

## President's Message

Anita Lawrence, Finance Director, City of Camarillo

It was a pleasure to attend the GFOA Conference in Milwaukee representing CSMFO. I was able to spend some time with California delegates, although I don't think the California contingent was very strong. A few of us were able to get together for a casual dinner on Monday night, which included pulled pork sandwiches to die for and homemade pecan pie and brownies and best of all a friendly face from home. There were many good sessions, some with people standing or sitting on the floor because the session topic was of great interest.

Milwaukee was a delightful surprise. I had visited it about twelve years ago and it has changed a lot since then, all to the better. It was interesting to see how many positive strides can be made in a city if the support for change is there. Even the cab drivers were talking about the strength of the Milwaukee Mayor and the many changes that have occurred in the downtown area. They have so many great attractions in the city with the rivers running through it and Lake Michigan at its feet. The historical buildings were quite impressive and I was also delighted with the art that ran through the city. There was quite a number of whimsical paper mache sculptures in the downtown area as well as some more serious art pieces. The art museum building, sitting on the shore of Lake Michigan, was an art piece of its own. Thank you for allowing me to represent you.

Many of us have adopted our 2004/05 budgets by now. One of the challenges we have all had is to understand and be able to communicate to our city officials and the public the various elements of the State's budget that will impact us. Bill Statler wrote a very good explanation of the triple-flip, which I will plagiarize and paraphrase here (thank you, Bill) and I have additionally attempted to put into understandable language the other elements of the State's budget that will impact us as cities and special districts.

### TRIPLE-FLIP

The "Triple-Flip" was signed into law last year to become effective July 1, 2004. On March 2, 2004, the voters approved a statewide ballot measure to issue \$15 billion in deficit reduction bonds. These bonds will be paid off over seven to ten years based on the revenue stream that will fund them from the "Triple-Flip." As summarized below, the following three "flips" will occur:

**First Flip.** One-quarter cent of the local one-cent sales tax enacted by cities and counties throughout the State will be repealed.

**Second Flip.** The State will enact a new, dedicated one-quarter cent sales tax to repaying the deficit reduction bonds. At this point in the "flip" sequence, the State has grabbed locally-enacted revenues and used them to finance \$15 billion of its budget deficit. Overall, the taxes paid by Californians will be unchanged.

**Third Flip.** This final flip is a promise by the State to backfill the lost local revenues. This will be funded by a re-allocation of property tax revenues from the Educational Revenue Augmentation Fund (ERAF). Cities, counties and special districts are already the sole funding source for ERAF—in the amount of \$4 billion annually.

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Take advantage of our monthly publication by sharing with us your ideas. CSMFO is always seeking input from all members on topics in any department section. Don't forget to visit the website at [www.csmfo.org](http://www.csmfo.org) for the latest news or call us at 916/658-8210!

**The MINI NEWS**  
**is your newsletter!**

## California Society of Municipal Finance Officers

### Officers and Directors

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 Auth.  
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 Gavin Curran, El Segundo  
 Sandra Schmidt, Las Virgenes MWD  
 Derek Hanway, Burbank

#### **Technology**

Julia James, Malibu  
 John Adams, West Hollywood  
 Josh Betta, South Pasadena

#### **Scholarship Program**

Candis Hong, Thousand Oaks

## Technology Corner

Julia James, Administrative Services Director ,Malibu  
 John Adams, Accounting Operations Officer, West Hollywood  
 Josh Betta, Finance Director, South Pasadena

### **Spam = Delete Button**

Let's lament the advanced state of 21<sup>st</sup> Century spam. How 'bout messages stating that a message you didn't send...to a person you don't know...didn't even get through to them? How 'bout people informing you that you sent them a message when you really didn't? Relax, you're not going crazy. Email viruses are becoming more sophisticated with each passing day. Email "worms" now have the ability to take email addresses from your files, attach viruses and automatically propagate them throughout the computer universe. Internet users also have the capability to go in and "spoof" your email address.

The Technology Committee has received numerous inquiries and complaints, believing that the problem lies within our mailing list. Not exactly. The CSMFO Webmaster speaks forth on the issue:

"What most people don't realize about Internet email is that there is almost no authentication. Anyone with a standard email client can easily spoof any e-mail address simply by changing the settings in their email program's setup menu. All email programs will allow you to set the return address and sender name and there is no way to validate that the name and address entered are really those of the sender. For instance, there are no technical barriers that would prevent a person from setting their return address to "president@whitehouse.gov." This is not unlike putting someone else's name and address in the return address area on a traditional envelope. There is a somewhat technical approach to tracking down the source of any email message. All email messages are routed through one or more mail servers. The server information is stored in the message header (normally not visible to the user). If a specific message is in question it's easy enough to view the header and determine where the message originated from. However, even this approach is not fool-proof as there are ways to spoof this header information. It's also not uncommon for spammers to exploit unsecured mail servers in order to deliver messages on their behalf (in almost all cases those messages have forged return addresses). This is a general problem with the underlying technology of all Internet email systems and there seems to be no end in sight."

It wouldn't be a problem if there were an easy solution, right? The Technology Committee urges you to be diligent in evaluating your email as it comes in. If you do not know the person sending the message: don't open it. Rather, squash it with your delete button – especially when attachments are included. Then be sure to empty your deleted items with regularity. And, always make sure your anti-virus software is updated and current. Beware of subjects such as "Hi" or "Check This Out!". To avoid your sent email being deleted, be specific in your subject title so that your recipient won't delete your message (hey, this goes both ways). Last, if you are running Windows, ensure that you have installed the latest security update from Microsoft.



## Chapter Corner: Coachella Valley

Jerry Carter, Chapter Chair, Finance Director, Indio

The Coachella Valley Chapter is having a great year. Most of the eleven municipalities that make up our chapter are experiencing tremendous growth. Keeping up with services to accommodate and the accounting required has kept each of us very busy.

We hold monthly luncheon meetings on the third Monday of the month hosted by a different one of the eleven cities in their cities at a venue of their choosing. We encourage the administration of the valley cities to attend with the Finance staff. We cover a broad range of topics from the feasibility of alternative fuel purchasing and use by the municipality to formation of Community Facility Districts-the pros and cons.



We have an average of forty attendees at our monthly meetings-all are welcome! Our next meeting is scheduled for July 19 in Cathedral City. If you would like more information regarding the Coachella Valley Chapter please call me at the City of Indio, Jerry Carter (760) 342-6560.

