

The role your financial data plays in the funding process

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Center for
Government
Innovation



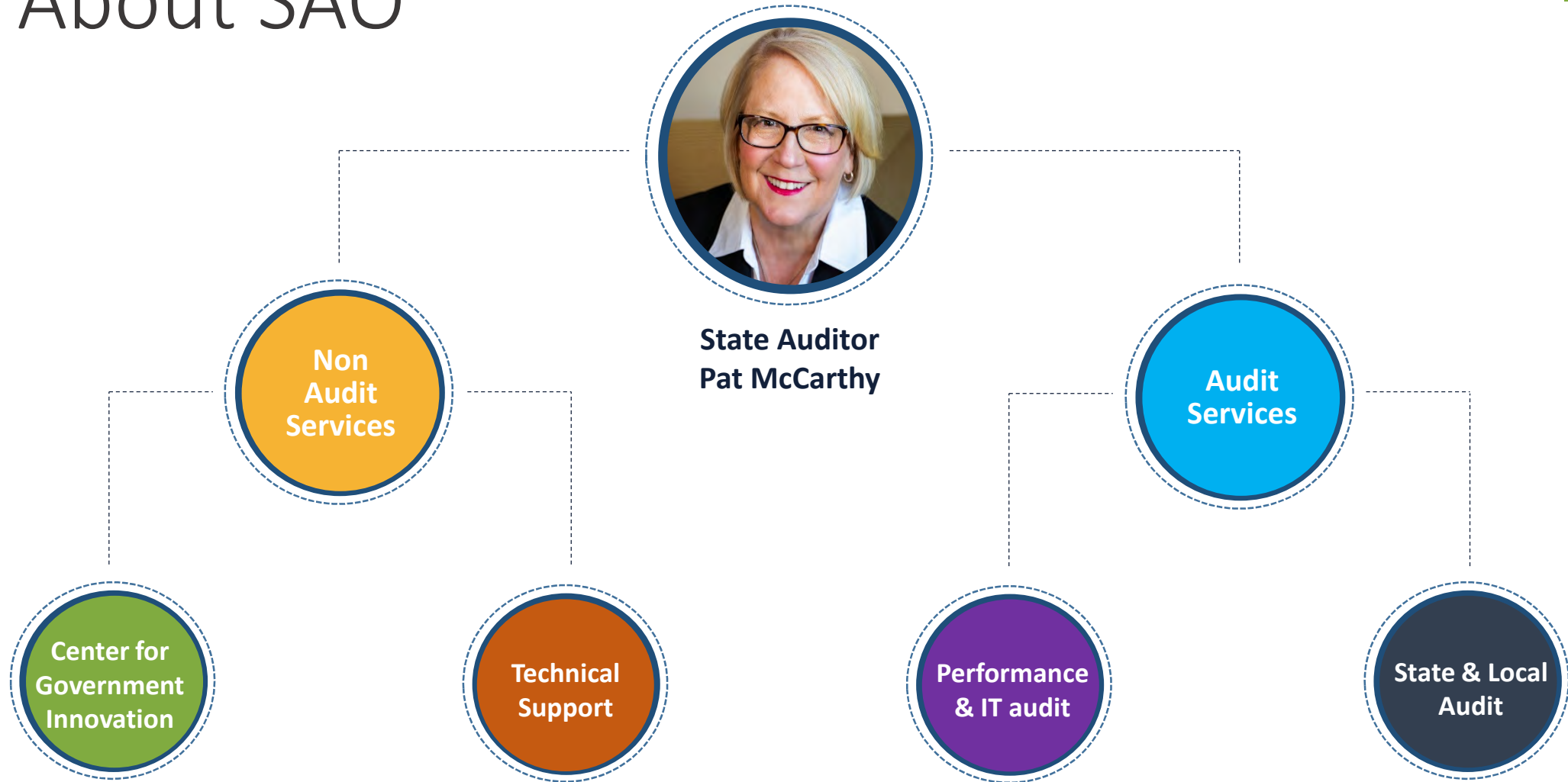
Office of the
Washington
State Auditor
Pat McCarthy



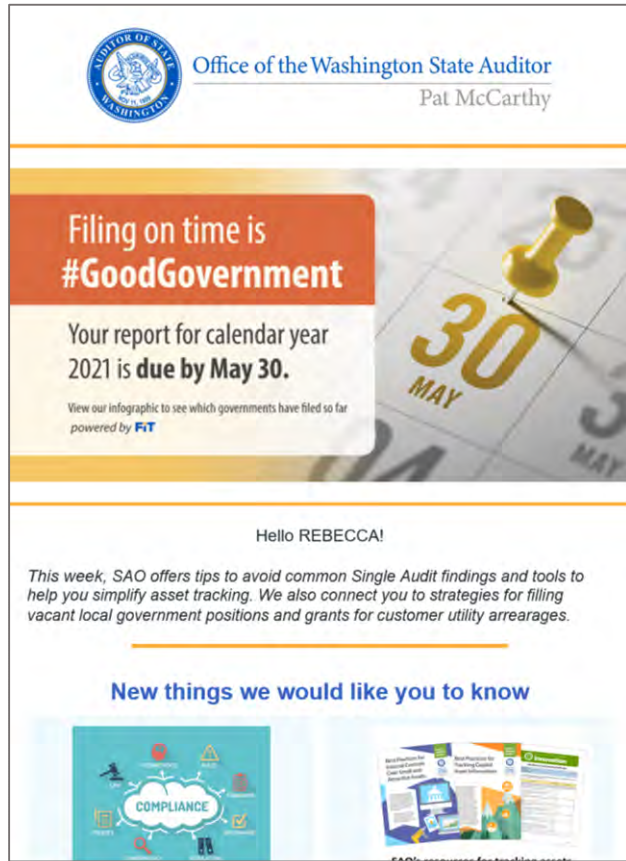
SAO's mission



About SAO



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1. Via SAO's website at sao.wa.gov
2. Use the QR code below:



Agenda

- FIT's role
- Timely and accurate data
- Your financial health



What is FIT?

