

GFOA-CT

Government Finance Officers Association of Connecticut



Quarterly Newsletter

Spring 2006 Visit our Website at <http://www.gfoact.org/index.html> Volume 13, Issue 3

President's Message

By Bob Curry

Another fiscal year is nearly done. Budgets are complete and it is time to hand over the reins of our organization to a new President and his Executive Board. Serving as President this past year has been quite an experience and below are listed some of our accomplishments this past year.

- We hired paid staff to help with all the organization's paperwork.
- We are in the middle of a website redesign.
- We did a performance measurement session at the CCM Annual Conference in October.
- We sponsored a workshop on OPEB implementation in November.
- We ran an intermediate accounting course this spring.
- We sponsored national GFOA teleconferences in November and January.
- We testified about OPEB at the State Capitol.
- We sponsored quarterly meetings with relevant education sessions.

All of these accomplishments are a result of the contributions of a dedicated group of individuals who serve on the Executive Board, Committees, and staff. I can say that this has been another successful and productive year for the GFOA of CT.

Special thanks to Jeff Jylkka, First Vice President and Program Chair for planning and organizing our quarterly meetings, which were well attended and informative. Also thanks to all the speakers for their time and efforts.

The National GFOA conference was held May 7-10 in Montreal, Canada. Tom Hamilton worked diligently making arrangements for the annual Connecticut Night Event held on Monday night. The event took place at the Montreal Museum of Fine Arts, which featured Twentieth, Century Paintings and was enjoyed by all. This event is made possible by contributions from the following sponsors: **Amtec, Blum Shapiro, Carlin, Charron & Rosen, Dixworks, LLC, Financial Investors Trust, First Southwest Bank, Fitch, Inc., Bank of America, Hawkins, Delafield & Wood, Hudson United Bank, IBIC, ICMA Retirement Corp., Kostin, Ruffkess & Co., Lockton Benefit Group, MBIA Asset Management Group, McGladrey & Pullen, Milliman USA, Murtha Cullina, People's Bank, Pullman & Comley, Reich & Tang Funds, Robinson & Cole, Roosevelt & Cross, SEI Investments Co., Standard & Poors, TDBanknorth, The Segal Company, U.S. Bank, UBS, UBS Securities, UniBank Fiscal Advisory Services, Wachovia Bank, Webster Bank, Wells Fargo Corporation Trust, and William Blair Company.** Thank you for your support.

As the year comes to a close, I would like to remind everyone of the annual meeting and election of officers to be held on June 1 at Tunxis Plantation in Farmington. I would like to thank all of the Executive Board members, Committee Chairs, and staff for making my year as President of the Association such an enjoyable experience. I look forward to seeing all of you at

Tunxis.

Secretary's Report

By Chris Hutton

Minutes of GFOA Executive Board Meeting

Thursday, April 6, 2006

Water's Edge Resort & Spa

Westbrook, CT

- Meeting called to order at 9:30 a.m. ***Board members present:*** Robert Curry, Jeff Jylkka, Christine Hutton, Sal Pandolfo, Diana Doyle, Mike Walsh, Lisa Hancock, Jim Finch, Alan Desmarais, Jan Godley, Jim Jaskot, Kate Clarke Buch, Barbara Bertrand, Jeff Smith, Richard Darling, Don Miklus, and Tom Hamilton

