



President's Message

Zenda James, Director of Finance, Alameda

Hello, I hope everyone is having a wonderful summer. Our city budget, the second year of a two-year financial plan, was approved June 17th with minimum fanfare and/or discussion. The next major challenge for my community would be the next two or five-year financial plan which will need to take into consideration the Proposition 218-required election now scheduled for November 1998 for a utility users tax increase approved May, 1995.

The changes in all the rules relating to taxes, fees, and assessments certainly keep our profession challenged, intellectually speaking. We need to be able to effectively communicate to the citizens the local financial condition, and also be able to demonstrate the need for continued funding for the appropriate public services to maintain or improve the quality of life for our citizens. It is my understanding that the League of California Cities' library has started to collect certain informational materials related to Proposition 218 proceedings. These include information of what strategies worked for some communities and what didn't work for others.

On August 8th, the Governmental Standards Accounting Board (GASB)

Board of Directors will be at the Park Plaza Hotel in Burlingame. This is the scheduled public hearing on the proposed new reporting model. You are urged to communicate to GASB their specific concerns about the proposed new reporting model. The more specific impacts you can cite, the better the Board will be able to understand our concerns. They (GASB) need to hear not just from preparers of the financial reports but from the ultimate users of the document. From the point of view of the "users" of the documents, they, the users, need to ask themselves whether or not the

**CAFR Applications
attached for
Active Members!
Deadline: December 10**

proposed changes would enhance their understanding of an entity's financial position.

Please consider attending the public hearing in Burlingame and let your views be known. We need to be able to discuss with the GASB board the pros and cons of the proposed changes to the reporting

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Be heard!

*Mini-News is
always seeking
input from all
CSMFO
members on
topics in any
department
section.*

*It's your
newsletter!*

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www.csmfo.org

Apply Now for CSMFO's Financial Reporting Award

Attention Active Members! Attached to your newsletter are the application and application supplement for submitting your Comprehensive Annual Financial Report (CAFR) for the CSMFO Financial Reporting Awards Program. These forms have been approved by your board of directors to assist in the review process which included 87 reviewers and submissions by 164 cities last year. The program is available for cities' CAFRs, but not for other entities nor special districts.

The application, along with five (5) copies of the following: application supplement, your city's Comprehensive Annual Financial Report (CAFR), and responses to the prior year's comments, ***must be mailed (postmarked) by December 10, 1997***, to:

Derek Hanway
Financial Services Director
City of Burbank
P. O. Box 6459
275 East Olive Avenue
Burbank, CA 91510-6459

Please note the deadline date; ***there will be no extensions granted!*** If you have questions, need an application, or would like to be a reviewer, please call Derek Hanway at (818) 238-5500.

CSMFO Mini-News

1400 K Street, Suite 400
Sacramento, CA 95814
(916) 658-8210
Fax: (916) 658-8240
www.csmfo.org

Bridge Call Offers Insights on Reporting Model

The CSMFO Career Development Committee held a bridge call for CSMFO members on Wednesday, July 23, to discuss the GASB Board's proposed financial reporting model. More than 60 members participated on the call and received valuable information that provided a broader context within which to evaluate the proposal.

Stan Lindsay, Administrative Services Director for the City of Santa Rosa, moderated the call. Stan is the Chair of CSMFO's GASB Committee, an ad hoc committee formed to develop CSMFO's response to the GASB's financial reporting model exposure draft.

Call panel members were David Bean, Stephen Gauthier and Bill Statler. David Bean, GASB's Director of Research, shared with call participants the background of GASB's proposal, where that proposal stands today, and the process that will unfold as the GASB continues deliberations on this matter. Stephen Gauthier is the director of the Governmental Finance Officers Association's (GFOA) Technical Services Center. An accomplished author (the GFOA "Blue Book") and the editor of the GFOA's monthly publication, *GAAFR Review*, Stephen presented the GFOA's position on the GASB's proposal. Bill Statler, Finance Director for the City of San Luis Obispo, a member of the CSMFO Board of Directors and the GASB Committee, discussed the CSMFO response to the GASB's proposal.