RCW 43.09.230

- Requires local governments to submit annual fiscal report to SAO
- Requires SAO to publish the data from the annual report and make it available to the public.



What FIT does

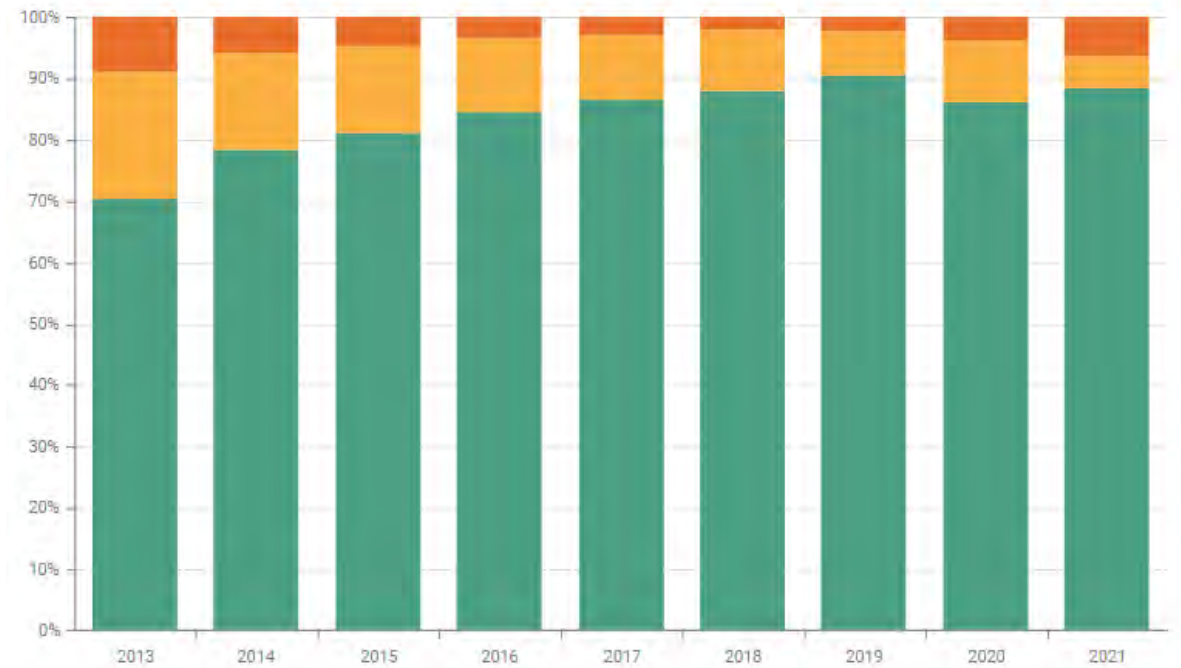
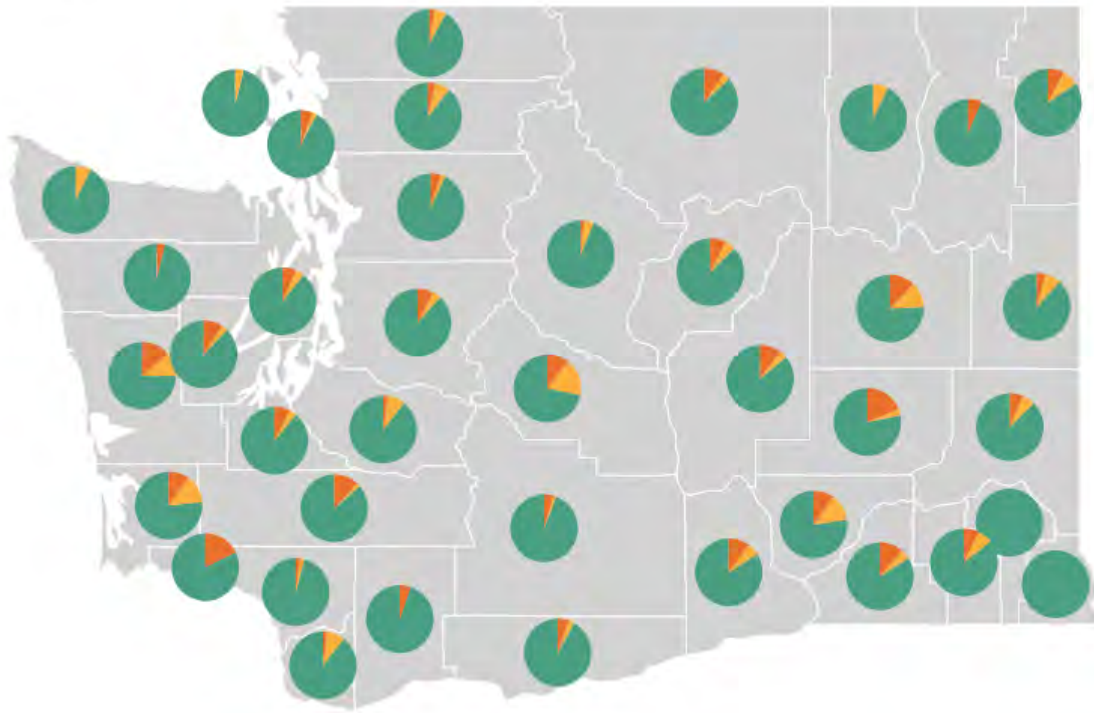
- SAO's way of providing public access to local government data
- Allows for a way to explore data beyond "spreadsheets"
- Provides comparisons, trends, and visualization of data that other sources of data do not