## Chapter Meeting Notices

### Channel Counties

Christy Pinuelas, City of Camarillo

**Date:** Wednesday, July 21, 2004

**Time:** 11:45am- 2:00pm

**Place:** Camarillo Police Department

**Spkr:** Mary Ann Foushee, Social Sec.

**Topic:** Government Pension Offset

**Cost:** \$20 (pay at door)

**RSVP:** 7/19/04 by noon

Jill Gordon 805/388-5320

### Coachella Valley

Jerry Carter, City of Indio

**Date:** Monday, July 19, 2004

**Time:** Noon

**Place:** Leapin Lizards Bistro

**Spkr:** Chuck Vasquez, President, 35th Ave Neighborhood Watch Group

**Cost:** \$25 per person

**RSVP:** 7/12/04

Marilyn Jordan 760/770-0356

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## CSMFO Chapter Chairs

Chapter Assistant - Tawni Escudero, League of California Cities 916/658-8210 or [tescudero@cacities.org](mailto:tescudero@cacities.org)

<u>Chapter</u>	<u>Chairperson</u>	<u>Telephone</u>	<u>Email Address</u>
Central Coast	Lynda Snodgrass	805/473-5432	<a href="mailto:lsnodgrass@arroyogrande.org">lsnodgrass@arroyogrande.org</a>
Central Los Angeles	Susan Bergeron-Vance	562/868-0511	<a href="mailto:susanbergeronvance@santafesprings.org">susanbergeronvance@santafesprings.org</a>
Central Los Angeles	Rod Hill	562/464-3340	<a href="mailto:rhill@whitterch.org">rhill@whitterch.org</a>
Central Valley	Greg Baird	209/577-5458	<a href="mailto:gbaird@modestogov.com">gbaird@modestogov.com</a>
Channel Counties	Christy Pinuelas	805/388-5358	<a href="mailto:cpinuelas@ci.camarillo.ca.us">cpinuelas@ci.camarillo.ca.us</a>
Coachella Valley	Jerry Carter	760/ 342-6560	<a href="mailto:jcarter@indio.org">jcarter@indio.org</a>
Desert Mountain	Kevin Smith	760/240-7000	<a href="mailto:ksmith@applevalley.org">ksmith@applevalley.org</a>
East Bay (S.F.)	Mary Dodge	925/671-3182	<a href="mailto:maryd@ci.concord.ca.us">maryd@ci.concord.ca.us</a>
Imperial County	Vacant		
Inland Empire	Tina Kundig	909/798-7543	<a href="mailto:tkundig@cityofredlands.org">tkundig@cityofredlands.org</a>
Monterey Bay	Marc Pimentel	831/646-3947	<a href="mailto:pimentel@ci.monterey.ca.us">pimentel@ci.monterey.ca.us</a>
North Coast	Bill Mushallo	707/543-3092	<a href="mailto:bmushallo@ci.santa-rosa.ca.us">bmushallo@ci.santa-rosa.ca.us</a>
Northeast Counties	Steve Strong	530/225-4087	<a href="mailto:sstrong@ci.redding.ca.us">sstrong@ci.redding.ca.us</a>
Northwest Counties	Carolynn Thomas	707/441-4114	<a href="mailto:cjthomas@ci.eureka.ca.gov">cjthomas@ci.eureka.ca.gov</a>
Orange County	Kathy Rafferty	949/724-6027	<a href="mailto:krafferty@ci.irvine.ca.us">krafferty@ci.irvine.ca.us</a>
Peninsula	Thomas Fil	650/595-7435	<a href="mailto:tfil@ci.belmont.ca.us">tfil@ci.belmont.ca.us</a>
Sacramento Valley	Susan Mahoney	916/725-2448	<a href="mailto:smahoney@ci.citrus-heights.ca.us">smahoney@ci.citrus-heights.ca.us</a>
San Diego County	Maria Kachadoorian	619/476-5376	<a href="mailto:mkachadoorian@ci.chula-vista.ca.us">mkachadoorian@ci.chula-vista.ca.us</a>
San Gabriel Valley	Josh Betta	626/403-7250	<a href="mailto:jbetta@ci.south-pasadena.ca.us">jbetta@ci.south-pasadena.ca.us</a>
San Gabriel Valley	Tracey Hause	626/574-5400	<a href="mailto:thause@ci.arcadia.ca.us">thause@ci.arcadia.ca.us</a>
South Bay	Jag Pathirana	310/970-7927	<a href="mailto:jpathirana@earthlink.net">jpathirana@earthlink.net</a>
South San Joaquin	Judy Bier	559/896-7516	<a href="mailto:judyb@cityofselma.com">judyb@cityofselma.com</a>

# The Tangled Web of Local Revenues

Frances Medema, Management Analyst, League of California Cities

As discussions on the State Budget and Local Government Agreement draw closer to a conclusion, it might be time to step back and examine the various alterations to local revenues that have occurred recently and explore others that may be waiting in the wings. Recent actions and proposals that impact local revenues include the VLF gap, the triple flip and the VLF- property tax swap. Meanwhile, the analysis of California's participation in the Streamlined Sales Tax Project and a discussion led by the Board of Equalization on the appropriate situs allocation of sales tax on California sales placed over the internet offer cities an opportunity to participate in determining future directions in local revenues.

## 2004-05 VLF Gap

During the 2004-05 fiscal year, payments of motor vehicle license fees and VLF backfill funds seemed in constant limbo. The first part of the gap occurred June 20, 2003 when the VLF trigger was pulled, allowing the license fees to increase though with a 90 day delay. Since no funds were appropriated for the backfill in the interim period, cities and counties saw their VLF payments plummet. At the same time, the State obligation of motor vehicle fees for realignment programs required that the percentage of vehicle license fees to realignment had to be increased, thus further enlarging the gap amount. The State has promised to repay this gap amount in August 2006. This "loan" is protected in the constitutional amendment that is part of the local government budget agreement with the Governor. We understand that the Controller's Office has been working with the Department of Motor Vehicles to determine the total VLF gap amounts for every jurisdiction and that calculation is now available on the State Controller's website at [www.sco.ca.gov](http://www.sco.ca.gov).

