

MINUTES
Approved by the Committee
Committee on Uniform Accounting and Transparency
Friday, September 20, 2024
9:00 A.M.
Room WW53
Boise, Idaho

Members in attendance: Cochair Senator Ricks, Cochair Representative Cannon (virtually) and Representatives Ehlers and Green, and Controller Woolf; Legislative Services Office (LSO) staff: April Renfro, Michael Phelan, and Shelley Woods. Absent and excused: Senators Grow and Rabe.

Others in attendance: John Iasonides, Alex Doench, and Jackie McCleve, State Controller's Office (SCO); Sara Westbrook, Idaho Association of Counties; Toni Lawson, Idaho Hospital Association; Andrew Waldera, Idaho Water Users Association/Irrigation Districts; Dan Steerson, Sawtooth Law-Irrigation Districts; Miguel Legarreta, Associated Taxpayers of Idaho.

NOTE: Presentations and handouts provided by the presenters/speakers are posted to the Idaho Legislature's website <https://legislature.idaho.gov/sessioninfo/2024/interim/> and copies of those items are on file at the Legislative Services Office in the State Capitol. Recordings of the meeting may be available under the committee's listing on the website.

WELCOME AND APPROVAL OF MINUTES

Cochair Ricks called the meeting to order at 9:08 a.m.; a silent roll call was taken. Cochair Ricks asked for a motion on the minutes. **Representative Green moved to approve the minutes of the September 24, 2021, meeting; Controller Woolf seconded the motion. The motion was approved unanimously.**

Cochair Ricks noted new committee members since the first meeting in 2021 and that this meeting would bring the committee up to speed and move forward in providing guidance and transparency.

INTRODUCTION OF LSO STAFF AND EXPLANATION OF ROLES

April Renfro, LSO Audits Division Manager, provided a brief history of establishing the committee. She reported that a special districts audit was completed in 2014 relating to the compliance with the audit requirements of local governments. Ms. Renfro stated that the audit revealed the difficulty in identifying and tracking special districts. She stated there was a 35 percent compliance rate in submitting audits. The results of the special audit resulted in House Bill 560 in the 2015 Legislature, which established the local government registry, included more stringent reporting requirements, and added penalties for noncompliance. She stated that compliance then improved to 90 percent. Ms. Renfro stated that the registry transitioned from LSO to the State Controller's Office in 2021 through Sections 67-1075 and 67-1076, Idaho Code, as part of Transparent Idaho. Ms. Renfro informed the committee that Section 67-448, Idaho Code, established a committee liaison in the Audits division and authorized the committee to request an audit of any local government through the Audits division. She noted that the authorization was unique because the only other way an audit of a local government could occur was through direct legislation or direction from Legislative Council. Cochair Ricks asked if a certain group with the Legislature or an individual legislator could request an audit. Ms. Renfro responded that it would need to be through the committee.

OVERVIEW AND BACKGROUND OF LOCAL TRANSPARENCY EFFORTS

John Iasonides, SCO Deputy Controller, reviewed SCO's first website and its vision for transparency, which cost approximately \$20,000 to start. He reported that the website consisted mostly of PDFs and was not overly interactive. Mr. Iasonides stated that prior to the website, SCO received 50 to 75 calls a week requesting salary and employment information; no calls were received after the website was established. Mr. Iasonides reported that SCO's upgraded transparency website allows interactive reporting, visualizations, and live, up-to-date data. He stated that Controller Woolf then wanted the

website to include that data at the local level, which led to House Bill 73 in the 2021 Legislature. In accordance with House Bill 73, the website then provided uniform and comparable data for local districts. He added that House Bill 73 also provided for the transition of the local government registry from LSO to SCO no later than January 1, 2022, and creation of a uniform accounting and reporting manual by January 1, 2025. Mr. Iasonides reported that an interim accounting manual was available and posted on SCO's website until the manual was approved by the committee. Mr. Iasonides stated there are 44 counties, 198 cities, and approximately 900 local districts. He stated SCO started with a pilot of 8 counties and included categories for expenses and revenues. He noted the difficulty in creating a uniform chart of accounts to accommodate entities with varying sizes and geographical locations and the ability to acquire comparable data. He noted that 95 percent of traffic to the website is for state employee salary information, which is also available on the Transparent Idaho website. Mr. Iasonides reported that SCO also worked with vendors to build specific reports so counties could quickly and easily run budgeting and salary reports. He stated that the same approach was taken with a pilot of cities. Mr. Iasonides reported that 182 of 198 cities were compliant in 2023 for providing their budget, audit, and salary information. Mr. Iasonides reported that the same approach was then taken for smaller local districts. He noted 41 different entity types ranging from fire to mosquito abatement districts. He stated that Eide Bailly provided assistance in creating templates to assist local districts in providing their financial information. Many districts expressed appreciation for the templates making it easier to submit the data. Mr. Iasonides added that SCO was working closely with the Department of Education, Board of Education, and local education agencies (LEAs) within the state to address the education piece of House Bill 73 and to ensure that transactional information from all 192 LEAs is collected on a quarterly basis. Mr. Iasonides concluded that SCO utilized social media to launch an awareness campaign to promote the Transparent Idaho site. He stated the goal is to provide public information easily to the citizens.