Where FIT data comes from



Importance of filing on time



1665
Timely Filers

99
Late Filers

122
Non-Filers

Importance of filing on time



Who's using FIT



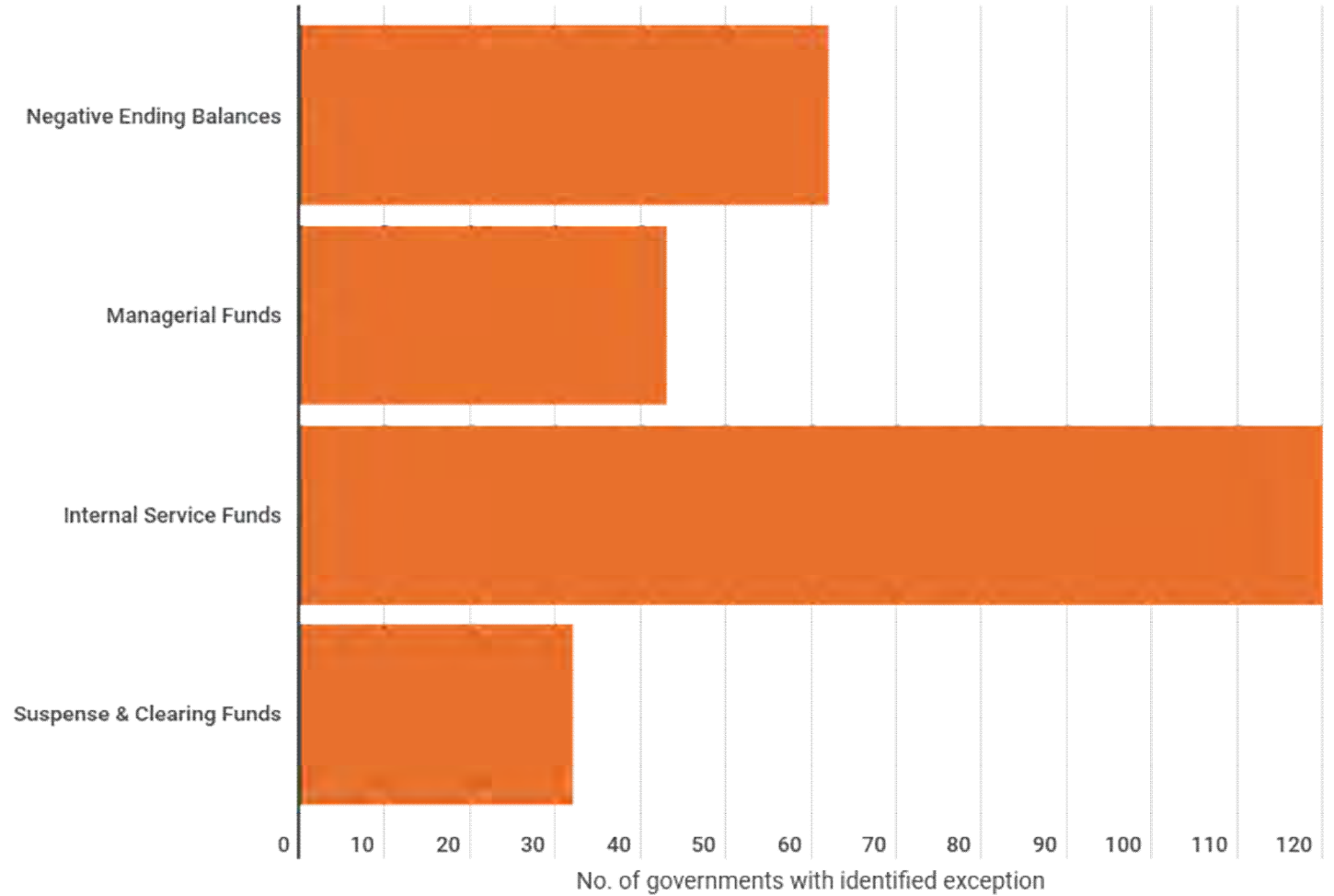
Data accuracy



Data accuracy



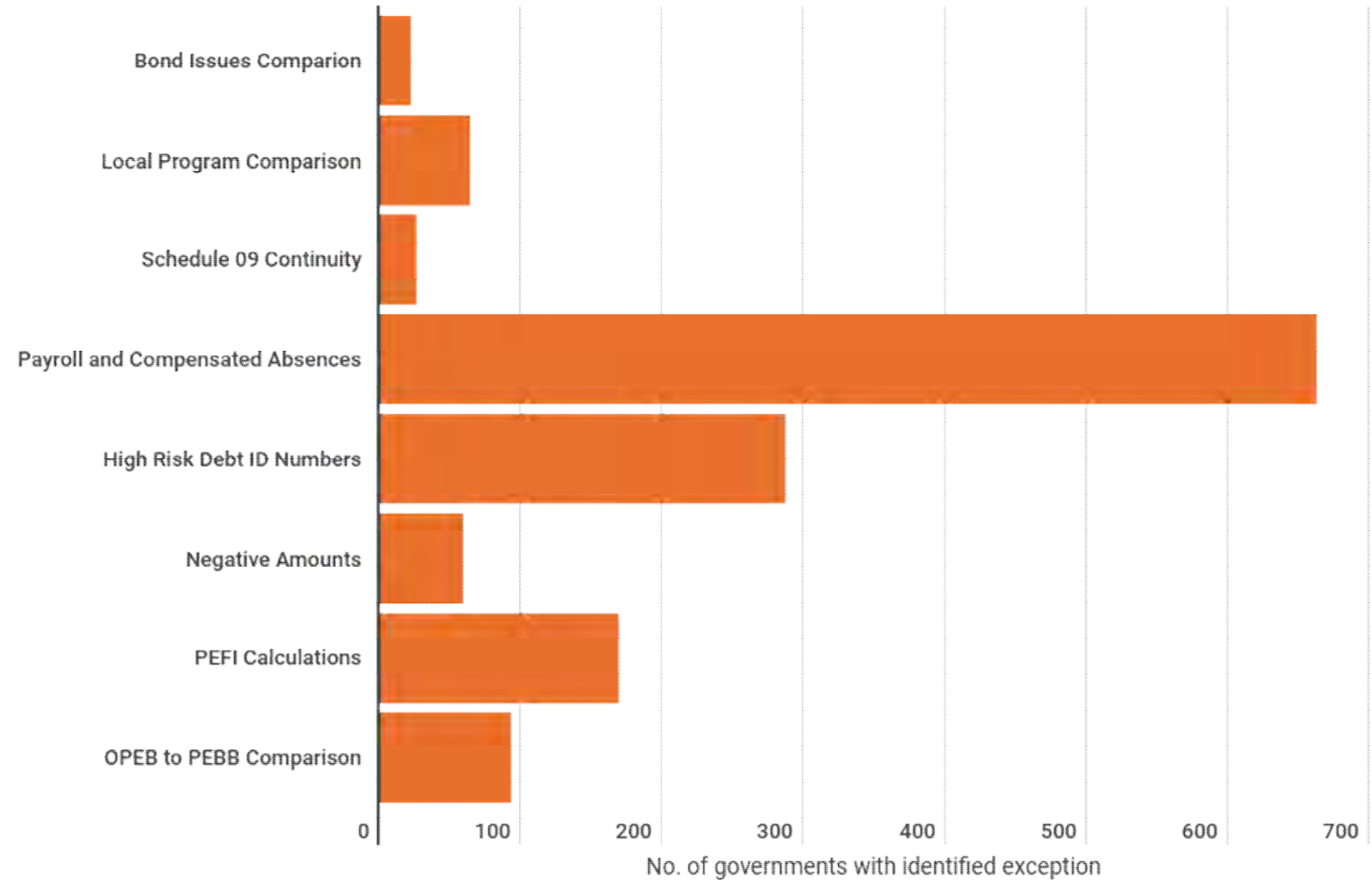
**Financial Statements /
C4 & C5**



Data accuracy



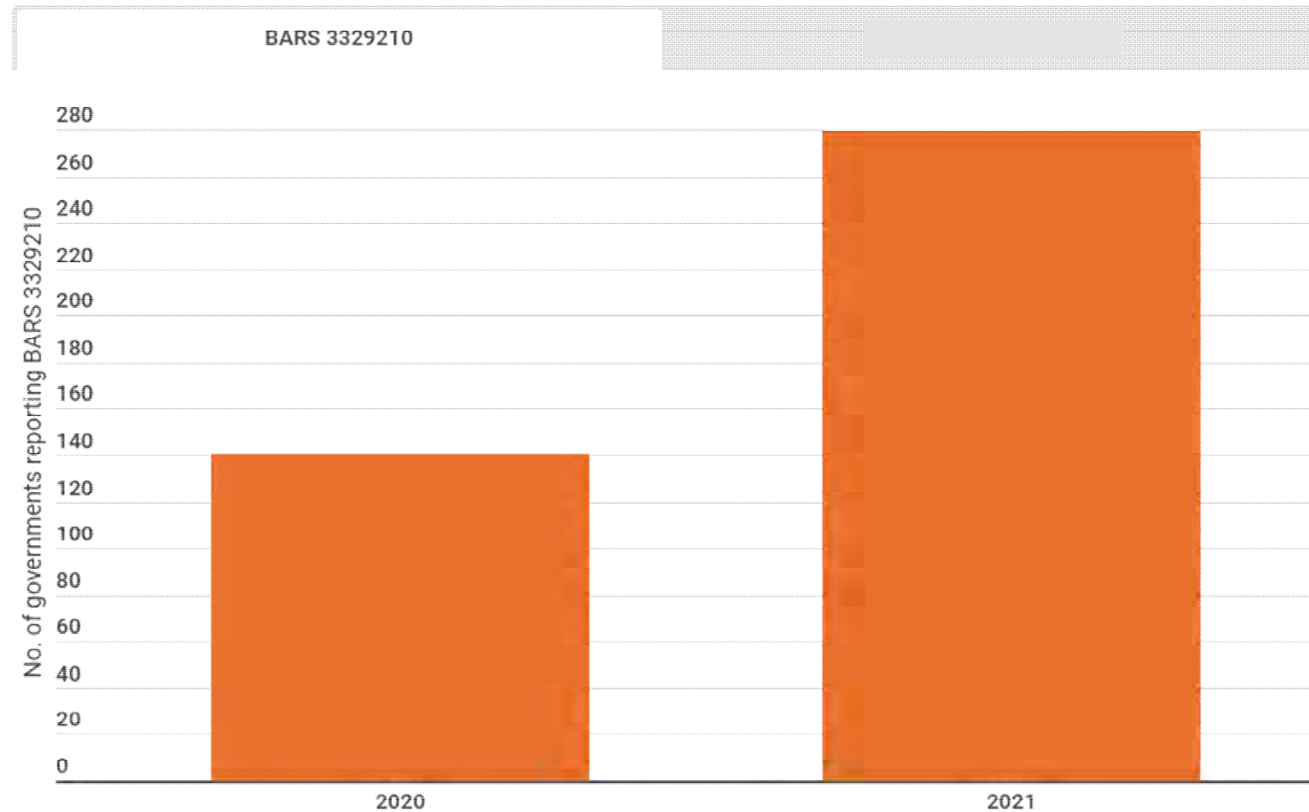
Debt & Liabilities / Schedule 09



Data accuracy



**Grants and BARS
account code
3329210**



Data accuracy – case study



Data accuracy – case study 1



To: Center@sao.wa.gov

From: StateAgencyWhoHasCash@State.gov

Subject: Financial Capability Assessment Question

A sewer fund has requested funding, however this entity doesn't seem to have any sewer related revenues.