Board members absent: Dena Diorio, Bill Hogan and Greg Simmons Others ***present:*** Linda Savitsky, and Jessica Sanchez.
- ***Minutes of February 2, 2006 Meeting*** – Mike Walsh accepted the minutes as amended and Richard Darling seconded the approval of the minutes (the reinstatement section was removed). Motion passed unanimously by all board members present and able to vote.
- ***Treasurer's Report*** – The reports were reviewed by all the board members. The board members did not have any questions. Kate Clarke Buch moved the acceptance of the reports for filing and Christine Hutton seconded the acceptance. Motion passed unanimously by all board members present and able to vote.
- ***Accounting Standards*** – Jim Jaskot gave his report on GASB 45 and Medicare Part D.
- ***Auditing*** – No report.
- ***Education*** – Linda reported that Glen Klocko agreed to teach an Intermediate Accounting class for 25 people, at a fee of \$75. The course will be held at the Southington Police Department. He will use the blue book as the base. The course will begin April 28 and will end June 6, 2006. Linda stated that the committee will meet to develop a 2 year planning calendar for courses to schedule instructors in advance. Linda will get the "Boot Camp" Information from National.
- ***Historian's Report*** –No report.
- ***John Walsh Scholarship*** –Kate Clarke Buch was awarded the scholarship.
- ***Legislative*** – Jim Finch provided the Executive Board with bill tracking report website.

Website: <http://www.guinanaassociates.com/>

Username: mpg-gfoa

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- **Website** – The website is in the middle of being coded. The committee is seeking input for any homepage ideas.
- **Membership** – Sal reported 473 members.
- **National Event** – Tom Hamilton reported that the event will be held at the Fine Arts Museum of Montreal. It will be catered by "George". They were recommended by the Museum staff and indicated that no deposit would be required. There will be a flyer mailed with a registration deadline and the website address for directions. Kate Clarke Buch will forward the CT list to Linda.
- **Newsletter** – The deadline for submissions to Dena will be May 5, 2006. The newsletter will be published on May 19, 2006.

- **Program** – Jeff Jylkka gave his report. The program was in order for the spring meeting that was taking place at Water's Edge that day.
- **National GFOA Representative** –No report.
- **2006 New England Conference Update** – The committee planned to meet on April 6, 2006. The conference is scheduled for September 10-13 at Foxwoods. The save the date flyer is going out in the next two weeks.
- **Honorary Member** – There was a motion made to have Ted Ellis elected as an honorary member. Alan Desmarais accepted the motion and Don Miklus seconded the motion. The Executive Board would like to present the plaque to him at the June 1, 2006 meeting. Lisa Hancock will get all his information. We need to get all details to order the plaque.
- **AICPA Award** – Jim Jaskot was nominated for the AICPA Award.
- **Other Business** – Alan Desmarais reported that the mentoring program was doing well. The count is up to about 10 people.
- **New Business** – The Nominating Committee was appointed by the President to be chaired by Past President, N. Maggie Cosgrove.
- **Next Board Meeting** – TBD by new President.
- Meeting adjourned at 11.00 a.m. Kate Clarke Buch moved and Lisa Hancock seconded the motion to have the meeting adjourned. Motion passed unanimously by all board members present and able to vote.

Education Committee

By Linda Savitsky

The Education Committee sponsored a six week course in Intermediate Accounting using the new edition of the "Blue Book." The instructor was Glenn Klocko who once again had exceeded the expectations of the attendees. The Police Department of the Town of Southington graciously hosted the classes with assistance from Emilia Portelinha, Town Finance Director. The Committee will meet in June to review the evaluations and plan a training schedule for the next two years. If members have ideas and requests, please contact Linda Savitsky at lr_savitsky@snet.net

GFOA announced dates for two satellite videoconferences this fall:

September 7, 2006 - Constituent Relationship Management: A Citizen-Focused Approach to Government

November 9, 2006 - 11th Annual GAAP Update

GFOACT will host one or both videoconferences if there is sufficient interest.

Internet Committee

By Bob Curry

We are continuing work on the website redesign that will include some exciting features including a list serv, membership registration, and meeting registration. You can review the setup of our new site at

<http://gfoac.websolutions.com/>

I would appreciate all comments and suggestions so this project will be a successful and meets the needs of all our members.

