

KSGFOA Newsletter

Kansas Government Finance Officers Association



Quarterly Newsletter of the Kansas Government Finance Officers Association • 2005, No. 3

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Chris Chronis, Chief Financial Officer • Sedgwick County
316-660-7591 • Cchronis@sedgwick.gov

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Maureen Rogers, Finance Director • City of Merriam
913-322-5509 • maureenr@merriam.org

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316-284-6019 • rahsmuhs@newtonkansas.com

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Jean Epperson (2005), Director of Finance/City Clerk • City of Derby
316-788-1519 • jean@derbyweb.com

Ben Hart (2007), Chief Financial Officer • Unified Government of Wyandotte County/Kansas City, Kansas
913-573-5288 • bhart@wycokck.org

Robert Reece (2006), County Administrator • Pottawatomie County
785-457-3455 • rreece@pottcounty.org

Diane Rosecrans (2007), Director of Finance/City Clerk • City of Winfield
620-221-5593 • drosecrans@winfieldks.org

Gena Schallehn-McDonald (2005), Budget Manager • City of Overland Park
913-895-6158 • gkschall@opkansas.org

Linda Wood (2006), City Controller • City of Topeka
785-368-3970 • Lwood@topeka.org

GFOA Representative

Dennis Howard, Director of Finance & Administration • Johnson County Department of Infrastructure
913-715-8319 • dennis.howard@jocogov.org

WSU Affiliates

Mac Manning, Public Affairs Associate • Wichita State University
316-978-6541 • Mac.Manning@wichita.edu

Bart Hildreth, Kansas Regents Distinguished Professor of Public Finance • Wichita State University
316-978-6332 • Bart.Hildreth@wichita.edu

President's Message

Chris Chronis • Chief Financial Officer, Sedgwick County

I recently received a solicitation for a training program. I expect that, like me, you receive similar solicitations at least weekly and immediately deposit them in the recycle box. This one got my attention with the opening paragraph:

“In leading organizations today, CFOs are no longer content reporting results, minimizing costs and tending the balance sheet. Best-in-class organizations understand that the role of the CFO is evolving into a “Chief Performance Advisor,” assisting in the development and validation of corporate strategy.”

The theme of our annual conference last fall, and of my first President's Message, was that traditional skills aren't enough anymore. Whether the question pertains to the wisdom of investing in technology, or the merit of using public funds to foster economic development, or the risk of some new investment or some new method of project finance, we're ill-equipped to provide an answer if we rely on the traditional skills of a public sector finance officer.

And, as is stated so well in that solicitation, we also must be prepared to move outside the realm of finance and become corporate strategists. In the next 10 or 20 or 50 years, how will the population we serve change? What implications will those changes have for our jurisdiction? All things being equal, an older constituency will have less need for traditional education services, playgrounds, and – perhaps – jails; but more need for senior centers, in-home social services and – perhaps – passive recreation space. A wealthier constituency might be less interested in paying for public service based on the value of the property they own, and more interested in paying only for the services they consume.

Responding to changes such as these will require more than mere shifts of spending authorization, although that in itself will be difficult to accomplish. The public service employee of the future will need more skills to provide in-home social services than today's employees need to provide jails. What should we do now to ensure we have a properly trained workforce in the future? Demographers tell us that in the next few decades most communities will have fewer people in the workforce than our local economies will demand. What should we do now to ensure that our jurisdiction will be able to compete for workers when there are more jobs than people who want them?

We can anticipate these changes and adapt to them in an orderly manner, or we can deal with the inevitable political turmoil that will result if we ignore them.

As finance officers, shouldn't we take a leadership role in identifying future needs of our communities, and in developing the fiscal and operational plans to address them?

Johnson County Begins Website for Surplus Property Sales

by Gerald Hay

Johnson County government has a new way to dispose of its routine surplus property. It's using the Internet with the goal of selling the unwanted property more quickly, offering it to far more bidders locally and nationally, and generating more revenue for the surplus material.