I noticed that the fund reports sewer expenditures, but it seems they may not be able to support themselves without any revenue. Can you help figure this out?

Data accuracy – case study 1

Question 1: What observation do you make about the sewer fund's activity in **Exhibit A**?

Question 2: What would you tell the state agency?

Data accuracy – case study 1

	▾ 2018	▾ 2019	▾ 2020
	▾ Proprietary	▾ Proprietary	▾ Proprietary
	▾ Enterprise	▾ Enterprise	▾ Enterprise
	Sewer Fund	Sewer Fund	Sewer Fund
	Amounts	Amounts	Amounts
▸ Taxes	\$61,528	\$51,399	\$51,270
▸ Intergovernmental Revenues		\$19,436	\$91,355
▾ Charges for Goods and Services Total	\$158,441	\$173,653	\$177,723
▸ Utilities Total	\$158,441	\$173,653	\$177,723
▸ Sewer/Reclaimed Water Sales and Services			
▸ Cemetery Sales and Services	\$151,798	\$167,131	\$171,104
▸ Solid Waste Sales and Services	\$6,643	\$6,522	\$6,619
▸ Miscellaneous Revenues	\$4,513	\$5,897	\$5,124

Data accuracy – case study 1

	2016	2017	2018	2019
	Proprietary	Proprietary	Proprietary	Proprietary
	Enterprise	Enterprise	Enterprise	Enterprise
	Sewer Fund	Sewer Fund	Sewer Fund	Sewer Fund
	Amounts	Amounts	Amounts	Amounts
▸ Licenses and Permits			\$1,000	\$1,000
▾ Charges for Goods and Services Total	\$62,200	\$64,752	\$67,254	\$72,704
▾ Utilities Total	\$62,200	\$64,752	\$67,254	\$72,704
▸ Cemetery Sales and Services	\$62,200	\$64,752	\$67,254	\$72,704
▸ Miscellaneous Revenues	\$950	\$215	\$816	\$1,526

	2016	2017	2018	2019
	Proprietary	Proprietary	Proprietary	Proprietary
	Enterprise	Enterprise	Enterprise	Enterprise
	Sewer	Sewer	Sewer	Sewer
	Amounts	Amounts	Amounts	Amounts
▸ Licenses and Permits			\$209	
▾ Charges for Goods and Services Total	\$8,030,597	\$9,326,024	\$9,933,407	\$10,352,056
▾ Utilities Total	\$8,030,597	\$9,326,024	\$9,933,407	\$10,352,056
▸ Sewer/Reclaimed Water Sales and Services	\$8,030,597			
▸ Solid Waste Sales and Services		\$9,326,024	\$9,933,407	\$10,352,056
▸ Miscellaneous Revenues	\$100,226	\$89,954	\$23,469	\$152,756

Data accuracy – case study 2



To: Center@sao.wa.gov

From: StateAgencyWhoHasCash@State.gov

Subject: Financial Capability Assessment Question

An entity is looking to refinance its sewer related debt. When we assessed the financials, the fund doesn't seem to be paying any sewer debt service at all.

What's going on?

Data accuracy – case study 2

Question 1: What type of debt does the government seem to have in **Exhibit B**?

Question 2: What does **Exhibit C** say about the debt you identified above?

Question 3: What conclusion do you make?

