



Newsletter

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

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Craig Warner

PRESIDENT'S MESSAGE

As the days get shorter and the nights get cooler, it's clear that summer is almost over. I can't believe it has been almost a year since I president of WFOA! I have met the most amazing people within our organization and in the other state associations where I have attended their annual conferences. It is amazing how hard these volunteers work and how committed they are to making their organizations the best they can be. I look forward to hosting the presidents from these state associations in Yakima!

Plans are complete to host approximately 800 conference delegates to Yakima September 17 - 20! Our theme this year is "Swing for the Fences" and was inspired by State Auditor Pat McCarthy at our January board meeting back in 2018. As many of you know, I am a huge Mariner fan, and it was a great opportunity to blend my passion for the Mariners with my passion for WFOA. But the theme is also about people taking chances, doing your best, and not being afraid of failure. Sometimes you hit the home run, sometimes you strike out, but it's about doing your best and giving it your all, for your family, for your profession, and for your beliefs.

These annual conferences do not happen by themselves. I would like to give a shout-out to Forrest Smith, our Conference Chair this year for his hard work and leadership. As you will see, Forrest has taken a few chances this year to swing for the fences and try something new! I won't give away any of the details, but I think everyone that attends will enjoy themselves. I would also like to thank some of the Local Conference Committee. Stefanie Alvarado, Carmen Hayter, Chase Porter, John Slaughter and Megan Martin, have all been simply amazing and have some of the most creative minds I have ever seen. Thank you for your hard work on the conference!

This year has been a bit of a challenge with the vacancy of our President-Elect. Dale Hough, Jana Brown, Jack Broyles and Dan Legard, have all stepped up to fill the voids and I can't thank them enough for their extra effort this year. I have been distracted with my own personal issues this year and the entire WFOA Board has been there to take on extra tasks and to be there for me when I needed it the most. I have always seen WFOA as my third family, just behind my work family and my real family. Thank you for being there when I needed it most!

I look forward to seeing all of you in Yakima very soon! Safe Travels!

WFOA 2018 Financials Get Clean Bill Of Health

Recently, we had our 2018 financial records audited by the Northwest CPA Group, PLLC., from the Tri-Cities area. The audit was managed for WFOA by current Vice President Dale Hough. He had been the Treasurer during 2018. After a several weeks of data gathering, reporting and analysis related to our most recent audit, WFOA is happy to share the following excerpts from the Auditor's Report.

"We have audited the accompanying financial statements of Washington Finance Officers Association (a nonprofit Association) which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, and cash flows for the years then ended and the related notes to the financial statements."

"In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Finance Officers Association as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America."

A copy of the complete [Financial Statements and Independent Auditors Report](#) is located on the WFOA Minutes and Financial Statements page of our WFOA website.

2020 Budget Suggestions Guide

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By **TONI NELSON**,
WFOA Board/MRSC Rep

Well, it's that time of year again – budget season! To assist with your budgeting process, MRSC has just published our annual 2020 Budget Suggestions publication for cities and counties. This

is the 76th anniversary of Budget Suggestions, and we've combed through state population and economic data, as well as the state operating budget and new legislation, in order to make your jobs a little bit easier. Here are some of the highlights:

Overview of the budget process. We've included key statutory deadlines for cities and counties, as well as information on budget hearings and key dates for getting voted revenue measures on the ballot. For instance, if you want a sales tax to take effect at any point during 2020, it must appear before voters no later than the February 2020 special election, which means you must file the resolution with the county auditor no later than December 13, 2019!

Analysis of new legislation

We've included information about a few recent bills that might impact your budgets, including:

- Changes to the use of real estate excise tax ("REET 2") revenues for homelessness and affordable housing;
- A new 20-year affordable housing sales tax credit that requires cities and counties to act quickly;
- Amendments to the pre-LEOFF fire pension levy for certain cities;
- Temporary extension of the streamlined sales tax (SST) mitigation payments for those cities most impacted;
- An increase in the county E-911 sales tax authority from 0.1% to 0.2%; and
- An increase in the state minimum wage from \$12.00 to \$13.50 per hour.

