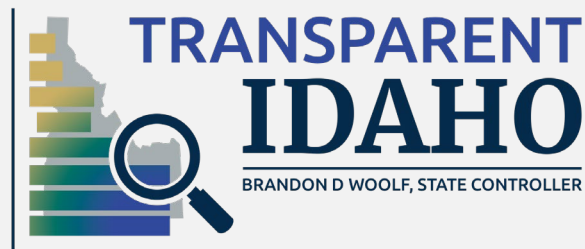


Uniform Accounting and Transparency Committee Meeting

Friday, October 25, 2024



Recap from the 9/20 Committee Meeting

- The State Controller's Office covered:
 - The Local Government Transparency efforts and accomplishments
 - The requirements in the Local Government Registry
 - The Interim Uniform Accounting & Reporting Manual (UARM)
- The IACRC, IHA, and IWUA also provided comments/feedback on the employee salary data requirements



Uniform Accounting & Reporting Manual Review and Approval

UARM Table of Contents

- Introduction/Background/Accounting
- Local Government Registry Reporting
- Annual Financial Transparency Report (AFTR)
- Reporting Cadence
- Employee Salary Data Reporting

A scenic mountain landscape with a wooden fence in the foreground and a dark semi-transparent banner across the middle containing the title text. The background features a large, rugged mountain range with snow-capped peaks and dense evergreen forests. The foreground shows a field of dry, yellowish grass and a rustic wooden fence made of logs.

Introduction/Background/ Accounting

Introduction, Background, and Accounting

IACRC Comment 1: We are concerned with the tone of language on page 4, stating that it is needed so “entities can improve financial data, and comply with regulatory requirements.” Additionally, “facilitating better management and oversight of public funds...”. Counties, like all other local units of government, are required to comply with audit and accounting standards. Furthermore, counties are fiscally sound, comply with state and federal audit and accountability requirements, and operate in an environment of transparency. We are concerned that the tone of the introduction may lead policymakers and the public in general to question the trustworthiness of counties.

SCO Response:

- The Uniform Accounting & Reporting Manual (UARM) has been updated with more clarifying language and we have made mindful updates to tone.
 - “This manual aims to ensure consistency, transparency, and accountability in financial reporting, management, and oversight of public funds.”
 - The principles and procedures outlined in this manual are intended to aid entities in ensuring accuracy in financial data, enhance comparability across different jurisdictions, and comply with regulatory requirements.

Introduction, Background, and Accounting

IACRC Comment 2: Is there a reason for calling out the specific GASB statements on pages 7-8 and GAAP principles on pages 9-10? All GASB and GAAP standards are important and should be adhered to. Calling out specific standards may create confusion and lead to other important standards either not being followed or forgotten. We recommend striking the reference to specific standards and link to GASB and GAAP standards and principles so the end user references those standards directly. Secondly, if GASB-specific standards change or are removed, the manual will be out of date. Referencing the GASB and GAAP standards by Weblink ensures that local officials are viewing current standards and practices.

SCO Response:

- The inclusion of specific GASB statements and GAAP principles in the manual was recommended by Eide Bailly, a reputable audit firm, as these represent commonly used standards and principles in practice. However, the Uniform Accounting & Reporting Manual (UARM) explicitly states that all GASB and GAAP standards must be adhered to. The selected standards were highlighted simply because they are frequently referenced.
- The UARM is designed to be a dynamic document and will be updated as changes to GASB or GAAP standards occur, ensuring it remains current. Therefore, the concern of the manual becoming outdated is mitigated through regular updates.

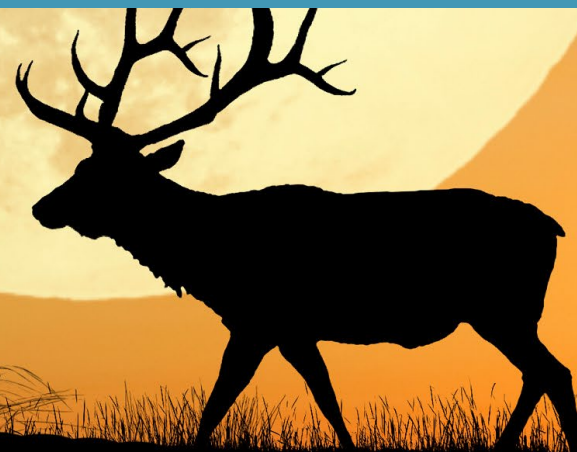
Introduction, Background, and Accounting

IACRC Comment 3: On page 12, the table needs to be updated to include the new taxing district type for an Ambulance District formed under 31-3911. This reflects statute that requires future ambulance districts to be self-governing and independent of the board of county commissioners.

