

Minutes for April 26, 2011

Local Government Advisory Committee (LGAC)

Attendees

Members: Alexandra Johnson (SAO), Christy Raske (SAO), Jerry Pettit (WACO), Dean Walz (WFOA), Jeff Monsen (CRAB), Dawna Truman (WSAC)

Additional attendees: Duane Walz (SAO), Kathy Streissguth (Clark County Fire and Rescue), Chris Johnson (Port of Anacortes), Alicia Segers Martinelli (AWC)

Decisions of the State Auditor

No decisions required by the State Auditor.

Minutes

The LGAC meeting began at 10:00 am and was held in the Sunset Building, Olympia. The meeting was called to order by Christy Raske.

Approval of Minutes from December 15, 2010

Christy Raske asked if the members had reviewed the minutes and if they are ready for approval. Dean Walz moved and Jerry Pettit seconded the motion to approve the minutes. The minutes were unanimously approved.

Legislative Update

Christy discussed the budget status of the SAO. The House and Senate have both released their budgets. There is little impact to audits of local governments. The budgets differed in funding of the state audits. The SAO will update the LGAC when the Legislature approves the final budget in the special session. Meanwhile, the SAO continues to reduce administrative costs by decreasing administrative staff and closing satellite offices. Last fall, the Bellevue, Port Angeles, and Ellensburg offices were closed. The SAO will soon be closing the Mount Vernon, Moses Lake, Okanogan, and

Aberdeen offices. There will be also a reduction of square footage in main offices. Jerry had asked about billing rate increases. The SAO has not yet made a decision on whether it will need to increase the billing rate.

BARS Restructure

Alexa updated the Committee on the progress with the BARS Restructure project. Currently all working groups finish redesigning operating expenditures categories. The SAO group has to finalize some decision regarding nonexpenditures, other financing sources and uses and objects. Some additional issues related to replacing the LGFRS with LGCS emerged recently and will need to be taken into consideration before finalizing the first draft. Next, the SAO plans to develop proposed changes in the revenues area and submit to all existing workgroups for their input. So, sometime in summer the final draft for entire chart of accounts should be send to all subscription services users for their comments. The comments, their number and nature will determine the next steps in the project.

Alexa also discussed the process of changes. Unfortunately the number of participants was much lower than expected. Also, additional e-mails to local governments did not resulted in great responses.

Dean Walz suggested sending additional communication to local governments to make them aware of the upcoming draft and outline some of the project history and reasons behind the proposed changes.

LGCS and LGFRS

Christy provided a handout on whether to use LGCS for external reporting. The handout lists the pros for using LGCS and no longer using LGFRS for external reporting.

Although the systems are similar, the LGFRS was funded i? part by the Legislature and WFOA. Christy has been meeting with various individuals from the original workgroups to obtain their feedback. The LGFRS displays only four entity types (counties, cities, ports and transits) and the data is different in some areas than LGCS. This is mostly attributable to the business rules that eliminate intergovernmental services and compile some expenditures into different categories (law and justice, fire and emergency are combined in LGCS to security of person and property).

The feedback received was in favor of using LGCS as long as the similar data will be still available. Alicia had asked if we could continue to provide restricted and unrestricted revenues. The problem surrounding these

categories is the lack of understanding by users of what restricted is. The term restricted is critical due to the implementation of GASB 54 and there is great concern users would confuse legal terms with accounting terms.

Demonstration of New Online Editing and Reporting Function

Duane Walz provided a demonstration of a test site for online reporting and editing of annual report data. The test site will be available to users for 2011 annual report for submitting and editing their own data. At this time anyone interested can contact Duane at Duane.Walz@sao.wa.gov to test their 2010 annual report. The test site will provide account code errors in their Schedules 04 and 05, allow to enter or attach the Schedule 09 (long-term liabilities), Schedules 16 (state and federal schedule of expenditures). These schedules could be created and edited online and include populated fields to reduce the amount of errors. In 2012 if they choose to use this function, they will correct all of their errors in schedules 04 and 05 before they can proceed to file the remainder of their annual report online. Once filed, the data will be available to the public on the internet. The local governments will have the opportunity to resubmit the reports if they find errors later, but the auditors will be notified of multiple filing dates. The SAO will not require in 2011 users to file online with this option, however, it will make filing much easier and efficient. Later there will be the possibility of entering additional schedules online and adding nonfinancial data.

Meeting adjourned at 11:50 am.