

KSGFOA Newsletter

Kansas Government Finance Officers Association



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President's Message

Ross VanderHamm • Finance Director, City of Hutchinson

How did your 2005 Budget go? Did your valuation go up and mill levy down? Are you seeing any light at the end of the tunnel (due to State revenue cuts), or is there still a sense that the economy is dragging its feet? And if you have an accurate crystal ball, let's talk!

This was my 10th Hutchinson budget, and I have to say that it was the strangest. We presented a "no levy" increase to the Council but ended up publishing a 2 mill levy increase. That's right; they actually added nearly \$450,000 to the budget (for pay plan adjustments)! But then, citizen concerns about raising the levy caused them to step back and take a look at several personnel cuts in order to offset the increased amount added and given to all other employees. Rather ironic to say the least! In the end, however, an excessive balance in our self-insured Workers Compensation Fund bailed us out - which allowed for a final ½ mill increase (but only after having to continue our budget hearing to the next day so that we could get 3 affirmative votes). Quite a process!

I want to give you all a heads up about our upcoming Fall Conference in Overland Park. It begins Wednesday, October 20th with a pre-conference seminar featuring Terry Woodbury from Kansas Communities LLC. Thursday will be a great day with multiple sessions and our Annual Luncheon and Business meeting. It will conclude on Friday with four workshops to choose from. Chris Chronis, our Vice-President and the one responsible for setting up the program, has done a great job, and I encourage you all to attend. It's a bigger event with more opportunities for professional growth (and it's in a much better location).

Finally, Ray Kroc, the former milkshake machine distributor who founded McDonald's when he was in his early 50s, once made an insightful statement about the relationship between luck and achievement. "Luck is a dividend of sweat," he said. "The more you sweat, the luckier you get." Compare his rather lighthearted comment to the roll-the-dice mindset that some people actually have about success. "Some day my number will come up, or I'll be at the right place at the right time and voila! I'll achieve all my dreams - because all I really need to be successful is a little bit of luck." With that kind of attitude, success is the last thing those folks will ever experience. Unfortunately, the idea that successful individuals are "just lucky" is not the only mistaken notion many people have about success or what it takes to be successful, but it is one of the most devastating to achieving a fulfilling and meaningful personal and professional life. Work hard. Stay focused on what's important in your life, and be thankful for each and every day. Success, indeed, will follow!

Ross VanderHamm is the 2004 President for KSGFOA & Finance Director for the City of Hutchinson. Ross can be contacted by phone at (620) 294-2613 or email at rossvh@hutchgov.com.

Effective Communication

by Troy Bruun

“For it is not upon the physical sciences that the future will depend. It is upon us who are trying to understand and deal with the interactions between human beings.”

~ Carl Rogers

Effective communication in the workplace is vital to the success of any organization. Most problems encountered at work are the result of a failure in communication. Communication failures can be caused by several factors, I am going to focus on two:

- The nature of language itself
- Gender differences

The nature of language itself is one of the chief obstacles to effective communication. People have different understandings of their language. I can give several examples based on conversations between budget staff and accounting staff. Accountants use words that have very precise meanings and communication fails when budget staff uses these same words to communicate a different message. It can be very frustrating for both groups. Can you imagine the degree of confusion among non-financial members of your organization when you attempt to communicate with them?

People tend to hear what they want to hear. Their own experience and background greatly influence what they hear and understand. People also have preconceptions about what you are going to say, and they adjust your message to fit their frame of reference.

In order to communicate effectively with others in your organization, consider the following, taken from “How to Be An Even Better Manager” by M. Armstrong:

- Use simple language. Just because your vocabulary is large, doesn’t mean you are a good communicator. Keep it Simple Sweetheart.
- Talk to people directly instead of emails or phone conversations. You get immediate, non-verbal feedback that can let you know if you need to adjust your message.
- Use more than one channel of communication. After delivering a message to a large group, follow it up with a written message.
- People generally only remember about 30% of what you say. You need to repeat and reinforce your message several ways to emphasize your main points.
- Ask for feedback. If the person cannot summarize what you have just communicated, you need to repeat and reinforce your message.

Gender differences create an obstacle to effective communication. In order to get past this obstacle, we need to recognize and accept these differences. I’ll attempt to explain the key differences in how men and women communicate. I’m sure some of you will disagree, but I believe it is an important enough obstacle to at least attempt to explain.

I’m reminded of one of the quotes that Kevin Hiskey used in the last newsletter. It is attributed to Will Rogers and it said, “There’s two theories to arguin’ with a woman. Neither one works.” It has taken me ten years of marriage to appreciate the wisdom in that quote. Men tend to be direct and forceful, while women

typically use a more tentative, questioning approach. This often leads to misunderstandings.