A tape recording of the call will be distributed to each CSMFO Chapter Chair, who will coordinate the sharing of this tape among members in each chapter.

Chapter Corner: Coachella Valley

Greg Johnson, Director of Finance, Indian Wells
Chair, Coachella Valley Chapter

Section 98 of the Revenue and Taxation Code requires counties to make property tax revenue allocations to qualifying cities in accordance with a Tax Equity Allocation (TEA) formula. Cities that qualify to receive these distributions must have been incorporated prior to June 5, 1987 and must have had property tax allocations of less than seven percent in the 1988-89 fiscal year. Typically, cities that qualified never levied property taxes or had a very low property tax rate. Beginning in fiscal year 1989-90, qualifying cities were to receive an additional one percent per year of property taxes until reaching the minimum required seven percent level. If your city is receiving no-low property taxes, you should now be receiving the full seven percent.

In evaluating the no-low property tax distributions for the city of Indian Wells, an error was discovered in the county's formula which resulted in the city receiving less than the required seven percent distribution.

This error was duplicated for all qualifying cities in Riverside County as a result of adjusting Educational Revenue Augmentation Fund (ERAF) for no-low tax payments. This in effect increased the city's ERAF contribution to schools, thereby reducing the amount of no-low funds the county had to pay under the TEA formula. The correction of this error resulted in the city of Indian Wells recovering \$489,000 in back taxes plus an additional \$130,000 per year.

If your city is receiving no-low property taxes, I would recommend that you closely evaluate your county auditor's calculations. You should be able to obtain a detailed worksheet of the calculations to verify how the county accounted for RDA pass through payments, ERAF, prior year tax distributions and other miscellaneous adjustments. If you think there may be an error or change in the formula from one year to another, ask the county auditor to provide you with the section in the tax code that supports their position. Good luck.

Upcoming Events

League Annual Conference

October 12-14, 1997
Moscone Center, San Francisco

CSMFO Weekend Training

November 14-16, 1997
DoubleTree Hotel, El Segundo

League Financial Management Seminar

December 4-5, 1997
Monterey Conference Center

CSMFO Annual Seminar

February 22-24, 1998
Hyatt Newporter, Newport Beach

Please note: The League Financial Management Seminar is scheduled for December 4-5, 1997, in Monterey, CA. This is a correction of a previous notice which appeared in the July Mini-News. Please adjust your calendars, and plan to join us in Monterey.

President's Message

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model. Come prepared to voice your specific concerns.

GFOA is requesting assistance in hosting a test site for the fall administration of the Government Accounting and Financial Reporting Certification Examination. The exam is scheduled for Friday, October 24, 1997 from 1:30 - 5:00 pm. If anyone is interested in hosting this, please contact Doug Bastianelli at GFOA (312) 977-9700. It might be a worthwhile chapter event to host the exam making it more convenient for chapter members to take the exam without having to travel extensively. I urge the chapter chairs to consider this request from GFOA.

CSMFO's focus continues to be on education. Our programs emphasize both technical skills and knowledge-based skills. Our weekend training seminar focuses on budget and investments while our CFO training program focuses on strategic planning, team building and negotiating skills. To augment our two programs, our chapters offer more current topical programs.

Your CSMFO Board of Directors will be going on a one-day retreat prior to the October 1997 board meeting. This is the session where the CSMFO board assesses our progress on the current goals and develops the new goals for the coming year.

I invite you to complete the attached Career Development Opportunities Survey to provide us with your recommendations. If you, as a member, have specific goals you would like the board to consider, please contact me or other members of the CSMFO board.

GASB Is Out Of Control

Zane H. Johnston, Finance Manager, Tracy

The following is a personal observation from Zane Johnston, Finance Manager, City of Tracy. A personal observation does not necessarily represent the opinion of the California Society of Municipal Finance Officers or the League of California Cities.

The Governmental Accounting Standards Board (GASB) is not listening to local government finance professionals. GASB issued its draft policy regarding "Accounting and Reporting for Certain Investments and for External Investment Pools" and despite overwhelming criticism by government finance professionals, the policy (Statement #31) was implemented. GASB is now offering yet another ill-conceived proposal with its new reporting model.

