



Newsletter

JUNE 2019

EDITION 2

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

WFOA OFFICERS 2018 - 2019

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WASHINGTON FINANCE OFFICERS ASSOCIATION MISSION STATEMENT

"To promote excellence in governmental finance through leadership, education and communication for the public benefit."



Craig Warner

PRESIDENT'S MESSAGE

It has been an incredible learning experience representing WFOA at the out-of-state conferences in Alaska, California and Oregon, and the Washington Public Treasurer's Association this past year. Each of these conferences were different in size, with attendance in Alaska at approximately 85, to California where attendance was close to 1,600. These associations have amazing people who work hard to promote education in government finance to their members, just like WFOA. Thank you for giving me the opportunity to represent you!

Board Vacancy Update

At the April Board meeting, the WFOA Board of Directors discussed the vacant President-Elect position and the best solution moving forward to fill this position. As difficult as it was to see a friend and colleague withdraw from the Board, the Directors looked at this as an opportunity to align our organization with the future direction we see our organization moving. Key thoughts included:

- The hiring of a conference planner for the annual conference
- Personal impacts to existing Board members and their Board commitments
- Out-of-state associations and how they are organized

The unanimous decision by the Board was to re-align the duties of the Past-President to include planning the next annual conference and change the timing of when the President-Elect moves to President at the annual conference. Starting with the annual conference in Tacoma in 2020, the President-Elect will move to President at the opening ceremony of the conference on Wednesday morning. As this is the conference the President-Elect has planned, this will be his or her conference as President. The Past President will now chair the Nominations Committee, currently a responsibility of the President-Elect.

To put this into effect, the current President and Past-President will continue to serve in their current capacity until the opening of the 2020 annual conference in Tacoma. Current Executive Board members will be considered for advancement on the Executive Board at the annual business luncheon meeting held on Thursday during the annual conference, which is not changed from prior years. The President-Elect position will be vacant until the annual business meeting of the Association in 2019.

Conference Planner

With the completion of the 2019 Conference in Yakima this September, the two-year contract with Conference Solutions for conference planning will be complete. The WFOA Board unanimously agreed that a new request for proposal should be developed and submitted for the next two-year contract for conference planning services, with the goal to lower our costs for these services. Conference Solutions currently has a limited agreement in place for the 2020 and 2021 conferences to support contracting for the conference center and hotels needed for these future contracts.

Annual Conference

The annual WFOA Conference is just a few months away and will be held in Yakima September 17 – 20. The theme is "Swing for the Fences" and if you know me, you know why we chose this theme. I would like to encourage each of you to reach out to a fellow colleague in another city/town/county/district and invite them to our conference.

Thank you once again for being part of WFOA!

GASB Update

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By STACIE TELLERS

Legislative and Professional Standards Chair

I hope that this article finds you contemplating the accounting and reporting standards for fiscal year 2019. The December 31, 2019 statements will be impacted by the following GASB statements that are effective for the FY19 reporting year:

Statement No. 83, Certain Asset Retirement Obligations

Under this statement, a government that has a legal obligation for future capital asset retirement activities is required to recognize a liability and a corresponding deferred outflow of resources.

Statement No. 84, Fiduciary Activities

This guidance clarifies what constitutes a fiduciary activity for financial reporting purposes and the fund types to be reported. A draft implementation guide was published in Jan 2019.

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

This statement provides additional requirements for disclosure in notes to government financial statements related to debt, including direct borrowings and direct placements.

Statement No. 90, Majority Equity Interests

This statement, an amendment of Statements No. 14 and 61, defines a majority equity interest and specifies how a majority equity interest in a legally separate organization should be reported.

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. Visit the WFOA News/Accounting Standards/Reporting Year GASB Statements for more information, information regarding future years, and access to resources regarding these standards.

Seeking Lease Panel Members for September Conference!

By DEBRA BURLESON & STACIE TELLERS

Local Government Support, Office of the Washington State Auditor

The Office of the Washington State Auditor (SAO) is looking for GASB 87 – Leases implementation pioneers. Your pioneering expedition could make you a great volunteer to participate in the GASB 87 Leases Panel at the 2019 WFOA Annual Conference at the Yakima Convention Center in September.