According to John Gray, author of Men are from Mars, Women are from Venus, men and women use communication methods designed to meet their primary communication needs. Men’s primary communication needs are:

- To feel accepted
- To feel admired
- To feel appreciated
- To feel approved of
- To feel trusted

Women’s primary communication needs are:

- To feel validated
- To feel respected
- To feel understood
- To feel reassured
- To feel cared about

When listening to a woman, first attempt to look at the situation through her eyes. Think about her primary communication needs and then respond to her in a way that makes her feel validated, respected and understood. Don’t rush to a conclusion. Reassure her and let her know that you care about what she is saying to you. If she feels like you are listening to her, your communication will improve. Men tend to want to solve problems instead of truly listening to a woman’s problem. More than likely she just wants you to listen. Do not offer solutions.

I’m not saying that you always have to agree with women to have good communication, but if you disagree, just let her finish talking before you offer your thoughts. Do not pretend to understand what a woman is saying if you do not understand. They can sense it. Admit that you do not understand and your communication will improve. One last thought about communicating with women, do not be afraid to apologize.

Now for all you women out there who want to know how to communicate with a man. Whenever possible, please say whatever you need to say during the commercials. Sorry, I couldn’t resist that one. Seriously, when communicating with a man try to remember his primary communication needs. Also, please do not ask too many questions. We will either get defensive or agree with you for the moment in order to pacify you. The last bit of advice I can give to women in order to improve their communication with men – do not tell us what to do; trick us if you have to, we will do whatever you ask as long as we think it was our idea.

Good luck with improving your workplace communication. I hope you enjoyed a bit of humor and found something useful in the article accounts.

Troy Bruun is the Deputy Chief Financial Officer for Sedgwick County, Kansas. Troy can be contacted by phone at (316) 383-7591 or email at tbruun@sedgwick.gov.

TIF City USA (Part I— Getting Started)

by Maureen Rogers

What should you, as a finance officer, expect when developers approach your city with bold plans to redevelop one of your aging neighborhoods or an outdated commercial facility? After you immediately notice that they come with outstretched palms requesting large amounts of public money, it gets a little more complicated...

Merriam has been involved in two separate large TIF (Tax Increment Financing) redevelopment projects over the last year and a half. Many personnel changes have taken place since the Merriam Town Center redevelopment in the mid-1990s, so this is a new experience for most of the current staff and governing body. We know from the unqualified success of Merriam Town Center that a properly executed TIF project, consistent with a city's Comprehensive Plan, can be a tremendous asset from many standpoints. It is not unusual for a complex redevelopment to take as long as two years before any dirt actually moves. This is especially true in a project with multiple land acquisitions and end users. The story of the twists and turns, false starts and especially the personalities (!) involved in these new projects would fill *volumes*. I'm not going to try to explain TIF theory or statutes – there is just too much information. The goal of this two-part article is to summarize some of the key players, issues and steps involved in a TIF redevelopment – in other words, some of the things I wish I had known!

Our two projects are approximately the same size and scope, but have significant differences:

- **Merriam Pointe** (35 acres) is a 275,000 square-foot “power center” retail redevelopment of a current industrial site alongside I-35. Aside from some KDOT right-of-way and some City-owned land, the property has a single owner. There are no residents or other businesses within the project area. This project is now well on its way since being purchased by its second development team. The City and the new development team have negotiated a feasible public financing package. The City plans to issue GO bonds and GO temporary notes later in 2004, followed by special obligation TIF bonds when the project is substantially complete. The developers plan to demolish the existing industrial facility this fall and immediately begin site work and road re-alignment. RED Brokerage is marketing the site to retail, restaurant and other tenants, with plans for the first tenants to open in the spring of 2006. The proposed financing for both Merriam Pointe and Merriam Village (below) includes property tax TIF only, and no sales tax TIF.
- **Merriam Village** (34 acres) includes a 210,000 square-foot retail site, 49 units of senior housing, and expansion of an existing automobile dealership. This project is a redevelopment of an aging residential area, also alongside I-35, and adjacent to Merriam Town Center. This is by far the more complex of the two projects – it involves a land aggregation of 67 parcels from residents

and small business owners. (For those who know something about Merriam – yes, expansion of Baron Automotive Group is part of both of these projects, just adding to the political drama surrounding the issue of eminent domain!) The site has excellent highway visibility and main trafficway access, but sits on a steep hill and has extensive site-grading issues. Developers Diversified Realty (DDR), a nationally prominent developer, will market, purchase and build the retail site. Eby Group will build the senior housing facility.

How might a development team approach the city?

