



Newsletter

WINTER 2018

EDITION 4

WFOA Newsletter is published quarterly for members and friends of Washington Finance Officers Association.

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2018- 2019

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Craig Warner

PRESIDENT'S MESSAGE

Where does the time go? Only yesterday, I was at the WFOA Annual Conference in Vancouver with all of you, thanking you for your support and confidence in me as your new President for 2018/2019. Now, the leaves have fallen, snow will soon follow, and a new year will be here before we know it.

I would like to start by thanking everyone that worked to put such an outstanding conference together! The Local Conference Committee, led by Carrie Lewellen, did a wonderful job hosting us and making our time in Vancouver a wonderful memory to treasure. The Education Committee, with Mickie Cooper and Beth Wright as co-chairs, provided us with over 80 educational sessions to keep us on the edge of our seats and well informed.

This year also marked the first time that Conference Solutions LLC, provided direct support services for the conference and Jubilee Vigna and her staff did an awesome job coordinating the conference from beginning to end. I would also like to thank our sponsors for the amazing support they provided our organization which allow us to keep our costs as low as possible. Finally, I would like to thank Jana Brown for her energy and hard work through the years. Jana dedicated this past year to serve and represent WFOA and made the Vancouver conference an amazing success! Thank you, Jana!

Soon, you will be receiving a member survey link from WFOA that I ask everyone to take 5 minutes to complete and let us know how we are doing. The WFOA Board meets in January to go over the survey results and every response is reviewed and considered as we shape our goals and direction for the next two years. Your opinion matters, and we want to hear from you!

I look forward to representing WFOA at upcoming conferences in Alaska (November 12-14), California (January 8 – 11), Oregon (March 10-13), and at GFOA (May 19-22). This has been a long tradition of great networking, relationships and partnerships. I will update you in future newsletters about my travels.

I would also like to remind everyone to save the dates on your busy schedules for the 2019 WFOA Annual Conference in Yakima September 17 – 20. The conference theme is "Swing for the Fences". Yakima is a great location for our conference as it is centrally located for everyone in the state and it has the Yakima Convention Center, which is the perfect size for our organization. And did I mention the abundant sunshine?!

This time of year, is a great time to take a moment to reflect on our lives and how much we have to be thankful for. It is also a time to remember those that are not as fortunate and to consider what opportunities we might take advantage of to do something about it. Volunteering is an outstanding opportunity to help others, to assist the hungry, homeless and those with other challenges and needs. You never know what kind of impact you may have on a person with just one act of kindness. After all, we are in the business of public service.

From all of us on the WFOA Board, Happy Holidays!

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Meet Our Newest Board Members**SANDI ROBERTS**

Sandi is our 2020 Conference Chair and will be hosting the annual conference in Tacoma, September 21 – 25, 2020. She is an Accountant 2 in the Pierce County Planning & Public Works (Business & Financial Operations) Department. Sandi has worked for Pierce County for over 16 years, with 10 years in Risk Management, 3 years in IT and the rest with Public Works. Her team is responsible for the department's payroll, accounts payable, accounts receivable, and financial reconciliation for the Public Works side of Planning and Public Works. Sandi has participated on the Education Committee since 2013 and was on the Local Conference Committee in 2105, the last time the conference was in Tacoma. She has also coordinated several non-conference training classes in the Tacoma area over the years.

*Sandi Roberts*

On the personal side, Sandi grew up in the Tacoma area and received her bachelor's degree in Business Administration and Finance from Colorado Technical University. She went on to receive her Master's in Business Administration from Western Governor's University. Sandi enjoys spending time with her family, traveling and she recently started quadding.

DEBBIE BOOHER

Debbie is the new Education Committee Co-Chair focusing on non-conference training. She has worked in accounting since graduating from Seattle University with a BABA and major in accounting. She has worked in the governmental sector for more than 21 years and at the City of Poulsbo for 21 years. At the City of Poulsbo she has worked in all areas of the Finance Department starting as a technician, moving to budget management and then as Finance Director since 2007. As Finance Director she oversees all functions of the Finance Department and actively works with the Mayor and Council regarding financial reporting and decisions.

*Debbie Booher*

Debbie is very active in state organizations supporting affordable education for fellow government finance personnel. She served as president of the Washington Public Treasurer's Association and still participates as an active board member. Deborah is also an active member in the Washington Finance Officer's Association serving on the Education Committee for several years, Conference Committee in 2015 and annually reviewed other entities budgets for certification. She has coordinated and presented several different educational topics to both groups. She is excited to continue working with a great group of finance personnel and hopes to continue facilitate affordable and valuable training options.

