick**	**30 minutes**
Open Discussion	**LGAC**	**As needed**

a. Proposed meetings for 2026:

Original request:	
Wednesday, December 9, 2026, 9:00am-11:00am	Virtual
Updated date:	
Thursday, December 10, 2026, 9:00am-11:00am	Virtual

b. Other discussion

Local Government Advisory Committee
What is coming to BARS in 2027

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Items in italics were added to the list after the December 2025 meeting

Both Manuals

- General Topics -
    - Chart of Accounts:
        - Continue to evaluate code descriptions for clean-up and clarification opportunities
    - Continue to evaluate pages for clean-up and clarification opportunities
- *Retiring Note X – COVID 19 Pandemic*
- *Schedule 20 (rural counties only) – updated instructions to clarify how to report projects with debt that is repaid using rural sales and use tax.*

Cash Manual -

- *New note disclosures –*
    - *Note X – Unusual or Infrequent Items (related to special and extraordinary definition changes)*
    - *Note X – Finance Related Violations*
        - *Content removed from "Note X – Other Disclosures" to be separate disclosures.*
    - *Note X – Capital Outlays and Significant Commitments*
- *Updates to special and extraordinary items definitions in BARS and removing the guidance from Note X – Other Disclosures to BARS 3.1.10 Accounting Principles.*

GAAP Manual -

- GASB 103 implementation – *impacted BARS pages have been identified and are currently being worked on for updates. Notable updates at this time:*
    - Update the Operating/Non-Operating BARS Code worksheet
    - *New section – Component Unit Combining Statements*
    - *Updating proprietary fund statement, MD&A, and RSI sections*
- *Retiring Note X – Unique and Unusual Transactions*
- *GASB 104 implementation – updates to Note X – Capital Assets and Note X – Leases/SBITA*

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 April 1, 2026

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.

Current GASB Documents for Comment: https://www.gasb.org/projects/documents-for-public-comment

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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, research in progress*

- **Implementation Guide 2025-1**
  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 cash flow reporting, basic financial statements and MD&A, leases, conduit debt obligations, accounting changes and error corrections, compensated absences, and component unit reporting.

  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 2027

- **Statement No. 105, *Subsequent Events***
  This statement improves financial reporting related to subsequent events by (1) clarifying the subsequent events time frame, (2) clarifying the definitions of recognized and nonrecognized events, and (3) specifying the required note disclosures for subsequent events.

  GAAP – New requirement to disclose the date through which subsequent events were analyzed. This is required even if there are no subsequent events to report. Note X – *Subsequent Events* will be updated to reflect this change and other minor clarifications.

  CASH – The subsequent event note disclosure will be removed from Note X – *Other Disclosures* and put into its own note: Note X – *Subsequent Events*. The existing note will be expanded to include additional information and examples.

Note X – Capital Outlays and Significant Commitments

The (city/county/district) reports the cost of capital asset purchases and acquisitions as Capital Outlay expenditures. Some of these capital outlays involve projects that span multiple years. The capital outlays and remaining commitments are as follows:

Capital outlay	**[1] Spent in current year**	**[2] Spent to date**	**[3] Remaining commitment**
[4] Function/Project 1			
Function/Project 2			
Function/Project 3			
Other functions/ projects			
[5] Purchases			
Total			

Of the committed balance of $_____ the (city/county/district) will be required to raise $_____ in future financing.

Instructions to preparer:

[1] The total amount for "Spent in current year" should tie to the total Capital Outlays (BARS Codes 594 – 595) reported on the C4

[2] For projects/contracts that span multiple years, the "Spent to date" amount should include the amount spent in the current year plus amounts spent in previous years. If this is the first year of the project or a single year project/purchase, then the "Spent to date" would be the same as "Spent in current year."

[3] The "Remaining commitment" is the total amount of the commitment/contract minus the "Spent to date."

[4] Governments should use professional judgement to determine how to best categorize this information. For example, a city/county might choose to report this information by function (general government, public safety, utilities, etc.), whereas a special purpose district might choose to report this information by project. Governments can summarize insignificant functions/projects onto one line.

[5] Purchases are typically for one-time acquisitions, such as purchasing vehicles or equipment. Governments can further subdivide this into additional categories if they choose. For example, they

may report one line for land purchases and another line for vehicle purchases. The governments should use professional judgement to meaningfully categorize and report this information.

Purchases may or may not have a “Remaining commitment” to report. For example, a one-time purchase of a land parcel may have no additional payments required. In this case, the government can report $0 or “not applicable.” On the other hand, if a government enters into a contract to purchase many vehicles and only pays for part of that contract in the first year, then there will be a remaining commitment for the portion not paid by fiscal year end.