

Program Set for GFOAz Summer Training

This year GFOAz is excited to offer two educational tracks for the summer training. The summer training is August 22 at the Radisson Woodlands Hotel in Flagstaff. Many of you attended last year's summer training that covered basic governmental accounting. For members interested in focusing on accounting at the 2003 summer training, Dr. William Voorhees, Professor of Public Affairs at Arizona State University, will be presenting an intermediate accounting track. His presentation will include a review of basic governmental accounting, financial reporting, capital projects, auditing, and a GASB update. The second track encompasses many different topics including: reassessing your investment portfolio, strategic planning and performance measurement, indirect cost allocation and calculation, and negotiation skills for finance officers.

Room reservations at the group rate of \$87/night may be made by calling (800) 333-3333 or (928) 773-8888. The group rate will be available until July 31, 2003 or until the block is filled so reserve your room early! The summer training registration fee for GFOAz members is \$60. If you have colleagues interested in attending who are not currently GFOAz members, membership applications may be downloaded from the GFOAz web site, www.gfoaz.org. Registration materials have been mailed to members and are also available on the GFOAz web site, www.gfoaz.org.

ASU Offers Public Sector Accounting and Auditing Course

Dr. William Voorhees, Professor of Public Affairs at Arizona State University, is teaching PAF 591 Public Sector Accounting and Auditing this fall at the ASU Downtown

Campus. The course has two primary objectives: training government managers in fund accounting and reviewing the basic fund accounting material that is typically found on the CPA exam. Recognizing that students may have vastly differing backgrounds, accounting and public management, there will be a group project that will enable both public management and accounting students to leverage the skills of the other. The groups, not unlike those that would be found on the job, will be a mix of skill levels and backgrounds. The group project will consist of building a set of books for a fictional government- the City of Smithville. Each week a different set of problems will be assigned. Some of these problems will investigate transactions for general funds, proprietary funds, accounting for capital assets, and Statement 34 reporting requirements. Some issues that are currently on the horizon such as Concept Statement 2-Performance Measures, Other Post Employment Benefits (OPEBs), investment risk disclosure and not-for-profit reporting requirements will also be discussed. The class will end with a look at governmental auditing standards and the Yellow Book.

You do not need to be enrolled in a graduate program at ASU to take this course, however you do need to be admitted to ASU as a non-degree seeking graduate student to register. This process is easy and inexpensive, for more information visit the ASU Graduate College web site at www.asu.edu/graduate/admissions/steps.html. Fall classes begin August 25.

Online Resource Directory Up and Running

Since it was first introduced in the 2002 GFOAz Membership Directory, the Knowledge Resource Index has been a valuable tool for members. The index provides

Save the Date

August 21-22, 2003

GFOAz Summer Training
Radisson Woodlands Hotel
Flagstaff

October 31, 2003

GFOAz Certified Public Finance
Officer Exam
League of Arizona Cities and Towns
Phoenix

the names of members who have indicated knowledge and expertise in specific areas such as activity based costing, budget development, economic development and investments just to name a name a few. In an effort to make this resource even more convenient, the information is now available on the GFOAz web site, www.gfoaz.org. Users should click on the Member Info Exchange link, from this page you will be able to search for information by subject.

AGA Launches a Certificate of Excellence in Service Efforts and Accomplishments Reporting Program

The Alfred P. Sloan Foundation recently approved the Association of Government Accountants (AGA) funding to launch a Certificate of Excellence in Service Efforts and Accomplishments (SEA) Reporting Program (COE in SEA Reporting). This program capitalizes on the exciting developments in the state and local performance measurement arena and will encourage government jurisdictions-states, cities, municipal departments, etc.-to voluntarily submit their SEA Reports to AGA for evaluation by reviewers who will evaluate the reports against a checklist and provide recommenda-

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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: Wendy Kaserma, 1820 W. Washington Street, Phoenix, Arizona 85007, Phone: 602-258-5786, Fax: 602-253-3874, email: wkaserma@mg.state.az.us

- Continued from p. 1

tions for improvement. Certificates of Excellence will be presented to those reports deemed outstanding. The Sloan Foundation's full sponsorship gives AGA two years to develop the program, which includes a test cycle and an implementation year. At the same time AGA will assess interest in the program and the feasibility of continuing it with funding from user fees.

Spotlight on Performance

Citizens expect their governments to be accountable, which increasingly means communicating planned and actual program efforts and accomplishments—that is efficiency and effectiveness—in addition to presenting the financial expenditures. At the federal level, the enactment of the Government Performance and Results Act (GPRA) addressed this concern for accountability and communication by requiring federal agencies to prepare strategic plans and annual performance plans that define, in measurable terms, planned outputs and outcomes for their services. Subsequently, federal agencies issue annual Performance and Accountability Reports that disclose the agency's planned and actual outputs and outcomes. Since 1997, AGA has issued Certificates of Excellence to federal agencies that produce outstanding Performance and Accountability Reports.