In Debbie's free time, she values spending time with her family and friends. She stays busy transporting her son to his lacrosse tournaments, attending concerts, doting on their new grandson and gathering at Chelan with her sibling's families.

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2018 WFOA Conference – We “Found the Balance” in Vancouver!



By **CARRIE LEWELLEN**,
2018 Conference Chair

The WFOA's 63rd annual conference held in Vancouver September 18 – 21 was a great success! Special thanks to the 800-plus attendees and 56 sponsors and/or vendors who attended and participated in the conference this year, including our distinguished guests from California, Alaska, Oregon, the Washington Public Treasurer's Association, and the Washington State Auditor's Office. Thank you to all of the sponsors that generously contributed to allow us to keep our registration costs affordable and to provide exceptional educational opportunities for our members. The Education Committee, co-chaired by Beth Wright and Mickie Cooper, pulled together close to 80 classroom sessions, including 3 outstanding keynote speakers. The Education Committee did an incredible job developing a diverse and relevant program of educational sessions with high quality speakers. Nicely done! This year we continued with the attendance tracking system called Touch n Go. By the time this article is published, if you attended the conference, you should have received an email with a link from WFOA directing you to get your CPE Certificates of Attendance.

The Local Conference Committee, in conjunction with our conference planners Conference Solutions, Inc. worked hard to make the conference flow seamlessly. The local conference committee took great pride this year in showcasing Vancouver and Southwest Washington to our fellow WFOA members. Whether it was a kayaking event at the Ridgefield Wildlife Refuge, golfing at Tri-Mountain Golf Course, attending the Welcome Reception and Wellness event in Esther Short Park, or the Thursday evening banquet, the local committee spent countless hours ensuring each event was a success. I want to offer a special thank you to our local conference committee for their time, energy, and hard work to put on each event. In addition to performing the duties of their real jobs, each member spent countless hours volunteering for this event. Thank you so much! In addition, Conference Solutions managed the conference logistics with the Conference Center and Hilton staff. Their combined expertise was exceptional, thank you! I want to personally thank our outgoing President Jana Brown for her leadership and support to the local committee.

Finally, I would like to personally thank everyone for the opportunity to represent WFOA as the Vancouver, Washington 2018 WFOA Conference Chair. Please consider becoming an active member and volunteer your time and leadership to make WFOA even better than today. As we look forward to the 2019 WFOA Conference in Yakima, I hope we can provide the same support to the 2019 Conference Chair Forrest Smith and his team that was provided to me and the 2018 conference. We look forward to seeing everyone in Yakima!



*Scenes from Vancouver
Conference 2018*

The State Bank and Study of the Studies

By **SHAWN MYERS**,
Assistant State Treasurer

Legislation continues to be proposed regarding the formation of a State Bank. It goes back as far as 1975 and 1983. The proposals are a little different each year and the most recent activity was a budget proviso in this year's capital budget that provided \$480,000 to contract with consultants with banking expertise. The Office of Financial Management (OFM) was given the task of contracting and hired Hugh Spitzer, attorney and constitutionality expert, Bill Longbrake, who is well known in the banking community and worked in commercial banking as well as with the Federal Home Loan Bank (FHLB) and Justin Marlowe, Professor at the Evans School of Policy at the University of Washington.

Their assignment is to develop a business plan for a cooperative bank much like the FHLB model. A preliminary report is due to the Legislature on December 1 of this year and a final report due June 30, 2019. The consultants are preparing a needs assessment survey for stakeholders, i.e., local governments. We heard last year during state bank hearings that locals are in need of low cost infrastructure financing. This seems to be the main purpose of creating a state bank this go around. The needs assessment survey will try to identify what local entities are needing or lacking when it comes to borrowing, investments and banking.

Last fall during another state bank study with a \$75,000 budget, we became aware of many programs available with grants or loans for many different local government projects. In 2018 the Treasurer proposed SB 6480 which would revitalize the Public Works Assistant Account program and create a centralized directory for all of the state's resources on grants and loans for various local government projects. The bill died but Treasurer Duane Davidson decided to move forward with building the directory as a valuable resource for locals, creating a "one stop shopping" option called Lend Washington. This directory will include our popular LOCAL and COP programs here in the Treasurer's office. This will be available on our web site very soon.

