



**April 5, 2010**

**Training**

Check calendar and register on-line.

**Employment Opportunities**

See openings or add an announcement.

**VGFOA Certification Program**

Course content & requirements.

**Membership Directory**

Contact someone, or update your information online.

**VGFOA Board**

Meet your Board, see committee assignments, and make contact.

**Do you have a story to share?**

Submit an article to the **Editor** for a future newsletter.

**VGFOA's Strategic Plan!**

Directions for the future.

**PRESIDENT'S MESSAGE**

Greetings of springtime to the VGFOA members!

This month, I am giving a short report from the March 2010 VGFOA Executive Board meeting held in Richmond. The Executive Board meets each year prior to the start of the Spring and Fall Conferences and holds two to three other board meetings throughout the year. At all meetings, we receive committee reports, take action as needed as a Board, and work together on planning upcoming conferences. In December, we met in Fredericksburg with a focus on team building toward board cohesiveness, budgeting, and a renewal of the GNAC contract. We met in Richmond in mid-March with our focus on goal setting and strategic planning. Our current strategic plan covers 2008-2012 time period (available at [vgfoa.org](http://vgfoa.org)) so now it is time for an update. Following the March board meeting, we will work on updating our published document and look forward to presenting an update at the Fall 2010 annual membership meeting. The Board will also be working on strategic planning during a summer meeting at which time we will examine the bylaws and policies for any needed updates.

In brief, some of our identified focus areas are outreach, professional development, membership, education, legislative leadership, organizational sustainability, and the strategic use of technology to serve the members.

The Board invites input on the goals and strategies of VGFOA. One item now under consideration is whether the VGFOA should take a stronger leadership role where legislative matters are concerned. During the most recent General Assembly session, there were several examples of legislation that do not promote equity among taxpayers and/or present new unfunded mandates to local governments. The Executive Board believes VGFOA's professional financial expertise could be of benefit to legislative outcomes by taking on a more vocal position in the future. Please let us know what you think about this matter by contacting any board member to provide your feedback or ideas. Contact information can be found at [vgfoa.org](http://vgfoa.org) under 'about vgfoa'.

In closing, I will again ask all members to check us out on Facebook under Virginia Government Finance Officers' Association. Facebook is an easy way to share information and network with one another. We currently only have 41 "fans" so our goal is to have 100 by the time of our Spring Conference!

Respectfully submitted,

Ann Shawver, VGFOA President

### Renew Membership

Dues overdue? Renew your membership today.

### VGFOA Announcements & News

See the latest updates and news.

### National GFOA on the Web

Visit now.

### NEWSLETTER COMMITTEE

Shakeel Yusuf – Chair

Joel Comer

Karen Cummings

Nancy Tracy

## HOUSE AND SENATE ADOPT BUDGET: SUMMARY

The House and Senate agreed to the joint conference committee reports for the current year and the next biennium. The House Appropriations and Senate Finance Committees have posted the [FY 2010-2012 Conference Report](#). And both the [House](#) and [Senate](#) have provided summary documents. The committees also posted the [FY 2010 Conference Report](#). Additionally, the money committees have released preliminary locality specific K-12 funding spreadsheets:

- Public Education Distribution Sheets for FY 2011 - [Appendix A](#).
- Public Education Distribution Sheets for FY 2012 - [Appendix B](#).

In the near term, VACo will release a detailed summary of the agreement. **Preliminary highlights of the conference committee report:**

- **Communications Sales and Use Tax Fund:** While the General Assembly will appropriate the dollars, they remain non-general funds (good news) and are not redirected to the treasurers and commissioners of the revenue (good news). (Heretofore, the funds have remained in a trust and have not been appropriated by the General Assembly. The new budget requires that the funds be appropriated but remain non-general.)
- **Sheriff:** Restores law enforcement deputy sheriff positions at a ratio of one deputy per 1,500 locality population.\*
- **599 funding:** 1.2 percent reduction in FY 2011 from the current year.
- **Commissioners of the Revenue:** 14.8 percent reduction from the current year.\*
- **Treasurer:** 18.7 percent reduction from the current year.\*
- **Circuit Court Clerk:** 1 percent reduction from the current year.\*
- **Commonwealth's Attorney:** 3.9 percent reductions from the current year.\*
- **Directors of Finance:** 23.6 percent reduction from the current year.\*
- **VRS Group Life:** Counties and Cities will benefit from the reduction in the GLI rate to 0.33% in FY11, due to the participation in the State-wide pool and the reduction in the State's contributions to the pool for the State employees and K-12. In addition, the 4<sup>th</sup> quarter GLI holiday will include Counties and Cities who participate in the GLI pool. Additional information will be provided by VRS in the next couple of weeks.
- **State responsible inmates:** Adjusts the definition of state-responsible offenders from felons with sentences of one year or more to felons with sentences of two years or more.
- **Compensation Board:** Remains in the Secretariat of Administration.