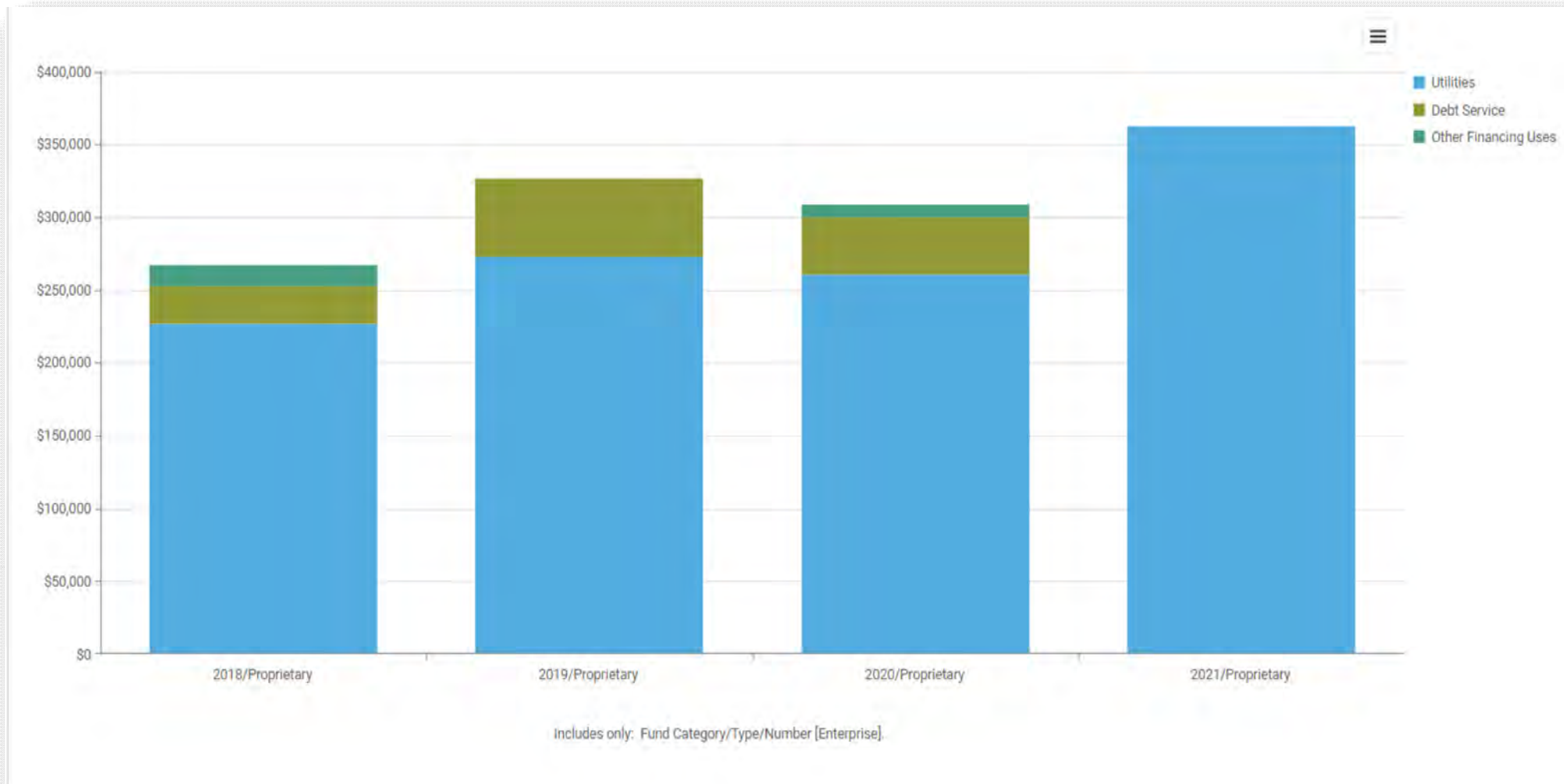
Data accuracy – case study 2

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligation Debt/Liabilities						
263.81	USDA Sewer Loan	6/11/2051	280,889	-	5,551	275,338
263.81	USDA Sewer Loan	6/11/2051	-	-	2,077	(2,077)
263.81	Sewer Loan USDA	10/11/2035	134,748	-	6,390	128,358
263.81	USDA Sewer Loan	10/1/2044	99,201	-	5,164	94,037

Data accuracy – case study 2

	▼ 2018		▼ 2019		▼ 2020		▼ 2021	
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
▼ Utilities Total	\$128,697	\$98,188	\$111,662	\$161,214	\$113,315	\$147,239	\$201,283	\$161,340
▶ Water Utilities	\$128,697		\$111,662		\$113,315		\$201,283	
▶ Sewer/Reclaimed Water Utilities		\$98,188		\$161,214		\$147,239		\$161,340
▼ Debt Service Total		\$25,721	\$39,380	\$14,000	\$39,068			
▶ Redemption of Debt		\$19,494	\$39,380		\$39,068			
▶ Interest and Other Debt Service Cost		\$6,227		\$14,000				
▶ Other Financing Uses		\$14,680				\$8,617		

Data accuracy – case study 2



FIT Demo – case studies



FIT

FIT Demo – case studies

SAO has resources to help identify data issues.

c	Enterprise Funds - Do fund-to-function relationships make sense (for example, are there cemetery expenses in a water utility fund)?
c	Enterprise funds - Are amounts reported as rents (362xxxx) in enterprise funds only for misc. rental activity (not a primary source of revenue for the fund)?
c	For any concerning or cautionary funds, review each indicator: is the underlying data accurate?

Center for Government Innovation

What to do after you file: Data quality checklist
If you have questions about your data or this checklist, email us at center@saoinn.gov.

Date of Review: _____
 Unit or department: _____
 Completed by: _____
 My recommendation: _____

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Indicator	Indicator and description	Yes/No	Comments/Explanation
I. Accurate - Revenue: Access your revenue report by scrolling down to the "Annual Billing Data," section of your FIT profile. Select the Revenue report, or the summary report in this section. You can add internal Service Funds by using the "Report Admin."			
A.	All funds - Do revenue types appear consistent in amounts or consistent with your expectations? Repeat each revenue category to show specific types of collections.	<input type="checkbox"/> YES <input type="checkbox"/> NO	Certain types of revenues are generally consistent from year to year (sales, for example). Other types may vary based on services, like charges for sales. Others may vary because of timing, like grants. Revenue trends over time - do any trends stand out as unusual based on these factors? NOTE: SAAS loading changes and exclusions can change the appearance of trends over time.
B.	All funds - Are Misc. Revenue (362xxxx) generally immaterial to the rest of revenues each year?	<input type="checkbox"/> YES <input type="checkbox"/> NO	SAAS account balances should only be used for minor, immaterial amounts. If the number is growing or is material to the Fund, there may be a more appropriate SAAS account for some of the receipts.

Financial health indicators



- Separate indicators for GAAP and Cash-basis governments
- Outlooks for funds as well as individual indicators
- All indicators provide rational and underlying data

Financial health indicators



Some measure the adequacy of cash reserves.



Others measure the ability to “add” to ending fund balances.