Importance of Performance Reporting

Monitoring and reporting performance in addition to expenditures is valuable in a number of respects. First, it demonstrates and communicates accountability and increases public awareness of the success or failure of government programs. It also aids in strategic planning, operational monitoring and performance improvement. The information can be used to make budget, management, service, program and policy decisions. In short, monitoring and reporting performance initiatives can help make governments more results oriented.

A Service Efforts and Accomplishments (SEA) Report is similar to the Performance and Accountability report to the extent that it explains to citizens and other stakeholders how a state or local entity spent money (its service efforts) and what it achieved with those efforts (its

Join Fellow GFOAz Members for the 2003 GFOAz Summer Golf Tournament!

The 2003 GFOAz Summer Golf Tournament will take place August 21 in conjunction with the GFOAz Summer Training. The tournament will be played at the Elephant Rocks Golf Club in Williams. The cost is \$35 for Active GFOAz members and \$55 for Commercial GFOAz members and non-members. The cost includes a shotgun start format, lunch, and prizes. Registration information for the golf tournament is included in the summer training registration material and may be downloaded from the GFOAz web site, www.gfoaz.org.

accomplishments). For example, the City of San Jose operates a citywide performance based approach and tracks measures from their departments of economic and neighborhood development, transportation, public safety, environment and utility services, recreation and cultural services and more. (GASB Case Study: City of San Jose, CA, "Use and the Effects of Using Performance Measures for Budgeting, Management and Reporting" September 2002).

- Continued on p. 3

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People Count

The Governmental Accounting Standards Board (GASB) continues to encourage state and local governments to experiment with SEA measurement and reporting. However, the response to organizational and program accountability at the state and local level remains mixed. Some state and local governments have been tracking and reporting performance on a wide range of services and programs for the past several years. Others regularly integrate the data into the budget and policy decision-making process.

The overwhelming majority of state and local governments, however, have only slowly adopted the practice. Identifying and reporting such measures can be a full-time task and it can take a number of years to identify, develop and fine tune useful measures. It is not uncommon for governments to begin their performance initiatives by reporting outputs with the expectation that outcome measures will replace them eventually. Although more research is necessary to determine the full effect of using SEA information in budgeting and management, few would disagree that such measures can help inform decision-makers and therefore hold potential for shaping government performance and addressing some of its challenges.

How the SEA Program Fits In

AGA's new Certificate of Excellence in SEA Reporting Program holds exciting potential to stimulate preparation of SEA Reports by a significantly larger number of state and local governments. Equally as important, the program can help governments effectively communicate performance to constituents and improve the quality of the reports being issued to citizens. AGA's certificate program offers an additional tool that state and local governments can use to promote their success, like the complementary programs offered by the International City Management Association (ICMA) and Government Finance Officers Association (GFOA).

Call for Reports and Reviewers!

AGA will identify and select the 15-20 reports to be evaluated during the pilot year. Contact AGA if your office is reporting on SEA-related measures and would like to be considered. Since the purpose of the pilot year is to test and improve the evaluation process, the review teams will evaluate the reports against the checklist and rate the reports, but no certificates of excellence will be presented.

Reviewers-AGA is also actively seeking individuals interested in serving as volunteer SEA Program reviewers. This is a tremendous opportunity to get involved in this important initiative. Pilot year reviewers will attend classroom training (expenses are covered), will evaluate reports, complete the checklist and then participate in a post-pilot year wrap-up. AGA expects these reviewers to offer recommendations for improving all facets of this phase.

For More Information

Lisa Thatcher can help you with your questions and can provide more information about the new program and reviewer service. Contact her at lthatcher@agacgfm.org or 800.242.7211, ext. 212.

AZ Department of Commerce Offers Grants for Energy Saving Projects

The Municipal Energy Management Program (MEMP) encourages and assists in the development and implementation of energy management programs by facilitating the planning process and providing the necessary basic tools, staff training and technical assistance. As part of MEMP, the Department of Commerce Energy Office makes funds available for energy saving projects. Those eligible to apply include incorporated Arizona cities, towns, counties, improvement districts, and Indian tribes with populations under 70,000.