These pioneers would spend a few minutes discussing their GASB 87 implementation experience, such as sharing your challenges, lessons learned, and funny leases stories. This is a great way to help each other get through this process.

The 50-minute panel is scheduled for Wednesday, September 18. As an added bonus, registration fees will be waived and meals provided for panel participants for the entire day.

Interested? Please contact Debra.Burleson@sao.wa.gov or Stacie.Tellers@sao.wa.gov for further information as soon as possible.

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Tax Receivable: Are You Reporting It Correctly?

By the Office of the Washington State Auditor

Are you reporting property, sales and other taxes in the correct period? Our office recently found that some local governments were reporting these taxes when the cash was received, causing errors on the financial statements. Governmental Accounting Standards Board (GASB) Statement 33 – Accounting and Financial Reporting for Nonexchange Transactions provides guidance on reporting these revenue streams in the correct period.

Sales taxes are earned by local governments generally when the underlying sales transaction takes place. Sales taxes are remitted monthly to local governments from the State Treasurer; however, there is a two-month delay between the underlying transaction and when cash is received by the local government. For example, December collections actually relate to October's underlying transactions. Other tax revenues that have delays between the underlying transaction and when cash is received by the local government include motor vehicle fuel tax, hotel/motel tax, criminal justice, etc.

How should sales tax be recorded in a governmental fund, such as the General Fund?

Because these funds are reported using the modified accrual basis of accounting, revenues and receivables are recognized when they are both measurable and available. Local governments would follow their policy – as described in their notes to the financial statements – on what constitutes available revenue (typically when received within 30, 60 or 90 days). Amounts expected to be collected within this availability period should be recorded as revenue, with remaining amounts reported as deferred inflows.

How should sales taxes be recorded on the government-wide statements?

Government-wide statements are prepared on the full accrual basis of accounting. This method requires these revenues to be recorded when earned (the timing of the underlying transaction), regardless of the timing of related cash flow. A corresponding receivable would be recorded for any amounts not collected by year-end.

What about property taxes?

For governmental funds, property taxes are recorded as a receivable when levied and offset by an unearned revenue. Unearned revenue and the receivable are then reduced as tax revenues are received each month. Similar to sales tax reporting, amounts collected after year-end but within the availability period should be reported as revenue. Although governments can choose the length of their availability period, it cannot be more than 60 days for property tax recognition.

Revenues reported in the government-wide financial statements follow the full accrual basis of accounting. Therefore, the revenue reported would equal the entire property tax levy, regardless of how much is collected within the fiscal year. The uncollected portion would be reported as a tax receivable. For example, the full levy amount is recorded as revenue on January 1.

Why is this important?

It would seem that reporting 12 months of activity on a cash basis would be materially accurate; however, not reporting the correct 12 months leads to misstated receivables and deferred amounts, which can have a material effect on the balance sheet.

Resources

GASB provides free access to GASB Statements.

The GAAP BARS manual provides guidance to local governments on this topic.

BARS Manual 3.5.2 – Accounting and Reporting of Property Tax

BARS Manual 3.6.9 – Revenue Accruals in Governmental Funds

If you have questions regarding your audit results, please contact your local audit team.

If you have questions regarding the BARS Manual or the GAAP requirements, please submit a HelpDesk request to our office.

Bank Sweeps Detect Fraud

By the Office of the Washington State Auditor

A “bank sweep” is a process where you check with financial institutions to make sure no bank accounts exist for your organization that you aren't aware of.

Work with your local bank and ask for a list of all accounts open under your organization's name and/or tax identification number. Also, consider contacting other financial institutions to determine if there are any unexpected accounts open. If you find accounts that you are not aware of, contact the Washington State Auditor's Office immediately.

If you would like an example of the type of fraud that could be detected by a bank sweep, check out the movie *All the Queen's Horses*. It tells the story of how an employee of a small town stole \$53 million without anyone noticing. You can find the movie website and trailer at: <https://www.allthequeenshorsesfilm.com/>

THANK YOU TO OUR
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Register Now for WFOA 64th Annual Conference

The 2018 Local Conference Committee is excited to host the Washington Finance Officers 64th Annual Conference at the Yakima Convention Center September 17 – 20. Come enjoy the beautiful Yakima Valley, while taking advantage of the outstanding educational and networking opportunities the conference offers. Registration is now open for the 2019 WFOA Annual Conference!

