

STATEWIDE FISCAL POLICY ADVISORY COMMITTEE

AGENDA
February 12, 1998
1:30 - 3:30 p.m.

Review and approve minutes of the January 15, 1997 meeting.

Committee will discuss the following:

1. Dave Tolman – Report on meal per diems of neighboring states.
2. Steve Allison and Dave Tolman – Discuss results of meeting with representatives from the Governor's Office and the Board of Examiners regarding an employee award policy.

Committee members - If you or your designated representative are unable to attend, please contact Teresa Schmaljohn or Melonie Bartolome (334-3150) prior to the meeting. Thanks.

STATEWIDE FISCAL POLICY ADVISORY COMMITTEE

AGENDA
March 26, 1998
1:15 - 3:30 p.m.

Review and approve minutes of the February 26, 1997 meeting.

Committee will discuss the following:

1. Dave Tolman and Larry Kirk – report on meal per diems of Wyoming and Montana.
2. Steve Allison – present a draft of an employee award policy to be presented to the Board of Examiners.
3. Kathy Opp – report results of research on triple-net leases.
4. Kathy Chase – present a copy of State Code requiring a certified letter be sent to the check issuer when checks issued to State agencies are returned by the bank.

Committee members - If you or your designated representative are unable to attend, please contact Teresa Schmaljohn or Melonie Bartolome (334-3150) prior to the meeting. Thanks.

Please note that the FPAC meetings will now convene at 1:15 instead of 1:30.

STATE WIDE FISCAL POLICY ADVISORY COMMITTEE

AGENDA
April 23, 1998
1:15 – 3:30 p.m.

Review and approve minutes of the February 26, 1998 meeting and the minutes of the April 2, 1998 meeting.

Committee will discuss the following:

Larry Kirk – research on notice of dishonored checks.

Kathy Opp – report results of research on triple-net leases.

Steve Allison – research on writing warrants for nominal amounts.

Steve Allison – additional issues for the committee's consideration.

Committee members – If you or your designated representative is unable to attend, please contact Teresa Schmaljohn or Melonie Bartolome (334-3150) prior to the meeting.
Thanks

Please note that the FPAC meetings will now convene at 1:15 instead of 1:30.

STATE WIDE FISCAL POLICY ADVISORY COMMITTEE

AGENDA
May 21, 1998
1:15 – 3:30 p.m.

Review and approve minutes of the April 23, 1998.

Committee will discuss the following:

Steve Allison and Larry Kirk – report results of research on triple-net leases (Larry) and discussion with Mr. Williams and Mr. Turner (Steve).

Steve Allison – report research findings on writing warrants and interagency billings for nominal amounts.

Dave Tolman – report results of research on interfund borrowing.

Committee members – If you or your designated representative is unable to attend, please contact Teresa Schmaljohn or Melonie Bartolome (334-3150) prior to the meeting. Thanks

Please note that the FPAC meetings will now convene at 1:15 instead of 1:30.

STATEWIDE FISCAL POLICY ADVISORY COMMITTEE

MINUTES
May 21, 1998

Committee Members Attending:

Steve Allison, SCO (Co-Chair)
Kathy Chase, ITD
Marion Demar, P&R (for Jane Wright)
Larry Kirk, LSO
Kathy Opp, IDL
Dave Tolman, DFM (Co-Chair)

Staff Members Attending:

Teresa Schmaljohn, SCO
Marsi Woody, DFM
Rose Wrenn, SCO

Meeting convened at 1:20 with Steve Allison conducting.
Minutes of the April 23, 1998 meeting were reviewed and approved as follows:

Motion by: Steve Allison
Second by: Kathy Opp
With the suggested change, the vote was unanimous in the affirmative.

Agenda Item No. 1
Triple-Net Leases

Steve reported that he had spoke with Mr. Turner and Mr. Williams regarding triple-net leasing. The Committee will address the matter at the next meeting.

Agenda Item No. 2
Warrants and Interagency Billings for Nominal Amounts

Steve presented an outline of the policies of various states regarding issuance of warrants for minimum amounts. The Committee agreed that, if it is decided that the State will not issue a warrant under a specific amount, the State should also not bill for anything under that amount. Rose will research the direct cost of issuing a warrant and will report back to the Committee.

Agenda Item No. 3
Interfund Borrowing

Dave Tolman reported that Idaho Code does not address inter-fund borrowing. The Committee decided that inter-fund borrowing should be allowed under certain circumstances and with some restrictions. Dave Tolman will draft a policy for the next meeting.

Other Issues

Kathy Opp raised the issue of required draw-downs. Because agencies' are required to make an early transfer of funds to the Payroll Clearing Fund for the purpose of covering payroll, the General Fund, instead of the agency, is receiving the interest. Since federal grants may require that any interest associated with the grant be credited to the agency, this may cause the agency to be in violation of the grant terms. Steve will speak to Peggy Haar about processing payroll through STARS closer to the required payroll time and report back to the Committee at the next meeting.

Kathy Opp informed the Committee that when the State Insurance Fund owes an agency a refund of workers compensation premiums, the agency is issued a credit through the payroll instead of a check. The credits are used as exact amount offsets against the premiums paid for current payroll. This results in a zero premium payment every payroll until the credit is used up. Receiving a refund, instead of a credit, would allow the Agency more discretion in how the money will be spent. Also, occasionally the credit is such a large amount that it can take several years to use it up. Rose will check with Chuck Severn to determine if there are any EIS requirements that would prevent an actual refund.

The agenda was set for the next meeting, to be held June 25, 1998 at 1:15 p.m. The July meeting will be held July 23, 1998 at 1:15 p.m.

The meeting adjourned at 3:00 p.m.

STATE WIDE FISCAL POLICY ADVISORY COMMITTEE

AGENDA

June 25, 1998

1:15 – 3:30 p.m.

Review and approve minutes of the May 21, 1998 meeting.

Committee will discuss the following:

Steve Allison and Larry Kirk – report results of research on triple-net leases (Larry) and discussion with Mr. Williams and Mr. Turner (Steve).

Steve Allison – report results of discussion with Peggy Haar regarding the draw down of funds for payroll purposes.

Steve Allison – Expenditure coding for vacation time. Per F & G.

Dave Tolman – present a draft of the inter-fund borrowing policy.