- **K-12:** Funding to “unfreeze” the composite index; fully funds the hold harmless in FY 2011 and funds 50 percent of the hold harmless in FY 2012.
- **K-12/Teacher retirement rates:** Funds the teacher retirement rate at 3.93 percent the first year and 5.16 percent the second year; retiree health care credit at 0.6 percent both years; and group life at 0.33 percent (0.28 percent employer, .05 percent employee) both years. Additionally, the conference report eliminates the House proposal that would have required localities to repay \$181 million in additional state aid.

(K-12, Senate note: The conference report reduces K-12 education funding by \$253 million GF over the biennium (compared to the introduced budget), compared with about \$143 million in the Senate budget and \$685 million in the House budget. The report also includes savings of \$346 million due to lower benefit contribution rates for the 2010-2012 biennium)

- **VRS:** Replaces language included in the introduced budget to clarify that units of local government, school boards, and other political subdivisions shall have the option of paying any portion of its employees’ member contributions to VRS, unless their employees are hired on or after July 1, 2010, and fall under the provisions of [HB 1189 \(Putney\)](#). Additionally, see [VACo's analysis](#) of HB 1189 released on Friday, March 12.

VRS, Senate note: The conference report defers approximately \$620 million of the usual VRS retirement contributions for the 2010-12 biennium. Contributions will be based on the actuarial “Normal” cost of providing the statutory retirement benefits. The amendments include language that requires repayment of the deferred contributions over ten years beginning in FY 2013.

- **“Flexible” Local Reductions:** Includes \$60 million each year in “flexible”/across the board local reductions. The reductions are similar to the current \$50 million local reductions for FY 2009 and FY 2010.
- **Libraries:** 15 percent reduction each year.
- **PDCs:** Approximate 15 percent reduction each year.
- **Local electoral boards and local registrars:** 20 percent reduction each year.
- **Line of Duty:** Transitions the funding method for the Line of Duty benefit which has previously been funded by the state to a charge back. New premiums will be charged to state agencies and localities based on the number of employees potentially eligible to receive benefits under the program. The budget assumes that the funding for the benefits paid out in fiscal year 2011 would be from cash borrowed from the VRS group life program. The new premiums shall be collected from the effected employers beginning in fiscal year 2012.
- **CSA:** Increases the local share of Medicaid-funded residential services by

more than \$4 million provided under CSA beginning July 1, 2011.

- **Medicaid waivers:** The introduced budget included several reductions to Medicaid home- and community-based waiver services including a 5 percent reduction in provider rates, a reduction of respite care from 720 to 240 hours per year, and a freeze on the reallocation of community-based waiver slots. The conference report restores funding for these Medicaid home- and community-based waiver services if Congress passes a six-month extension of increased Federal Medical Assistance Percentage (FMAP) through June 30, 2011.
- **Social Services:** Reduces financial assistance for local social services departments by \$4.6 million from the general fund each year. This amendment adds language to restore funding if Congress passes a six-month extension of increased Federal Medical Assistance Percentage (FMAP) through June 30, 2011.

The General Assembly is scheduled to reconvene on Wednesday, April 21, to act on gubernatorial recommendations including vetoes and amendments. In accordance with the Constitution of Virginia, the governor may sign a bill into law, veto a bill, or recommend amendments to a bill. The budget is a single bill. The governor also may propose line-item budget vetoes. The legislature acts on vetoes and amendments. Vetoes are overridden by a two-thirds vote, while amendments are adopted by a simple majority vote. If the Governor does not act on the bill, it shall become law without his signature.