## Triple Flip Starts July 1, 2004

Anita Lawrence's President's Message provides the background on the triple flip. As usual, the devil's in the details and some of the details are still unclear. The State Board of Equalization (BOE) sent out a Special Notice in early June regarding how the distributions will be handled (<http://www.boe.ca.gov/news/pdf/sn-TripleFlip.pdf>). Cities and counties will notice the first reduction in sales and use tax payments in September when BOE makes the first advance on the Third Quarter 2004 (July – September). The September payment will also include full payment for the final adjustment to the Second Quarter 2004. The quarterly statements prepared by the BOE will reflect the full amount that was collected at the current Bradley-Burns rate, the 0.25% reduction and the net amount of the distribution. This information will address concerns that jurisdictions would have no verification of amounts that are due from the county sales tax compensation fund for accounting and audit purposes.

The county auditors will administer and distribute the replacement funds. According to the statute governing the triple flip, the Department of Finance (DOF) will provide county auditors with the amount of in lieu sales tax revenues to distribute to each jurisdiction within the county by September 1 of the current fiscal year. The DOF is charged with estimating the sales tax flip in each county based on prior years sales. BOE will be providing sales and use tax information to the DOF for their calculation by August 15. In the past, BOE has allowed local cities and counties to notify them of major changes in their jurisdiction that may impact sales tax revenues, such as the addition of a large mall. If your city or county has any changes that may alter their revenues by 5% or more in fiscal year 04-05, you should notify BOE by early August. The figures provided to the county auditors on September 1 will determine how much the county auditors must set aside from the county ERAF pool to fund the in lieu sales tax.

The county auditor will then make two payments to each jurisdiction in the county based on these numbers – one-half in January and one-half in May. For example, if the DOF reports in September 2004 that the sales tax flip estimate for City A is \$1 million – that city will receive \$500,000 in January and \$500,000 in May. Any difference that is over or under paid from that amount will be corrected in January of 2006. The League and the California State Association of Counties had been working with city and county officials to develop alternatives that would allow a true-up in August. However, we have been unsuccessful in obtaining the required clean-up legislation.

The county auditors are preparing implementation guidelines and welcome city discussion of these guidelines. Once some of the last details are clarified, a joint meeting or conference call will be convened.

## State Budget – Local Government Agreement

As the MiniNews goes to press, Legislators and the Governor are still discussing their differences. Sacramento regulars often note

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## State Mandates

Frank Moore, CDIAC

Recently an inquiry was placed on the CSMFO listserv regarding the State mandate requiring local governments to make quarterly investment reports. Frank Moore of the California Debt and Investment Advisory Committee responded to the inquiry as follows:

The 2003-04 State Budget Act zeroed out the funding for the reimbursement and suspended the mandate for the current fiscal year only. I like to point out to folks that the AB 943 requirement to send investment policies and reports to CDIAC was not suspended, thus, cities and counties need to send us copies if they still choose to do them of their own volition.

For the budget year, both Assembly and Senate versions of the 2004-05 State Budget Bill contain language identical to this year's budget act. It would again zero out the dollars for investment reporting reimbursement and suspend the mandate for the budget year. Local agencies would be required to follow the requirements of AB 943 and send us copies of their reports if they continue to do these reports on their own.

In addition, AB 2853 (Laird) is a bill currently in the Senate Local Government Committee that would make the submission of investment policies and reports optional, thereby eliminating these state-mandated local programs. The bill still encourages that local agencies continue taking the actions formerly mandated. Once again, if cities and counties choose to continue doing these reports, they would need to be sent to CDIAC to satisfy the requirements of AB 943.

Frank Moore  
California Debt and Investment Advisory  
Commission  
(916) 653-4957

## 2004-05 Budget Awards Kick Off

Agnes Walker, Budget & Research Officer, Costa Mesa

Applications for the 2004-05 Budget Awards Program are now available on the CSMFO website and are included in the July 2004 printed edition of the MiniNews. You will note that the forms have been slightly revised. Comments were solicited from the CSMFO Board and the Budget Committee before the changes were incorporated in the revised forms. Examples of the changes are as follows:

### Application Form:

The question whether the applicant (individual) has personally applied for or received any of the budget awards with another jurisdiction has been deleted. The Committee felt this had no bearing on how the reviewer scores the application.

### Operating Budget:

- Question #6 under Section A has been re-worded – “accounting basis of budget” (which does not seem to be “technically” correct) has been changed to “basis of budgeting” – the Reviewer’s Guide provides explanation.
- Question # 19 under Section B – instead of asking if an “index” is included, the question is now whether a “list of acronyms” with definitions is included. The Committee felt that the index requires a lot of work and giving it only one point did not seem appropriate.

### Capital Budget:

- Question #3 under Section A of the Capital Budget has been revised to clarify the impact on the capital budget.
- Question 10 under Section B has been reworded for grammatical consistency.

### Innovation and Public Communications:

For both categories, the maximum score for Section A has been changed from 20 to 40. Section B has been changed from 80 to 60, with 4 points at the Reviewer’s discretion. In addition, the break point for a meritorious award is 69 (changed from 80) and the excellence award is 70 (changed from 90) points.

The Reviewer’s Guide has also been revised to reflect the above changes and other corrections. And we have reduced the number of submitted copies to only 4.

The Committee encourages and welcomes your comments/suggestions for other future changes to the awards program.

### First Submission:

As is the case every year, some agencies compete for the honor of being the first to submit an application for the awards program. Last year, the first agency to submit was the City of Campbell.

The Committee encourages members to submit early. Early submission gives you a price break, but also helps greatly with the review process. The awards program has four categories: 1) Operating Budget; 2) Capital Budget; 3) Innovation in Budgeting; and 4) Public Communications. The fee structure for each budget category submitted for an award is as follows:

**Early Bird Special – Budget Received by August 31, 2004**

**\$ 25**

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## Chapter Meeting Notices

### Inland Empire

Tina Kundig, City of Redlands

**Date:** Thursday, July 15, 2004  
**Time** 11:30 am- 1:00 pm  
**Place:** Cask N' Cleaver  
**Spkr:** To Be Determined  
**Topic:** Legislative Update (tentative)  
**Cost:** \$17.00  
**RSVP:** Mary Ellen Lambert  
909/798-7541

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### San Gabriel Valley

Tracey Hause, City of Arcadia  
Josh Betta, City of South Pasadena

**Date:** Wednesday, July 21, 2004  
**Time** 11:30 am  
**Place:** Four Points Sheraton Hotel  
Monrovia, CA  
**Spkr:** Carol Jacobs, CBIZ Accounting  
**Topic:** Organizational Culture and  
Behavior --- Why Should I Care?  
**Cost:** \$30.00 per person (pay at door)  
**RSVP:** 7/19/04 by noon  
Kelley Williams 626/574-5465