During all of the recent State Bank proposals, Treasurer Davidson suggested that instead of paying for yet another study, someone should do a Study of the Studies to determine why several states and major cities have studied this subject over the past decade and no one has concluded that they would or could move forward. Most cited constitutional obstacles, taxpayer risk and large capital dollars needed. We all have heard about the Bank of North Dakota (BND) and how it began in 1919 to solve the agriculture industry's struggle to obtain farming financing. The BND is still in existence today and serves public and private customers. Their 2017 net income was \$145 million, a portion of which is usually shared with the state. Today, BND has a message on its website stating that for their infrastructure loan program, "No applications are being accepted at this time".

Unqualified state bank proponents put out false information and insist it is a no brainer. They recommend resources such as the State Treasurer's LGIP, the state's Budget Stabilization Account — also known as the rainy day fund — and public employee pension funds to capitalize it. They also claim that if a bank has a billion dollars in deposits, it can lend out 10 times that amount. This is so untrue. Just take a look at any bank's balance sheet.

Treasurer Davidson continues to believe that this current study is a waste of taxpayer money, and is not convinced that there are local districts within the state who do not have adequate access to project funding or lack of banking and investment options. We believe it is an unnecessary risk. If you wish to view the Study of the Studies please visit the following link from our website: <https://tre.wa.gov/wp-content/uploads/Public-Banking-Report-Study-of-the-Studies.pdf>

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Changes to Fiduciary Activity Reporting Take Effect Soon

Last fall, we posted an article strongly encouraging governments to start evaluating activities that might be classified as fiduciary activities under the Governmental Accounting Standards Board's (GASB) recently issued Statement No. 84. The changes to fiduciary activity reporting are right around the corner – effective for reporting periods beginning after December 15, 2018 – and affect not only governments that report under generally accepted accounting principles, but those that report using the cash-basis accounting model as well.

It might be tempting to put off consideration of this new standard until all the guidance and examples are issued, especially for cash-basis governments that follow the Budgeting, Accounting and Reporting System (BARS) Manual. However, dedicating the time now to understand where fiduciary activities exist within your organization will put you in the best position to effectively implement these changes.

To help in your evaluation, we recommend using our Best Practices for Implementing New GASB Standards along with the specific suggestions below for getting started.

Read

Staff with financial reporting responsibilities should start by reading GASB 84 itself, which is found at the GASB website. While the statement contains only 28 paragraphs, this pronouncement covers a lot of ground that accounting staff must consider, such as component units, pension and OPEB arrangements, and other activities that are fiduciary in nature, as well as how to report these activities in the financial statements. Paragraphs 11 through 13 require special consideration, as we believe this is where most governments might mistakenly interpret the criteria and incorrectly identify fiduciary activities.

Discuss

Brainstorm about potential operations that may fit the definition of fiduciary activities, whether currently reported in an agency fund or not. Don't rely solely on accounting and finance staff; rather, actively seek input from across organizational lines, involving department heads and midlevel management to gain a solid understanding the nature of potential fiduciary activities. You might need to involve third party service providers such as your OPEB plan administrator.

Review

A member of the accounting staff should review general ledger accounts for fiduciary activities that might not be obvious. Special attention should be paid to liability accounts, revenue accounts with frequent

or significant debit transactions, and miscellaneous accounts. If you identify potential fiduciary activities, you should evaluate further with those most knowledgeable about the activity. Also, review the activities already reported as agency funds to determine if they will remain in fiduciary funds or if the activities will need to be reported elsewhere.

Plan

Once your research is complete, you most likely will need to make some changes. Establish a plan to modify your agency fund structure to align with the four types of fiduciary funds as defined by GASB 84, including formal action by your governing body if required. Adjust accounting procedures to ensure fiduciary transactions are reported according to the specific guidance found in GASB 84. For example, you might need to change your procedures so that a liability to beneficiaries is only reported once an event has occurred to require a disbursement of assets.

Consider broader implications

Beyond just preparing for accurate annual financial reporting, spend some time considering other aspects of financial operations that may need attention. For example, monthly reporting to department heads and the governing body might need adjustment and could require additional explanation about the changes to those impacted. Budgeting processes might be affected, because resources and transactions might no longer be accounted for in their traditional funds. In certain circumstances, organizational changes might be needed for officials with responsibility for fiduciary activity to maintain that responsibility regardless of where the activity is reported.

