

Save the Date

January 31
GFOA Conference Early Registration and Award for Excellence Deadline

February 7
GFOAz Conference Group Rate Deadline

March 3
GFOAz Conference Registration Deadline

March 4
GFOA Advanced Government Finance Institute Scholarship Deadline

March 9-11, 2005
GFOAz Annual Conference
Tucson Marriott University Park Hotel

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GFOAz Advanced Government Finance Institute Scholarship Awarded

We are very pleased to announce that the Government Finance Officers Association of Arizona in partnership with Arizona Public Service Company (APS) has awarded Kim Clark from Queen Creek a full tuition scholarship for the 2005 Advanced Government Finance Institute.

The Institute's intensive program is designed especially for state/provincial and local government finance professionals who are at or near the top of their government's organizational structure. The scholarship provides an opportunity for an Arizona finance professional to attend the Institute and will be awarded to a government finance official who has shown high promise for an outstanding career in public finance.

We look forward to hearing a report from Kim in a future newsletter regarding her experience. We hope you will take advantage of this program next year and apply to attend this highly exclusive professional development opportunity.

Heads Up!- 2005 GFOAz Summer Conference!

The 2005 GFOAz Summer Conference is August 10-12 at Loews Ventana Canyon Resort. The Education Committee has put together a fantastic program including topics on Alternative procurement methods, fund accounting, economic real estate update, budgets, CFD's, leadership, water issues, identity theft, and many other topics. Registration materials and hotel reservation information will be sent out in June.

GFOAZ 41st Annual Conference Report

Over 175 members attended the 41st Annual Conference in Tucson at the Marriott University Park Hotel. The Conference began Wednesday with a special ICMA workshop: Guarding the

Public Checkbook, and was followed by the Annual Golf Tournament at the Forty Niner Country Club. Thursday and Friday continued an exciting lineup of topics and speakers, including: Leadership with Ethics, Taxable Working Condition Fringe Benefits, E-Government, Building a Better Relationship with Your Elected Officials, Effective Budget Presentation, GASB, Activity-Based Costing and Cost Allocation Strategies, Using Development Incentives. In addition to these sessions members had the opportunity to discuss the future direction of GFOAz at a lunch session with the outgoing GFOAz President Robert Nilles and the new President Glenn Smith. We would like to everyone for their participation and we look forward to seeing you all at the Summer Conference in August.

Bankruptcy Reform Signed into Law

The President signed the Bankruptcy Reform Act, S. 256, April 20, 2005. The law is aimed at moving more individuals into Chapter 13 partial repayment plans instead of using Chapter 7 to discharge indebtedness. However the law also includes provisions to codify favorable case law regarding the protection of public pension assets from bankruptcy creditors. The law also ensures protected status of assets in governmental 457 plans and mandatory employee pension plan loans. In addition, the legislation prioritizes payment of ad valorem property taxes to local governments and school districts, which in the past were subordinated to the claims of other creditors and resulted in loss in revenue.

GFOAz Information Update

The 2005 GFOAz membership directory was mailed out this month. The information in the directory is the most current contact information we have for each of you. If any information needs to be changed now or in the future please notify me at bstoddar@mg.state.az.us or 602-258-5786.

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GFOAz News is published by the Government Finance Officers Association of Arizona. Forward your comments or suggestions to the League of Arizona Cities and Towns, Attn: Brent Stoddard, 1820 W. Washington Street, Phoenix, Arizona 85007, Phone: 602-258-5786, Fax: 602-253-3874, email: bstoddard@mg.state.az.us

GFOA Executive Board Opposes Unwarranted Auditor Involvement with Official Statements and Web Sites

At its March 18, 2005, meeting the GFOA Executive Board unanimously approved a strongly worded recommended practice that opposes attempts by some audit firms to require their prior approval before audited financial statements may be included in offering statements or posted on a government's web site. Some of the Key Points made in the new recommended practice are:

- Having paid for the independent audit, a government owns the audited financial statements and should feel free to use them in any appropriate manner.
- The independent auditor should not be permitted to create an essentially artificial "association" with audited financial statements included offering statements or posted on the government's web site simply by inserting a clause to that effect in the audit contract.
- When the independent auditor actually does happen to become associated with audited financial statements included in an offering statement, a state or local government should take steps to avoid unwarranted delays and unjustified costs. In particular 1) a maximum time limit should be set for the independent auditor to read the unaudited material accompanying the audited financial statements and 2) because the amount of additional work required of the independent auditor would be minimal (i.e., simply reading the material that accompanies the audited financial statement), no additional fee should be required.
- The audit contract should clarify that the government is free to post its audited financial statements on its website.