Rose Wrenn – report research findings on writing warrants and interagency billings for nominal amounts.

Rose Wrenn– report results of discussion with Chuck Severn regarding possible EIS requirements or mandates that would prevent a refund instead of a credit from the State Insurance Fund.

Committee members – If you or your designated representative is unable to attend, please contact Rose Wrenn (334-3101 ext. 3329 or e-mail rwrenn@sco.state.id.us) prior to the meeting. Thank you.

FPAC

POSSIBLE TOPICS TO ADDRESS

Bad Debts – There was some proposed legislation regarding bad debts. We need to find out what the results were.

Suspense Accounts – Guidance on use of the suspense account. Account should not be used as a misc. account, but should be used on a short-term basis until agency is able to identify the proper handling of the account.

Reconciliations - Require reconciliation of the STARS 7101 report for receipts and disbursements.

Per Diems for hired consultants - Can these be limited?

Agency checking accounts – Require specific procedures and control for agencies that have separate checking accounts.

When to deny services to delinquent debtors

EFTs – Possibly a blanket statement – agency should work towards adding frequently used vendors to the system.

Petty Cash - Authorized uses for petty cash.

Construction in Progress – Should be tracking. How do we handle in regards to FAS?

Software Capitalization

Capital Outlay – Administration Policy (\$300?) vs. Fixed Asset System Policy.

Federal Funds Accounting – What is a Fee for Service vs. What is a Grant?

Updated Rotary Fund Guidelines?

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STATE WIDE FISCAL POLICY ADVISORY COMMITTEE

AGENDA
June 25, 1998
1:15 – 3:30 p.m.

Review and approve minutes of the May 21, 1998.

Committee will discuss the following:

Steve Allison and Larry Kirk – report results of research on triple-net leases (Larry) and discussion with Mr. Williams and Mr. Turner (Steve).

Rose Wrenn – report research findings on writing warrants and interagency billings for nominal amounts.

Dave Tolman – present a draft of the interfund borrowing policy.

Steve Allison – report results of discussion with Peggy Haar regarding the drawdown of funds for payroll purposes.

Rose Wrenn – report results of discussion with Chuck Severn regarding possible EIS requirements or mandates that would prevent a refund instead of a credit from the State Insurance Fund.

Committee members – If you or your designated representative is unable to attend, please contact Rose Wrenn (334-3150) prior to the meeting. Thank you.

STATE WIDE FISCAL POLICY ADVISORY COMMITTEE
AGENDA
July 23, 1998
1:15 – 3:30 p.m.

Review and approve minutes of the June 25, 1998 meeting.

Committee will discuss the following:

Agency checking accounts – Require specific procedures and control for agencies that have separate checking accounts.

Authorized Use of Petty Cash

Updated Rotary Fund Guidelines?

Kathy Opp – Present Triple-net lease policy on offsetting expenses against receipts.

Chuck Severn – Report on travel and IRS taxable meals requirements.

Dave Tolman – Update on Inter-agency fund borrowing limits.

Dave Tolman & Jane Wright – Update on budgeting interest & principal on capital leases.

Steve Allison & Larry Kirk – When do people think the federal fund should be used?

Committee members – If you or your designated representative is unable to attend, please contact Rose Wrenn (334-3101 ext. 3329 or e-mail rwrenn@sco.state.id.us) prior to the meeting. Thank you.

FPAC

POSSIBLE TOPICS TO ADDRESS

Bad Debts – There was some proposed legislation regarding bad debts. We need to find out what the results were.

Suspense Accounts – Guidance on use of the suspense account. Account should not be used as a misc. account, but should be used on a short-term basis until agency is able to identify the proper handling of the account.

Reconciliations - Require reconciliation of the STARS 7101 report for receipts and disbursements.

Per Diems for hired consultants - Can these be limited?

When to deny services to delinquent debtors

EFTs – Possibly a blanket statement – agency should work towards adding frequently used vendors to the system.

Construction in Progress – Should be tracking. How do we handle in regards to FAS?

Software Capitalization

Capital Outlay – Administration Policy (\$300?) vs. Fixed Asset System Policy.

Federal Funds Accounting – What is a Fee for Service vs. What is a Grant?

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STATEWIDE FISCAL POLICY ADVISORY COMMITTEE
AGENDA
AUGUST 27,1998
1:15 – 3:30 p.m.

Review and approve minutes of the July 23, 1998 meeting.

Committee will discuss the following:

Agency Checking Accounts – Require specific procedures and control for agencies that have separate checking accounts.

Authorized Use of Petty Cash

Updated Rotary Fund Guidelines

Kathy Opp – Present Triple-net lease policy on offsetting expenses against receipts.

Chuck Severn – Report on travel and IRS taxable meal requirements.

Dave Tolman – Update on agency borrowing limits between funds.

Dave Tolman & Jane Wright – Update on budgeting interest & principal on capital leases.

Jane Wright – Transaction codes for “P” cards.

All – Further discussion about when the federal fund should be used and what happens to unspent balances? Also, discuss interpretation of Idaho Code 67-1206. Is a grant the same as a fund?

Committee members – If you or your designated representative is unable to attend, please contact Rose Wrenn at 332-8801 or e-mail rwrenn@sco.state.id.us prior to the meeting. Thank you.

FUTURE TOPICS:

Bad Debts – There was some proposed legislation regarding bad debts. What were the results?

Suspense Accounts – Guidance on use of the suspense account. Account should not be used as a misc. account, but should be used on a short-term basis until the agency is able to determine the identity of the cash.

Reconciliation – Require reconciliation of the STARS 7101 report of receipts and disbursements.

Consultants’ Per Diems – Can these be limited?

Delinquent Debtors – When to deny services.

EFTs – Agencies should work toward adding frequently used vendors to the system.

Construction in Progress – Should be tracking. How should it be handled for FAS?

Software Capitalization – What should the rules be?

Capital Outlay - Should Dept. of Administration policy of \$300 be followed or FAS policy?