The new reporting model is also meeting with stiff resistance because of its "dual perspective" requirement. If adopted, this perspective will force municipal entities to produce two separate sets of financial statements, including different information and prepared using two different measurement focuses. The accounting and software systems costs of meeting this requirement would be extremely onerous.

The mission of GASB is to establish governmental standards which are generally acceptable and which meet the test of public understanding. The mission is *not* to invent new accounting theory without regard to its ability to be easily implemented or understood. GASB has been taking orders from external sources without regard to the opinions of those in municipal

finance. Some of these external sources are accounting firms which tout client support on one hand and then support onerous GASB statements on the other hand. The following firms wrote letters to GASB in support of Statement #31:

Peat Marwick: "We support the issuance of the Exposure Draft as a final statement."

Deloitte and Touche: "...we encourage the Board to issue a final statement as soon as possible. We generally concur with the conclusions of the Board on the issues addressed in the Exposure Draft."

Ernst and Young: "We support the issuance of the proposed statement to establish accounting and financial reporting standards for all investment held by governmental investment pools and to establish fair value standards for investment contracts, external investment pools (including open-ended mutual funds), debt securities, and equity securities."

CPA firms and CPA Societies generally supported GASB Statement #31 as did credit analysts and those who practice accounting theory. Municipal finance officers did not support the draft. Barbara Hennessy from the city of Long Beach articulated the practical consequences of Statement #31 in a letter to GASB. "We disagree with the findings of GASB. We believe that recognition of unrealized investment gains and losses in the operating statements will result in a distortion of the amounts of fund balance available for appropriation."

GASB Announces New Website

Permission to reproduce portions of the June 1997 issue of GASB Action Report was obtained from the Governmental Accounting Standards Board.

GASB has announced a new website, which can be accessed at:

<http://www.gasb.org>

In order to better serve its constituents with easily accessible information, the website includes announcements of Board actions and upcoming meetings, summaries and status of all GASB Statements and Interpretations, the quarterly plan for GASB projects, and membership information, as well as ordering information and prices of GASB documents.

From the experience of Statement #31 it appears GASB is out of control and needs to become more responsive to government fiscal officers. This lack of responsiveness must be stopped before the ill-conceived new reporting model is forced upon us. Here is what you can do:

1. Write the Chairman of GASB and state your displeasure of Statement #31, the proposed new reporting model and the general disregard of GASB for the opinions of government fiscal officers.
2. Write the Board of Directors of GFOA and tell them to end financial support of GASB until such a time that it becomes more responsive to your concerns.

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Welcome Alex!

As of August 18, CSMFO will have a new Secretary. Her name is Alex Bischoff, and she brings to us a wealth of city experience including policy coordination, political research and administrative analysis. She has a Master of Public Administration degree, with an emphasis on political management, from the University of Southern California, and we are pleased to welcome her to the League and to CSMFO.

Welcome New CSMFO Members!

Helen D. Martin,

Sr. Acct., Fairfield-Suisun
Sewer Dist.

Ken Striplin,

Management Analyst, Santa Clarita

Carl Boyd,

VP, Union Bank of California

Cheryl Jones,

President, Precision Medical Bill
Auditing

Movin' On

CSMFO salutes the following new appointments/promotions:

Jesse Takahashi,

Accounting Manager, Campbell

Gina Y. Cheung,

Finance Division Manager, Monrovia

Robert Porfiri,

Finance Officer/Treasurer, Sonoma

Richard Teichert,

Dep. Director, Finance & Admin.,
Orange County Transportation Auth.

John Karcic,

Budget Manager, Santa Monica

Abigail Urrutia,

Accounting Manager, Vallejo

GASB Out Of Control

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3. Refuse to implement statement #31. "It's not over until the fat lady sings" and GASB Statement #31 must be "generally accepted."

4. Tell your auditing firm they are fired if they have contacted (or will contact) GASB to support either Statement #31 or the proposed new reporting model.