Developers usually approach the City Administrator and/or City Planner to initially present their proposal for public partnership. However, in the case of a land grouping involving many residents and businesses, it is likely that those residents and business owners may be the first to be approached, and city staff may first learn about this contact through the grapevine. Residents and business owners may even approach city staff themselves with a desire to sell their property for redevelopment.

In an ideal situation, the developers are experienced, well-capitalized operators who have done their homework before ever approaching the city. There should be a preliminary site plan and marketing plan with realistic potential tenants and estimates of retail square footage. They should already have enlisted the help of a bond underwriter/financial advisor who has run preliminary estimates of tax increment to be generated from the project and possible bonding scenarios. The developers should be well on their way to owning the land. In reality, the preliminary proposals may not turn out to be as feasible as hoped.

The city often cannot afford to dismiss a less than optimal proposal without going through almost the entire TIF process, even if the arrangement proves to be unworkable. For example, the developer may in fact already own the land. If the site is zoned for commercial use, it may be in the city's best interest to be involved in the project in order to have input into its end use. One of Merriam's goals is retail diversification with less emphasis on car dealerships. The city has a vested interest in achieving at least partial diversification in a large redevelopment. Given Merriam's location along I-35, car dealerships are often the first potential tenants interested in a site. In the case where deteriorating and aged residences are being purchased, there is strong pressure on the city from most residents in the neighborhood to do everything possible to make the project happen.

How does the public financing process begin?

Merriam requires completion of a TIF application that describes the requested amount of and justification for public assistance to the redevelopment, and provides detail about the proposed project and the developers themselves. The application must identify “extraordinary costs” – those that would not be incurred in a “greenfield” development on empty land. Merriam has adopted a Council policy requiring that only projects that would not be economically feasible “but for” the use of TIF may be considered for public financing. Staff reviews the TIF application, and if appropriate, staff and the developers present the proposed project and public financing request to Council. Council then may approve the TIF application and

direct staff to proceed on to the next steps of the process. When residents' and business owners' properties are involved, there will be heavy public participation at the very earliest stages. Expect the subject of eminent domain to come up almost immediately, and for residents to pointedly ask councilmembers how they would vote on the issue, should it be necessary.

Advice: In conjunction with a TIF policy, every city should also have a land acquisition policy in place that specifies a limit on public dollars used for "extraordinary costs". This policy would limit the amounts that developers may contract to pay for land parcels (for example, no more than 115% of county appraised value). It's *amazing* how valuable these properties suddenly become, especially when residents hear well-meant pledges from councilmembers that they will never, ever vote to use eminent domain. Ouch!

The statutory processes for establishing or expanding a TIF district and approval of a redevelopment project plan are beyond the scope of this summary. Both processes involve a public hearing, requiring mailing of certified letters to landowners in the affected areas. Rezoning and approval of a PUD (Planned Unit Development) are also required. Generally, the City Planning department coordinates these steps. The developer is required to provide several studies to the city as part of the city's decision-making process. The city may arrange with consultants to prepare some of these studies at the developer's expense:

- Eligibility Study (a.k.a. Blight Study) – required by statute in order to establish or expand a TIF district
- TIF Feasibility Study – required by statute to determine whether a redevelopment project's benefits and tax revenue will be sufficient to pay for the city's portion of the project costs
- Cost/Benefit analysis – to determine whether the project is an overall asset to the city, *e.g.* sales tax generated, development adds to quality of life, or similar benefits
- Market study – to determine whether the proposed area can support retail growth

When the development team meets with the city to grind out all the details, who is typically involved, and what are their functions?

- **Owner/Developer or Facilitating Developer:** Brings the other players to the table and coordinates their activities. A facilitating developer brings the land assemblage together and finds component developers to purchase the prepared site. This group may also involve real estate brokers to negotiate with residents and business owners.

Component Developer(s): Contracts with the facilitating developer to purchase the prepared site and actually construct the buildings. They are the parties with the "real money" and very definite specifications for every aspect of site development.

Design Firm: Provides engineering design for site improvements such as roadways, retaining walls, drainage structures and retention basins, etc. Also

provides renderings of the proposed finished development for marketing purposes.

General Contractor: Constructs the site improvements. Also provides cost estimates used for determining extraordinary costs.

Developers' counsel (for each developer): Work with the city attorney and city's bond counsel to draft the Developer Agreement (DA). This document spells out the details of the project, performance timelines, the public financing arrangement and any other relevant issues.

- **City Team:**
 - City Administrator**
 - City Attorney**
 - City Planner and/or Community Development Director**
 - City Finance Director**
 - City's Bond Counsel**
 - City's Financial Advisor**
- **Bond underwriter:** Works with the city's bond counsel and financial advisor to structure TIF bond issues in such a way to be attractive to bond buyers, and will ultimately sell the bonds. This person is often brought to the table by the developer to assist them in crafting a public financing proposal, but also represents the City.