Federal Funds Accounting – What is a fee for service vs. a grant? Also, is a grant a fund?
(Refer to IC 67-1206)

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STATEWIDE FISCAL POLICY ADVISORY COMMITTEE

MINUTES
January 15, 1998

Committee Members Attending:

Steve Allison, SCO (Co-Chair)
Kathy Chase, ITD
Beth Ann Christensen, IDL (for Kathy Opp)
Marion Demar, P&R (for Jane Wright)
Dave Fulkerson, CI
Larry Kirk, LSO
Dave Tolman, DFM (Co-Chair)

Staff Members Attending:

Teresa Schmaljohn, SCO

Meeting convened at 1:35 p.m. with Steve Allison conducting.

Minutes for the December 18, 1997 meeting were reviewed and approved as follows:

Motion by: Dave Tolman
Second by: Dave Fulkerson
Vote was unanimous in the affirmative.

Agenda Item No. 1
Meal Expenses

The Committee discussed submitting a request to the Board of Examiner's subcommittee regarding an increase in the State's per diem rate. Dave Tolman reported that the basic Federal rate is currently \$30, with higher rates allowed in designated areas. The Committee will reseach this matter further.

Agenda Item No. 2
Employee Gifts

The Committee discussed the issue of employee gifts and awards. It was determined that awards should be limited to specific achievements and should be left to management's discretion. Gifts for retirements, births, sympathy and other occassions not related to the employee's job should not be given to employees. The Committee discussed developing a policy to address this issue. The Governor's Office and the Board of Examiners will be consulted before further steps are taken.

Agenda Item No. 3
Offsetting of Payables with Receivables

Steve Allison lead the discussion of offsetting the State's payables with its recivables. Benefits and potential problems were addressed. The issue will be readdressed at a future meeting after additional research has been done.

The agenda was set for the next meeting, to be held **February 12, 1997**, at 1:30 p.m.

The meeting adjourned at 2:35.

STATEWIDE FISCAL POLICY ADVISORY COMMITTEE

MINUTES
February 26, 1998

Committee Members Attending:

Steve Allison, SCO (Co-Chair)
Kathy Chase, ITD
Marion Demar, P&R (for Jane Wright)
Dave Fulkerson, CI
Larry Kirk, LSO
Kathy Opp, IDL
Dave Tolman, DFM (Co-Chair)

Staff Members Attending:

Merideth Hackney, SCO
Teresa Schmaljohn, SCO
Chuck Severn, SCO

Agenda Item No. 1 *Meal Expenses*

The Committee discussed the impact that changing the travel per diem would have on the agencies if the per diem were increased during fiscal year 1998/99. Dave Tolman reported that Washington and Colorado are using Federal rates and Utah has a per diem of \$29 for in-state travel and \$34 for out-of-state travel. Further research will be conducted to determine the policy other neighboring states.

Agenda Item No. 2 *Employee Awards*

The Committee discussed creating a policy to address employee awards. It was concluded that that employee award policies should be created at agency level. The Committee may issue some guidance regarding what qualifies as employee recognition. Steve will put something together for the next meeting.

Other Items

Kathy Opp informed the Committee that the Department of Lands is considering entering triple-net leases. The Committee discussed the appropriate handling of these assets for financial reporting purposes. Kathy will conduct further research regarding this matter.

Kathy Chase informed the Committee that agencies are required, per Idaho Code, to notify check issuers by certified mail when a check has been returned by the bank. The practicality of this was questioned since the cost of certified letters can cost more than the value of the check. Kathy will bring a copy of the Code to the next meeting.

The agenda was set for the next meeting, to be held **March 26, 1997**, at 1:15 p.m.

The meeting adjourned at 2:35.

STATEWIDE FISCAL POLICY ADVISORY COMMITTEE

MINUTES
April 2, 1998

Committee Members Attending:

Steve Allison, SCO (Co-Chair)
Kathy Chase, ITD
Beth Ann Christensen, IDL (for Kathy Opp)
Dave Fulkerson, CI
Larry Kirk, LSO
Dave Tolman, DFM (Co-Chair)
Jane Wright, IDPR

Staff Members Attending:

Melonie Bartolome, SCO
Chuck Severn, SCO

Meeting convened at 1:20 with Steve Allison conducting.

Agenda Item No. 1
Meal Expenses

The committee reviewed and discussed State Travel Policy Meal Reimbursement Rates. Dave Tolman presented a memo listing travel reimbursement rates from neighboring states.

The discussion centered on the issue of increasing the state rates to match the federal rate. It was decided that Dave Tolman would make a few wording changes to the memo regarding this increase and the memo would then be presented to the Board of Examiners along with a state reimbursement rate history for their review.

In the instance that the Board of Examiners does not approve the federal rate increase, the committee will propose that the rates be increased by a percentage of the federal rate. The consensus of the committee is to have the rate tied to an indicator, such as the federal rate, so the rate will increase progressively with inflation or other economic factors to make the rate fair to employees.

The committee realizes that agencies will need some time to accommodate a rate increase into their budgets. It was proposed that the implementation of the rate increase be in FY 99.

Agenda Item No. 2
Employee Award Policy

The committee reviewed a draft of PERSI's awards for state service. The question was raised and discussed whether to make a distinction between "recognition" and "incentive" in the policy. The committee decided not to make a distinction between the two. Steve Allison will forward a copy of the policy to Mr. Williams.

Agenda Item No. 3
Triple-net Leases

Postponed until next meeting in lieu of Kathy Opps absence.

Agenda Item No. 4
Notice of Dishonored Check

Kathy Chase presented State Code requiring a certified letter be sent to the check issuer when the bank returns checks issued to State Agencies. The committee discussed the expense of this requirement. Larry Kirk suggested we ask Michael Nugent to do some research on the history of this statute. Larry will talk with the rule writing personnel and follow-up on this issue and at the next meeting.

New Issue
Warrant Writing for Nominal Amounts

The issue was raised regarding warrant writing for nominal amounts. Steve Allison will research and bring information to the next meeting.

The agenda was set for the next meeting, to be held April 23, 1998 at 1:15 p.m. The May meeting will be May 21, 1998 at 1:15 p.m.

The meeting adjourned at 2:45 p.m.