SCO Response:

This has been updated in the UARM.

Local Government Registry Reporting





Annual Financial Transparency Report (AFTR)

Annual Financial Transparency Report

IACRC Comment 4: On page 15, section (iv), the manual grants the SCO with broad authority to collect local financial information beyond the scope of what is laid out in statute, including “Any other information required”. One of the primary concerns counties have raised is the frequency with which certain financial information is reported, including quarterly salary information and proof that a budget was adopted (i.e.: resolution of the board of county commissioners). The statute does not require proof of resolution to be submitted with budget information nor does it require salary information to be reported. Furthermore, there is inconsistency in the frequency of salary reporting among taxing district types. Some districts, like cities and counties, are required to report quarterly, while other districts are required to report annually. If salary data is required, it should only be reported annually, not quarterly.

SCO Response:

- The statute has been intentionally structured to allow the Uniform Accounting & Reporting Manual (UARM) to define “any other information required.” House Bill 73 was designed with a 3.5-year implementation period during which specific standards and reporting requirements would be refined and established. Once the UARM is formally approved, these requirements and reporting frequency will be fully aligned with statutory expectations.
- The reporting frequency was tailored to account for the differing complexities and sizes of local entities.
 - Larger entities, such as counties and cities, typically employ more staff and experience higher turnover compared to smaller districts. Consequently, they are required to report more frequently.
 - In contrast, smaller districts, many of which operate with fewer than five employees or are staffed by volunteers, have been assigned a reduced reporting cadence.
 - This approach also acknowledges that many counties assist these smaller districts with meeting statewide reporting requirements. Reducing the reporting frequency to once annually lessens the administrative burden on counties and cities, as they would otherwise be required to assist quarterly.
- Regarding budget submissions, and the current requirement to provide a copy of the resolution, ordinance, or minutes to verify the authenticity of the budget provided is in the process of being redefined to not require a paper copy, but an attestation within the Central Registry Portal. **This change** will be reflected both in the system and in the UARM once the change can be made to the system and the attestation language can be drafted.
 - This process is also aimed at improving accuracy, as previous submissions have revealed inconsistencies. The additional documentation benefits both the reporting entity and the accuracy of the publicly displayed data.

Annual Financial Transparency Report

IACRC Comment 7: Page 33 includes the reporting requirements for the Annual Financial Transparency Report (AFTR). Initially the AFTR was designed in collaboration with the original county pilot group. It has since expanded to include other items and has become more complicated and difficult to comply with. With each change, county IT providers must update and recode reports to comply with the changes. This is both time and cost intensive. Prior to making future changes, please work collaboratively with county clerks and county IT professionals.

SCO Response:

- No material changes were made from the original pilot group efforts. As with any roll out of a new process, refinements have been made to make the process easier and more intuitive. For example, breaking out the information in additional tabs instead of just one, while still collecting the same information.
- Any adjustments made, or that will be made in the future, have been and will continue to be developed in collaboration with the pilot groups, ensuring input from county clerks and IT professionals. We are committed to maintaining open communication and working collaboratively with county stakeholders before any changes are implemented.
- Additionally, in an effort to reduce the burden on counties, the SCO has absorbed the cost of programming updates to make the reporting process for both budget and salary data more efficient. We will continue to work closely with counties to minimize disruptions and support an effective reporting system.

Annual Financial Transparency Report

IACRC Comment 8: On page 35, some revenue fields are included with the expenses. Please remove revenue fields from the expense definition table.