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### Monterey Bay

Marc Pimentel, City of Monterey

**Date:** Friday, July 23, 2004  
**Time** 10:30 am- 1:30 pm  
**Place:** Crazy Horse Restaurant  
**Spkr:** Deanna Sessums, LCC, Regional Rep  
**Topic:** Update on California finances & Nov. Ballot  
**Cost:** \$21 for members; \$25 for non-members  
**RSVP:** 7/20/04 by 10am  
Marc Pimentel 831/646-3947

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### Peninsula Chapter

Thomas Fil, City of Belmont

**Date:** Friday, July 30, 2004  
**Time** 11:45am- 1:30pm  
**Place:** San Francisco  
**Spkr:** To Be Announced  
**Topic:** Tour of New Federal Reserve Bank  
**Cost:** To Be Determined  
**RSVP:** Call Nawel Voelker for more information:  
650/595-7433

### Channel Counties

Christy Pinuelas, City of Camarillo

**Date:** Wednesday, July 21, 2004  
**Time** 11:45am- 2:00pm  
**Place:** Camarillo Police Department  
**Spkr:** Mary Ann Foushee, Social Sec.  
**Topic:** Government Pension Offset  
**Cost:** \$20 (pay at door)  
**RSVP:** 7/19/04 by noon  
Jill Gordon 805/388-5320

# The Tangled Web of Local Revenues

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that the city needs a series of 100+ degree days to encourage legislators to complete their job and get out of town. The weather hasn't been cooperating lately. Rumors have been flying that agreement is close at hand, though no one is really certain. The local government agreement appears to be one of the last items of discussion. Concerns raised by legislators include loss of control in turning to local revenues during budget crisis, the inability to redesign the mix of local revenues, and placing a cap on the VLF rate. Assembly Member Darrell Steinberg proposed that local revenues be protected in "aggregate" not guaranteed by revenue source, so that the State could make swaps of local revenues sources in the future. This proposal was quickly rebuffed by the LOCAL coalition. The Governor has been consistent in support of the local government agreement.

In addition to constitutional protection for local property tax, sales tax and VLF and the VLF gap loan, the agreement requires reimbursement of past due mandates starting in 2006-07 and will automatically repeal any mandates that are not funded in future budgets. The agreement also makes some changes to VLF revenues and backfill. First, the VLF backfill would be eliminated and replaced by property tax revenues. In addition, the remaining VLF revenues would be used first to pay realignment obligations and administrative expenses and the balance would be distributed to cities. Cities would then receive the balance of the VLF revenues. The additional amount of VLF revenues that are diverted to realignment from cities and counties would also be replaced by property tax funds. The property tax revenues that are swapped for VLF become a base for future property tax growth calculations. The county auditors would distribute the replaced VLF funds in January and May.

## Looking Ahead

Local officials are encouraged to share their comments on two issues that may impact local sales and use tax distributions. California is currently participating in the Streamlined Sales Tax Project (SSTP) and analyzing the potential differences between California State laws and regulations and the regulations established under the Streamlined Sales and Use Tax Agreement (SSUTA). Several features of the SSUTA could impact local sales and use tax, especially the current local allocation basis. Also, the State Board of Equalization (BOE) has opened hearings on Point of Sale for local sales tax allocation on purchases conducted electronically.

California became a participating state in the SSTP under legislation passed last year. The legislation created a Board of Governance consisting of two representatives from both the Senate and Assembly (one from each party) and representatives from the Board of Equalization, Franchise Tax Board, and Department of Finance. The BOE has assigned a staff person to compare California statutes and regulations to the SSUTA. The first area of concentration is the Sourcing section of the SSUTA. Specifically, sales and use tax revenues are distributed to the place where the purchaser takes possession not the seller's location as it is generally in California. If the SSUTA were adopted by California, these sourcing rules would have an impact on local revenue allocations. The States of Washington and Texas have analyzed the sourcing rules and determined that it may create winners and losers among local jurisdictions. The League of California Cities Revenue and Taxation Policy Committee discussed this issue and agreed to form a working group to assist the Board of Equalization staff in assessing the impacts. The League welcomes comments and analysis on this issue. Please forward your comments to Frances Medema at [medemaf@cacities.org](mailto:medemaf@cacities.org).

Currently, the BOE is seeking public comment on the point of sale when a California resident places an electronic order with a California seller. This issue surfaced when an out-of-state catalog and website seller requested a Seller's Permit for a one-person credit office in California. The seller maintained that the credit function qualified the location for a seller's permit. Issuance of the permit would mean that all use tax collected by the seller that now goes to the county pools would be redirected to the single jurisdiction where the credit checker would be located. The BOE board members noted that Internet based sales raise issues that were not conceived when current rules and regulations governing local sales tax allocation were adopted. Therefore the board directed staff to conduct hearings on this issue and prepare a recommendation to be submitted to the Business Taxes Committee of the BOE in October. Copies of the Discussion Paper may be found at <http://www.boe.ca.gov/meetings/pdf/electsales.pdf>. The first discussion meeting was held on June 17. Currently, BOE regulations do not recognize the server where the seller's website is located as a situs for sales tax allocation. The participants in the meeting generally agreed with that determination. Issues were debated on what constitutes the completion of an offer and acceptance in a sales transaction. Do or should activities such as credit checks, transferring funds, managing the website or fulfilling an order qualify as completing the offer and acceptance of a sales transaction and therefore be eligible to seek a seller's permit and considered for allocating local sales tax revenues? Currently BOE regulations look to the seller's headquarters or, under certain circumstances, the seller's warehouse for allocation of the sales tax. Written public comment is due by July 12. The second interested parties meeting is set for August 5. Please forward copies of your comments to me at [medemaf@cacities.org](mailto:medemaf@cacities.org).

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# Greetings from Iraq

Charlie Francis

Hello CSMFO Colleagues and Friends!



Lee Marvin, in a gravelly voice, groaned the serenade “I Was Born Under A Wandering Star” in the movie Paint Your Wagon. Here I am writing to you once again from the other side of the globe. Yes, I am in Iraq!