STATEWIDE FISCAL POLICY ADVISORY COMMITTEE

MINUTES
April 23, 1998

Committee Members Attending:

Steve Allison, SCO (Co-Chair)
Larry Kirk, LSO
Kathy Opp, IDL
Sue Simmons, ITD (for Kathy Chase)
Dave Tolman, DFM (Co-Chair)
Jane Wright, IDPR

Staff Members Attending:

Teresa Schmaljohn, SCO

Meeting convened at 1:25 with Steve Allison conducting.
Minutes of the April 2 meeting were reviewed and approved as follows:

Motion by: Dave Tolman
Second by: Larry Kirk
Vote was unanimous in the affirmative.

Agenda Item No. 1
Notice of Dishonored Check

Larry spoke with Michael Nugent regarding the statute that addressed dishonored checks. The agency has a choice of posting a sign stating that a fee will be charged for returned checks or sending the notice of a dishonored check by registered mail. Dave Tolman will send a note to the agencies informing them of their options.

Agenda Item No. 2
Triple-net Leases

Idaho Code 58-140 states in part that the maintenance and management cost for endowment assets cannot exceed 10 percent of the revenue generated from leasing activities. If such activity were managed using triple-net leasing, the revenue reported would be net of certain costs (for example, insurance, tax, and maintenance). The Committee discussed the accounting impact this would have, including the impact to the CAFR. Larry will

research this issue and Steve will consult with Mr. Williams and Mr. Turner.

Agenda Item No. 3
Warrants of Nominal Amounts

The Committee discussed not issuing warrants for amounts under \$5. Steve will look to other Controller's Office for guidance on this issue and will report back to the Committee. The Committee will also address interagency billings of nominal amounts.

New Issues

The Committee chose to address interfund borrowing. Dave Tolman will research this issue and report to the Committee at the next meeting.

The agenda was set for the next meeting, to be held May 21, 1998 at 1:15 p.m. The June meeting will be held June 25, 1998 at 1:15 p.m.

The meeting adjourned at 3:15 p.m.

STATEWIDE FISCAL POLICY ADVISORY COMMITTEE

MINUTES
May 21, 1998

Committee Members Attending:

Steve Allison, SCO (Co-Chair)
Kathy Chase, ITD
Marion Demar, P&R (for Jane Wright)
Larry Kirk, LSO
Kathy Opp, IDL
Dave Tolman, DFM (Co-Chair)

Staff Members Attending:

Teresa Schmaljohn, SCO
Marsi Woody, DFM
Rose Wrenn, SCO

Meeting convened at 1:20 with Steve Allison conducting.
Minutes of the April 23, 1998 meeting were reviewed and approved as follows:

Motion by: Steve Allison
Second by: Kathy Opp
With the suggested change, the vote was unanimous in the affirmative.

Agenda Item No. 1
Triple-Net Leases

Steve reported that he had spoke with Mr. Turner and Mr. Williams regarding triple-net leasing. The Committee will address the matter at the next meeting.

Agenda Item No. 2
Warrants and Interagency Billings for Nominal Amounts

Steve presented an outline of the policies of various states regarding issuance of warrants for minimum amounts. The Committee agreed that, if it is decided that the State will not issue a warrant under a specific amount, the State should also not bill for anything under that amount. Rose will research the direct cost of issuing a warrant and will report back to the Committee.

Agenda Item No. 3
Interfund Borrowing

Dave Tolman reported that Idaho Code does not address inter-fund borrowing. The Committee decided that inter-fund borrowing should be allowed under certain circumstances and with some restrictions. Dave Tolman will draft a policy for the next meeting.

Other Issues

Kathy Opp raised the issue of required draw-downs. Because agencies' are required to make an early transfer of funds to the Payroll Clearing Fund for the purpose of covering payroll, the General Fund, instead of the agency, is receiving the interest. Since federal grants may require that any interest associated with the grant be credited to the agency, this may cause the agency to be in violation of the grant terms. Steve will speak to Peggy Haar about processing payroll through STARS closer to the required payroll time and report back to the Committee at the next meeting.

Kathy Opp informed the Committee that when the State Insurance Fund owes an agency a refund of workers compensation premiums, the agency is issued a credit through the payroll instead of a check. The credits are used as exact amount offsets against the premiums paid for current payroll. This results in a zero premium payment every payroll until the credit is used up. Receiving a refund, instead of a credit, would allow the Agency more discretion in how the money will be spent. Also, occasionally the credit is such a large amount that it can take several years to use it up. Rose will check with Chuck Severn to determine if there are any EIS requirements that would prevent an actual refund.

The agenda was set for the next meeting, to be held June 25, 1998 at 1:15 p.m. The July meeting will be held July 23, 1998 at 1:15 p.m.

The meeting adjourned at 3:00 p.m.

STATEWIDE FISCAL POLICY ADVISORY COMMITTEE

MINUTES
February 26, 1998

Committee Members Attending:

Steve Allison, SCO (Co-Chair)
Kathy Chase, ITD
Marion Demar, P&R (for Jane Wright)
Dave Fulkerson, CI
Larry Kirk, LSO
Kathy Opp, IDL
Dave Tolman, DFM (Co-Chair)

Staff Members Attending:

Merideth Hackney, SCO
Teresa Schmaljohn, SCO
Chuck Severn, SCO

Agenda Item No. 1

Meal Expenses

The Committee discussed the impact that changing the travel per diem would have on the agencies if the per diem were increased during fiscal year 1998/99. Dave Tolman reported that Washington and Colorado are using Federal rates and Utah has a per diem of \$29 for in-state travel and \$34 for out-of-state travel. Further research will be conducted to determine the policy other neighboring states.

Agenda Item No. 2

Employee Awards

The Committee discussed creating a policy to address employee awards. It was concluded that that employee award policies should be created at agency level. The Committee may issue some guidance regarding what qualifies as employee recognition. Steve will put something together for the next meeting.

Other Items

Kathy Opp informed the Committee that the Department of Lands is considering entering triple-net leases. The Committee discussed the appropriate handling of these assets for financial reporting purposes. Kathy will conduct further research regarding this matter.

Kathy Chase informed the Committee that agencies are required, per Idaho Code, to notify check issuers by certified mail when a check has been returned by the bank. The practicality of this was questioned since the cost of certified letters can cost more than the value of the check. Kathy will bring a copy of the Code to the next meeting.

The agenda was set for the next meeting, to be held **March 26, 1997**, at 1:15 p.m.

The meeting adjourned at 2:35.