The debut of the state-of-the-art online auction service was launched Tuesday, May 3, 2005, by the Purchasing Division of the Johnson County Office of Financial Management, with the posting of its first listing, consisting of four wooden office side chairs, for sale through the new service. It seeks a minimum bid of \$10 for the lot with the auction ending May 18.

The new online auction site is managed through www.govdeals.com. GovDeals, with headquarters in Montgomery, Alabama, provides online auction services of government surplus for sellers in 26 states, with potential buyers in virtually every state.

Johnson County is the first county in metropolitan Kansas City to begin offering the online public auction service, and the second Kansas county to do so. Sedgwick County started a GovDeals website in mid-March. The Missouri cities of Independence and Columbia also recently have launched GovDeals programs.

"It's a small eBay, with governments selling surplus property," John Mahin, the county's purchasing manager, said. "It is the leading edge of public auctions."

John Boos, purchasing administrator, agreed. "It's not a complicated process to get on, and it's free," Boos added. After registering as a bidder on GovDeals, anyone with Internet access can submit bids for the surplus property, including Johnson County employees and citizens. Bidders must obtain a registered ID number (username), password for their own personal security, and then can place bids. Potential buyers will have the ability to compete with individuals and governments for property that interests them.

After setting up as an interested online buyer, bidders are able to keep track of the bidding process through the website and email system. They also can review items for sale at their convenience on the GovDeals website, including what Johnson County is attempting to sell along with what other governments are offering.

Johnson County does sell a few vehicles at public actions, but most of its surplus lists involve office furniture, desks, filing cabinets, chairs, and lots of computer equipment, such as outdated monitors, modems, keyboards, and printers, to list a few.

County government traditionally has sold its surplus property through monthly public auctions at Nationwide

Auction Systems, Kansas City, Missouri. The process for each monthly auction actually takes about three months, from initial surplus determination through final sale. Local one-day auctions generally attract a limited number of bidders, whereas on-line auctions are available to a broader bidder base.

Surplus auctions have been occurring in Johnson County for more than two decades. The county has had monthly auctions in Kansas City auction houses for about six or seven years. Prior to that, the county sold its surplus equipment at annual auctions, mainly at the Johnson County Fairgrounds in Gardner.

Gerald Hay is the Johnson County Public Information Officer. Hay can be contacted by phone at (913) 715-0447 or email at gerald.hay.jocogov.org.

Training Opportunities

CONFERENCES

Government Finance Officers Association Annual Conference, is June 25 - 29, 2005, in San Antonio, Texas. For more information, and to register, go to <http://www.gfoa.org>

Kansas Government Finance Officers Association, Summer Seminar – "The Pitfalls of Public/Private Partnerships"— is on September 1, 2005, at the Great Wolf Lodge, 10401 Cabela Drive, Kansas City, Kansas, 66111. Registration is \$50, and will be available on-line soon by visiting: <http://hws.wichita.edu/content/view/247/181/>. *Note: The KSGFOA Board meeting is the day before, August 31st, at the same location.*

The **KSGFOA 6th ANNUAL FALL PROFESSIONAL CONFERENCE** is scheduled for October 19 - 21, 2005, at the Doubletree Hotel, Overland Park. More information and on-line registration will be available soon at <http://www.ksgfoa.org>.

The 10th Annual Governmental GAAP Update Satellite Videoconference is scheduled on Thursday, November 10, 2005, at multiple sites around the state, including Wichita State University. A reminder and some registration information will be available in the next newsletter.

CERTIFIED PUBLIC FINANCE OFFICER PROGRAM

The Certified Public Finance Officer Program (Certification Program) of the Government Finance Officers Association of the United States and Canada (GFOA) is a broad educational self-study program designed to verify knowledge in the disciplines of government finance. Attaining certification is indeed the mark of excellence in the field. Since the inception of the Certification Program, 293 individuals have become CPFOs, including 12 individuals who became CPFOs in the Fall of 2004. You could join this select group and demonstrate your knowledge, professionalism, and dedication to excellence in government finance.