How are the tasks coordinated, and what major questions must be answered before approval of a Developer Agreement?

Scheduling: Merriam has come up with a schedule form that lists all of the major tasks, approvals and other milestones that must be met, and what party is responsible for each. The tasks are divided into columns: Developer Agreement, Zoning and Planning, Land Acquisition, TIF Bonds, Other Bonds and Financing, and Miscellaneous (which may include items such as establishment of a special benefit district, approval of tax credits for the senior housing units, or construction related items such as environmental remediation, soil boring tests, traffic studies, etc.).

The Development Team and the City Team need to map out the schedule early in the process. The schedule will be largely driven by the developer's desire to meet a fall or spring retail store opening. Generally retailers specify a date by which they want to be open, and the development schedule must work backward month by month from that date. Another urgent factor is the need for bond proceeds early in the process, to fund extraordinary costs such as land acquisition or building demolition. Therefore, there are many processes going on concurrently, involving a large number of players. There should be a "point person" for each team who coordinates the progress on all fronts and keeps the other parties updated.

Crucial issues: The Development Team must come up with a viable site plan in order to make reasonable cost estimates for the project, as well as for the planning and zoning process. The site plan must meet the specifications of the developers who are actually marketing the site to end users. All parties must agree upon the slope, grading, retaining walls, parking lot space, signage and drainage. These discussions can get long and involved – but are really quite fascinating. The Development

Team needs to provide the city with reasonable cost estimates by category of construction. These estimates need to be broken out in at least two ways:

- Extraordinary costs vs. “typical” development costs – to determine what level of public financing is appropriate by city policy
- By monthly time frame over the period of the site preparation – to determine cash flow requirements for bonding or other financing

Advice: Pay close attention to all of these discussions that may not seem to have much to do with finance. Besides being a great learning opportunity – remember, your City Planner might leave in the middle of the process, and guess who might end up writing those Council action forms...

The city’s financial advisor will work with the Development Team to verify the feasibility of the cost estimates and independently calculate the projected tax increments. The Development Team provides the estimated square footages and appraised values per square foot.

The Development Team must have site control before approval of a DA. Currently with Merriam Village, there are a handful of landowners still holding out for more money. With other struggles with costs and site plan, it has not yet come down to dealing with that issue. By the time Part II comes out, I should know more how the end of that process works.

Good-to-know terminology and factoids (I know a lot about shopping, but who knew there was so much engineering involved! Now, instead of window-shopping, I’m into parking lot grading and detention basins.):

- **Big box:** a large store (125,000 square feet or more) such as Wal-Mart, Target, Home Depot, Lowe’s, etc.
- **Medium box:** 50,000 to 125,000 square feet (e.g. Kohl’s)
- **Power Center:** a collection of smaller retail stores, from 10,000 to 50,000 square feet, ranging from Best Buy on the large end to Hallmark or Starbucks on the smaller end. This type of retail center also tends to have a large number of out-lots.
- **New urbanism:** an eclectic, small town, downtown-like retail design as opposed to the basic strip center
- ****There are 43,560 square feet in an acre. All planner, real estate and engineer types know this off the top of their heads, and you will feel much smarter if you do as well!**
- **Parking issues:** Parking lots should have a slope of no more than 4%, with less preferred. Also, individual retail tenants have strict requirements regarding the number of parking spaces in front of their store – this is why so many shopping centers have vast acres of parking.
- **Configuration issues:** Developers much prefer in-line retail configurations rather than step-ups between stores, in case future tenant turnover requires reallocation of the building. Also, every tenant needs prominent visibility – nobody wants to be too close to a retaining wall or separated too far from the rest of the stores.

- **Drainage issues:** It is likely that Johnson County (and other counties as well) will begin water testing within the next five years for oil and antifreeze levels draining into streams near large parking lots. New developments need to keep this in mind in the design phase.

Next time in Part 2: The Financing and Legalities – negotiating a feasible public financing package, financing options, eligible and extraordinary costs, bonds, drafting a Developer Agreement...

Maureen Rogers is the Finance Director for the City of Merriam. Maureen can be contacted by phone at (913) 722-7700 or email at maureenr@merriam.org.

Help Wanted:

The Kansas Department of Revenue (KDOR) has asked for our help to let members know about a problem. The Motor Vehicle Dealer Licensing Bureau of the KDOR has received complaints that out-of-state, unlicensed, motor vehicle manufacturers or dealers have responded to requests for proposals and physically entered Kansas to demonstrate, negotiate, sell, and deliver vehicles to purchasing local governments. This could involve trucks, street-cleaning equipment, or other types of motor vehicles purchased by municipalities.

