

Minutes for Local Government Advisory Committee (LGAC)

December 4, 2018

State Auditors' Office

Attendees

Members in person: Christy Raske-Chair (SAO), Alexa Johnson (SAO), Jerica Pascoe (WFOA), Andrew Pittelkau (AWC), Mike Schaub (OFM),

Members on conference call: Debbie Booher (WPTA), Vicky Dalton (WACO), Chase Donnelly (WFOA), Tracey Dunlap (WCMA), Sue Hagener (WFOA), Shawn Hill (WACO), Leonard Kim (WFOA), Sridhar Krishnan (WFOA), Debbie Zabell (WFOA)

Additional attendees: Kelly Collins (SAO), Shana Joy (CD), Robert Marion (PE), Kathi Rauch (WCIF/P), Stacie Tellers (SAO), Kim Parsons (SAO)

Decisions of the State Auditor

No decisions are required by the State Auditor.

Call to Order

The LGAC meeting began at 1:00 pm and was held in the SAO Sunset Building. The meeting was called to order by Christy Raske.

Approval of Minutes from May 2018

Christy Raske asked if the members had reviewed the minutes and if they are ready for approval. Alexa Johnson moved and Jerica Pascoe seconded the motion to approve the minutes. The minutes were unanimously approved.

BARS

A. Roundtable Summary

Stacie presented a PowerPoint recap of the 2018 BARS Roundtables that occurred in October and November. Roundtables presented the New BARS & MyBARS. One

highlight is the new BARS will be HTML-based instead of individual PDFs. The new BARS and MyBARS will launch in January with the new website. Kelly discussed signing in using SAW (Secure Access Washington).

Vicky asked about the saved notes feature in MyBARS and if the notes will be printable in case of a public records request. SAO will look into this further and let the group know.

B. 2019 Update

Alexa discussed the upcoming changes to the BARS manual listed in the handout, titled *Significant Changes in Cash and GAAP BARS Manual*.

Most of the Committee members were familiar with the changes in the chart of accounts since many of them were announced throughout the year in BARS Alerts. Alexa highlighted the removal of the 381/581 accounts for the GAAP governments. Traditionally they were always optional, so the data in the LGCS was never complete since not all governments were using them. There are some accounting changes which are identical to both GAAP and cash governments like addition of the ER&R fund discussion, or changes to the county auditors O&M fund due to the recent legislation. Also, both manuals will include overview of interfund transactions. Currently this part of the manual focuses on very specific topics and was lacking general overview. Additionally both manuals were updated to reflect changes in fiduciary funds. This change will be applicable to fiscal year 2019. Alexa stressed that there are new reporting requirement; however, a significant part of implementation will focus on determining what kind of fiduciary activities the governments have. Both manuals' capital assets and OPEB sections were also revised or added. Furthermore in the cash manual, section 3.7.3, Federal Grants Received During the Open Period was revoked. This section conflicted with the state law regarding and it's not valid anymore.

Reporting parts of the BARS manual are also updated for changes in fiduciary funds and OPEB. The GAAP manual also incorporates GASB Statement No. 86, Certain Debt Extinguishment Issues, Statement 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement (early implementation), and Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period (early implementation).

There were also some changes to the Schedule 16. In the cash manual, Note 1 was revised and the revision include expanding discussion of fiduciary funds and converting budgetary information into a separate note. Christy clarified that governments must use either Schedule 06 or Schedule 07 and 11 for 2018.

C. OPEB Update

Stacie presented for Deb Burlison. She demonstrated the Washington State Actuary's OPEB tool which uses the allowed alternative method calculation. The tool is only for PEBB members who have 99 or fewer members. This tool may not be used for LEOFF 1 OPEB calculations. A LEOFF 1 tool is being developed by the state actuary and should be available in March.

Stacie emphasized that the tool's measurement date is June 30th which could be different than the entity year end, resulting in deferred outflows related to contributions subsequent to the measurement date.

Instructions, reporting results, required disclosures, actuary certification letter, and additional information on the tool is included in the Actuary's excel template. Template note disclosures and other information on OPEB is in the BARS manual and on the SAO website OPEB project page.

WFOA posted an article alerting its members of the tools release. Kelly suggested that an SAO article be included in the Audit Connection.

D. GASB Update

Stacie discussed the GASB Update from September 2018. She reviewed highlights of the implementation for reporting years 2016 and 2017. She discussed GASB implementation for 2018, highlighting the OPEB implementation. She then discussed pronouncements for 2019 and 2020, highlighting Statement No. 84 Fiduciary Activities for 2019 and Statement No. 87 Leases for 2020.

Stacie encouraged participants to review the September 2018 Audit *Connection* article regarding fiduciary activities for more information on how to prepare for implementation. It was noted that this article was also presented at the BARS Roundtables.

Stacie discussed the SAO Lease workgroup that will be formed and begin meeting in January 2019. The workgroup will focus on gaining an understanding of the

changes in lease reporting as a result of the statement and the impacts on governments. If you'd like to be part of a SAO Lease workgroup or know of interested parties, contact any Local Government Support team member.

Stacie discussed the GASB preliminary views documents currently issued for comments to GASB and are due to GASB by February 15, 2019. There was discussion regarding a joint forum with WFOA, MRSC, and AWC in early January so participants can discuss the preliminary views and possibly coordinate responses by the deadline. Stacie will coordinate with WFOA and AWC. The focus of this forum would be for preparers of financial statements to learn about the documents and discuss the potential impacts to their government.

Executive Update

Kelly discussed the new website should be implemented in mid-January.

Another tool besides MyBARS is Tracker. This will be available for entities with Findings or Management Letters. It will have a list to track follow-up of corrective action.

Executive Update

Christy announced she will be retiring the end of January and her replacement will take her place as chair of LGAC. There are a few memberships that expire December 31st. The new chair will be contacting the associations for nominations after the first of the year. Next meeting will occur in May 2019 and members will received notification early spring 2019.

Meeting adjourned at 2:30 pm.