SCO Response:

This has been updated in the UARM

Annual Financial Transparency Report

IACRC Comment 10: On pages 42-138, a vast amount of revenue and expenditure information is required of smaller taxing districts. These districts lack staff, IT support, and in many cases, the resources to report on the level of information being requested. We recommend a scaled back approach to financial reporting for small taxing districts more in line with what is reported in the annual L2 report submitted to the state tax commission. Because smaller taxing districts have limited staff support, they often turn to counties to submit reports on their behalf. County clerks no longer have the bandwidth to submit reports on behalf of smaller districts. Simplifying the reporting requirements for smaller districts would allow them to submit reports without assistance from the county. Furthermore, districts like highway districts already submit in depth revenue and expenditure reports to the state in the form of their annual road and street reports. We recommend using this report for highway districts rather than requiring them to submit additional revenue and expenditure information to a different state office.

SCO Response:

- The reporting categories have been tailored to each specific entity type, simplifying the process by ensuring that districts only see and report on expenses relevant to them. This prevents them from having to navigate a broad list of unrelated items. Additionally, many districts have expressed appreciation for the standardized templates, as these provide a formalized structure that many districts previously lacked.
- The SCO has also conducted individual training sessions with smaller districts and has not received feedback indicating that the current reporting requirements are overly burdensome. However, the SCO we will keep this mind should any future comments arise.
- The standardized templates and training are designed to facilitate the reporting process, helping these districts manage their submissions more effectively without needing extensive external support.

Annual Financial Transparency Report

IACRC Comment 9: On page 35, the original expenditure fields developed by the pilot counties were those outlined in Idaho Code and the IAC Uniform Accounting Manual. The Interim Accounting & Reporting Manual includes many more fields that either aren't commonly used by counties, are expenditure categories of other taxing districts not germane to counties or require additional manual entry by counties. These requirements have further complicated the reporting process, require additional resources that smaller counties do not have, may increase the likelihood of reporting errors, and makes comparing county budgets more challenging.

SCO Response:

- The expenditure categories included in the Interim Accounting & Reporting Manual were developed in collaboration with the pilot counties and agreed upon during the pilot phase.
- The State Controller's Office (SCO) worked closely with county clerks through multiple meetings and working groups to finalize these categories.
- It is important to note that not all expenditure categories will be relevant to every county, and counties are not required to use all of them. Of the categories included, 36 are directly referenced in statute, while the remainder were drawn from the Idaho Association of Counties (IAC) Uniform Accounting Manual and developed in collaboration with county clerks. This approach ensures that the categories reflect both statutory requirements and the practical needs of the counties while maintaining flexibility for individual entities.



Reporting Cadence

Reporting Cadence

IACRC Comment 6: Similar to comment 5 above, for the reporting calendar/due dates beginning on page 16, please find ways to streamline all reporting requirements so all information is uploaded once a year at the same time rather than at various points during the year. This will lead to greater efficiency and less confusion at the local level.

SCO Response:

- Our goal, as outlined in the UARM, is to streamline all reporting requirements to the greatest extent possible. Currently, all required reports are submitted annually, with the exception of the quarterly salary reports. The annual reporting deadline is set by statute for December 1.
- To clarify, the reporting timeline referenced on page 16 of the UARM pertains to when the SCO submits reports to the tax commission. We will ensure the manual clearly distinguishes between the reporting obligations for the SCO and those for local entities.
- Apart from quarterly salary reports, all other reporting requirements are submitted once a year.

Reporting Cadence

IACRC Comment 5: In the reporting timelines beginning on Page 16, please amend the salary reporting requirements for counties and cities from quarterly to annually. For a more efficient process, this information should be reported at the same time that annual budget and audit information is reported. It would result in greater efficiencies at the local reporting level and lesson the burden on smaller jurisdictions that do not have staff or IT support to assist with more frequent reporting intervals.

SCO Response

- As mentioned previously, the reporting cadence has been carefully determined based on the size and complexity of the entities involved.
- It is also important to note that salary reports are among the most frequently requested public records. Keeping this information current and available on the Transparent Idaho website significantly reduces the workload for local staff by minimizing the number of public records requests they must handle. We have already received feedback indicating a reduction in requests, further supporting the benefit of maintaining quarterly reporting for larger entities like counties and cities.