STATEWIDE FISCAL POLICY ADVISORY COMMITTEE

MINUTES
JUNE 25, 1998

Committee Members Attending:

Steve Allison, SCO (Co-Chair)
Jane Wright, P& R
Larry Kirk, LSO
Kathy Opp, IDL
Dave Tolman, DFM (Co-Chair)

Staff Members Attending:

Rose Wrenn, SCO

Meeting convened at 1:00 with Dave Tolman conducting.
Minutes of the May 21, 1998 meeting were reviewed and approved as follows:

Motion by: Larry Kirk

Second by: Kathy Opp

Vote was unanimous in the affirmative.

Agenda Item No. 1
Triple-Net Leases

Steve reported that no definitive answer has been received from J. D. Williams.

Kathy Opp reported that IDL has acquired the old US Bank Building at 6th and Washington. The building will not be ready for occupancy until Fall 1998.

Committee members agreed that it is acceptable to offset expenses against receipts for reporting purposes. Kathy will draft a policy re: proper accounting.

Agenda Item No. 2
Draw-down of funds for Payroll

DSA is ready to change the payroll process date from the Thursday or Friday before payday to payday. EIS has various issues that preclude changing the date. EIS is meeting on June 29 to discuss the change.

Agenda Item No. 3
Expenditure Coding for Vacation Taken

Fish & Game questioned how to code the expenditure for vacation taken when an employee is being paid from federal funds, but did not earn the time while being paid from federal funds. It was decided that it is acceptable to code vacation time to whatever funds are currently being used to pay the employee.

Agenda Item No. 4
Inter-fund Borrowing Policy

Dave presented a draft of the inter-fund borrowing policy. Questions were raised about where interest will go for interest-bearing fund which loans to another fund. Larry asked Dave to consult with Deputy A.G. Bill von Tagen about this issue.

Agenda Item No. 5
Minimum Amount Warrant and Inter-agency Billings

Rose reported the following data for FY 1998 YTD warrants issued for small amounts:

Amount is zero	79
Less than \$1.00	630
Less than \$2.00	1,790
Less than \$3.00	1,893
Less than \$4.00	1,848
Less than \$5.00	<u>2,269</u>
Total	8,509

The committee feels that the low volume of these warrants does not warrant further consideration. Due to other projects in process, it was decided not to pursue the inter-agency billing issue.

Agenda Item No. 6
State Insurance Fund Refund/Credits

Rose met with Dave Tolman, Chuck Severn, Peggy Haar, Brad Foltman, and Linda Stewart from SIF on June 22. The result of the meeting was that because of CMIA, SIF would continue to issue credits, as opposed to refunds.

In the case of large credits which will take several fiscal years to use up, SIF will issue refunds, rather than credits, if the agency requests them to do so.

Miscellaneous

Discussion No. 1
Change to Existing Capital Lease Policy

The principal portion of capitalized lease payments will be recorded as an expense to the budget category capital outlay, as identified by a STARS c. o. object code and not as an operating expense or trustee and benefit payment.

Dave and Jane will meet with Brad Foltman and Jeff Youtz re: how to show interest and principal on capital leases in the budget to match the fiscal policy.

Discussion No. 2
Capital Outlay Policy

Inventoriable items are those that cost \$300 - \$4,999, capitalized items - \$5,000 – Up.

Next meeting is Thursday, July 23, 1998 in SCO 4th floor Conference Room A.

Committee members – If you or your designated representative is unable to attend, please contact Rose Wrenn (334-3150 or e-mail rwrenn@sco.state.id.us) prior to the meeting. Thank you.

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**STATEWIDE FISCAL POLICY ADVISORY COMMITTEE
MINUTES
JULY 23, 1998**

In attendance:

Steve Allison, SCO (Co-chair)
Kathy Chase, ITD
Larry Kirk, LSO
Dave Tolman, DFM (Co-chair)
Marsi Woody, DFM
Rose Wrenn, SCO
Jane Wright, P & R

Meeting convened at 1:15 with Steve Allison conducting.

Minutes of the June 25, 1998 meeting were reviewed and approved with a minor change:

Motion by: Jane Wright

Second by: Dave Tolman

Vote was unanimous in the affirmative.

Next meeting scheduled for August 27.

Agenda Item No. 1
Agency Checking Accounts

Postponed until Aug. 27.

Agenda Item No. 2
Authorized Use of Petty Cash

Issuance of warrants for an agency “change” fund, as opposed to a sight draft was discussed. Steve provided handouts on current policies. Further discussion on Aug 27.

Agenda Item No. 3
Updated Rotary Fund Guidelines

Some discussion was held based on handouts of the current policies. Steve will follow up with Sharon and Molly in DSA – Accounting Operations. Further discussion on Aug. 27.

Agenda Item No. 4
Triple-net Lease Policy

Postponed until Aug. 27.

Agenda Item No. 5
Taxable Travel & Meal Requirements

Postponed until Aug. 27.

Agenda Item No. 6
Fund Borrowing Limits

Postponed until Aug. 27.

Agenda Item No. 7
Change to Existing Capital Lease Policy

Jane reported that she had included capital leases in Parks Capital Budget, not in the agency base budget for FY 2000.

Dave and Jane will meet with Brad Foltman and Jeff Youtz to discuss how to show interest and principal on capital leases in the budget to match the fiscal policy. Further discussion on Aug. 27.

Agenda Item #8
Use of Federal Fund

Larry expressed concern about cash balances remaining after federal grants have been closed. Some fund balances have excess cash for which agencies are not requesting appropriations. Further discussion of this issue, in conjunction with Idaho Code 67-1206, on Aug. 27.

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**Fiscal Policy Advisory Committee (FPAC) Agenda
For
September 24, 1998**

Meeting to be held in the SCO 4th floor conference room A.

To add items to the agenda, contact:

Steve Allison, SCO	334-3150	sallison@sco.state.id.us
Dave Tolman, DFM	334-2882	dtolman@dfm.state.id.us

Agenda items:

- 1. Approve/disapprove August 27, 1998 minutes. (See next page)**
- 2. Agency checking accounts (Dave Tolman)**
- 3. New draft policy on triple-net leasing (Kathy Opp)**
- 4. Report on travel and IRS taxable meal requirements (Chuck Severn and Larry Kirk)**
- 5. Agency borrowing limits between funds (Dave Tolman)**
- 6. Transaction codes for “P” cards (Jane Wright and Steve Allison)**
- 7. Further discussion about when the federal fund should be used and what happens to unspent balances. Also, discuss interpretation of Idaho Code 67-1206. Is a grant the same as a fund? (All)**

Committee members – If you or your designated representative is unable to attend, please contact Rose Wrenn at 332-8801 or rwrenn@sco.state.id.us prior to the meeting. Thank you.