Deadline for next CPFO Exam is June 17

Certified Public Finance Officer exams will be offered in conjunction with the GFOA Conference in San Antonio, Texas. June 17 is the deadline for applications

The Certified Public Finance Officers Program (Certification Program) of the Government Finance Officers Association of the United States and Canada (GFOA) is a broad educational self-study program designed to verify knowledge in the disci-

plines of government finance. The Certification Program is governed by the Council on Certification. Technical and administrative support for the program is provided by Radford University's Governmental and Nonprofit Assistance Center.

To earn the designation of Certified Public Finance Officer (CPFO), candidates must: pass a series of five examinations covering the major disciplines of public finance. A candidate has seven years in which to successfully complete the program. Once earned, the CPFO designation is maintained by participating in 30 hours of continuing professional education each year. While GFOA certifies that an individual who passes one or more of GFOA's certification examinations demonstrates certain competencies,

To learn more or to apply to take a June exam visit www.gfoa.org or email certification@gfoa.org.

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GFOA Recommended Practice

Enhancing Management Involvement with Internal Control

Background. GFOA's Code of Professional Ethics requires of finance officers as part of their responsibility as public officials, to "exercise prudence and integrity in the management of funds in their custody and in all financial transactions." GFOA's Code of Professional Ethics also requires of finance officers in connection with the issuance and management of information that they "not knowingly sign, subscribe to, or permit the issuance of any statement or report which contains any misstatement or which omits any material fact." Both provisions presume the existence of a sound framework of internal control:

- Prudence in the management of public funds

requires that there be adequate control procedures in place to protect those funds.

- A sound framework of internal control is necessary to afford a reasonable basis for finance officers to assert that the information they provide can be relied upon.

While a government's independent auditors and similar outside parties often can provide valuable assistance to management in meeting its internal-control-related responsibilities, their contribution can never be a substitute for management's direct and informed involvement with internal control. Ultimately, it is the responsibility of appropriate elected officials to ensure that the managers who report to them fulfill their responsibility for implementing and maintaining a sound and comprehensive framework of internal control.

report instances of management override of controls that could be indicative of fraud. GFOA further recommends that financial managers, with the assistance of internal auditors or equivalent personnel as needed, periodically evaluate relevant internal control procedures to satisfy themselves that those procedures 1) are adequately designed to achieve their intended purpose, 2) have actually been implemented, and 3) continue to function as designed.

Evaluations should also encompass the effectiveness and timeliness of the government's response to indications of potential control weaknesses generated by internal control procedures (e.g., resolution of items in exception reports). In addition, GFOA recommends that upon completion of any evaluation of internal control procedures financial managers determine what specific actions are necessary to remedy any disclosed weaknesses. A corrective action plan with an appropriate timetable should be adopted. There should be follow-up on the corrective action plan to ensure that it has been fully implemented on a timely basis.



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Recommendation. GFOA recommends that financial managers obtain the information and training needed to meaningfully take responsibility for internal control. In particular, they should obtain a sound understanding of the essential components of a comprehensive framework of internal control as set forth by the Council of Sponsoring Organizations (COSO) of the Treadway Commission on Fraudulent Financial Reporting in the public-internal controls-integrated framework. They also should ensure that all employees responsible in any way for internal control receive the information and training they need to fulfill their particular responsibilities.