Reporting Cadence

IACRC Comment 11: Page 139 establishes requirements for counties and cities to provide quarterly financial reports. As mentioned in previous comments, Idaho law does not require local taxing districts to report salary information to the SCO. Idaho code should be amended to reflect the types and frequency of salary information to be reported prior to including the requirement in the reporting manual. If salary reporting is required in the manual, it should be consistent among all taxing districts and be required annually, not quarterly. Furthermore, the reports should be due at the same time that other financial information is reported to the SCO to streamline reporting.

SCO Response:

- Please refer to the responses in comments 4 and 5 above.



Employee Salary Data Reporting

IACRC Comments on Employee Salary

IACRC Comment 12: On pages 140-141 regarding salary reporting fields, job titles among the various counties are not consistent, making it difficult to accurately compare job types among different counties and taxing districts. Also, months of service is more difficult to track and report on. Furthermore, it is easier for the public to understand years of services vs months of service. Please consider requiring years of service to be reported and not months of service.

SCO Response:

- As previously communicated to the counties, the State Controller's Office (SCO) has collaborated with an external vendor to develop standardized job titles and department classifications to ensure more uniform salary reporting across counties and taxing districts. This initiative has already been fully implemented and the SCO has taken on the burden of managing the uniformity process once quarterly salary reports are submitted. This does not impact how Counties and Cities are currently reporting as the crosswalk is being done programmatically.
- This standardization effort is being applied to all cities to further streamline salary reporting and enhance consistency across entities. The concern regarding tracking months of service is noted, but the uniform job titles and departments will aid in making comparisons clearer and more consistent across counties and districts.

IWUA Comments on Employee Salary

IWUA requests that the Committee:

- Confirm that existing reporting requirements for irrigation districts, under sections 67-450 and 43-324, are consistent with the intent of House Bill 73.
- If the committee determines that existing irrigation district reporting requirements are not sufficient under House Bill 73, allow irrigation districts to continue historical reporting practices for 2024 and direct the SCO to work with irrigation districts in earnest to develop reporting processes that will work for irrigation districts for 2025 and beyond.
- Remove the detailed employee reporting requirements for local government entities, like irrigation districts.

SCO Response:

- To address the concerns raised by Idaho irrigation districts, the State Controller's Office (SCO) has taken steps to ensure a collaborative approach moving forward. The SCO met with representatives from the irrigation districts on October 1, 2024, to discuss modifications to the Annual Financial Transparency Report (AFTR) that would more accurately reflect the unique operations of these districts. Since that date the SCO has had multiple discussions to continue the collaboration effort between the two entities.
- An agreement was reached on how to proceed, with the SCO working alongside a few pilot irrigation districts to develop a final, representative AFTR report.
- While this process may take additional time to complete, both parties have committed to working as efficiently as possible to avoid delays in making the data available on Transparent Idaho.
- It was agreed that if this process extends beyond the December 1 deadline for central registry submissions, irrigation districts will only be required to submit their budget and audit information by that date to remain compliant. A mutually agreed-upon deadline will then be set to submit the AFTR report at a later date. Failure to submit by this new deadline could result in the district being marked as non-compliant in the subsequent reporting period.

Additionally, an irrigation district representative provided proposed language to be included on the Transparent Idaho website to further clarify the unique nature of irrigation districts.

IWUA Comments on Employee Salary (cont.)

1. General Statement about Irrigation Districts

Idaho irrigation districts are diverse quasi-municipal corporations, organized for the specific, local purpose of owning, operating and maintaining water delivery systems and water rights for the benefit of lands entitled to receive irrigation water from the districts. Idaho irrigation districts vary by size and water source, staffing, and the unique characteristics and needs of the lands and landowners to whom they deliver water. As a general matter, they do not receive state funding (e.g., legislative appropriations or sales or ad valorem property tax). Instead, operations are funded by assessments paid locally by those whose property is entitled to district water delivery.

In addition to irrigation delivery systems, irrigation districts may own and operate systems to provide drainage, domestic water, pressurized irrigation water, and other benefits and services authorized by Title 43, Idaho Code. This may result in a separate accounting of revenues and costs associated with each category of benefit or service.