**Fiscal Policy Advisory Committee (FPAC) Minutes
For
August 27, 1998**

Meeting was held in the SCO 4th floor conference room A.

The meeting began at 1:25 p.m. with co-chair Dave Tolman presiding.

Minutes from the July 23, 1998 meeting were approved by Larry Kirk and seconded by Steve Allison.

Agenda Item # 1

Agency Checking Accounts:

The issue is that agencies with separate checking accounts require specific procedures and control that have not yet been defined.

Dave Tolman reported that Military Division is currently using checking accounts to pay local expenses. He will check to see if accounts are in the State Treasurer's name and if it is legal. He will also check several other accounts to see how they work.

Agenda Item # 2

Authorized Use of Petty Cash:

Committee voted to move this item to the Future Topics list, pending completion of SCO visits to agencies for rotary fund evaluations and/or discontinuance.

Agenda Item # 3

Updated Rotary Fund Guidelines:

Steve Allison reported that SCO is working on decentralization of rotary funds. Staff will be visiting agencies to determine which agencies are capable of reconciling rotary funds and/or discontinuing rotary funds. Since SCO can process payments overnight, rotary funds are not necessary for some agencies. SOPI has already discontinued use of a rotary fund.

Agenda Item # 4

Triple-net lease policy on offsetting expenses against receipts:

Kathy Opp presented a draft policy. After committee discussion, she will refine the draft and present it at the next meeting.

Agenda Item # 5

IRS Travel & taxable meal requirements:

Chuck Severn was absent from the meeting, but will report at the next meeting. Larry Kirk also volunteered to contact Phillip Brock at the State of Washington for information. It is Larry's

understanding that IRS will offer some training on this issue in October if they have defined the policy.

Agenda Item # 6

Update on agency borrowing limits between funds:

Dave wrote a letter to Deputy AG Von Tegen requesting a legal opinion, but hasn't received a response. Dave has drafted a policy and will work some more on it before the next meeting.

Agenda Item # 7

Budgeting interest & principal on capital leases:

The committee approved Dave's draft policy. He will e-mail it to Rose Wrenn to be sent to agencies for review and approval.

Agenda Item # 8

Transaction codes for "P" cards:

Jane Wright reported on this issue. She feels the committee should address all charge cards, not just "P" cards before a policy is issued. Steve said he would review this with Connie Medlin since Connie has served on the "P" card committee.

Next meeting will be held September 24 from 1:15 – 3:15 p.m. in the SCO 4th floor conference room A.

FUTURE TOPICS:

Authorized Use of Petty Cash –

Bad Debts – There was some proposed legislation regarding bad debts. What were the results?

Capital Outlay - Should Dept. of Administration policy of \$300 be followed or FAS policy?

Construction in Progress – Should be tracking. How should it be handled for FAS?

Consultants' Per Diems – Can these be limited?

Delinquent Debtors – When to deny services.

EFTs – Agencies should work toward adding frequently used vendors to the system.

Federal Funds Accounting – What is a fee for service vs. a grant? Also, is a grant a fund?
(Refer to IC 67-1206)

Reconciliation – Require reconciliation of the STARS 7101 report of receipts and disbursements.

Software Capitalization – What should the rules be?

Suspense Accounts – Guidance on use of the suspense account. Account should not be used as a misc. account, but should be used on a short-term basis until the agency is able to determine the identity of the cash.

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**Fiscal Policy Advisory Committee (FPAC) Agenda
For
October 22, 1998**

Meeting to be held in the SCO 4th floor conference room A.

To add items to the agenda, contact:

Steve Allison, SCO	334-3150	sallison@sco.state.id.us
Dave Tolman, DFM	334-2882	dtolman@dfm.state.id.us

Agenda items:

Approve/disapprove September 24, 1998 minutes. (See next page)

Triple-net leasing – discussion with Mr. Williams (Steve Allison)

Policy for agency borrowing limits between funds (Rose Wrenn)

Discuss Third Party Payer Card Policy

Further discussion about when the federal fund should be used and what happens to unspent balances. Also, discuss interpretation of Idaho Code 67-1206. Is a grant the same as a fund? (All)

Committee members – If you or your designated representative is unable to attend, please contact Rose Wrenn at 332-8801 or rwrenn@sco.state.id.us prior to the meeting. Thank you.

STATEWIDE FISCAL POLICY ADVISORY COMMITTEE
MINUTES
September 24, 1998

In attendance:

Steve Allison, SCO (Co-chair)
Kathy Chase, ITD
Marion Demar, P&R
Dave Hiatt, P&R
Larry Kirk, LSO
Kathy Opp, Admin.
Dave Tolman, DFM (Co-chair)
Teresa Schmaljohn, SCO
Chuck Severn, SCO

Meeting convened at 1:20 with Steve Allison conducting.

Agenda Item No. 1
Aug. 27 Minutes

Minutes of the August 27, 1998 meeting were reviewed and approved with minor changes:

Motion by: Dave Tolman

Second by: Kathy Opp

Vote was unanimous in the affirmative.

Next meeting scheduled for October 22.

Agenda Item No. 2
Agency Checking Accounts

The Committee reviewed the agencies that reported in their GAAP closing packages that they had funds in separate checking accounts. The Committee determined that there was no need to address the issue at this time.

Agenda Item No. 3
Triple-net Lease Policy

Kathy presented a revised copy of the Triple-Net Lease Policy and reported that GAAP requires only a statement in the financial statements that the State is using Triple Net Leasing. There is no requirement to disclose expenses although the State may elect to do so. Steve will consult with Mr. Williams prior to sending the proposed policy out for comment.

Agenda Item No. 4
Taxable Travel & Meal Requirements

Chuck reported that the IRS considers any meal reimbursements given to state employees to be taxable if the employee is away less than a 14-hour period. There is an exception for situations where meals are served on the premises AND if the meals are for the convenience of the employer. The interpretation of this exception is currently being addressed in some Circuit Courts. The Committee has elected to address this issue again when the legal issues have been resolved.