Start your conference Tuesday by expanding your educational opportunities and register for one of the full or half day pre-conference sessions, or take on one of Yakima's finest golf courses,



The Elks Golf & Country Club. Wednesday, we will open with the keynote speaker Ross Shafer followed by a full day of education options. This year's Wellness Activity and Wednesday evening reception will be combined as we "Swing For The Fences" at Yakima County baseball stadium. You will have time to renew old acquaintances and make new

ones, while having fun with some various baseball contests (fly ball catching, run or walk the bases, hitting contest...). Thursday will start off with keynote speakers Michelle Girard, John Briggs and Jane Wells sharing on "US Economic and Rate Outlook". We will end the day with our baseball-themed banquet and entertainment. Friday will again start off with keynote speaker Jeff Havens "Unleash Your Inner Tyrant!".

Without the help and hard work of many volunteers and sponsors, we would not have the GREAT conference to enjoy, THANK YOU to those who make this conference happen. Registration is now open, so please take advantage of the early bird pricing and register today. See registration information at <https://www.wfoa.org/training-header/conference/>



Washington State Legislature Adjourns ON TIME!

By **STACIE TELLERS**

Legislative and Professional Standards Chair

The Legislature ended the 105-day, 2019 legislative session on Sunday, April 28. This is the first time in several years that the Legislature ended on time, without special sessions extending their time in Olympia.

Budget Highlights from the session:

- Transportation and Capital budgets were passed. To see if your entity's capital project was included in the final budget, visit: Capital Budget. To visit the Transportation budget, visit: Transportation Budget
- State operating budget passed with tax increases. The major tax increases are:
 - Eliminating tax preferences for some businesses
 - Increasing and stabilizing the hazardous waste tax
 - State B&O tax increases on certain businesses
 - Graduated REET schedule

For more information visit: AWC Summary of Budget, WSAC's Legislative Bulletin Page, and/or the Washington State Operating Budget Bill Information Page. The Governor had 20 days from the end of the session to review and sign or veto various bills that were sent to his desk. If you have an eye on a specific bill or are interested to see what bills the Governor has signed, visit the Governor's Office Bill Action Webpage.

THANK YOU TO OUR 2018 CONFERENCE SILVER LEVEL SPONSORS



State Treasurer Looks To Empower Washingtonians Through Education

From the Office of the Washington State Treasurer

Tax season has recently ended and many families were faced with some serious financial decisions. Some had a large bill to pay while others found themselves receiving a windfall of funds as a return. The decisions of what to do under these circumstances are made easier when families have a strong understanding of their personal finances.

State Treasurer Duane Davidson believes that our state thrives when our communities and individuals thrive. Financial empowerment begins with financial knowledge.

Recognizing the need for greater knowledge, Treasurer Davidson created a financial education division within the Office of the State Treasurer aimed at providing easy access to information for all Washingtonians. While supporting financial literacy work in K-12 education, Treasurer Davidson is also determined to reach out to adults of all ages, including subsets of the population, which may not be reached through traditional means.

This year, the Office of the State Treasurer collaborated with EverFi, a D.C. based educational tech firm, to provide over 70 educational modules, which can be done anytime, anywhere, on a computer, phone or tablet. These modules, available in English and Spanish, cover a range of topics from basic budgeting skills to retirement planning.

Here at Treasurer Davidson's office, we believe that strengthening our personal finances starts by taking simple steps to learn more and we know these modules are a great place to start. Check them out at www.tre.wa.gov/fin-ed.

Getting to Know Camille Tabor!



By **CRAIG WARNER**
WFOA President

Please join me in welcoming Camille Tabor to the WFOA Board, serving as the Professional Development & Sustainability (PDS) Chair, a position formerly held by Sadie Armijo. Camille has been a WFOA member since 2007 and has been a member of the Education Committee and has served on the PDS Committee since its inception. Camille feels satisfaction in helping others work toward and attain their career aspirations and being a positive influence in the lives of others.