Representative Green asked what the value was of providing salary information. Mr. Iasonides responded that comparing salary information could be beneficial when job searching and could be used to determine if pay was at market value. Representative Green expressed concern with posting detailed information and that it could present vulnerabilities. She suggested posting average salaries, for example, instead. Mr. Iasonides responded that it was public information that could be requested by a public records request and that the information was vetted and reviewed by the Attorney General's Office. He added that state salaries have been posted on the website since 2013 and is expected when working as a public servant.

Cochair Ricks asked if the information collected was specified in Idaho Code. Mr. Iasonides replied that House Bill 73 does not specifically state salary information; however, it does state "...budgeting, accounting, and financial information," the definition of which includes salaries, revenues, and expenditures. He added that the intent of House Bill 73 was to also consider what information was already publicized.

TRANSPARENT IDAHO - WALKTHROUGH

Jackie McCleve, SCO State Social Security Manager, reviewed the [State Controller's Office Transparent Idaho](#) website, highlighting six sections: state workforce and salary, state, county, city, local district, and education as well as the reports and data available. Ms. McCleve acknowledged the volume of local participation in providing the data and noted the education section was still in progress. Ms. McCleve highlighted quick links to Townhall Idaho that posts all public meetings, public records, and state contracts and agreements.

Cochair Ricks asked how local districts submitted information. Ms. McCleve responded that information was submitted electronically through the registry, an online portal, on the SCO website. Cochair Ricks asked if the data was manually reviewed. Ms. McCleve confirmed that the data was reviewed by SCO staff. Cochair Cannon asked how the data received was made comparable. Ms. McCleve responded that Eide Bailly assisted SCO in creating uniformity by creating like categories

and templates within entity types. She added that definitions are included in the accounting manual to help entities categorize data.

The committee took a break at 10:15 a.m.

At 10:27 a.m., Cochair Ricks called the meeting back to order.

LOCAL GOVERNMENT REGISTRY

Alex Doench, SCO Business Analyst, provided a walkthrough of the Local Government Registry and how local districts submit data. He reported that there are currently 1,200 entities in the state and 41 entity types. The registry provides districts with a user-friendly process, accurate data, and contact information. Controller Woolf stated that SCO is working with other state agencies to consolidate where data is submitted. Cochair Ricks agreed that one location for data would be beneficial.

REVIEW INTERIM UNIFORM ACCOUNTING AND REPORTING MANUAL

Mr. Iasonides reviewed the interim Uniform Accounting and Reporting Manual. Mr. Iasonides noted the importance of having current, up-to-date, and easily accessible data. Cochair Cannon noted the burden placed on smaller districts to report quarterly. Mr. Iasonides responded that SCO considered the district's size and complexity and determined that smaller districts would report on an annual basis and larger districts would report quarterly.

PUBLIC COMMENT

Toni Lawson, Idaho Hospital Districts Association Vice President, commented on behalf of the hospital districts. She reported that legislation meant to impact cities and counties often impacted hospitals, leading to requests for exclusions. Ms. Lawson voiced concern with requiring the reporting of individual employee salaries, especially in small rural areas where securing providers was already difficult. She reported that hospital employees do not consider themselves as state employees, and many will leave if reporting salary information is required. Ms. Lawson stated that hospital districts do not use tax dollars. She agrees to reporting financial, budget, and aggregate salary information, but opposes requiring the reporting of individual salary and job titles. She stated that reporting this data would put hospitals at a disadvantage for recruiting and gives competitors the opportunity to offer different salaries. Ms. Lawson concluded by asking the committee to consider an exception for hospital districts. She suggested exempting entities where the majority of their funding does not come from tax dollars or allowing the reporting of aggregate salary information, not individual. Ms. Lawson added that hospital districts do not receive public records requests for salary information and that hospital districts are not seen as state agencies. Cochair Ricks recommended the subject be discussed in a future meeting and that the committee may lean toward providing more aggregate information but would like more information from committee members. Controller Woolf responded that salary information at the local level is collected, but not posted on the website.