*Figure 1 - Charlie Francis, Senior Local Government Finance Specialist.  
Email cfranc01@lgp-iraq.org*

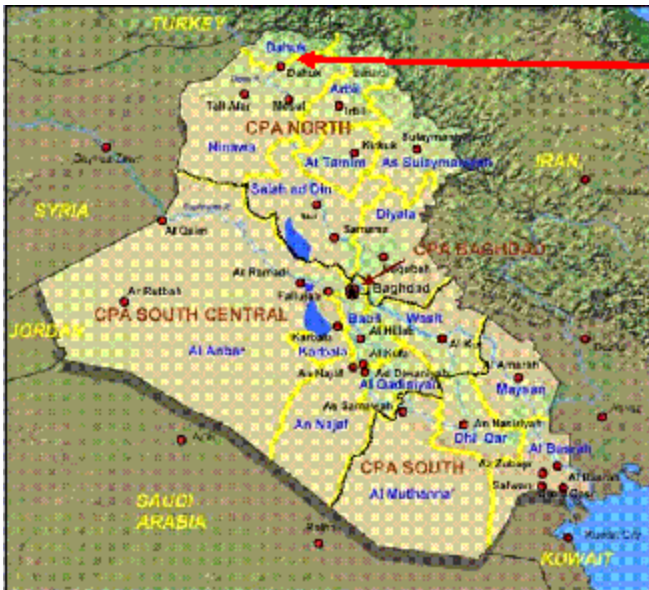
For our newer members, I was a California Finance Director, served as a CSMFO Board Member, and also worked as a consultant in California in between my wanderlust for excitement in emerging countries.

I’ve been here over seven months. I’ve survived two rocket attacks and several firefights in our attempts to bring democratic local governance to the Iraqi people. One of my colleagues was kidnapped, and several of our local-hire staff were killed. Many of us live under the constant danger from specific death threats. In the beginning we lived in tents and trailers...

Our project’s mission in Iraq is to strengthen the institutions, processes, and role of participants involved in sub-national government, including the role of citizens. One major component of the work plan is providing technical assistance and training in the core public finance functions: participatory and transparent budgeting, contemporary financial management, and financial and performance reporting and auditing.

OK, so now you’re asking “just why do I want to read articles about Iraq and what does it have to do with CSMFO business?” Well, several of you may some day become international development consultants and would like to know what it’s like to live a life abroad. Some may want to know more about the relationship between GFOA, its International Committee and delegates to the annual conference. Maybe several would like to showcase your city when we bring Iraqi finance professionals to the US. A few of you have wonderful “best practices” that we can share with our colleagues here. Finally, you just might need a diversion from the daily grind of your multi-tasking, midnight-hours, and grueling schedules!

Oh, one more reason! There are always “point, counter-point” issues to consider in national and geo-political events. The war, and the subsequent rebuilding of Iraq, has provided rich dialectic for not just the pundits to pontificate on the evening news, but also for us to ponder as we prepare for the coming elections. After all, an informed public is what this project is all about! I believe that Iraq will be better off as the US knows more about what’s going on; and you will be better off also, when you are more fully informed on what’s really happening here. Perhaps you will appreciate more information from a source you know and is reporting from the perspective of a public finance professional just like yourselves.



So, where am I now, and what am I doing?

We evacuated the South back in April when Al Sadr’s militia ran rampant and threatened our existence. Three major Reductions in Force (RIF) and several minor layoffs decimated our human resources from our original project FTE’s of over 200 to 95.

I am now in beautiful mountainous Dahuk, about 60 kilometers North of Mosul, just 100 clicks south of the Turkey border.

My city is Mosul, and it is VERY dangerous there. So dangerous that we are not allowed to go into Mosul without two armored vehicles. Are you ready for this? We have no armored vehicles! And if we do get any (unlikely) it won’t be until November or December! So, I

*(continued on pg 9)*

## Greetings from Iraq

(continued from pg 5)

have to run my program remotely, using locally hired staff. I have two program managers, several university professors, GIS contractors, and soon a host of others (I expect to run my program with a cast of thirty).

What's the program?

We'll be delivering training through the Mosul Technical Institute in Strategic Planning, Service Costing, Program Performance Budgeting, CIP, SEA Reporting and Auditing to the Water, Sewer, Public Works, Electricity, Health and Education Ministries, as well as to the embryonic City Council for Mosul. We'll do Baldrige Criteria Organization Assessments for Water, Sewer and Public Works, as well as develop 2005 PPBS and CIP budget requests for them. I'm speaking at a Fiscal Decentralization conference for the Kurdish region in a couple of weeks, developing a ½ million dollar Business Center (loans and venture capital) and a \$250K CDBG program for Mosul, and many other things when I am not dodging rockets or budgets.

Lee Marvin continued to warble:

Do I know where hell is  
Hell is in hello  
Heaven is goodbye forever  
It's time for me to go.....

And so it is time to go, since I am limited to 800 words!

Until our next issue, visit

<http://www.snapfish.com/share/p=13381086695090650/l=28239164/cobrandOid=1000131>

to join me on a one-day trip (click on the first photo for an enlarged view, and click "next" for the entire story). Maas-salaama!

**Editorial comment:** This article was submitted by a former city official and active CSMFO member, currently working in Iraq. The author provides a unique insight into what is happening in this troubled area. Any editorial comments are those of the author's and do not represent a position by CSMFO.

## GFOA Update

At the GFOA Annual Conference this past June in Milwaukee, Wisconsin new officers were elected for the 2004-2007 term. Ed Harrington, Controller, City and County of San Francisco, has served as GFOA President in 2003-04 and has now passed the gavel onto Nancy L. Zielke, Assistant Vice Chancellor for Finance, University of Missouri-Kansas City. Also, there were five new members-at-large elected to serve a three year term on the Executive Board. One of those members is from California: Joya De Foor, City Treasurer, Los Angeles, CA. We look forward to hearing great things from Joya!

## The Tangled Web of Local Revenues

(continued from pg 5)

Local revenues continue to be subject to modification and swaps. Action is necessary on two fronts to protect local revenue sources. First, support of the November local government revenue protection ballot measure will protect current revenue sources. Second, local official can be proactive in protecting revenues by participating in discussions such as those at the Board of Equalization. Don't be caught standing on the sidelines and complaining later – act now.

## Budget Article

(continued from pg 5)

Received September 1 through

September 30, 2004 \$ 50

Received from October 1 through

November 1, 2004 \$100

**Reminder:** If you are planning to submit a budget for consideration for this year's awards program, the Committee expects each agency to provide a staff member to serve as reviewer for another agency's budget. When you submit your budget application, please include a Reviewer Application form indicating who in your agency will be reviewing another agency's budget over the next few months. Your active participation as an agency that submits a budget for consideration, and provides a reviewer for the program, will help ensure that we continue to have a successful awards program and will help spread the workload to more members of CSMFO.