Camille is currently the Chief Financial Officer for the Snohomish County Fire District 7 and has been in this position for more than 10 years. She has worked in government for more than 18 years, with stops in the WA State Auditor's Office and the City of Lake Stevens.

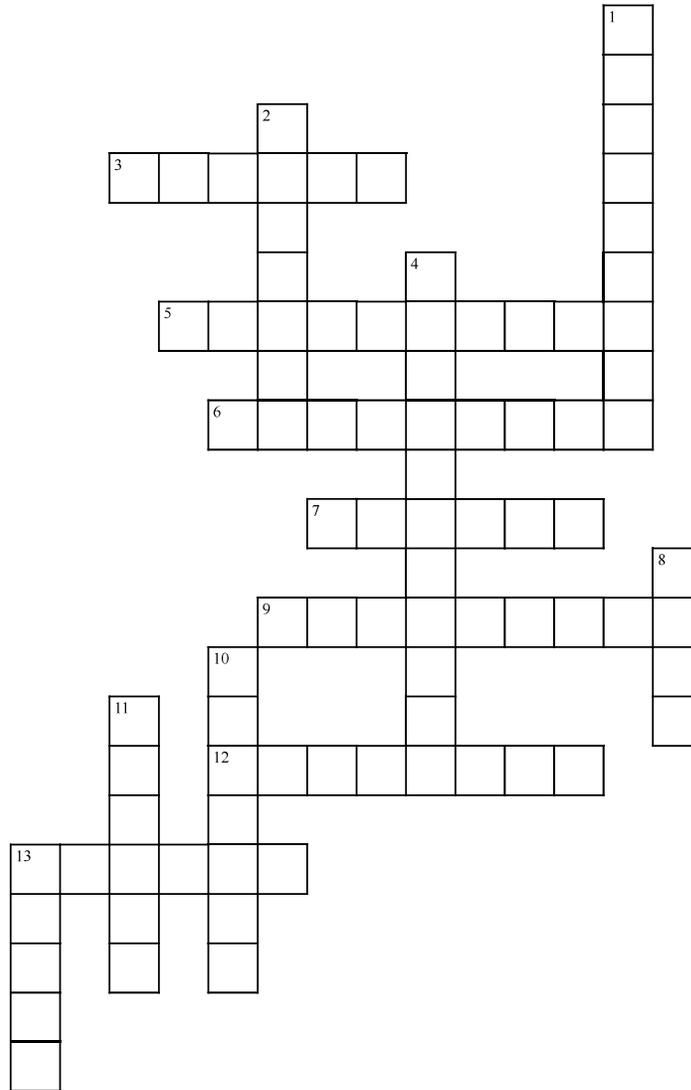
On a personal note, Camille is married with two adult sons and lives in Mill Creek. In her free time, she likes to ride her bike in nice weather, taking long walks, and playing volleyball when the opportunity arises. Welcome Camille!

THANK YOU TO OUR 2018 CONFERENCE BRONZE LEVEL SPONSORS

FRIENDS OF WFOA



WFOA Summer 2019 Crossword Puzzle



ACROSS

- 3. Jeff Havens keynote title is Unleash Your Inner _____.
- 5. Which association had close to 1,600 attendees at its conference?
- 6. SAO will be hosting a panel on GASB 87 on which day of the conference?
- 7. What city is the 2020 WFOA Conference going to be held at?
- 9. Treasurer Davidson created the _____ education division.
- 12. SAO is looking for lease implementation _____ for the WFOA Conference.
- 13. How many days does the governor have from the end of the legislative session to sign or veto bills?

DOWN

- 1. GASB Statement 84 - _____ activities
- 2. Who is the current Chief Financial Officer for Snohomish County Fire District 7?
- 4. GASB Statement 33 - accounting and financial reporting for _____ transactions.
- 8. This years golf tournament will be held at what golf and country club?
- 10. The Legislature passed the transportation and _____ budgets.
- 11. Bank _____ help to detect fraud.
- 13. How many keynote speakers are there on Thursday?

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

 13AL6 2DL2 8DL3 9AL7 7AL5 10DL2 5AL1 12AL3 1DL4 3AL5 13DL1 6AL9