There is still time to register for the next examination date, which is June 24, 2005, in San Antonio, Texas. In order to earn the designation of CPFPO, a candidate must complete a series of five examinations. The examinations cover:

- Government Accounting, Auditing, and Financial Reporting
- Cash Management and Investments
- Debt Management
- Operating and Capital Budgeting
- Pensions & Benefits, Risk Management, and Procurement

All five examinations will be offered during the morning (8:30 a.m. - noon) and afternoon (1:30 p.m. - 5 p.m.) of June 24th, providing some scheduling flexibility. The application deadline is June 17, 2005, and the cost is \$295 for the first exam, and \$145 for subsequent exams. Applications and additional information about the program are available by visiting: <http://www.vgfoa.org/cpfo/CPFPO-exam-application-2005.pdf>

Further information is also available by downloading the 2005 Candidate's Guide from the certification website at: http://www.vgfoa.org/cpfo/CandidatesGuide_05.pdf

There is also an opportunity to take the exams closer to home, at Wichita State University, on September 16, 2005.

Kansas Transportation Revolving Fund

by Evelyn Fitzpatrick

The Kansas Transportation Revolving Fund (TRF) provides low cost, flexible financing to local governmental units for transportation projects, on or off the state highway system. Eligible participants are Kansas cities, counties, and private enterprises in partnership with a city or county. *K.S.A. 2004 Supp. 75-5063 through K.S.A. 75-5069* authorized the Secretary of the Kansas Department of Transportation to establish and administer the Transportation Revolving Fund. The administrative regulations, *K.A.R. 36-40-1 through 36-40-9*, were adopted in October 2003.

During the first year of operation, the Secretary of Transportation approved 24 applications. The applications totaled \$31.6 million in value and nearly \$10 million has been disbursed since September 2004.

These applications represent 31 projects spread across the state. Although all projects are roads and bridges, there is great variety in them. Projects range from a low-water crossing on a county road to 29,000 linear feet of curb and guttering to streets in new subdivisions. In addition, the TRF has loaned the local match portion on 11 KDOT projects. Most of the projects are for the reconstruction

of local roads. The projects vary in size from \$64,420 to \$6 million.

The map (shown on page 4) shows the distribution of projects. Cities marked with a yellow star and counties highlighted in blue have been approved for TRF financing.

Projects must be a road or bridge. Any phase of a project such as design, rights-of-way acquisition, and construction is qualified. TRF projects include resurfacing, new construction of roads and bridges, and widening existing roads.

All projects financed by the TRF must be designed by a licensed professional engineer and inspected by a certified inspector under the supervision of a licensed professional engineer.

TRF finance agreements must comply with IRS rules for tax-exempt debt. The basic loan agreement is designed to comply with those rules. The term of the loan is limited to the lesser of 20 years or the design life of the project. Interest is calculated as 80% of a 90-day average of the Bond Buyer 20 Index plus a 0.25% service fee. Interest is recalculated each Monday. The interest rate for a loan is set on the date of the loan agreement.

Applications are accepted anytime throughout the year. The review process takes about 60 days, that is, until the governing body has a draft loan agreement to consider.

The TRF plans to issue about \$30 million in bonds to replenish the fund this summer. This will enable the TRF to loan approximately \$30 million each year for fiscal years 2006 and 2007.

The TRF is actively seeking applications. Application forms, program guide, and rules and regulations are available on KDOT's website at www.ksdot.org or contact Evelyn Fitzpatrick at the address below.