Kansas law prohibits anyone selling motor vehicles from “engaging in business in this state” without being properly licensed (*K.S.A. 8-2403*). This prohibition includes conducting sales activities in Kansas, such as soliciting, product demonstration, negotiating, or closing sales. In addition, manufacturers are prohibited from delivering new motor vehicles to a purchaser in Kansas, except through a licensed dealer (*K.S.A. 8-2439*). Manufacturers, dealers, or salespersons selling vehicles in Kansas without a license are subject to criminal fines of up to \$2,500 under *K.S.A. 8-2434*. Administrative penalties also can be levied against those persons under the *Kansas Administrative Procedures Act*.

KDOR seeks our assistance in alerting the Dealer Licensing Bureau to these types of situations by phoning 785-368-8385, so that they can follow up as appropriate with those dealers or manufacturers. KDOR also encourages municipalities, as a matter of policy, to insist that bidders be properly registered as Kansas retailers to collect Kansas sales tax on any sales to customers located in Kansas. This can be an effective way to encourage businesses to collect the taxes due on their taxable sales activity in Kansas.

Compensating Use Tax/ Destination Sourcing Fact Sheet

by Rod Franz

Editor's note: In the past year, most of us have seen a pleasing increase in our sales tax revenues, thanks in part to the effects of collections of compensating use tax for local jurisdictions. The Salina Director of Finance Rod Franz has created this fact sheet to help us understand and explain to others just exactly what this "new" component of sales tax is all about.

What is compensating use tax?

- \$ Compensating use tax is separate from and independent of the destination sourcing issue. However, they will both have an impact on Sales Tax revenues to Cities and Counties.
- \$ Compensating use tax is a tax to be paid by the consumer rather than by the retailer for goods purchased out of state and delivered into Kansas.
- \$ Kansas has always had a compensating use tax at the State level. Local government has not had access to this revenue source, except for when it applied to the sale of automobiles.
- \$ The Department of Revenue distinguishes between two "classes" of compensating use tax:
 - ¢ "Retailers' use tax" is collected by a retailer from a consumer and is remitted to KDOR on the consumer's behalf.
 - ¢ "Compensating use tax" is tax paid by a consumer (business or individual) on taxable materials that they did not pay taxes on at the time of purchase. These include "business to business" transactions as well as individual consumer purchases. The State also places Compensating Use Taxes collected by the County Treasurers on automobiles in this category.
- \$ The use tax was extended to local Governments in 2003.
- \$ The use tax applies to sales of all taxable items delivered within the borders of the State of Kansas from out of State, whether sold through a catalogue outlet, telephone sales, or over the Internet.

How does *nexus* affect sales tax?

- \$ If the retailer has "nexus" within the State of Kansas, then the retailer is responsible for collecting and remitting the use tax to the State on behalf of the

consumer (see "Retailers' Use Tax", above). The concept of "nexus" means location, but it does not have to be a retail outlet.

- \$ For example, Company X has nexus in Kansas, because they opened a retail outlet in Lenexa. If a consumer purchases an item at the store, Company X is responsible for collecting and remitting a retailers' sales tax on that sale. However, if a consumer in Salina purchases an item from the Company X web site or catalogue, which is located out of state, the consumer is responsible for paying the compensating use tax. But Company X is still responsible (because they have nexus) for collecting that tax and remitting it to the State as retailers' use tax.
- \$ The retailers' use tax collected by Company X's store in Lenexa will be remitted through KDOR to the City of Lenexa, as local sales tax. The compensating use tax collected on Internet or catalogue sales by Company X for goods shipped to Salina will eventually be remitted by KDOR to the City of Salina (and Saline County) as compensating use tax.
- \$ If the consumer has an item shipped from the Lenexa store to his home in Salina, it is a retailers' sales tax that is collected, but the sale is sourced to Salina.
- \$ If the retailer does not have nexus in the State, then the consumer is responsible for reporting and submitting the tax. If a Salina resident purchases an item from an out-of-state vendor who does not have nexus, then the resident is responsible for submitting the compensating use tax to the State at the rate of 7.05%.
- \$ The only change to this system is the extension of the collections of compensating use taxes to local jurisdictions.
- \$ The Department of Revenue is apparently encouraging businesses to collect and remit the Compensating Use Tax, even when nexus might be questionable, by granting them a good faith defense against prior period audit findings. Some retailers are complying as a result, or have elected to comply of their own volition.

What is the impact on my City?