\*Represents percentage of annual funding compared to July 1, 2009 (FY 2010) funding levels.

VACo Contact: [Mike Edwards](#)

## INTRODUCING AN ACTIVE SPONSOR OF VGFOA

**Nelson L. Bush** is a Managing Director with PFM Asset Management LLC, located in Arlington, where he has worked since 1993. Nelson assists Virginia municipal governments with the investment of bond proceeds, operating funds, reserve funds, and monies set aside to fund OPEB liabilities. Nelson is a frequent instructor for VGFOA and the Treasurers' Association of Virginia and regularly teaches classes on cash management, investment management, and debt management. In addition, Nelson serves as Treasurer of the Arlington County Chapter of the American Red Cross. He is a graduate of York College of Pennsylvania with a Bachelor of Science in Accounting. Recently, Nelson was able to share some of his opinions on the following questions:

***Please comment on a significant item that has affected governmental accounting?***

I would say that GASB 40, *Deposit and Investment Risk Disclosures*, has significantly affected how governments invest public funds. The requirement to disclose information on credit ratings, duration, and sector allocation has lead many local governments to completely reassess how they manage risk in their portfolios. Though it's very important to continuously evaluate risk in an

investment program, there is no way to eliminate all risks from the investment process. Some entities have allowed GASB 40 to affect their investment process to the point that they have abandoned once prudent investment programs. At the same time, these disclosure requirements have helped prevent inappropriate investment practices that could affect a government's ability to cover its liquidity needs. GASB 40's affect on the investment process has been significant and it will continue to influence public investors in the foreseeable future.

***What long-term strategies should governments employ to overcome the decline in revenues and escalating costs?***

I think the recent economic downturn and financial disclosure requirements like GASB 43, *Financial Reporting for Post employment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions*, have taught us all that we must focus on the long- term [ea](#)ffect of our budget assumptions. Clearly, real estate and other economically sensitive revenues are not going to go up every year, year-after-year.

The current economic downturn is not the first of its kind in the U.S. and the world, and will not be its last. Every one of us produces a budget each year and every one of us should be forecasting our budget out 5-7 years. Moreover, our budget scenarios need to consider a spectrum of potential outcomes including the worst case, even as we hope for the best. Unfortunately, some factors are hard to anticipate. Thirty years ago, health care costs were not a significant component of compensation. Currently, we are all very focused on the future healthcare related costs but we may not be anticipating the next big issue. We need to be planning for the future so we're not surprised if the "next big thing" is access to water, pollution control, energy availability, or any other important public need.

**What has attracted you to the governmental accounting profession?**

Well, to be honest I am more attracted to the "public sector" than I am to "public accounting." Growing up an "Army Brat", I always knew that I would be involved in public service in some way. I wasn't sure if I would be a police officer, preacher or politician, but the public service was a given. I focused on accounting in school because it made sense to me and I knew that most decisions have an economic element. I am very blessed to have chosen this field because it has allowed me to work with some of the best and brightest minds in government. Public accountants have an important role to play in the lives of everyone and I am certain I would choose this field all over again if I was given the chance.

**What advice would you provide to up-and-coming accountants in government?**

Work hard and endeavor to understand the big picture; your job is a lot more than debits and credits. In addition, think about taking psychology and organizational behavior classes. Understanding how to relate with people above and below your pay grade is essential.

**HAVE YOU MADE PLANS TO GO TO THE  
BEACH?  
THE VGFOA SPRING CONFERENCE IS AT  
VIRGINIA BEACH  
MAY 12TH – 14TH**

Just picture it. Sunny skies, warm weather, and the sand between your toes! That is just the beginning! You can also visit with great friends and earn 14 CPE credits. Who said you can't have it all? Join us in Virginia Beach at the Hilton Oceanfront for the annual VGFOA Spring Conference on May 12-14<sup>th</sup>.

[The Hilton Oceanfront is sold out, but you can make your hotel reservation at the Ocean Beach Club. You can make your hotel registration by clicking here](#)



If you can't stay the entire 3 days of the conference, take advantage of the one day registration option:

One Day Registration Fee for Thursday, May 13th  
Earn up to 6 CPE's for \$100

Or

Attend all three days and earn up to 14 CPEs  
Full Conference Registration is \$200  
Ethics is offered for an additional \$50 with the full conference registration

[Click here](#) to register for the conference.