Accounting Standards Committee

By James Jaskot

The GASB has issued the following documents since the Winter 2006 Newsletter:

GASB Proposed Technical Bulletin (TB), Accounting and Financial Reporting by Employers and OPEB Plans for Payments from the Federal Government Pursuant to the Provision of Medicare Part D

The GASB issued a proposed TB on February 17, 2006, to clarify the proper reporting of payments that an employer or a defined benefit other postemployment benefit (OPEB) plan receives from the federal government under Medicare Part D. Medicare Part D provides sponsors of postemployment healthcare plans the opportunity to receive up to 28 percent of the amount of eligible prescription drug benefit costs of retirees who are eligible for, but not enrolled in, Medicare Part D, if the sponsor's plan provides a prescription drug benefit that is actuarially equivalent to the Medicare Part D benefit. The proposal suggests that these payments be reported as revenue, and the costs that a government reports in the financial statements should not be reduced or "netted" by the amount of the payment. The proposal can be viewed on the GASB website (www.gasb.org). The response to the proposed TB was due April 17, 2006; the issuance of a TB is expected in June 2006.

GASB ED, Accounting and Financial Reporting for Pollution Remediation Obligations

On January 31, 2006 the GASB released an Exposure Draft (ED), *Accounting and Financial Reporting for Pollution Remediation Obligations*, following the issuance of a Preliminary Views (PV) document in March of 2005. The proposal sets forth the key circumstances under which a government would be required to report a liability related to pollution remediation, using an "expected cash flows" measurement technique. These circumstances are as follows: 1) the pollution poses an imminent danger to the public or environment and the government has little or no discretion to avoid fixing the problem, 2) a government has violated a pollution prevention related permit or license, 3) a regulator has identified, or evidence indicates a regulator will do so, a government as responsible, or potentially responsible, for cleaning up pollution, or for paying all or some of the cost of the clean up, 4) a government is named in a lawsuit, or evidence indicates that it will be, to compel it to address the pollution, and 5) a government begins to clean up pollution or conducts related remediation activities, or the government legally obligates itself to do so. Comments on the ED were due May 1, 2006. The ED can be downloaded from the GASB website.

GASB PV document, Accounting and Financial Reporting for Derivatives

The GASB issued a PV document, *Accounting and Financial Reporting for Derivatives* on April 28, 2006, with the intent of

improving the accounting and reporting for these types of financial arrangements. The number and dollar amount of derivatives entered into by governments is substantial and growing rapidly. The proposal would require that the fair value of derivatives be reported in the financial statements as well as the change in that fair value. The annual changes in a derivative's fair value would be deferred and reported in the balance sheet, however, if the derivative is effectively hedging (reducing) the risk that it was created to address. Additional information about derivatives would also be disclosed in the notes to the financial statements. The comment period on the PV concludes on July 28, 2006. The PV can be downloaded from the GASB website. Issuance of an ED is tentatively scheduled for the first quarter of 2007.

The following ED is still outstanding from previous newsletters.

GASB ED, Sales and Pledges of Receivables and Future Revenues

An ED on *Sales and Pledges of Receivables and Future Revenues* was issued in September 2005. The comment period on the ED concluded on December 30, 2005. Issuance of the resulting Statement is tentatively scheduled for the third quarter of 2006.

Legislative Committee

By Jim Finch

As the legislative session came to a close a number of bills impacting municipalities were adopted. GFOA members may view and download the text of these bills directly by going to www.guinanassociates.com Click on: Links to learn more, then click on: Legislative Information and enter the following:

Username: mpg-gfoa

Password: gfoa5422

Please note your username and password are case sensitive/always use all lowercase

Pension and OPEB Issues

On a special note Public act 06-79 was passed. As members may recall, this legislation resulted from the efforts of the Municipal POB/OPEB working group established by the State Treasurer and Secretary of OPM to study State statutes that govern or have an impact on a municipality's ability to fund retirement systems and other post employment benefit systems.

Thank you to all our members and associate members who served on the working group as well our colleagues at the state.

Connecticut Night

By Tom Hamilton

The annual Connecticut Night Event held in conjunction with the Annual GFOA Conference was held on Monday, May 8, 2006. The event was held at the Montreal Museum of Fine Arts in the Glass Court.