**VOLUNTEER REVIEWERS STILL NEEDED!**

Thanks to those of you who have volunteered as budget reviewers for this upcoming year. However, the Committee still needs many more reviewers to help make this a successful program for all CSMFO members. If you would like to volunteer as a budget reviewer, (even if you do not submit a budget) please complete the Reviewer's Questionnaire that is available in electronic format at [www.csmfo.org](http://www.csmfo.org) and send it to Agnes Walker at [awalker@ci.costa-mesa.ca.us](mailto:awalker@ci.costa-mesa.ca.us) or fax it to (714) 754-5040. The awards program can continue to succeed only with your continued involvement and support! So, please volunteer today! If you have any specific questions about the awards program, please contact Agnes Walker at 714/754-5241 or via email as listed above.

## Up the Ladder

**ACCOUNTING MANAGER** – City of Berkeley, CA. Salary: \$74,472 - \$90,516 Year Plus 8% Add'l Comp & Exc Benf'ts Pkg. This exciting opportunity exists for innovative professional manager to supervise the day-to-day activities of the Accounting Division within the Finance Dept. The ideal candidate will have a demonstrated ability to perform complex financial analyses, manage staff and other resources to efficiently accomplish approved work plans, to assure that the books and records of the City are maintained at the highest professional standards, and to assume leadership in meeting the financial reporting and information needs of the City's executive team. Requires BA in Accounting, Business Admin, or related field and five (5) years of profn'l accounting exp. including developing and implementing automated accounting systems, and at least two (2) years of supervising profn'l staff. A Certified Public Accountant license is highly desirable. City of Berkeley application materials must be submitted by 5:00 p.m.xx/xx/xx. Call (510) 981-6888 or apply at: HR Dept., 2180 Milvia Street, Berkeley, CA 94704. EOE. Access our website at: [www.ci.berkeley.ca.us/hr](http://www.ci.berkeley.ca.us/hr)

**BUDGET ANALYST** - City of Camarillo, CA. Salary: \$55,023 – \$74,218 annually. The Budget Analyst reports directly to the Deputy Director of Finance and performs the following duties: Assists in long-range financial planning; analyzes/troubleshoots monthly budget; analyzes/reconciles developer deposits; assists preparing annual budget/midyear budget review; coordinates Mandated Costs Program; assists in rate/fee studies. Coordinates Community Service Grants Program; other misc. duties. Excellent benefits and working conditions. For more information go to website [www.ci.camarillo.ca.us](http://www.ci.camarillo.ca.us). Applications due by July 30, 2004.

**CHIEF FINANCIAL AND ADMINISTRATIVE OFFICER (CFAO)** - Superior Court of California, Orange County. Filing Period 06/25/04 – 07/30/04. Approximate starting Salary Range \$130,000 - \$135,000. The Superior Court of California, County of Orange, offers an exceptional opportunity to join the executive team of the fifth largest trial court in the United States. Our court is a unified trial court with 109 judges and 34 commissioners located in 7 Justice Centers throughout the county. We have a staff of nearly 1,600 and an operating budget in excess of \$170 million. The court's judicial officers and employees are recognized for their high standards of achievement, integrity and diversity. *Position Description:* The CFAO will oversee the court's financial and administrative services areas including financial planning, budget development, and facilities infrastructure. The CFAO will work closely with Judicial Committees on an array of matters related to budget, finance, capital projects, security and strategic planning. The CFAO will also work extensively with state and local officials in order to represent and support the court's strategic and operational needs in finance and facilities. Courthouse facilities are in the process of transitioning from county to state judicial branch control. The CFAO will be actively involved in sensitive and high level planning and negotiations to ensure an effective and successful transition. *Minimum Qualifications:* Bachelor's Degree with an emphasis in Business or Public Administration, Public Policy, Public Finance, Finance, Accounting or directly related field - OR - any combination of training and experience that would likely provide the required knowledge and abilities required of this position; Master's Degree in Business, Accounting, Finance, Public or Judicial Administration strongly preferred; Extensive management level experience including a minimum of five years progressively responsible experience in public sector finances, capital projects, strategic planning or closely related business discipline. Must pass a background investigation to the satisfaction of the Court. *Benefits:* Annual Optional Benefit of \$3,500

("cafeteria" type plan), Life Insurance and AD&D \$125,000 each, Health Insurance: PPO & HMO Options, Dental, Car Allowance: \$600/month, Option to Participate in 457 Deferred Compensation Program, Participation in 1937 Act Retirement System (reciprocity with PERS and some others), 13 Paid Holidays, Paid Vacation and Sick Leave Accruals, Salary Continuance/Disability Insurance, Tuition Reimbursement. *How to Apply:* Apply on-line by visiting our employment website at <http://www.occourts.org/geninfo/jobs>

**ACCOUNT CLERK II, FULL-TIME (BUSINESS LICENSING)** -City of Chino, CA. Salary Range: \$2,612 - \$3,174/month. This position primarily processes applications for business licenses and special business permits, special event permits, and fireworks sales permits; generates invoices for miscellaneous services; and is responsible for the collection of such revenue for the City through office work and field visits. Has contact with the public daily through telephone calls and personal visits, requiring highly developed customer service skills. Requires a High School Diploma/GE.D and the ability to perform difficult clerical and financial record keeping work. Some Business Licensing experience in a municipality and a Penal Code 832 certificate are desirable. For a Job Announcement and a required City Employment Application visit [www.cityofchino.org](http://www.cityofchino.org); City Hall at 13220 Central Ave., Chino; or call (909) 591-9808. EOE

**BUDGET OFFICER** – City of Concord, CA. The City of Concord, California (population 126,000), located in Contra Costa County just 29 miles east of San Francisco, is seeking an analytical, self-confident Budget Officer who is team oriented and responsive to customers. Under the direction of the Finance Director, the Budget Officer also works closely with the City Manager and city department heads, and is responsible for the coordination and preparation of the city's sophisticated and well estab

(continued on pg 11)