Discussion of I-976 regarding vehicle license fees. I-976 is the only initiative on the ballot in November, but if passed it would have a major impact on local and state budgets. The initiative would limit motor vehicle license fees (car tabs) to \$30 per year, repeal the authority of transportation benefit districts (TBDs) to impose vehicle license fees, and make other changes to the vehicle license fee system. According to our data, there are currently 60 cities

that have established TBD vehicle license fees.

Economic and population data. This includes an overview of the state and national economies, as well as the current status of the Consumer Price Index and the Implicit Price Deflator (IPD). It appears the IPD is safely above 1% for 2019, which means local governments with a population of 10,000 or more should not need a resolution of substantial need this year. (But we'll let you know once the official number is calculated on September 25.)

Per capita distribution estimates. For those revenues that are distributed on a strictly per capita (population) basis, we have provided per capita distribution estimates. Multiply these factors by your jurisdiction's population to get your estimated distribution, or refer to our State Shared Revenue Estimator where we've done the work for you! However, please note that these are projections only. In particular, motor vehicle fuel taxes (MVFT) and liquor excise taxes depend upon gallons sold at the pump and actual sales of liquor, wine, and spirits. Gasoline sales for 2019 have come in lower than we projected last year, in large part due to the February snowstorms that significantly impacted the most populous parts of the state.

Other Budgeting Resources

In addition to 2020 Budget Suggestions, we've got a lot of other budget-related materials on the MRSC website. In particular, see our:

- City Revenue Guide and County Revenue Guide, recently updated, expanded, and re-published. The guides contain detailed guidance on property taxes, sales taxes, and a wide variety of other revenue sources and options;
- Financial Policies Tool Kit – our online tool kit has expanded over the past two years to address financial policy areas such as fund balance, reserves, cost allocation, debt management, investments, and other policy areas that have a fiscal impact;
- Tax and Population Data – the budget process is data-driven, and to that end we have expanded our population, property tax, and sales tax data to include historical data for each city and county going back to 2010, as well as local sales tax rates and components showing where your local sales taxes are going.

You can view all of our budget-related materials at mrsc.org/budgeting.

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WFOA Board Nominations

By **JANA BROWN**
Past- President

This spring we sought nominations for board positions. Thank you to those who responded to the solicitation! It is always amazing how talented and willing our membership is. The nomination committee is excited about the talented group of individuals slated to come onto the board.

This year proved to be an abnormal process. Recently the board has gone through some changes due to job changes, retirements, and member departures. The Executive Officers felt it was important for the association to maintain some historic knowledge on the board. The WFOA Bylaws state the Board President will succeed the Past President without further election and the President-Elect will succeed the President without further election. However, since our President-Elect position is currently unfilled, the board would like to propose that the President and Past-President remain the same for an additional year.

EXECUTIVE OFFICERS:

President (2nd 1-year term)	Craig Warner, Yakima County
President Elect (1-year term)	Dale Hough, Lacey Fire Dist. #3
Vice President (1-year term)	Jack Broyles, Woodinville Water Dist.
Treasurer (1-year term)	Dan Legard, City of Kennewick
Secretary (1-year term)	Stacie Tellers, State Auditor's Office
Past President (2nd 1-year term)	Jana Brown, City of Olympia

ELECTED DIRECTORS:

Professional Rules & Operational Standards Chair (vacant position)	Bret Brodersen, City of Centralia
Member Communications & Scholarship Chair (3-year term)	Mickie Cooper, Lake Stevens Sewer District
Professional Development & Sustainability Chair (vacant position)	Camille Tabor, Snohomish County Fire District
2021 Conference Chair (3-year term)	Michelle Hughes, City of Spokane

The slate of the nominees will be presented and be voted on during the annual general business meeting in Yakima on September 19. We sincerely appreciate the willingness of all nominees to serve our association and we thank them.

We will definitely miss those board members who have served over the past few years and whose time to serve has now come to an end. Their outstanding leadership, performance and countless contribution are very much appreciated by our board and membership.