**THERE ARE SESSIONS FOR EVERYONE!  
SESSIONS START ON  
WEDNESDAY, MAY 12TH, AT 1 O'CLOCK**

- What's New at GASB! By Randy Finden, Project Manager, Governmental Accounting Standards Board.
- The 2010 Outcome of the General Assembly. By Michael L. Edwards, VML, and James J. Regimbal, Fiscal Analytics.
- A 2010 VRS Legislative Overview. By Patricia S. Bishop, Director of Policy, Planning, and Compliance, VRS.
- Speaking Volumes without Saying a Word. By Brian Kush, President, Moxie Partners.
- Update on GASB Statements. By Norman Yoder, Director, Brown, Edwards, and Co.
- How to Prepare a Cash Flow Projection. By Nelson L. Bush, Program

- Administrator/Senior Managing Consultant, PFM Asset Management LLC.
- What Your IT Guys Aren't Telling You About IT Controls, Electronic Data Storage, and Access. By James Kreiser, Senior Manager, Clifton Gunderson LLP.
- Get Social With Your Citizens. Carissa Frasca Cutrell, Media and Communications Coordinator, Virginia Beach and Cindy Hart, Public Librarian.
- Highlights in CAFR Preparation and Board Presentations. By Patricia A. Weiler, Director of Finance and Administration, City of Manassas, and Janet Romanchyk, Finance Director, Fauquier County Government & Public Schools.
- Show Me the Money – Collections of Utility Bills and Recent Developments in the Law of Utility Billing. Barbara Notar, Deputy Town Attorney, Town of Leesburg.
- The Approaches of Credit Rating Agencies in Recessionary Times. Susan Kendall, Vice President/Senior Analyst, US Public Finance, Moody's Investor Services, and Barbara Rosenberg, Director of Public Finance, Fitch Ratings.
- Roundtable Discussion on Sharpening Excel Skills. By Marcy Cotov, Budget Division Director, Hanover County, and Kenay Wright, Office Associate, Town of Leesburg.
- Roundtable Discussion on Revenue Forecasting. By John M. Wallingford, Director of Financial Services, Prince William County Public Schools, Ann H. Shawver, Director of Finance, City of Roanoke, and Brandon Hinton, Budget Supervisor, County of Henrico.
- Roundtable Discussion on ARRA (Hint: It is not the Accountant Rest and Relaxation Act). By William H. Cole, Audit Partner with Cherry, Bekaert & Holland, LLP; Jack Reagan, Public Sector Audit Partner, KPMG LLP and Terri S. Stone, Director of Financial Operations, Hanover County Public Schools and Tanya Burrell, Financial Reporting Manager, County of Fairfax.
- CDARS: The Smart, Easy Way to Manage Public Funds. By Erich Buckenmaier, Promontory Interfinancial Network, LLC.
- Consumer Driven HealthCare: Is the Public Sector Ready? By Thomas J. Mackay, Partner, KSPH – Employee Benefits Management.
- A Performance Audit Case Study: Fraud in Municipal Construction By David Cotton, Cotton & Company LLP

[Click here](#) to view the latest details on this upcoming conference including hotel information, conference program, sponsors, exhibitors and registration!

## **VGFOA OFFERS SCHOLARSHIPS TO GFOA'S ADVANCED GOVERNMENT FINANCE INSTITUTE (AGFI)**

The GFOA's Advanced Government Finance Institute (AGFI) will now be held every other year, with the next program set for July 24-29, 2011 at the University of Wisconsin-Madison. The VGFOA hopes to continue offering a scholarship for one member to attend the AGFI when it is offered. For details [http://www.vgfoa.org/gfoa\\_AGFI\\_scholarship.html](http://www.vgfoa.org/gfoa_AGFI_scholarship.html)

## **GASB PROPOSES TO ENHANCE THE USEFULNESS OF ITS CODIFICATION FOR CONSTITUENTS**

The Governmental Accounting Standards Board (GASB) issued an Exposure Draft (ED) of a proposed Statement, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The proposed Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. This literature has not been maintained for the state and local government environment. By incorporating and maintaining this guidance in a single source, the GASB will reduce the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.