Over 100 guests enjoyed a cocktail reception with passed hors d'oeuvres, and a buffet dinner prepared "By George!" Catering. The evening included music provided by a jazz trio, and the Museum's 20th century European Gallery was open for viewing. The evening provided a terrific opportunity to catch up with colleagues.

The Connecticut Night Event in Montreal was made possible by the generous contributions of the following sponsors:

Amtec	Murtha Cullina, LLP
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Nominating Committee Report

By N. Maggie Cosgrove

President: Jeff Jylkka

1st VP: Chris Hutton

2nd VP: Jim Jaskot

Directors: Rick Darling (2009)

Jim Finch (2009)

Maryanna Stevens (2007)

NESGFOA Rep: Alan Desmarais (2011)

Past President: Bob Curry

Continuing in positions they were previously elected:

Treasurer: Sal Pandolfo (2008)

Directors: Barbara Bertrand (2008)

Diana Doyle (2008)

Mike Walsh (2007)

Lisa Hancock (2007)

NESGFOA Rep: Don Miklus (2007)

Purchase Requisitions: To Automate or Not to Automate

By Ken Melanson

Public Sector Solutions

There are as many different purchasing processes as there are organizations. There are formal RFP and proposal processes, unsolicited salesmen calls and visits, phone calls to vendors, ordering from the web, going to the local office supply store. Then there are the methods of payment; receiving invoices in the mail, paying cash, using credit cards, both business and personal, local charge accounts.

And then it comes down to doing the accounting for all this. The headaches fall on the accounts payable clerk. Is it authorized? Who approves? Did we actually receive the goods or service? What account should be charged? You are buried under a myriad of forms and untold notes, memos, e-mails, phone calls, voice messages, to the purchasers, the managers and the vendors.

And probably the biggest issue is not knowing what you are committed to.

While the benefits of automating your purchasing process can be tremendous, is not something to be taken lightly. You can make the change easier by having good manual processes and controls in place before trying to automate. This is true regardless of what process you are trying to automate.

The basics of the automated requisition process include adding and maintaining suppliers, adding new requisitions, requisition approval workflow, requisition revisions and cancellations, converting requisitions to purchase orders, receiving process, invoice matching, and closing purchase orders and requisitions.

The benefits include:

- Knowing what you are committed to before the money is spent.

With a good purchase requisition system, you can provide your encumbrance reporting not only to the purchase order level, but to the requisition level. This gives you more visibility to know where you stand against your budgets and grants.

- Reducing or eliminating the paperwork

The cost of forms and paper is staggering, but pales to the cost of manpower in moving the paper, filing and archiving. In addition, the time wasted in waiting for paper approvals can cost in delays to projects, or increases in inventory because of time delays.

- Reducing the cost of your purchasing and accounts payable function

The amount of knowledge and time it takes to create a purchase order and then to process the vendor's invoice is huge and affected by the lack of knowledge in the subject of what's being purchased, not knowing prices and vendors.

- Controlling approved vendors

By requiring the use of the automated purchase requisition process, you can require the use of the approved vendors that have been added to the system.

- A greater deal of accountability

Having a complete audit trail of submission, review, and approval, it is easier to determine who is purchasing what.

The challenges are:

- There are always exceptions

You can't automate everything. And if you try, you will spend more time handling the exceptions than the rules. Set up processes for miscellaneous purchases, employee expense reports, capital expenditures.

- Training of the employees doing the requisitioning

The employees need to know how to use the system to get the products and services they want and need, to know the accounts to charge for these goods and service so you don't charge the cost of pencils to capital projects.

- Security

The employees must have limits to the access to the process, the vendors, and the accounts they can use. You also may have controls on who may set up suppliers.

In conclusion, automating your requisitioning process can be very rewarding to your organization, but if not planned correctly, or if you don't allow for the exceptions, it could cost more to automate that to leave the process manual. Put the

controls in place in the manual process before you try to automate.

Ken Melanson

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