- \$ Impact on cities will vary, depending on the mix of activities present.
- \$ In one city with which I am familiar, results from September 2003, through March 2004, were:
 - ¢ Use Tax on Vehicle Sales (this is the portion we have always received): \$56,375
 - ¢ "Business to Business" Use tax: \$50,560
 - ¢ Use Tax on retail sales: \$106,935
- \$ This represents a significant increase in the tax base, equivalent to about 4% of the total sales and use tax combination.

How do I budget for the change?

- \$ The use tax projection **must** be separated from the retail sales projection. If they are combined, the anticipated growth in sales tax could be significantly overstated. This will result in discomfort next year, when the results do not match the anticipated revenues.

What is the difference between use tax and destination sourcing?

- \$ Destination sourcing refers to the application of the sales (or use) taxes at the point of physical delivery instead of at the point of the physical sale.
- \$ Under the old system, if a Salina resident went to Lenexa and purchased an item at Company X, they paid retailer's sales tax at the Lenexa rate, whether they took the material with them or had it shipped to Salina
- \$ Under destination sourcing, if this consumer purchased an item in the store and took it with him, he would pay the retailer's sales tax to the City of Lenexa. However, if he had the item shipped to Salina (even though he was physically in the store in Lenexa at the time of purchase), the retailers' sales tax would apply at the Salina rate, and be remitted to the City of Salina.
- \$ If the consumer elected to stay in Salina, and purchased the item through the catalogue or the Internet, the compensating use tax would apply at the Salina rate, and would be submitted to the City of Salina, regardless of the destination sourcing issue.
- \$ The impact of destination sourcing is difficult to predict, because it depends on the mix of sales by merchants in your community, and the mix of purchases by the residents.

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Help! Who Do I Call for Assistance With Collection of Delinquencies?

by Chris Chronis

The State's Division of Accounts and Reports operates a program called the *Setoff Program* that has proven to be an effective, relatively low-cost way for Kansas governments to collect delinquent accounts. More than 200 cities, counties and special-purpose governments currently use the program, and last year it returned in excess of \$1-million to them.

Sound too good to be true? It gets even better. The *Setoff Program* can be used to collect virtually any valid debt of \$25 or more, if the local government has made at least three attempts at collection. Uncollected court fines, permit fees, and utility bills are examples of the sorts of delinquencies that play havoc with budgets. Through the *Setoff Program*, many governments have been able to reduce the pain of revenue shortfalls.

The program is simple to use. Participating governments simply submit some basic information about the debt they want to collect by e-mail, computer diskette, or paper listing. The Division of Accounts and Reports adds the information to a debtor file that is checked against many payments the state makes – state payroll, income tax refunds, miscellaneous payments to vendors, Lottery winnings, and others. The State Treasurer even checks the debtor file against unclaimed property payments. When a match is found, the state sends the debtor and government a notice of setoff, giving both parties one final chance to review the account. The debtor then can appeal, or the government can make necessary adjustments to the account. If no adjustment or appeal is made within 15 days, the state withholds the debt from the payment to be issued to the debtor, sends the debtor a receipt, and sends the government the money after deducting a collection assistance fee that covers the cost of the program.

The *Setoff Program* is a simple but effective way to get help with a persistent problem. For more information about the program go to the website: www.da.state.ks.us/ar/setoff, or call Pamela Fink, *Setoff Program* Team Leader, at 785-296-2924.

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Did you know?

On the Kansas Government Finance Officers Association (KSGFOA) website (<http://www.ksgfoa.com>) you can:

- Download a list of current KSGFOA members;
- Access written policies adopted by other municipalities on everything from investments to purchasing;
- View requests for proposals prepared by other municipalities;
- Find job opportunities;
- Advertise (**for free**) for an employee;
- Browse a virtual library of resource documents;
- Link to information about future conferences and training opportunities?

The KSGFOA website, which was developed and is currently maintained by Gena Schallehn, Budget Manager of the City of Overland Park, is a valuable resource created for our members. Please check it out—you'll be glad you did.

Apply Today to be a Member of One of National GFOA's Standing Committees: Applications are Due September 10, 2004!

As part of this month's newsletter, KSGFOA President Ross VanderHamm has asked that we include an application to be a member of one of National GFOA's standing committees. There are seven different committees:

- Governmental Budgeting and Fiscal Policy
- Accounting, Auditing and Finance Reporting
- Canadian Issues
- Cash Management
- Retirements and Benefits Administration
- Governmental Debt Management
- Economic Development and Capital Planning

We are also including the *Policies and Procedures* document of the standing committees in this newsletter, but anyone interested in finding out more about a specific committee should visit the GFOA website at: <http://www.gfoa.org/committees/>.