Agenda Item No. 5
Fund Borrowing Limits

Dave Tolman wrote to Deputy Attorney General Von Tagen requesting a legal opinion on this issue. He received a response stating that the Committee could proceed with the policy. Dave will submit the proposed policy to Rose for proper formatting.

Agenda Item No. 6
Purchasing Cards

Steve reported to the Committee that items that were not 1099 reportable could be lumped together for sub-object coding. Dave Hiatt reported that many purchases are classified as 1099 reportable because they fall into the same category as services. For example janitorial supplies and janitorial services are given the same sub-object code. The Committee will review the draft of the Third Party Payer Cards before the next meeting.

Agenda Item No. 7
Federal Funds

Discussion postponed until next meeting.

Next meeting will be held October 22 from 1:15-3:00 in the State Controller's Office, 4th floor, conference room A.

FUTURE TOPICS:

Authorized Use of Petty Cash –

Bad Debts – There was some proposed legislation regarding bad debts. What were the results?

Capital Outlay - Should Dept. of Administration policy of \$300 be followed or FAS policy?

Construction in Progress – Should be tracking. How should it be handled for FAS?

Consultants' Per Diems – Can these be limited?

Delinquent Debtors – When to deny services.

EFTs – Agencies should work toward adding frequently used vendors to the system.

Federal Funds Accounting – What is a fee for service vs. a grant? Also, is a grant a fund?
(Refer to IC 67-1206)

Meals – Meals deemed taxable by the IRS

Reconciliation – Require reconciliation of the STARS 7101 report of receipts and disbursements.

Software Capitalization – What should the rules be?

Suspense Accounts – Guidance on use of the suspense account. Account should not be used as a misc. account, but should be used on a short-term basis until the agency is able to determine the identity of the cash.

**Fiscal Policy Advisory Committee (FPAC) Agenda
For
December 17, 1998**

Meeting to be held in the SCO 4th floor conference room A.

To add items to the agenda, contact:

Steve Allison, SCO 334-3150

sallison@sco.state.id.us

Dave Tolman, DFM 334-2882

dtolman@dfm.state.id.us

Agenda items:

- 1. Approve/disapprove October 22, 1998 minutes. (See next page)**
- 2. Draft policies out for review (Rose Wrenn)**
- 3. Further discussion about when the federal fund should be used and what happens to unspent balances. Also, discuss interpretation of Idaho Code 67-1206. Is a grant the same as a fund? (All)**
- 4. Update on P-cards, including input on draft third-party payee card policy (Kathy Opp, Jane Wright)**
- 5. Software Capitalization (Steve Allison)**
- 6. Review letter to Board of Examiners re: Travel Reimbursement Rate (Steve Allison)**
- 7. Discuss revised format for FPAC Manual (Steve Allison)**
- 8. Discuss who is to receive FPAC meeting agendas & minutes (All)**

Committee members – If you or your designated representative is unable to attend, please contact Rose Wrenn at 332-8801 or rwrenn@sco.state.id.us prior to the meeting. Thank you.

**STATEWIDE FISCAL POLICY ADVISORY COMMITTEE
MINUTES
OCTOBER 22, 1998**

In attendance:

Steve Allison, SCO (Co-chair)
Kathy Chase, ITD
Marion Demar, P&R
Larry Kirk, LSO
Kathy Opp, Admin.
Dave Tolman, DFM (Co-chair)
Rose Wrenn, SCO

Unable to attend:

Dave Fulkerson, CI

Agenda Item # 1

Approve/disapprove September 24, 1998 minutes:

Minutes were reviewed and approved with minor changes.

Agenda Item # 2

Triple-net Leasing:

The triple-net leasing policy was approved. It is to be sent out to agencies for comment.

Agenda Item # 3

Inter-fund Borrowing Limits:

The committee determined that this policy is not ready for release. Dave Tolman will write administrative procedures to be considered at the next meeting.

Agenda Item # 4

Discuss Third Party Payer Card Policy:

This issue was tabled until later. The committee felt that it is premature to send it out until after the purchasing ("P") card pilot agencies have evaluated the system and it can be decided what the committee's role should be. A determination needs to be made as to whether there are fiscal issues to be addressed.

On the issue of "P" cards, Steve reported that he met with Parks & Rec re: sub-objects that are 1099 reportable. As a result of the meeting, new sub-object codes in the 5600 range were added to STARS to complement repair and supply sub-objects. This action is in lieu of changing some of the existing codes to non-1099 reportable.

Agenda Item # 5

Discussion About Unspent Federal Fund Cash Balances:

This item was tabled until the next meeting. Following is Idaho Code section 67-1206 for review before the next meeting:

67-1206 – Transfers of balances in funds. - Whenever there shall be or remain in any special or temporary fund created or established by or under any law of the state of Idaho, a surplus or unexpended and unencumbered balance after the purpose or purposes for which such special or temporary fund was provided shall have been fully accomplished, the state controller shall transfer any such balance to the general fund of the state: provided, that where such balance shall consist, in whole or in part, of the proceeds of any bonds then outstanding, the same shall be transferred to the sinking fund provided for the redemption of such bonds.

Next meeting will be held December 17 1:15-3:00 in the State Controller's Office, 4th floor, conference room A.

FUTURE TOPICS:

Authorized Use of Petty Cash –

Bad Debts – There was some proposed legislation regarding bad debts. What were the results?

Capital Outlay - Should Dept. of Administration policy of \$300 be followed or FAS policy?

Construction in Progress – Should be tracking. How should it be handled for FAS?

Consultants' Per Diems – Can these be limited?

Delinquent Debtors – When to deny services.

EFTs – Agencies should work toward adding frequently used vendors to the system.

Federal Funds Accounting – What is a fee for service vs. a grant? Also, is a grant a fund?
(Refer to IC 67-1206)

Meals – Meals deemed taxable by the IRS

Reconciliation – Require reconciliation of the STARS 7101 report of receipts and disbursements.

Software Capitalization – What should the rules be?

Suspense Accounts – Guidance on use of the suspense account. Account should not be used as a misc. account, but should be used on a short-term basis until the agency is able to determine the identity of the cash.