Further guidance

Taking these steps now will allow you to identify questions or concerns in time for them to be addressed formally in GASB's implementation guidance or the BARS Manual. We will update the BARS Manual with the new definitions for fiduciary fund types and new financial statement examples in January 2019, and will include guidance for governments that report under the cash basis of accounting at that time.

GASB has started drafting implementation guidance to answer common questions about the standard. As one of the nation's leading auditors of state and local governments, GASB asked our Office to serve as part of a consulting group to provide feedback on the implementation guide throughout the standard-setting process. This gives us additional opportunities to advocate for clarifications needed to address situations in Washington. We encourage governments to use our Help-Desk to share any questions or concerns they identify with the new standard during their research.

WASHINGTON REGIONAL FINANCIAL OFFICER GROUPS

Sno-King Utility Finance Officers Quarterly: as announced Contact: Robert Wagner 360-668-6766 ext.103 robertw@crossvalleywater.net

Puget Sound Finance Officers Association 2nd Wednesday of February-March, May-August, October-December

Olympia AGA (www.aga-olympia.org) Monthly – as announced Contact: Stefanie Niemela 360-725-4402 stefanie.niemela@del.wa.gov

Eastern Washington Finance Officers Association Second Friday in May & October All-day workshop. Contact: Marsha Peterson 509-744-8871 waterville@nwi.net

SW Washington Finance Officers Feb., May, & Nov. (location TBA) Contact: Mari Ripp 360-225-8281 x114 rippm@ci.woodland.wa.us

Central Washington AGA Monthly: Second Wednesday, noon Contact: Judy Pless 509-962-7502 judy.pless@co.kittitas.wa.us

Other Post-Employment Benefits (OPEB) – Employer Reporting Requirements Happening NOW!



By **STACIE TELLERS**,
Legislative and Professional Standards Chair

The Governmental Accounting Standards Board (GASB) Statement 75, Accounting and Reporting for OPEB is effective for the Reporting Year 2018 (this year!). What is OPEB? OPEB, or post-employment benefits other than pension, includes benefits such as healthcare provided through a pension plan or separately (medical, dental, vision, hearing, etc.); and other benefits when provided separately from a pension plan such as: life insurance, long-term care, disability, and more.

Statement 75 was issued in June 2015 and establishes accounting and financial reporting requirements by state and local governments for post-employment benefits other than pensions. Statement 75 is the employer reporting statement, GASB issued Statement 74 for the reporting requirements for OPEB Plans (“trusted or in a trust per GASB Standards” OPEB Plans).

Associations across the country have been providing training, implementation guidance, articles, webinar, and more regarding the implementation of the OPEB Statements. In Washington, the Office of the Washington State Auditor (SAO) and the Office of the State Actuary have been working together to provide implementation guidance and tools for Washington governments.

The State Actuary, on November 1, released its highly anticipated OPEB Calculation Tool! This tool is available to employers who cover their employees under the Public Employees’ Benefit Board (PEBB) ONLY. Employers covered by PEBB can use the tool if they have LESS THAN 100 active and retired employees in the PEBB health insurance (not including covered spouses).

To find out more about the State Actuary’s Alternate Measurement Method Tool, please visit their website: [Office of the State Actuary OPEB Information](#)

The State Actuary is working on a LEOFF 1 specific tool and plans to release it in early 2019. SAO has been working hard to provide notes templates, frequently asked questions answers, and additional information in regards to the OPEB Statements. Please visit their website to view all information that could impact your government: [Office of the Washington State Auditor OPEB Information](#)

State Treasurer’s 2019 Legislation

The State Treasurer has two legislative priorities for the next session.

The first would be to add the State Treasurer (or designee) to the Public Works Board. Treasurer Duane Davidson values public works project funding for local governments, and believes that infrastructure is a fundamental necessity for local governments. Their funding sources have been swept in past years leaving them with reduced resources. The Treasurer hopes to influence the legislature into revitalizing this valuable financial support to the countless recipients it served for many years.