GFOA also recommends that internal control procedures over financial management be documented. Documented internal control procedures should include some practical means for lower level employees to

Jerome Gives Phoenix and the Tsunami Victims a Helping Hand

Though they are the smallest town in the state, Jerome might just have the biggest heart. Jerome's Mayor Jane Moore, hearing about Phoenix's program to adopt a small village in Indonesia in order to help victims of the tsunami contacted the city of Phoenix to contribute to the program. The Mayor of Jerome stated in a letter, "We have recently heard that the City of Phoenix has adopted a town in Indonesia to help in aiding the tsunami victims. We greatly admire your efforts in this undertaking. We also would like to contribute in this effort. Being the smallest town in the state limits the amount we can afford to contribute, however we feel we would be comfortable in donating one dollar per capita of our population, or \$450."

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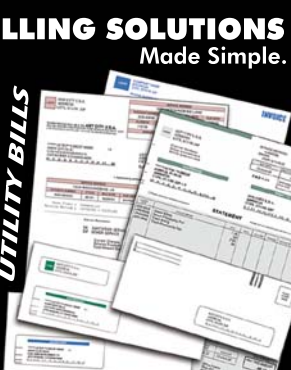
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If you would like to join the Phoenix Mayor's and Vice Mayor's effort, you can visit www.fh.org, or mail a check to Food for the Hungry at 1224 E. Washington St., Phoenix, AZ 85034, or call 1-800-248-6437.

MEMBER PROFILE

Glenn Smith

Deputy Town Manager/Fiscal Officer, Town of Payson - New GFOAz President



Where are you originally from?
Colorado.

Where is your favorite vacation location?
Camping in the mountains of Colorado.

What areas of government finance interest you the most?

My current area of interest is Budgeting and Performance Measurement. Through my 40 plus years in municipal finance, I have worked in all areas of government finance.

What other communities have you worked for?

I have worked for the following cities and towns: Florence, AZ; Aurora, CO; Cortez, CO and Fort Collins, CO.

What cd's are currently in you stereo?

Not sure - probably classical or gospel.

What is the best piece of advice you have ever been given?

Be your self.

What is your favorite sports team?

Baseball: Arizona Diamond Backs - Football: Denver Broncos.

If you have a suggestion of a member you would like to see profiled in future GFOAz newsletters, please email Brent Stoddard at bstoddard@mg.state.az.us

New Staff

Returning to the League to take over as Member Services Director is Tom Belshe. Tom worked for the League from 1993 until July 1998 where he took a position as the Community Development Manager for the Greater Arizona Development Authority (GADA) and eventually became the Executive Director of GADA. Since October of 2001, Tom has served as an Assistant Deputy Director for the Department of Commerce overseeing the operations of the Community Development Division. In this capacity he continued to serve as Executive Director of the

GADA. Many of you are familiar with Tom through his previous work with the League and his role in the Department of Commerce. We are very excited at the opportunity to welcome him back to the League. Tom has replaced Byron Smith, former Member Services Director for the League, who this month began his new position of Assistant City Manager for the City of Poplar Bluff, Missouri.



New Members

We have had several new members join GFOAz since November and we look forward to meeting many of you at the upcoming Conference.

Archana Aliyar, Accountant, Lake Havasu City

Richard J. Gruentzel, Controller, Tucson Airport Authority

Dena J. Heald, Accountant, Lake Havasu City

Kathleen M. Henry, Accountant, Lake Havasu City

Early bird discount for the 2005 GFOA Conference deadline is January 28, 2005!

GFOA's 99th Annual Conference - Expanding the Frontiers of Government Finance will be June 26-29 in San Antonio, Texas

Join with other finance professionals to sharpen your skills, acquire the tools, review the strategies, and find the inspiration to serve your constituents better. Earn up to 20 CPE credits and create your own curriculum from among 60 concurrent sessions and more than 10 discussion groups offering a depth and breadth of subjects to improve the fiscal management of your government. Register for the conference online or download registration materials.

If you are not already a member, join GFOA today and save on conference registration. Visit www.gfoa.org for more information.

The Laugh Box

The owner of a small deli was being questioned by an IRS agent about his tax return. He had reported a net profit of \$80,000 for the year. "Why don't you people leave me alone?" the deli owner said. "I work like a dog, everyone in my family helps out, the place is only closed three days a year. And you want to know how I made \$80,000?" "It's not your income that bothers us," the agent said. "It's these deductions. You listed six trips to Bermuda for you and your wife." "Oh, that," the owner said smiling. "I forgot to tell you we also deliver."

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