Jason Dixon, Bannock County Clerk, Association of Counties and Clerks, reported on behalf of Bannock County. He stated that Bannock County volunteered as a pilot county for the transparency website. He noted the challenge of reporting comparable data and expressed concern with the required information being outside the scope of the statute. Mr. Dixon referenced the handout from the Idaho Association of Clerks and Recorders outlining concerns, specifically that the tone of the manual sets a precedent of distrust. He added there was currently less collaboration with SCO. He requested the committee review the handout and follow the statute as intended. Cochair Ricks responded that the public likes transparency and that it promotes trust in government. Not knowing contributes to distrust and the information being provided was good. He asked Mr. Dixon to clarify his concerns. Mr. Dixon responded that the verbiage and reporting requirements have changed and added that the original format of reporting budget to actuals on an annual basis was easier for counties. He stated that counties still receive public records requests and that some of the added requirements would require more time thus requiring more staff, which in turn would raise their budget, and that the requirements have strayed from the intent. Cochair Ricks recommended the clerks work with SCO to address their concerns.

Angela Barkell, Owyhee County Clerk, stated that Owyhee County was also part of the eight pilot counties. She reported that Owyhee County is a smaller county and does not have the opportunities or funding to develop a large website. She stated that the ability to see and compare what other counties are doing is valuable. She expressed concern over the added requirements and feels that what started as a partnership with SCO is now an oversight project by SCO. Ms. Barkell appreciated the connection with SCO and is excited for the transparency project to continue. She noted that the same information was being reported to multiple entities and would like it narrowed down to one. Controller Woolf expressed his appreciation to the eight pilot counties for their work and feedback. He added that the feedback included concerns over quarterly reporting and asked the committee for guidance.

Andrew Waldera, Sawtooth Law Offices, Idaho Water Users Association/Irrigation Districts, reported on behalf of the Water Users Association and irrigation districts. Mr. Waldera referenced a handout. He stated that irrigation districts felt excluded from the collaborative process in creating the accounting and transparency manual and that it strays from the core requirements of the Transparent Idaho Act, which could result in the packaging of information in a misleading manner as it relates to irrigation districts. He reported that irrigation districts' budgeting and expenditures are different from governmental entities in that they maintain a one-year working budget reserve to deal with catastrophic repairs. Mr. Waldera stated that the purpose of House Bill 73 does not fit irrigation districts because they do not receive state funding or tax revenue. He stated that the detailed reporting of employee identification and salaries is needlessly invasive and should be removed. He added that finding and retaining employees was already difficult and that the manual as written would allow employees to salary shop thus increasing costs. Mr. Waldera recommends keeping the reporting guidelines under Sections 43-324 and 67-450B, Idaho Code, creating forms specifically for irrigation districts, or omitting the reporting of detailed employee information. Cochair Ricks asked if irrigation districts were currently reporting employee salaries. Mr. Waldera responded no.

Miguel Legarreta, Associated Taxpayers of Idaho, expressed interest in working with and providing input to SCO and the committee on the accounting and reporting manual.

Cochair Ricks advised it would be prudent to have more discussion with the three organizations and work out the smaller details. He noted that the website overall provides valuable information.

LEGISLATIVE TRANSPARENCY WISH LIST DISCUSSION, EXAMPLE: FISCAL HEALTH OF AN ENTITY

Mr. Iasonides noted appreciation for the comments and asked for understanding and perspective. He added that partnerships involve give and take and that a lot happens behind the scenes. Mr. Iasonides stated that SCO had an Attorney General opinion stating that other bills do not supersede House Bill 73. He stated that SCO attempted to work with irrigation districts and requested comments, but heard nothing. He added that Eide Bailly is a nationwide firm and is well versed in irrigation districts. Mr. Iasonides commented that tweaks were made based on feedback and to enhance the manual. He concluded by saying that the ultimate goal was to provide transparency to the public and information to the committee.

Mr. Iasonides requested feedback and direction from the committee. Controller Woolf asked the committee for suggestions on what to focus on. He recommended focusing on two areas, fiscal health of an entity and audit thresholds. He stated audit thresholds have a significant impact on entities and the limited number of CPAs makes finding an accountant difficult. Ms. Renfro stated that fiscal indicators could come from the data already submitted and also suggested looking at audit thresholds, which currently are low.

FUTURE MEETING DISCUSSION - CLOSING REMARKS

Representative Ehlers recommended reviewing what data is being reported and how to dissect it. He agreed with having more comparable data per capita. Cochair Ricks asked what was the deadline. Mr. Iasonides responded January 1, 2025. Cochair Ricks confirmed that the initial manual will be completed by January 1, 2025, and that the committee could make modifications down the road.

Mr. Iasonides recommended brainstorming sessions to work through iterations before December 1, 2024, which is the registry deadline, since changes could affect compliance.

COMMITTEE DISCUSSION, ADJOURNMENT

The committee tentatively set the next meeting for October 25, 2024.

With no further business, the committee adjourned at 12:06 p.m.