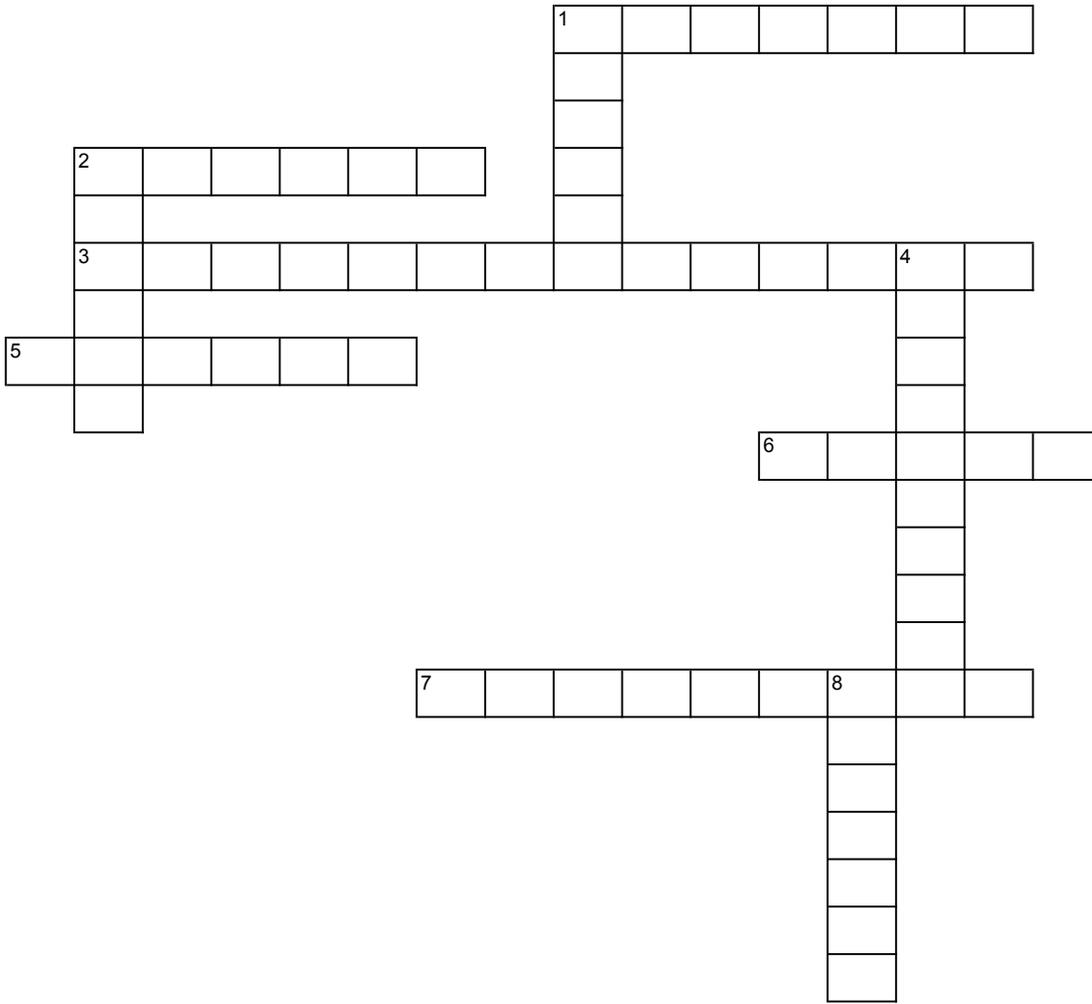
The second proposal from the Treasurer is to allow local governments to contract with OST to manage longer term fixed income investments in separately managed portfolios. This would allow our local partners to take advantage of OST’s full-time investment expertise and capacity in the management of their longer term public funds investments, with the goal of enabling them to obtain improved investment yields over time.

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WFOA December Crossword Puzzle



ACROSS

- 1. Did you find your _____ in Vancouver?
- 2. 2019 WFOA President: Craig _____
- 3. What does the State Treasurer believe is fundamental to local governments?
- 5. City of Poulsbo Finance Director loves gathering in _____
- 6. Assistant State Treasurer: Shawn _____
- 7. What does the S stand for in GASB?

DOWN

- 1. New Education Co-Chairs: Debbie _____
- 2. Education Co-Chairs: Beth _____
- 4. Where the conference kayaking was event held
- 8. Graduate of Colorado Technical University

Here's the puzzle phrase (below). Send your answer (just the phrase, I don't need to see the whole puzzle) within 2 weeks to mcooper@lkstevenssewer.org for your chance for the fabulous prize... a \$5 Starbucks gift card. A = Across, D = Down, L = Letter

 3A L6 2A L1 4D L2 1A L5 2D LR 3A L3 1D L2 6A L4 3A L11 1D L4 8D L4 4D L6 2A L5 7A L4 5A L1 1A L7 7A L1