Nancy Zielke, current President of National GFOA, is a former Wyandotte County/Kansas City, Kansas, Joint Government administrator, and currently serves as the Assistant Vice Chancellor of Finance at the University of Missouri-Kansas City. Nancy is personally known to many of us, and we're sure she would be delighted to see some familiar faces in these standing committees. If you're interested and have the time, please consider applying to serve.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Standing Committee Application (Please print clearly or type)

Please return this application form by **September 10, 2004** to:

Deborah V. Reaves, GFOA FLC
1301 Pennsylvania Avenue, NW, Suite 309
Washington, DC 20004
FAX: (202) 393-0780

Please note that GFOA does not provide for the reimbursement of expenses incurred in connection with committee activities. Please review the attached "Standing Committees Policies and Procedures" for other committee guidelines. Appointments are typically finalized during November. You will be notified by letter whether you have or have not been appointed. If any of your information changes or if you have questions, please call Deborah V. Reaves at (202) 393-8020. **Note: The first meeting of the 2005 Standing Committee Members** (except the Committee on Canadian Issues) **will be held in Park Hyatt Hotel in Washington, DC -- January 27-28, 2005.**

Name: _____
(first) (mi) (last)

Title: _____

Jurisdiction/Company: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

E-mail: _____

1. Indicate below which of the following standing committees you are seeking an appointment. Please indicate your preference by placing "1" for your first choice, "2" for your second choice, and respectively.

Please check type of membership: _____ **Member** _____ **Advisor**.

- _____ (1) Committee on Accounting, Auditing and Financial Reporting (CAAFR)
- _____ (2) Committee on Canadian Issues (CCI)
- _____ (3) Committee on Cash Management (Cash)
- _____ (4) Committee on Economic Development and Capital Planning (CEDCP)
- _____ (5) Committee on Governmental Budgeting and Fiscal Policy (Budget)
- _____ (6) Committee on Governmental Debt Management (Debt)
- _____ (7) Committee on Retirement and Benefits Administration (CORBA)

2. How long have you been a member of the Government Finance Officers Association of the United States and Canada? _____ (years)

3. Are you a member of a state, provincial, regional, or local finance officers group?
If yes, how long? _____ (years)

4. Put a check in the blank(s) before each of the GFOA activities listed below in which you have participated. Please feel free to describe your participation in greater detail in the space provided at the end of this question or in a cover letter.

- Attended GFOA Annual Conference(s). Approximate year or location: _____
- Moderated GFOA Annual Conference session(s).
- Spoke at GFOA Annual Conference(s).
- Attended GFOA training program(s).
- Spoke at GFOA training program(s).
- Served as a member of a GFOA Standing Committee.
- Served as an officer of a GFOA Standing Committee.
- Served as an officer of another organization, e.g., a state, provincial, or regional or local finance group, or a state or provincial representative. (Please identify)

-
- Wrote for a GFOA publication. Please identify.

-
- Participated in a Public Finance Network grass-roots activity.
 - Participated in GFOA-sponsored projects such as the National Advisory Council on State and Local Budgeting and the Public Pension Coordinating Council. Please identify.

-
- Received Certificate of Achievement for Excellence in Financial Reporting (formerly Certificate of Conformance).
 - Served as a reviewer for the Certificate of Achievement for Excellence in Financial Reporting.
 - Received Award for Distinguished Budget Presentation.
 - Served as a reviewer for the Award for Distinguished Budget Presentation.
 - Received Award for Popular Annual Financial Reporting.
 - Served as a reviewer for the Award for Popular Annual Financial Reporting.
 - Testified before the U.S. Senate, U.S. House of Representatives, or a federal agency for GFOA.
 - Attended the GFOA Advanced Government Finance Institute.
 - Served on the GFOA Executive Board.
 - Member of the Special Review Executive Committee (SREC).
 - Member of the GFOA Women's Public Finance Network.
 - Member of the GFOA Black Caucus.
 - Served as FOCAL Team Member.
 - Member of the Technology Resource Group.
 - Other (Please describe).

NAME: _____

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5. Give a brief summary of your educational background and employment experience or attach a resume.

6. Describe any awards or honors that you have received related to your work or studies in government or finance.

7. Why do you want to be a member of a GFOA Standing Committee?

8. Please provide a brief description of your ideas regarding the direction GFOA should take in the next three years.

9. If you have previously served on a GFOA Standing Committee, how long did you serve?

_____ Years on the Committee on _____

Approximate dates: _____

10. If you have not previously served as a committee member, have you ever applied for membership on a standing committee? Yes ____ No ____

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Standing Committee Policies and Procedures

COMMITTEE OBJECTIVES-- GFOA Standing Committees will establish objectives to include specific projects and activities to benefit the GFOA membership. As appropriate, the GFOA Executive Board and president may direct or suggest that individual GFOA Standing Committees study and make recommendations on certain projects, programs or policy positions. GFOA standing committees should annually report to the GFOA Executive Board on their respective activities and work programs. On no occasion will a Standing Committee endorse a program/project or adopt a policy position on behalf of the association. In such instances, GFOA Standing Committees will communicate with the Executive Board and seek the Board's advice and direction.