This proposed Statement would incorporate into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989:

- FASB Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure.

GASB constituents are encouraged to review the ED and provide written comment by July 31, 2010. The ED may be downloaded from the GASB's website at <http://www.gasb.org/exp/exdfpg.html>. Instructions on how to submit comments are contained in the ED.

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## **VGFOA REGIONAL EVENTS**

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### **VGFOA PENINSULA REGIONAL ORGANIZATION**

Newly formed Peninsula region located between Central and Hampton Roads, is looking for volunteers to help launch the organization's activities. Please contact Regional Organization Chair, Karen Woodson - [kwoodson@cityofchesapeake.net](mailto:kwoodson@cityofchesapeake.net) for details.

### **VGFOA NOVA REGIONAL TRAINING EVENT COMING ON APRIL 15th**

The NOVA Regional Group will be hosting a CPE luncheon with PBGH, LLP and Artifice Forensic Financial Services, LLC. Topic: Fraud

### **VGFOA SOUTHWEST REGIONAL TRAINING EVENT**

Plans are underway for additional training events this summer. Stay tuned and

check the [www.vgfoa.org](http://www.vgfoa.org) website for updates.

## VGFOA CENTRAL REGION TRAINING EVENT SCHEDULED FOR MAY 10, 2010

The VGFOA Central Regional Organization is having a training event scheduled for Monday, May 10th, 2010, from 9 a.m. – 3 p.m. at the Henrico County Training Center. Topics include an ARRA Update, GASB Update, Single Audit Update and other Accounting topics. The event cost is free and includes lunch. Registration is available through the VGFOA Regional Organization Calendar website.

## VGFOA HAMPTON ROADS REGION TRAINING EVENTS

### BREAKFAST CPE EVENTS

**7:30 – 9:00 a.m.**

**Includes breakfast and one hour of CPE for the very reasonable price of \$10 for VGFOA members and \$15 for non-members.**

#### **April 8, 2010 – APA (a.k.a Auditor of Public Accounts) – Who is it and how does it impact your work?**

Quality Inn Lake Wright, 6280 Northampton Blvd, Norfolk

**William “Bill” H. Cole, CPA, MBA, Partner, CB&H** has more than 29 years experience. As a former deputy auditor with the APA Bill will tell us all about the APA, and address the APA’s responsibilities for local governments and constitutional officers. You will also learn about the APA requirements for local governments as well as the resources they provide.

#### **May 6, 2010 – Understanding Local Government Revenue Sources**

Quality Inn Lake Wright, 6280 Northampton Blvd, Norfolk

**Vivian McGettigan**, Director of Finance for the County of Hanover, will give a thorough introduction and overview of typical revenue sources for a local government. This foundational topic will help any governmental accountant increase their knowledge base.

*Registration deadline: April 27, 2010.*

#### **June 10, 2010 – The Story Behind the Numbers**

Quality Inn Lake Wright, 6280 Northampton Blvd, Norfolk

**Donna Hildebrand, CPA, MBA**, Controller for the City of Chesapeake, and **Terrie Pyeatt, CPA**, Director of Internal Audit for Virginia Beach Public Schools, will provide a look at how your organization’s numbers really tell a financial story. Practical techniques will be discussed that will help staff accountants analyze financial statements, account activity and internal controls.

*Registration deadline: June 3, 2010*

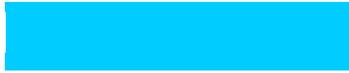
### AFTERNOON TRAINING

#### **May 25, 2010 – An Inside Look at GASB 54.**

Virginia Beach Municipal Complex

**Jack Reagan, CPA, Partner, KPMG LLP**, and **Rob Churchman, CPA, Partner, KPMG LLP**, will talk about the changes in the way we will present our fund balance classification information including some new nomenclature required under GASB 54. This is a “don’t miss” for anyone responsible for any part of CAFR preparation. The event cost is \$20 and will be held from 1:00 – 5:00 p.m.

*Registration deadline: May 18, 2010.*



*The Virginia Government Finance Officers' Association shall be the premier organization in developing leaders with financial and management expertise through education, fellowship and professional development to foster excellence in government.*