Failure of GASB to be more responsive to the opinions of California municipal finance officers resulted in CSMFO withholding its fiscal contribution to GASB. To continue this protest of GASB, CSMFO should continue to make CAFR awards to any city with an audit exception because the city refuses to implement Statement #31.

Those working in the trenches of state and local government finance are best equipped to offer opinions as to the viability of a proposed accounting method; *not* accounting professors with no practical experience, *not* over-paid Wall Street analysts, *not* partners in CPA firms with financial interests at stake, and certainly *not* the Chairman of the Securities Exchange Commission. It's time local government finance professionals take back control of the Governmental Accounting Standards Board.

Accounting Course at UC Riverside

Accounting for Governmental and Non-Profit Organizations, UC Riverside Extension Center, September 24 - December 17, 1997. Wednesdays, 6:30-9:30 pm. Contact UCR Extension at (909) 787-4111 or check out our website at www.unex.ucr.edu.

Municipal Bond Suit Filed

Several public agencies, following the city and county of San Francisco's lead, have filed a civil suit accusing the Bank of America of keeping hundreds of millions of dollars in municipal bond proceeds and creating false records to cover up their practices. At issue is whether millions of dollars in public funds Bank of America allegedly kept for itself ought to be returned do the cities and counties or the state.

The League of California Cities has provided city attorneys with extensive materials on this case. Finance officers are encouraged to work with their city attorney on the coordination of any suit.

CSMFO Career Development Opportunities Survey Attached

The CSMFO Career Development Committee is interested in your input, and requests that you fill out and fax back the attached survey. This is the time to make your interests known! Check out and check off the yellow form and fax it back today.

Join the CSMFO E-Mail Group List!

More than 50 CSMFO members are now participating on CSMFO's own e-mail group list. This free service benefits CSMFO members by allowing them to share information, post inquiries and communicate quickly with a large group of peers. It's easy to get started so add your name to the list today!

How will this benefit me?

If you have a question you would like to pose to your fellow finance officers, the e-mail group list allows you to reach more than 50 people at the click of a button. This number will undoubtedly grow as more people add their names to the list. Can you imagine reaching nearly 1,000 CSMFO members to help you answer a question at the click of a button?

Keep up to date on CSMFO events. Members of this list have the opportunity

to learn about special events (weekend training, bridge calls, etc.) before reading it in the *Mini-News*, which provides them an advantage when it comes to events with limited registration.

Watch for job announcements that are posted to the e-mail group list.

How does it work?

Members are using the e-mail group list to post questions and provide information to others. The following issues and subjects were recently posted and responded to on the e-mail group list:

- ✓ Questions on budget software programs
- ✓ Request for sample one-page budget summary brochures
- ✓ Proposition 218 compliance election results

How do I subscribe?

Subscribing is easy. Simply send an e-mail message to <majordomo@webcoach.com> (minus the brackets) and type the words "subscribe csmfo-members-list" (minus the quotation marks) in the body of your message. No information is needed on the subject line of the e-mail. A password and directions on how to complete your subscription to this list will be e-mailed back to you. Follow the directions provided and you are ready to go. You should be able to complete the entire process in a few minutes.

Questions?

Contact Mark Prestwich at the City of Sunnyvale at 408/730-7396 or by e-mail at mprestwich@ci.sunnyvale.ca.us.

Excellence in Budgeting Booklet Still Available

CSMFO's *Excellence in Budgeting: Budget Sample Booklet* is designed to provide local officials with samples of the best budget documents currently in use across the state. The booklet provides a myriad of ideas and approaches for creating a professional, yet personalized budget document.

Complete with sample graphs, illustrations and charts, this 208-page booklet will prove to be a great time-saver and resource for improving and updating your own city budget.

To obtain a copy, please return this order form with a check (payable to CSMFO for \$16.16 (\$15 + tax), to CSMFO, 1400 K St., Sacramento, CA 95814.