Financial information for irrigation districts is provided pursuant to Idaho Code § 67- 1076. Additional information is available only to irrigation district electors (i.e. patrons) and county commissioners of counties within the boundaries of the irrigation district, pursuant to I.C. § 43-303 & 43-325.

SCO Response:

Also included in this packet is an Idaho Attorney General's Opinion Letter that was completed to help in clarifying any possible conflicts between statutes and or exemptions that may exist. The following language has been provided to the SCO from a representative of the irrigation districts as a possible proposed change to the current Uniform Accounting & Reporting Manual.

Page 139: Employee Salary Data Reporting

Idaho Code, Section 67-1076 states every local government entity must submit all information as required by the statute including "Any other information required by the uniform accounting manual for local governmental entities." Unless exempted herein, this Uniform Accounting & Reporting Manual requires all local government entities to submit their employee salary data to the State Controller's Office to meet the legislative intent of House Bill 73 to provide transparency in Local Government. This data is to be published on the public facing Transparent Idaho website. The requirement to submit this type of data has been vetted and follows the Idaho Public Records Act (Idaho Code 74- 102) as well as the guidelines protecting personal identifiable information (PII).

Irrigation districts exempt from salary data reporting: As local government entities, irrigation districts are required to submit financial information pursuant to section 67- 1076. Idaho law, however, limits the scope of irrigation district information that is available to the general public. Pursuant to sections 43-303 and 43-325, only electors (i.e. patrons) of an irrigation district and commissioners of counties within the boundaries of the irrigation district are entitled to review broader information. Accordingly, irrigation districts are exempt from the employee salary data reporting requirements of this Manual.

IHA Comments on Employee Salary

Idaho Hospitals Association (Please see their full submitted letter to the committee)

SCO Response:

The SCO and the Hospital Association have met together and acknowledge the uniqueness of the district and county hospitals in comparison to other local districts. The Association has agreed that the budget, audit, and AFTR data that is set out by the Central Registry will be provided to the state as outlined in the UARM. As for the salary data, the SCO defers to the Committee to make the final decision on whether hospital districts should be required to report individual salaries. Should the Committee choose not to require individual salary reporting, the SCO recommends that hospital districts provide salary data in aggregate to the State Controller's Office (SCO). The specifics of this aggregate reporting can be developed in collaboration with the Idaho Hospital Association to ensure it meets transparency goals while addressing the concerns of the hospital districts.

We look forward to the Committee's decision and are prepared to support whichever direction is chosen.