We sincerely appreciate all who are willing to serve our association and hope you will consider it in the future. The reward is great!

Build A 'Resilient Cybersecurity Culture' For Your Government

By the State Auditor's Office

Governments are vulnerable to cybersecurity breaches. In this way, they don't vary much from private-sector businesses, whose sometimes spectacular cybersecurity failings grab headlines. So, as a government with limited resources, how do you prepare for the inevitability of some bad actor trying to access sensitive information?

An August 2018 report out from the (ISC)2, a non-profit focused on "inspiring a safe and secure cyber world" details several key ways in which governments and private businesses alike can begin to build an internal culture focused on cybersecurity awareness. The major take-aways? Management understands the need for the importance of strong cybersecurity—97 percent of the cybersecurity professionals (ISC)2 polled indicated their managers understood why it was important. And while management may understand why it is important to focus on cybersecurity, they were less clear in their job descriptions to hire dedicated talent. 52% of cybersecurity professionals asked said job descriptions didn't demonstrate an understanding of security.

The disconnect between management's understanding of the threat cybersecurity breaches pose and the general understanding of the security environment could create opportunity for disarray in addressing threats. However, the (ISC)2 report goes on to say that to build a culture that effectively addresses cybersecurity concerns really centers on hiring and retaining talent, ensuring management is aware of the importance of cybersecurity, and aligning policies and strategy. Management's concern and interest in building an effective shield against attack is enough, given the cybersecurity team is adequately staffed and their expertise is taken seriously.

If you are a local government who is struggling to keep up with the demands of ever-evolving cybersecurity issues, the Office of the Washington State Auditor has resources to help. Visit our [website](#) for resources and checklists designed to help you.

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J.P.Morgan



Education Non-Conference Training



By **DEBBIE BOOHER**
Education Committee Co-Chair

There are many opportunities to receive affordable training through WFOA outside of the Annual Conference. Updated training provided by the Washington State Auditor's Office for Federal Award Requirements (Grants), and Budgeting, Accounting, Reporting System (BARS) still have November classes available for registration. Returning by popular demand is a two-day class in Advanced Governmental Accounting and GASB update by Greg Allison which is being offered on both the western and eastern side of the state.

New opportunities have been developed because of the desire expressed in the survey results. Introduction to Accounting, Fleet Management from a Finance Perspective and a Mini-Conference exploring the free tools offered to governments by the State Auditor's and Treasurers offices and Municipal Research Services Center (MRSC). All of these classes are open for registration.

Introduction to Accounting will explore the basics of accounting and focus on the transactions behind the software; demonstrating the effect on journal entries and statements when hitting the 'Post' button in your financial software. Fleet Management is being offered and sharing a perspective from the Finance Department's inclusion and facilitation between purchasing, funding, working with other departments, managing and record keeping of fleet vehicles.

The mini-conference is an exciting opportunity to explore available resources and meet the people who facilitate these resources. As the work force continues to grow and change, we realized there are many new employees to the government arena, and many are not aware of how many resources are available to them at no cost. We thought this was a great opportunity to introduce these options, meet your local representative and share information with your peers.

All of the classes are open for registration and can be found on the WFOA website under [Non-Conference Training](#).

New WFOA Member Award of Excellence

By **CAMILLE TABOR**
Professional Development & Sustainability Committee Chair



In service to our commitment to excellence in public finance, WFOA has developed a WFOA Member Award of Excellence. The award is to recognize outstanding accomplishments and contributions by a public finance officer. Nominees must have made significant contributions or performed outstanding service to WFOA, to the profession of public finance, or to their individual

entity in any one or more the following areas:

- Leadership, organization, administration and communications.
- Financial management.
- Commitment to professional development and contribution to the public finance profession.
- Special projects, significant community activities, and volunteerism.
- Innovative ideas

Our first annual award will be made in September of 2020 based on nominations received by the awards committee through December 31, 2019.