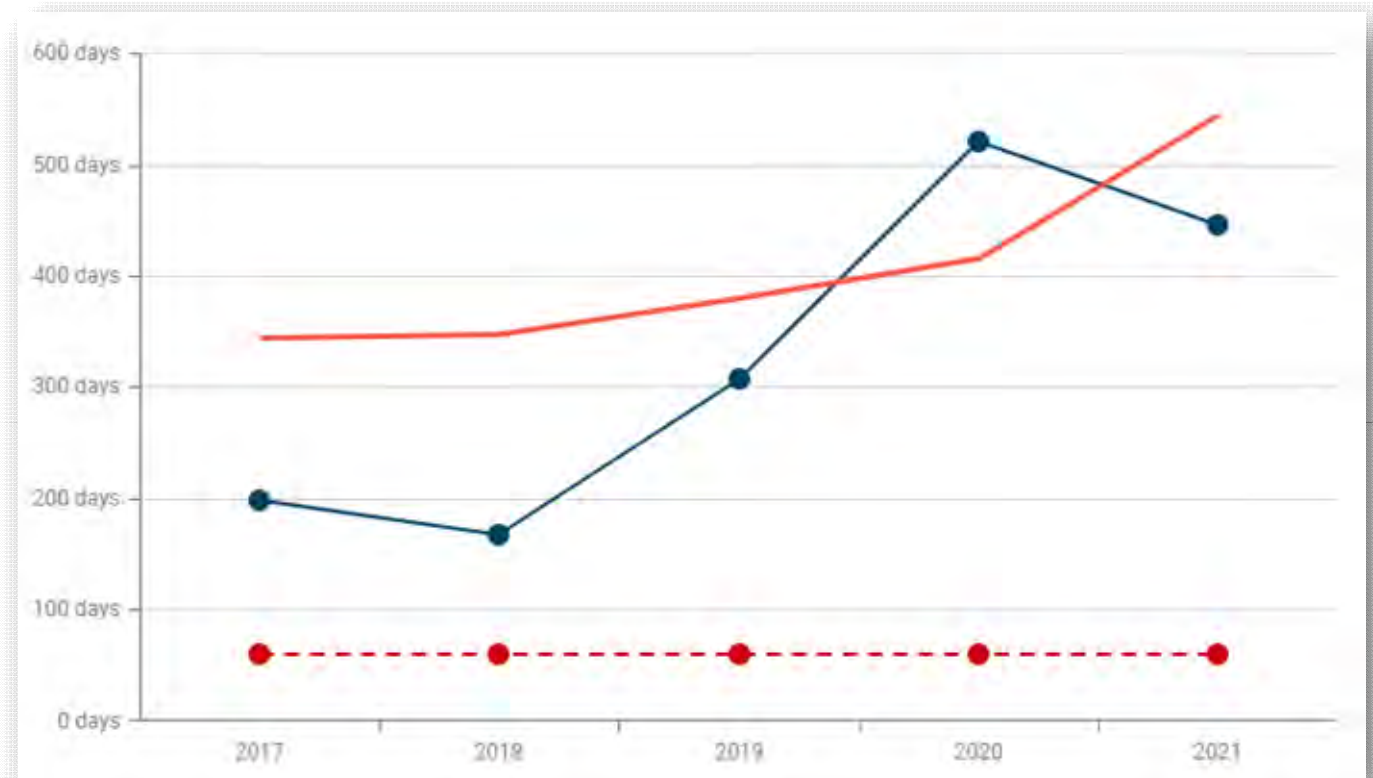
Others measure whether the fund itself is living “within its means.”



Some measure the proportion of debt service to its available revenue.

Financial health indicators

- Utilize outlooks and benchmarks as one of many tools to assess financial health.
- Compare your health to others in FIT by adding averages, median health, or a custom set of your own peers.



Financial health indicators

Outlook: **Concerning** ⓘ

Benchmark: **greater than or equal to 60 days**

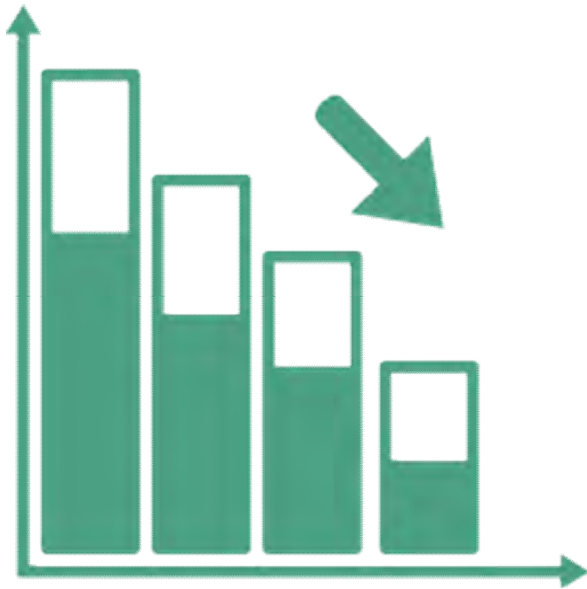
	2017	2018	2019	2020	2021
Cash, Cash Equivalents and Investments	\$0	\$0	\$1,754,206	\$2,073,576	\$1,985,464
⊖ Expenses (excluding Depreciation)	\$0	\$14,327,523	\$14,028,522	\$15,802,887	\$15,748,682
Ⓚ Days In A Year	365	365	365	365	365
☰ Cash Balance Sufficiency		0	46	48	46
<i>GAAP Irrigation and Reclamation District Mean/Average</i>	<i>593</i>	<i>430</i>	<i>460</i>	<i>552</i>	<i>373</i>
<i>GAAP Irrigation and Reclamation District Median</i>	<i>502</i>	<i>318</i>	<i>358</i>	<i>331</i>	<i>344</i>
<i>GAAP Irrigation and Reclamation District Trimean*</i>	<i>524</i>	<i>357</i>	<i>395</i>	<i>333</i>	<i>367</i>