Order form: Excellence in Budgeting: Budgeting Sample Booklet

Name: _____

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Address: _____

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Phone: _____

Amount Enclosed: \$16.16

**Send me _____ copies of the Budget Sample Booklet
at \$15.00 each + State & Local Tax**

Up the Ladder

SENIOR ACCOUNTANT - City of Walnut Creek, \$53,388 - \$64,872 annual salary. The city of Walnut Creek is seeking an experienced level Senior Accountant to oversee and supervise the city's Revenue Collection program. The duties emphasize experience in governmental fund accounting & information technology applications. BA degree in Accounting plus 3-4 years experience at a professional accounting level, preferably in a public agency required. Supervisory experience a must. City application required. Apply by August 29, 1997 to City of Walnut Creek Human Resources, 1666 North main St., Walnut Creek, CA 94596, (510) 943-5817. EOE.

ACCOUNTING MANAGER - City of El Monte, \$3,994 to \$4,855 per month (does not include city-paid PERS). Supervises 5 clerks and technicians, reports directly to Finance Director. Responsible for areas of General Ledger Accounting, Accounts Payable, Water Enterprise, Grant Reporting. Interacts with other departments, assists with budgets, annual audit, backup at public counter. Requirements: BA/BS with a major in Accounting/Finance/Business, 1 year related experience, knowledge of PCs and spreadsheets, customer service and supervisory experience. Ability to write and speak effectively. Municipal Accounting and/or CRA Accounting experience highly desirable. The city of El Monte works on the 4/10 workweek (Monday-Thursdays). City-paid PERS, City contribution to Deferred Compensation Plan, 2% at 55 retirement. Filing deadline: 5:00 pm August 31, 1997. City application must be filed. Personnel Department, 11333 Valley Blvd., El Monte, CA 91734. (626) 580-2040.

ACCOUNTING SUPERVISOR - City of Tustin, \$4,006 - \$4,869/month. Exercises direct supervision over acctg/clerical staff, supv/participates in variety of acctg/fiscal mgmt. activities, provides technical/admin. assistant to mgmt. level Finance staff, participates in audits, reviews/develops acctg. procedures, assists in development of City Budget/budget admin. Responsible for computer systems support functions. Five years professional governmental accounting experience, two of which incl. supervision of acctg. personnel & B.A. degree w/major course work in acctg/finance/business admin/ or related field. Application deadline: August 29, 1997. No resume only or Fax. For application material contact City of

Tustin, Personnel Svcs., 300 Centennial Way, Tustin, CA 92780. (714) 573-3050. AA/EOE/D.

SENIOR ACCOUNTANT - City of San Clemente, CA. \$3,525 - \$4,285/month. Performs responsible analytical financial and accounting functions, reconciles funds, coordinates fixed assets, prepares year-end reconciliations; maintains and prepares financial records and reports; supervises staff. Undergraduate degree in accounting, finance or related field. CPA highly desirable. Requires knowledge of government finance and accounting principles and procedures, and two years of increasingly responsible experience. Contact Human Resources Office at 714/361-8294 or 100 Avenida Presidio, San Clemente, CA 92672, for required application which must be received by 5 pm on 9/8/97. Applications will not be accepted or sent by fax, and will not be mailed after 9/1/97. EOE/M/F/DISABLED.

ACCOUNTANT II - Marin Municipal Water District; \$3,753 - \$4,598/month + benefits. Maintain and utilize computerized general ledger system of accounts and related subledgers; prepare financial reports and spreadsheets for analysis and reconciliation; may supervise and train others; prepares internal audits, rate studies, and other financial reports. Requires bachelor's degree in accounting or equivalent and two years of direct accounting work experience with emphasis on computer-based accounting, financial report writer and Excel. Possession of a CPA certificate preferred. ONLY completed District employment applications will be considered. Resumes will not be accepted in lieu of an application. Apply: Personnel Dept., Marin Muni Water District, 220 Nellen Ave., Corte Madera, CA 94925. (415) 924-4600, ext. 315. Filing deadline: Open Until Filled. Equal Opportunity Employer.

Classified ads cost \$8 per line, and will be invoiced after the ad appears. Deadline is the 25th of each month for next month's newsletter. For more information, please call Shelley King-McGee at CSMFO (916) 658-8210. To fax a classified job ad, the number is (916) 658-8240, attn: CSMFO Classified Job Ads.