The MEMP approach to energy conservation is a simple and direct step-by-step approach. The first step is to understand where energy is being consumed and how much it costs, based on utility bill analysis and audits. The second step identifies strategies for lowering energy costs. The third step assists in incorporating energy management into future development through an energy management plan. MEMP grant applications may be downloaded from Department of Commerce web site, www.azcommerce.com/Energy/municipal.htm. The deadline for submitting applications is Friday, August 29. For more information regarding the MEMP program, contact Ed Charles at 602-771-1140, or by email at edc@azcommerce.com.

MEMBER PROFILE

David Andrews

**Finance Director
Oro Valley**



Where are you originally from?

I moved to Arizona fifteen years ago from Austin, Texas.

What do you like most about your job?

I like working on special projects, specifically bond issuance projects. During my tenure in Oro Valley, the Town has purchased water utilities, developed parks and built a new library. I especially enjoy helping to make infrastructure projects a reality.

What areas of government finance interest you the most?

As mentioned above, bond issuance is the area of government finance that interests me most.

What other communities have you worked for?

I have been the Finance Director in Oro Valley for 12 years. Prior to taking this position, I was the Assistant Finance Director for the City of South Tucson. I began working for the City of South Tucson after completing my M.P.A. at the University of Arizona. In Texas, I worked for Tracor Aerospace as a budget analyst and I started my career working for the State of Texas as a tax auditor.

Who is your favorite musician?

I like many different kinds of music, but some of my favorite musicians are Stevie Ray Vaughan, Eric Clapton, and Van Morrison.

What are your hobbies?

I am a very active person and enjoying many sports including snow skiing, running, snorkeling, weight lifting, and scuba diving. I also like reading and country and western dancing.



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GFOA's 2003 Annual GAAP Update Offered By Satellite Teleconference

The GASB continues to develop news standards that will significantly affect public sector accounting and auditing professionals. GFOA's 2003 Annual Governmental GAAP Update will cover the full range of these important pending changes. Specific topics to be addressed at this year's half day satellite conference include the following:

- New disclosures for deposits and investments (final statement)
- Financial statement recognition of impairments to capital assets (final statement)
- Mandatory accrual of postretirement healthcare and similar benefits (final statement)
- Appropriate budgetary reporting when the framework used for budgeting is incompatible with the fund structure used for financial reporting (final statement)
- Accounting for derivatives and bond swaps (technical bulletin)
- Revisions to the statistical section of the CAFR (exposure draft)
- Accounting for hedging transactions (ongoing project)
- Accounting for pollution remediation (ongoing project)

The satellite teleconference will take place Thursday, November 6 from 1 pm- 5pm EST (11am- 3pm MST). Registration is available online at the GFOA web site, www.gfoa.org.

Performance Measurement Faculty Applications

GFOA is currently recruiting instructors for its training series in performance measurement. The training series includes two courses in introductory and advanced performance measurement. Candidates with excellent speaking skills, teaching experience, and a working knowledge of performance management are highly encouraged to apply. Specific areas of knowledge desired include benchmarking, the balanced scorecard, activity-based management, budgeting using performance measures, perform-

ance data verification, program evaluation, and strategic planning. If interested, please send resume with qualifications to Andy Williams, Policy Analyst/Consultant (awilliams@gfoa.org). Course descriptions are available at <http://www.gfoa.org/forms/seminars-description.pdf>.

Cost Analyses Sought by GFOA

GFOA is seeking information on how governments conduct cost analyses of their services. Cost analyses may be performed to set fees and charges, evaluate contracting with the private sector, estimate unit costs, establish overhead cost rates, estimate the cost to add a new service or increase an existing service, or to find areas for cost savings. The research is being conducted for an upcoming publication on the topic. Please send reports, memos, or brief descriptions of the cost analyses to Greg Michel at GMichel@gfoa.org, or by mail at 203 N. LaSalle, Suite 2700, Chicago, IL 60601.

GASB Improves Derivative Disclosure Requirements

In an effort to improve disclosures associated with derivative contracts, the Governmental Accounting Standards Board (GASB) has issued critical accounting guidance that will provide more comprehensive reporting by state and local governments. Under the new guidance, users of financial statements will be better informed about the risks assumed in derivative contracts. Derivatives are often used by governments as a means to potentially reduce borrowing costs. While derivatives may support financing needs, the lower costs come with additional risks. The objectives and terms of derivative contracts, their risks and the fair value of the contracts are generally not specified in financial reports today.

The GASB's Technical Bulletin, Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets, is designed to increase the public's understanding of the significance of derivatives to a government's financial position and would provide key information about their potential effects on future cash flows.

This Technical Bulletin will be effective for periods ending after June 15, 2003. The Bulletin may be obtained through the GASB Order Department at 800-748-0659 or by placing an order at the GASB's website, www.gasb.org.

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