Financial health indicators



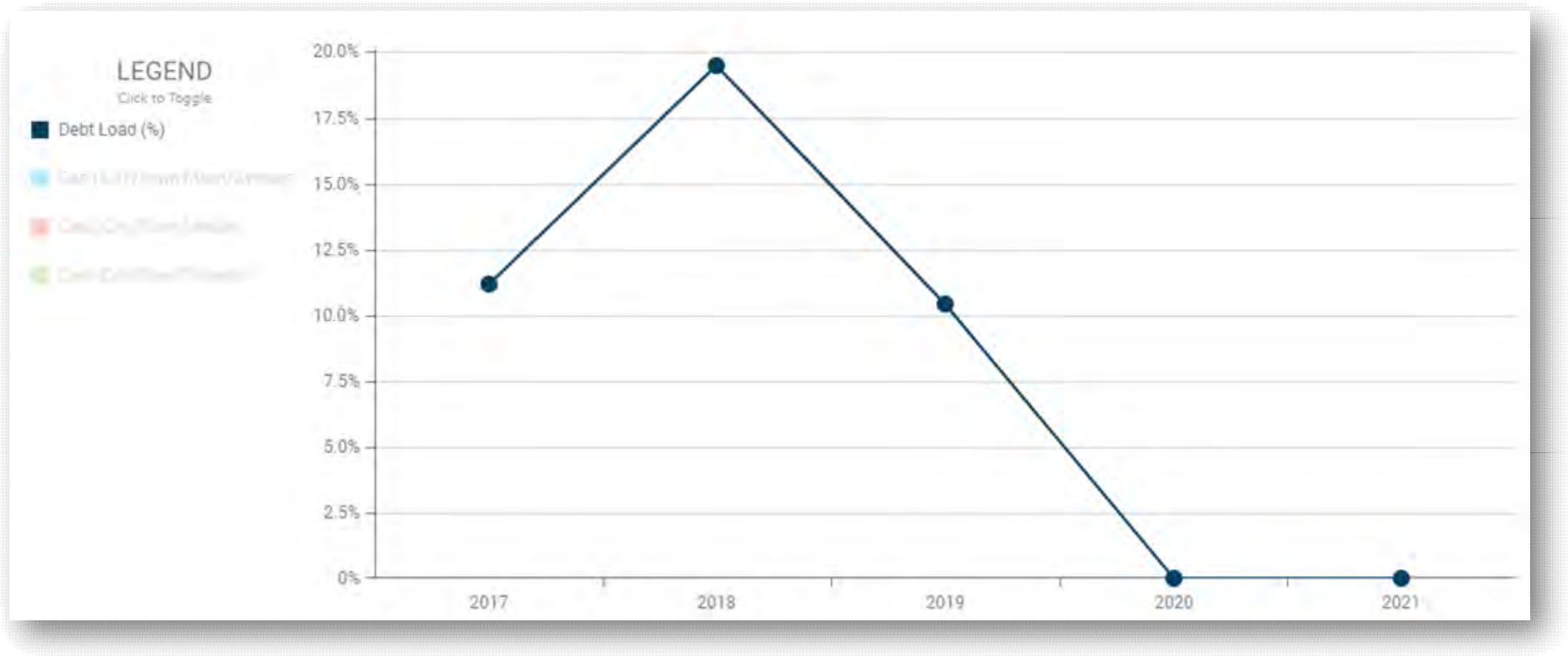
- Other agencies or lenders may have their own criteria or method of assessing health
- Review the formulas and understand how your data affects each one

Financial health indicators



- Change isn't always bad
- Explaining changes in financial condition can be difficult
- Make sure your data is accurate

Financial health indicators



Tips for local governments

- Understand why your data looks the way it does
- Ensure the data is correct
- Consider the factors that led to the data
- Compare the current year to your financial statements
- Utilize SAO's financial checklists

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What to do after you file: Data quality checklist

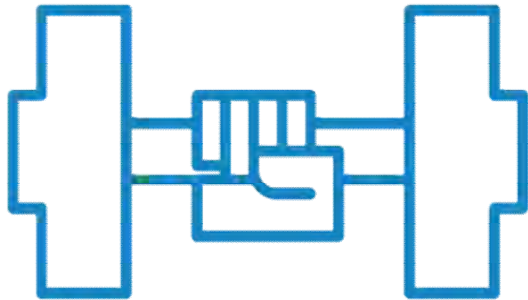
If you have questions about your data or this checklist, email us at center@sao.wa.gov

Date of Review:	
Unit or department:	
Completed by:	
Key recommendations:	

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Checklist	Number and Description	Yes/No	Notes	Importance/Explanation
1. Analysis - Revenues: Access your revenue report by scrolling down to the "Annual Filing Data," section of your FIT profile. Select the Revenue report, or the left-most report in this section. You can add Internal Service Funds by using the "Report Menu."				
a	All funds - Do revenue types appear consistent from year to year, either consistent in amounts or consistent with your expectations? Expand each revenue category to show specific types of collections.	<input type="checkbox"/> YES <input type="checkbox"/> NO		Certain types of revenues are generally consistent from year to year (taxes, for example). Other types may vary based on services, like charges for sales. Others may vary because of timing, like grants. Review trends over time - do any trends stand out as unusual based on these factors? NOTE: BARS coding changes and decisions can change the appearance of trends over time.
b	All funds - Are Misc. Revenues (369xxxx) generally immaterial to the rest of revenues each year?	<input type="checkbox"/> YES <input type="checkbox"/> NO		BARS account 3699xxx should only be used for minor, immaterial amounts. If this number is growing or is material to the fund, there may be a more appropriate BARS account for some of the receipts.

How to get FiT



Personal Training Session
email us at center@sao.wa.gov



**Weekly Digest &
Audit Connection Blog**

Questions



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