Informational Agenda Items

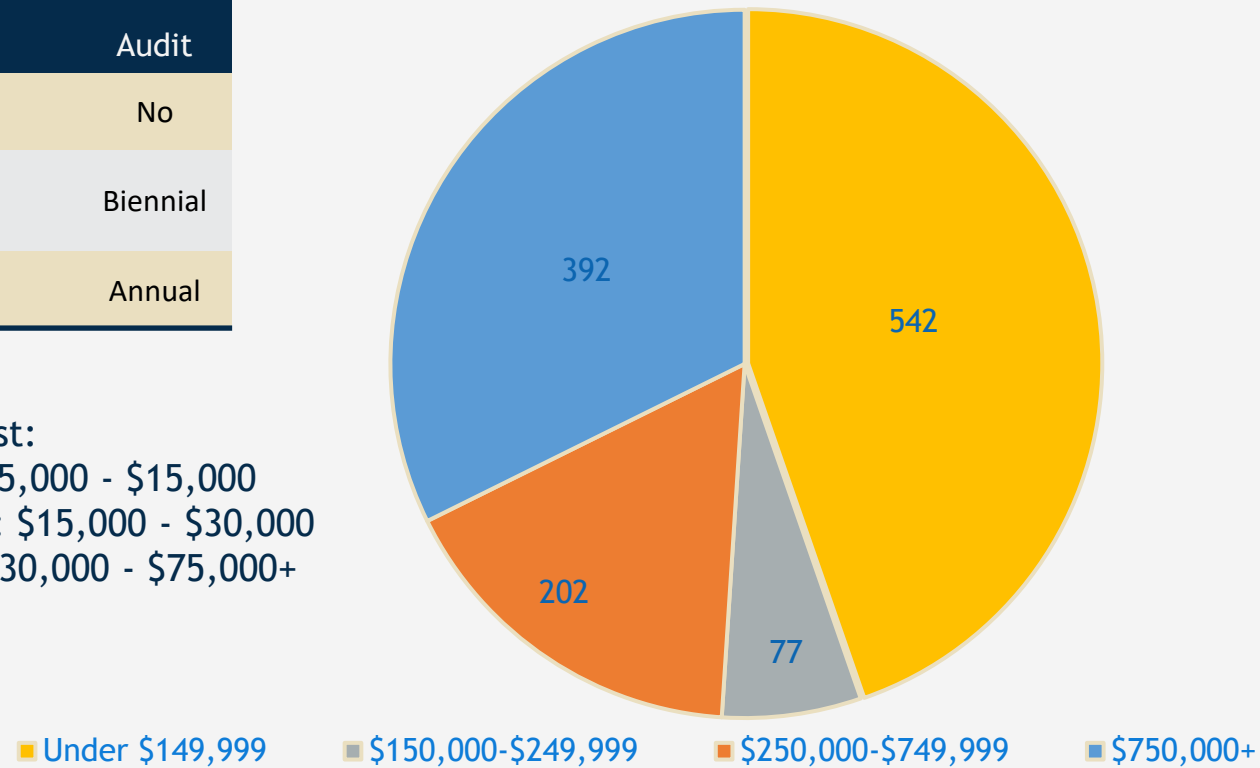
Audit/Reporting Thresholds

Current Audit Thresholds	
Expenditure Total	Audit
\$0 to \$149,999	No
\$150,000 to \$249,999	Biennial
\$250,000 and above	Annual

Average Audit Cost:

- Small entities: \$5,000 - \$15,000
- Medium entities: \$15,000 - \$30,000
- Large entities: \$30,000 - \$75,000+

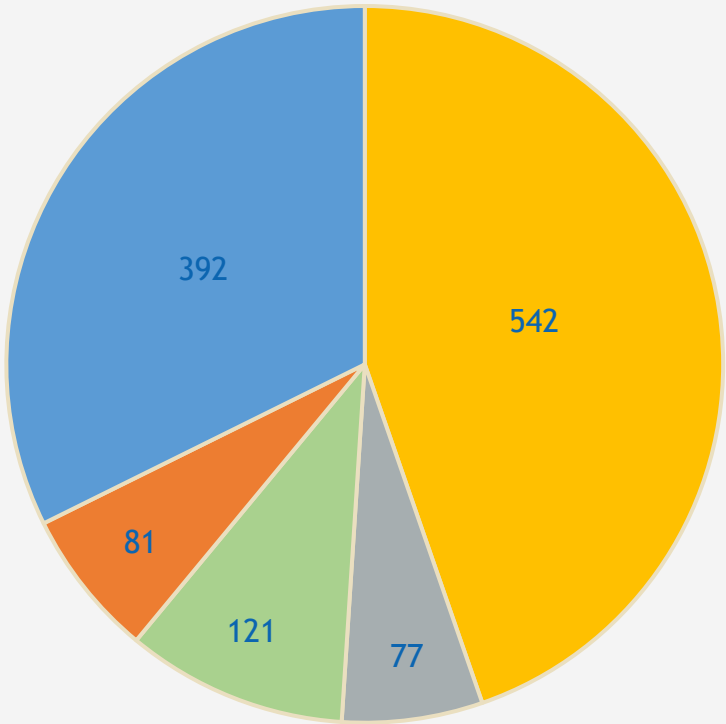
Total Number of Entities as of 2023



Audit/Reporting Thresholds

Current Audit Thresholds	
Expenditure Total	Audit
\$0 to \$149,999	No
\$150,000 to \$249,999	Biennial
\$250,000 and above	Annual

Total Number of Entities as of 2023



Average Cost of a Financial Review:
 Small entities: \$2,500 - \$7,500
 Medium entities: \$7,500 - \$15,000
 Larger entities: \$15,000 - \$25,000+

■ Under \$149,999
 ■ \$150,000-\$249,999
 ■ \$250,000-\$500,000
 ■ \$500,000-\$749,999
 ■ \$750,000+