## Up the Ladder

(continued from pg 10)

lished, performance-based budget document and the closely related ten-year financial plan for an overall budget of nearly \$150 million. The Budget Officer supervises an Accounting Technician and serves on the budget committee with the City Manager, Finance Director and two Assistant City Managers that conducts detailed reviews of all the City's budget components. The ideal candidate will be a hands-on and astute professional with at least a bachelor's degree in public or business administration, accounting or a closely related field. Candidates should also have superior analytical skills and the ability to successfully absorb and add value to the city's performance-based budgeting and long-range financial planning system, as well as the city's mission and values relating to customer service, diversity, ethics, teamwork and accountability. Significant budgeting and/or accounting experience in a public agency will be necessary to quickly transition into this mission critical management position. The maximum salary for the position is approximately \$105,000 annually, plus full payment of the employee's contribution to the Cal PERS (2.5% @ 55, single highest year formula) and an excellent benefit package, including an annual bonus based on performance, retiree health insurance coverage and city 3% contribution to a deferred compensation account. To be considered for this exceptional career opportunity, submit resume, cover letter with current salary, and three work-related references by Monday August 2, 2004 to David Harris at: CPS Executive Search, 241 Lathrop Way, Sacramento, CA 95815, 916 263-1401, Fax 916 561-7205, Email: [resumes@cps.ca.gov](mailto:resumes@cps.ca.gov), Website: [www.cps.ca.gov/search](http://www.cps.ca.gov/search), City website: [www.ci.concord.ca.us](http://www.ci.concord.ca.us)

**FINANCE DIRECTOR** – Covington Water District, Covington WA – Salary \$76,500 - \$95,000 plus excellent benefits. Located in southeast King County, just 45 minutes south of Seattle, Washington, Covington Water District has a service area of approximately 53 square miles and provides water to the cities of Covington,

Maple Valley, and Black Diamond, as well as unincorporated areas of King County. Its close proximity to Seattle brings the full menu of cultural opportunities. The Finance Director, along with the Utilities Director, reports directly to the General Manager. The General Manager, Utilities Director and Finance Director comprise the District's executive management team and will work closely in developing District policy and managing District activities. The Finance Director will manage and supervise the Finance and Customer Service Departments and will be responsible for the daily operations including: meter reading, billing, cash receipts, customer inquiries, customer accountability and timely payments. The ideal candidate will have been a successful Finance Director and will have had previous experience in an organization recognized for excellent customer service and continuous improvement. A Bachelor's degree in finance, accounting, business administration or public administration is required. A Master's degree or CPA is preferred. The ideal candidate will possess a minimum of 5 to 7 years of experience in a comparable public sector agency with at least 3 years in a senior management role, such as finance director or assistant finance director. Candidates are strongly encouraged to apply by August 13, 2004. For a complete profile please visit [www.prothman.com](http://www.prothman.com). Please send a letter of interest and resume to Prothman Company, 126 NW Canal St. Suite 210, Seattle, WA 98107. Fax 206-368-0060, or e-mail [humanresources@prothman.com](mailto:humanresources@prothman.com).

**FINANCE DIRECTOR** - City of Eureka, CA. Annual Salary: \$68,736 - \$83,568. Plus Full Benefits, including 2.7% @ 55 PERS. Eureka is situated along the spectacular Northern California coastline 280 miles north of San Francisco. Housing is reasonable and the beauty of the region is unmatched. Outdoor recreation is abundant with activities such as boating, sport fishing, hunting and backpacking. Eureka is nationally recognized for its architecture and arts community, and has a community college and state university. A typical "commute" is 5 to 15 minutes. The Finance Di

rector develops, directs, and administers the activities and operations of the Finance Department, including accounting, accounts payable and receivable, auditing, budgeting, business licenses, cashier/collections, data processing, financial reporting, payroll, public transportation, purchasing, and utility billing. Desirable qualifications include a combination of training and experience equivalent to a Bachelor's Degree in Accounting, Finance, Business Administration, or a related field and seven or more years of responsible public financial administration experience, with considerable supervisory experience. Interested? For a complete application packet, (1) contact our Personnel Department at 531 K Street, Eureka, in Room 102, (2) call our Job Line at (707) 441-4134 to request that one be mailed to you, or (3) apply online at [www.eurekawebs.com/cityhall](http://www.eurekawebs.com/cityhall). We will be accepting applications until 5:00 p.m. on Friday, June 25, 2004. EOE

**PORT FINANCIAL ANALYST** - Port of Long Beach, CA. (Salary \$4,418.00 - \$6,324.00/Mo., plus excellent benefits.) Under general supervision, assists Division management in the completion of complex financial analyses and reports and performs special studies to improve the efficiency and effectiveness of the organization; Req. BA degree in BA, Fin., or related field and 4 yrs. exp. Apply by: July 16, 2004 on line at: [www.longbeach.gov/civilservice](http://www.longbeach.gov/civilservice) or contact City of Long Beach, Civil Service Department at: (562) 570-6202. EOE.

**ACCOUNTANT** - City of Orange, CA - Salary: \$3,947 - \$5,061/mo., 3.5% salary increase effective 6/27/04 plus 2.7% @ 55 PERS retirement and excellent benefits. The City of Orange seeks a talented journey-level professional with a minimum of one year accounting experience. An Accountant performs a variety of general accounting duties, such as, record and report financial transactions; review accounting records for accuracy; prepare various financial reports, statements and analysis.

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## Up the Ladder

(cont'd from pg 11)

Knowledge of personal computers, a variety of software programs, including excel and governmental accounting principles and practices desirable. Requirements include a bachelor's degree with major course work in Accounting; governmental accounting experience desirable. Final Filing Deadline is Thursday July 29, 2004 at 5:00 p.m. Interested individuals must submit a completed City application; visit: City of Orange Personnel Services, 300 E. Chapman, Orange, CA 92866; call, the City's 24 Hr. Hotline (714) 744-7262; or access: [www.cityoforange.org](http://www.cityoforange.org) <<http://www.cityoforange.org>>. EOE

**ADMINISTRATIVE SERVICES DIRECTOR** - City of Petaluma, CA. Newly created position to serve as key member of City's Executive Team. Must possess a diverse background with emphasis in integrated strategic planning, municipal finance, budgeting and cash forecasting in addition to oversight of other key functional areas. Requires high-level of technical, professional and managerial competency with proven and verifiable track record of success. Bachelor's required (Masters preferred). 5-8 years progressively responsible experience in finance and administration in comparable sized organization required. Highly competitive salary with outstanding benefit package including PERS (2% @ 55). Detailed brochure at [www.ralphandersen.com](http://www.ralphandersen.com) Closes 7/30/04. Confidential inquires at 916/630-4900.