Nomination criteria include:

- Nominees must be a public finance professional and an Active member of WFOA (as defined in WFOA's Bylaws Article 1, Section 1).
- In good standing (fully paid dues) for the preceding two consecutive years.
- Anyone can make the nomination (elected official, supervisor, colleague, co-worker)
- Members who currently sit on the WFOA Board of Directors are not eligible for nomination.
- Nominations should be submitted in collaboration with the nominee's elected officials, appointed officials, supervisor, or colleagues by including letter(s) of support.

Nomination forms are available on our website at www.wfoa.org. Completed nomination forms and letters of support should be submitted to wfoaorg@gmail.com.

THANK YOU TO OUR 2019 CONFERENCE SILVER LEVEL SPONSORS



LOCAL Program: Lowest Cost of Funds for Equipment and Real Estate Purchases

By **MATT SCHOENFELD**,
Program Administrator, State Treasurer's Office

Over the last 20 years, the State Treasurer's LOCAL program has helped local governments finance a variety of property, from fire trucks, to computers, to a City Hall. In total, the LOCAL program has helped 334 local governments around Washington finance 780 different real estate and equipment purchases worth over \$264 million.

For those unfamiliar, the LOCAL program enables Washington state municipalities to finance equipment and real estate transactions through a Lease/Purchase agreement. Any tangible asset can be financed, as long as the municipality is able to levy property taxes and provide a general obligation pledge. The local government enters into a lease agreement with the State and a third party trustee for a term not exceeding useful life of the property being financed. The local agency retains ownership of the property through the life of the lease. These local leases are pooled with the State's Lease/Purchase program, and then sold as a Certificate of Participation (COP), a security similar to a bond, to investors in the tax-exempt capital market.

Lowest Cost of Borrowing

One of the biggest benefits of the LOCAL program is that it offers the lowest possible cost of capital for most Washington municipalities. By

pooling local leases with larger state leases, local governments are able to take advantage of the state's strong credit rating (Aa2) and the market's preference for the larger issue size. Local agencies also benefit from extremely low fees, as state agencies bear almost all of the costs of issuance.

Making the Program More User Friendly

In addition to attractive interest rates and low fees, the Treasurer's Office is working hard to make the program as user-friendly as possible. Some recent changes include:

- **More Frequent Financings:** Starting in 2019, the LOCAL program will come to market three times a year (February, June, October), providing more opportunities for local governments to meet their capital needs
- **Website updates:** We updated our website to make the program guide and financing forms more accessible
- **Program guide:** The LOCAL program guide was redesigned to provide an easy-to-read overview of the program and a step-by-step guide to the financing process

Using the LOCAL Program

I look forward to meeting those of you who visit our booth at the upcoming WFOA conference. For those whom we do not have a chance to meet, and who would like more information about the LOCAL program, please reach out to us! You may contact me at (360)-902-9022 or matthew.schoenfeld@tre.wa.gov.

Introducing the PROS Committee



By **STACIE TELLERS**,
Professional Rules and Operational Standards Chair

The Legislative and Professional Standards Committee has a new name: Professional Rules and Operational Standards Committee, aka the PROS.

The committee's purposes has grown over the years to deliver news and information regarding a wide variety of rules and operational requirements effecting local government's in Washington State. The committee's primary focus is regarding changes in governmental

accounting and auditing standards. PROS continues to promote local government involvement in state and federal regulatory and legislative processes.

Check out our updated committee charter and other committee information located on the WFOA website via the [News / Professional Rules and Operational Standards Committee](#) menu option.

If you are interested in joining this committee please let WFOA know by completing the [WFOA Position Application](#) and emailing it to the committee chair.

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Financial Policies: Travel, Expense Reimbursement, Credit Cards, and More

By **MIKE BAILEY**, MRSC Finance Consultant
& **TONI NELSON**, MRSC Rep to WFOA Board

Financial management of public resources is serious business. It is an important responsibility of each public agency, and doing it well benefits the agency itself, its employees, and the community it serves. To that end, MRSC has partnered with the State Auditor's Office (SAO) Center for Government Innovation to expand the Financial Policies Tool Kit we first launched two years ago.