Third Party Payer Card Policy –

Fiscal Policy Advisory Committee (FPAC) Agenda
For
January 28, 1999

Meeting to be held in the SCO 4th floor conference room A.

To add items to the agenda, contact:

Steve Allison, SCO 334-3150 sallison@sco.state.id.us
Dave Tolman, DFM 334-2882 dtolman@dfm.state.id.us

Agenda items:

1. Approve/disapprove December 17, 1998 minutes.
2. Payroll reimbursements with the use of TC 105 (Connie Stearns)
3. Review agency draft policy comments (Rose Wrenn)
4. Further discussion of unspent fund balances per Idaho Code 67-1206. (Dave Tolman)
5. Software capitalization (Steve Allison & Larry Kirk)
6. Third-party reimbursements & refunds/reimbursements in general (Steve Allison)
7. P-card update (Jane Wright)

Committee members – If you or your designated representative is unable to attend, please contact Rose Wrenn at 332-8801 or rwrenn@sco.state.id.us prior to the meeting. Thank you.

FUTURE TOPICS:

Authorized Use of Petty Cash –

Bad Debts – There was some proposed legislation regarding bad debts. What were the results?

Capital Outlay - Should Dept. of Administration policy of \$300 be followed or FAS policy?

Construction in Progress – Should be tracking. How should it be handled for FAS?

Delinquent Debtors – When to deny services.

EFTs – Agencies should work toward adding frequently used vendors to the system.

Federal Funds Accounting – What is a fee for service vs. a grant? Also, is a grant a fund?
(Refer to IC 67-1206)

Meals – Meals deemed taxable by the IRS

Reconciliation – Require reconciliation of the STARS 7101 report of receipts and disbursements.

Software Capitalization – What should the rules be?

Suspense Accounts – Guidance on use of the suspense account. Account should not be used as a misc. account, but should be used on a short-term basis until the agency is able to determine the identity of the cash.

Third Party Payer Card Policy –

STATEWIDE FISCAL POLICY ADVISORY COMMITTEE MINUTES
DECEMBER 17, 1998

In attendance:

Steve Allison, SCO (Co-chair)
Kathy Chase, ITD
Larry Kirk, LSO
Kathy Opp, Adm.
Dave Tolman, DFM (Co-chair)
Rose Wrenn, SCO

Unable to attend:

Dave Fulkerson, CI

Agenda Item # 1

Approve/disapprove October 22, 1998 minutes:

Minutes were approved with the following change to Agenda Item # 3 – Inter-fund Borrowing Limits. Minutes stated that the policy was not ready for release. In fact, the draft policy has been released for agency review.

Agenda Item # 2

Draft policies out for review:

Draft policies on Net Leasing Activities, Inter-fund Borrowing, and Capitalized Leases have been released to agencies for review and comment by January 15, 1999.

Agenda Item # 3

Discussion about use and unspent balances of federal funds and Idaho Code 67-1206:

Historically, unspent balances in federal fund 0348 have been transferred to general fund 0001 by the SCO when notified by agencies that the balance is not required to be returned to the federal government at the end of the grant.

Dave Tolman will discuss with the DFM Budget Analysts whether the balance should be transferred to indirect cost fund 0125 for use by the agency, rather than fund 0001.

Agenda Item # 4

Update on “P” cards, including input on draft third-party payee card policy:

Committee is still waiting on updates and information from Wells Fargo on various issues for the “P” card.

The committee decided there is no need for an FPAC policy on third-party payee payments. The SCO will issue guidelines when the STARS and other manuals are updated.

Agenda Item # 5

Software Capitalization:

Steve Allison provided two handouts. One was a newsletter from the State of Texas on their policy. The other was from FASB Statement 86.

Committee members will review before the next meeting. Larry Kirk will do research on the issue and make a report.

Agenda Item # 6

Review letter to Board of Examiners re: Travel Reimbursement Rate:

After discussion, the committee decided this should not be an FPAC policy. It should be part of the travel regulations issued by the Board of Examiners. Steve Allison and Dave Tolman will draft a letter to the Board.

Agenda Item # 7

Revised format for FPAC manual:

Steve Allison reported that, using Adobe Acrobat, the SCO is working on standardizing all manual formats and linking the STARS and FAS user manuals to the FPAC manual for publication on the Internet.

The committee approved using this method.

Agenda Item # 8

Discussion of whom is to receive FPAC meeting agendas & minutes:

The Committee decided that the agendas and minutes should go to all committee members, whether they were in attendance or not. In addition, they will be sent to any special guests who attend a meeting.

Draft policies for review will be sent to contacts designated by each agency. A mailing list is being compiled for this purpose.

Unscheduled Item # 9

Deletion of a portion of FAS policy:

Meredith Hackney, Bureau Chief of Systems Administration for Statewide Accounting, requested deletion of FAS policy item C.2.b.

This part of the policy requires capitalization of previously non-capitalized assets and sets forth various criteria.

The Division of Statewide Accounting, Bureaus of Reporting and Review and Systems Administration, found that in practice the situations arise only occasionally and the amounts are

immaterial for reporting purposes. The frequency and materiality do not justify the difficulty and expense of automating the process to account for these assets.

The Committee agreed to delete this portion of the policy.

A revised policy draft will shortly be sent to agencies for review.

Next meeting will be held January 28, 1999 1:15 – 3:00 in the State Controller's Office, 4th floor, conference room A.

STATEWIDE FISCAL POLICY ADVISORY COMMITTEE

AGENDA
March 26, 1998
1:15 - 3:30 p.m.

Review and approve minutes of the February 26, 1997 meeting.

Committee will discuss the following:

Dave Tolman and Larry Kirk – report on meal per diems of Wyoming and Montana.

Steve Allison – present a draft of an employee award policy to be presented to the Board of Examiners.

Kathy Opp – report results of research on triple-net leases.

Kathy Chase – present a copy of State Code requiring a certified letter be sent to the check issuer when checks issued to State agencies are returned by the bank.

Committee members - If you or your designated representative are unable to attend, please contact Teresa Schmaljohn or Melonie Bartolome (334-3150) prior to the meeting. Thanks.

Please note that the FPAC meetings will now convene at 1:15 instead of 1:30.