**ACCOUNTING SUPERVISOR** - San Clemente, CA (Salary: \$5,389 to \$ 6,550 per month, compensation study in process. Excellent benefits including an employer-paid pension with PERS reciprocity). Seeking a highly motivated individual with a strong technical background and solid supervisory skills to direct, manage, supervise and coordinate financial programs, activities, and staff; provide highly responsible professional and technical staff assistance to the Finance Manager; and perform a variety of technical tasks. Desired qualifications include 4 years of increasingly responsible finance and accounting experience and a

Bachelors degree with major course work in accounting/finance. C.P.A. and experience in producing an in-house CAFR are highly desired. **APPLY BY:** Required forms available from the City of San Clemente Human Resources Office, 100 Avenida Presidio, San Clemente, CA 92672; by phoning (949)361-8294; or by downloading from the City's web site at [ci.san-clemente.ca.us](http://ci.san-clemente.ca.us). Completed applications must be received by 5:30 p.m. on Thursday, July 29, 2004. EOE

**ACCOUNTANT** - City of San Bernardino, CA. Contact: Human Resources. Website: [www.sbcity.org](http://www.sbcity.org). Deadline: 7/29/2004 **ACCOUNTANT** - City of San Bernardino Municipal Water Dept Salary: \$21.71 - \$27.80/hr. Req: BA in accounting or closely related field, 2 yrs cost accounting exp., extensive training in MS Excel, and possession of a valid CA driver's license. Under general supervision, performs a variety of professional accounting duties including the analysis, preparation and maintenance of financial records and reports for various Department accounts and funds; maintains financial records supporting the administration of construction, developer-funded and grant-funded projects; and performs related duties as assigned. Application available on website [www.sbcity.org](http://www.sbcity.org). Apply by 7/29/04.

**DIRECTOR OF FINANCE** - City of South Lake Tahoe, CA. Come work for the City of South Lake Tahoe in one of the most beautiful settings in the world. Salary \$71,748-\$87,204 per year, plus a generous benefit package, including PERS 2.7% @ 55. This is a challenging department director position with full responsibility for managing the activities of a 9 person finance staff. Under the direction of the City Manager, the position plans, organizes and directs the accounting, auditing, cash management, revenue collection, grant accounting and other financial management information activities of the City; serves as the City's Chief Financial Officer and Redevelopment Agency Financial Officer and coordinates the preparation of the City's budget process in support of the City

Manager's Office. Required: Substantial accounting experience which includes at least five years in a municipal setting; three years of supervisory experience with subordinate positions; graduation from a four-year accredited college with major course work in accounting, economics, or business administration, or closely related field. Desired: Advanced degree in a related field and/or CPA. **APPLY IMMEDIATELY:** Open until Filled. A City application and a resume are required; application can be printed for completion off the City Web at [www.cityofslt.us](http://www.cityofslt.us) or contact Human Resources at 1052 Tata Lane, South Lake Tahoe, CA 96150, 530.542.6050. EOE



Email your classified job ad to Tawni Escudero at [tescudero@cacities.org](mailto:tescudero@cacities.org) (rich text or plain text format only). The charge to advertise is \$8.00 per 40-character line, this price also includes a listing on our website at [www.csmfo.org](http://www.csmfo.org) in the Job Listings section. Please also include billing information, or indicate if you wish to pay via credit card. Ads must be received by the 25th of each month for the next month's insertion.

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[tescudero@cacities.org](mailto:tescudero@cacities.org)

## President's Message cont.

*(cont'd from pg 1)*

One big question now is the method that will be employed to determine the amount of flip three. The choices being considered include using the prior year sales tax numbers for one and using the current year numbers as the alternative. Many cities will establish a new General Fund account entitled In-Lieu Sales Tax. That is where the third flip of the Triple Flip will be budgeted. They will also reduce Sales Tax Revenue dramatically to account for the first flip.

### VLF BACKFILL GAP

There is also the consideration of the VLF Backfill Gap. The VLF Backfill Gap was the result of the State refusing to fulfill its promise to backfill the VLF when then Governor Gray Davis reinstated the VLF back to its original fee level. That step was taken June 20, 2003. A lag occurred between the time that action was taken and the actual increase in fees could be implemented. A portion of the loss may have been recorded in fiscal year 2002/03 and the balance in fiscal year 2003/04.

The State also promised that the amount they failed to "backfill" was to be categorized as a loan from local governments to the State, to be repaid in August 2006.

Although the promise does not appear in the City of Camarillo's budget, it has been recorded in the City's balance sheet as a \$1.1 million "State Promises Receivable" with a contra account entitled "Allowance for Promises Broken". This amount is an estimate provided by the League of California Cities Fiscal Consultant, Michael Coleman. Recording the amount will allow us to track it over the next few years and beyond to see if the State fulfills its promise.

### STATE MANDATED COSTS

State Mandated Costs is another area where the State has failed to fulfill its responsibility to reimburse local government. The City of Camarillo Finance Department is tracking how much is owed to the City from this program, which is also expected to be repaid in August of 2006, and shows a June 30, 2004 receivable of \$379,000 (another "State Promise Receivable"). The amount will grow each year as the City continues to comply with the mandates and the State fails to provide reimbursement.

It seems like we used to have a slack time in the Finance Department, but now we just seem to go from one priority to the next without much slack time. I hope you are all finding time to live a balanced life and have great plans for a wonderful summer vacation.



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## Top 10 Ways to Advance Your Career

*(notes from CSMFO Coaching Panel 4/11/03 - full notes are available on [www.csmfo.org](http://www.csmfo.org), click Coaching Corner)*

1. Be competent
2. Work on a committee in your organization
3. Attend Council meetings
4. Network within the profession
5. Seek out mentors, not necessarily in finance
6. Round out experience with offers to help in other areas of finance
7. Let go of accounting only role
8. Get involved in community level activities
9. Demonstrate that you are solution oriented
10. Be a team player with fellow workers and departments

## Mark Your Calendars

### Intermediate Governmental Accounting

August 12, 2004

Napa, California

### GFOA Training Sessions

September 27, 2004

San Francisco, California

visit [www.gfoa.org](http://www.gfoa.org) for more information

### CSMFO Annual Conference

February 22-25, 2005

Burlingame, California

Please visit [www.csmfo.org](http://www.csmfo.org) for more information



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