Evelyn Fitzpatrick

Program Manager, Transportation Revolving Fund

Kansas Department of Transportation

700 SW Harrison St., 7th Floor

Topeka, KS 66603

Voice: 785-296-4782

Fax: 785-296-7927

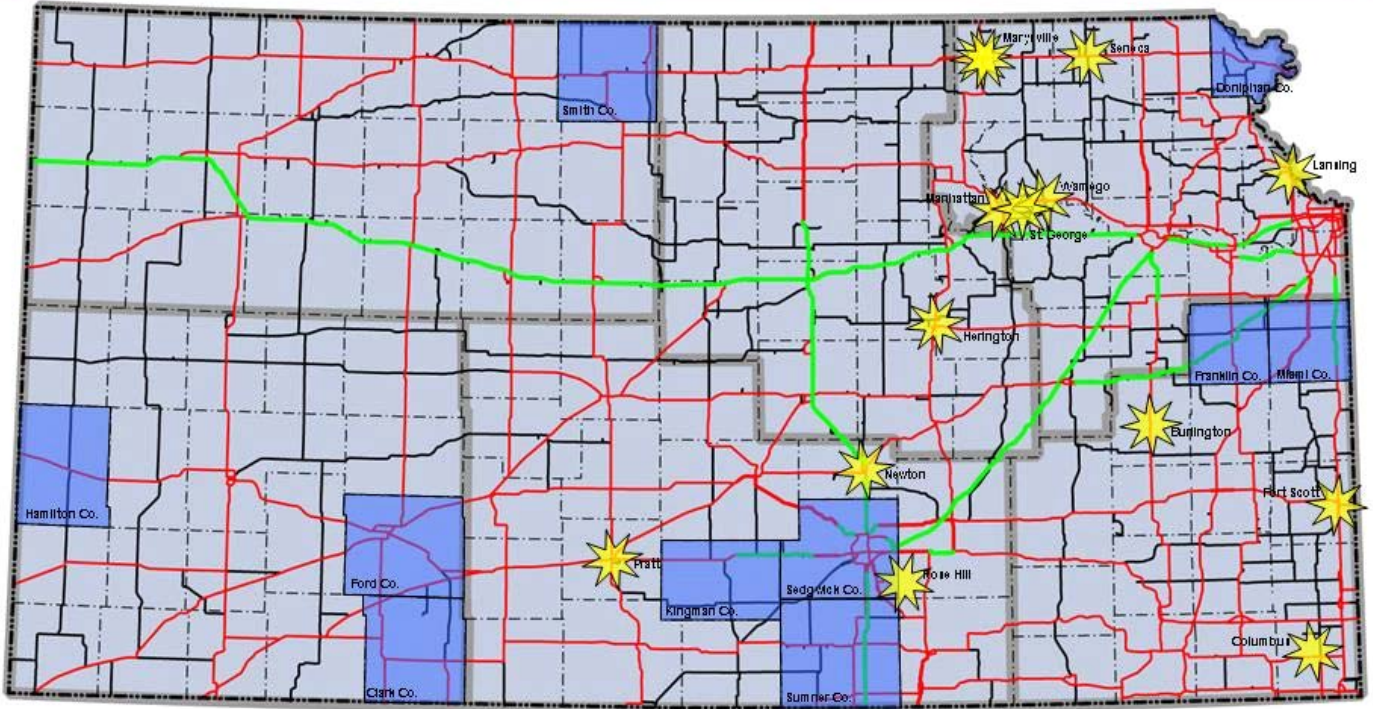
Email: evelynf@ksdot.org

Association News

In early June, KSGFOA Vice-President Debra Daily will assume a new position as finance director of Gladstone, Missouri, and as a result her position as an officer of the Association will be vacated. In the near future the Board of Directors will consider appointing a new vice-president, as is authorized in the By-laws.

Debra Daily has served KSGFOA as a board member, treasurer, and vice-president for the past three years. She has served the City of Manhattan for the past ten years, most recently as assistant finance director and risk manager. Gladstone made a wise choice and Debra made a good career move, but she certainly will be missed here in Kansas.

Transportation Revolving Fund



Applications Approved as of May 2005