Our initial release in April 2017 provided an overview of financial policies for local government and focused on five key areas:

- Asset Management
- Debt Management
- Fund Balance and Reserves
- Investments
- Cost Allocation

In our latest release of July, 2019 we have added new guidance on Credit Card Use Policies and Travel and Expense Reimbursement Policies (including guidance on meals). Each page provides detailed information, legal requirements, and "key questions to consider" to help your jurisdiction formulate the right policy for its unique values and needs. We have also included a number of sample forms from cities, counties, and special purpose districts, including travel authorizations, expense reimbursement forms, and lost receipt affidavits.

It's often said, "financial policies actually already exist." Ideally, they are thoughtfully and carefully developed and then adopted by the agency's policymakers. If not, then they are informal and just "the way we've always done it." By discussing, debating, and then adopting a policy, the agency's policymakers can be intentional about defining the limits and/or methods for managing the public's resources.

Some policy topics are essentially mandatory. For example, in order to implement a credit card use program, the first step (according to RCW 43.09.2855) is for the local government legislative body to "adopt a system;" or in other words, establish a policy. Most policies, however, are just good public management. For example, how much money should be kept on-hand in the event of something unforeseen? We call this "fund balance" or "reserves." By discussing the merits of one approach or another (number of weeks of typical expenditures, a certain percentage of annual revenues, etc.) and then adopting a policy, each budget process can use that guidance without further complicating an already challenging responsibility.

How to Decide What Policies to Develop or Review

Start by reviewing the MRSC Financial Policies Tool Kit. The topics we chose to provide guidance on come from our own research regarding the inquiry topics we've received, as well as research by SAO staff on the issues they've discovered through their audit work.

Pick out a topic that seems most important to your particular organization and start there.

If you have existing policies, consider creating a schedule to review them and keep them current. A change in elected officials may have resulted in some changes in opinions about certain policy topics. One approach we've used is to review the list at the beginning of each budget cycle with the elected officials. It is a quick way to determine which policy they may have an interest in reviewing and remind everyone that these policies exist.

It can be helpful to listen to the discussions that were occurring at the council meetings (it could be a commission meeting or a board of directors). Did the conversations get into an area where a policy already existed? Were they aware of the existing policy and how it may help them with the current discussion? Was the discussion consistent with the existing policy? Take this opportunity to bring up the existence of a policy on the subject. You can suggest they either follow the policy (and benefit from the previous thinking), change the policy (if the latest issue seems to suggest that is appropriate), or intentionally deviate from the policy because the circumstances warranted it.

How to Get Started

After deciding which policy topic to start with, review our research and policy guidance. It is based on years of experience in a wide variety of settings as well as research of best practices. Here are some "getting started" suggestions:

- Staff and policymakers agree on which policy topic to start with. Since we recommend that policies be adopted by the elected officials, it will be important to start with those topics that they see as the highest priorities.
- Staff develops an initial draft of the policy. We have provided numerous example policies from a wide variety of entities. They have been reviewed for completeness, being current, and adhering to best practices. However, don't just copy them — Instead, use them to help prompt your thinking about the best approach in your organization. Mark them "draft" so that you don't confuse anyone as to their status at this point (and so as not to give the impression to elected officials that you've already made the decisions).
- Schedule a study session, workshop, or whatever type of meeting is more informal for your elected officials to review the drafts. Be sure to get them copies well ahead of the meeting so they have the opportunity to review prior to the discussion. Facilitate the discussion about the options and choices that your elected officials will want to discuss.
- Bring back a "final" version to a business meeting of your elected officials for their final consideration and adoption. In some cases, since it was policy guidance, these policies were adopted by resolution at the city. Use whatever form of policy adoption is consistent with your organization. Be sure to think about how to maintain and provide access to the current versions of policies within your organization. Increasingly, this access can be found on a local government's "intranet," where members of the organization have access to it. You can also post policies on your agency's public-facing webpage(s).

Adopting financial policies helps to advise the organization and the community you serve that you take these matters seriously. Policymakers should adopt policy. The investment of time and effort will pay dividends for years to come.