COMMITTEE MEMBERSHIP -- Membership on GFOA Standing Committees is limited to individuals who are active GFOA members.¹

TERM AND ATTENDANCE -- Committee members are appointed for a specified term, not to exceed three years. Committee membership is conditioned upon attendance at fifty percent of the committee meetings and activities in each calendar year.

NUMBER OF MEETINGS-- A minimum of two committee meetings will be held each calendar year.

SIZE OF COMMITTEES-- Standing committees are to consist of no more than twenty-five voting (active) members. The GFOA President may authorize committee chairs to invite other active members to work with committees on projects requiring special expertise. These persons shall not be considered committee members.

COMPOSITION OF COMMITTEES- Standing Committees are formed with consideration to:

- X potential members' individual fields of expertise, related experience, and size and type of governmental unit;
- X the committee's technical area of interest;
- X the committee members' overall geographic balance; and
- X their present composition with the recognition that it is a goal of GFOA to have women and minorities actively involved at all levels of the organization including the standing committees.

COMMITTEE ADVISORS-- Standing committees may include up to five nonvoting advisors who are not public officials but are expert in the committee's area of interest. Advisors must be chosen from GFOA's associate membership and appointed by the GFOA President. The advisor's role is to provide technical guidance to committee members on an as-needed basis to be determined by the committee chair. A committee member who leaves the public sector must resign her/his position as a member but may become an advisor on appointment by the GFOA President.

APPOINTMENT OF STANDING COMMITTEE MEMBERS The GFOA President makes all appointments to the various standing committees, with other individuals playing an important role in identifying appropriate candidates. The following process will be completed before appointment to a standing committee:

¹Persons eligible for active membership shall be those officials having responsibility in any aspect or function of local government, or state and provincial government, or federal government of the United States and Canada.

1. The executive director and staff will develop an application form for completion by individuals interested in serving on a GFOA committee. The form will solicit pertinent information regarding the individual's background and expertise. In addition, the form will make clear to the candidate the degree of commitment required to serve on a standing committee.
2. Opportunity for appointment to committees will be announced in the GFOA Newsletter each year in the summer. Candidates identified as a result of this announcement will receive an application form upon request.
3. Specific recommendations of potential members will be solicited from current Executive Board members, current committee chairs and members, current state and provincial representatives and GFOA staff. All individuals identified through this process will be asked to complete an application form.
4. Completed application forms will be forwarded to the GFOA President for final determination of appointments.

APPOINTMENT OF STANDING COMMITTEE CHAIRS The chair and vice-chair of each committee is appointed annually by the GFOA President. The GFOA President appoints the chair and vice-chair for a one-year term when new committee members are appointed or current members reappointed, i.e., the beginning of a new calendar year. Standing Committee Chairs may be reappointed for two additional consecutive terms. An Executive Board member serving on a standing committee may not serve as the chair or vice-chair.

ROTATION OF COMMITTEE MEMBER AND ADVISOR TERM(S) Upon completion of a committee member's term, the GFOA president may reappoint committee members if he/she has reapplied for membership subject to the following limits.

1. A member and advisor may serve for a maximum of two consecutive three-year terms.
2. A member and advisor who has served two consecutive three-year terms may apply for standing committee appointment after one year.
3. The GFOA President may waive these limits of appointment for members who have served or are serving as Chair or Vice-Chair of the standing committee.

Committee members' terms are staggered so that a portion of the committee's membership rotates each year.

INTERIM TERMS-- Should a committee opening occur, the GFOA President may appoint a replacement to serve for the remainder of the unexpired term.

QUORUM-- Official actions by a committee require a quorum of more than fifty percent of voting members to be present and voting. Should a quorum not exist, the committee may file a report summarizing committee recommendations, but the report should indicate that a quorum did not exist and official action was not concluded.

STAFF SUPPORT-- GFOA staff members responsible for standing committees are to provide logistical, editorial and technical support and general secretarial services. Committee members are to continue to have primary responsibility for developing and completing programs and projects of benefit to the GFOA membership.

EX-OFFICIO MEMBERS-- GFOA Executive Board members may serve as voting members of standing committees in an ex-officio capacity. The GFOA President will appoint Executive Board members to serve in an ex-officio capacity. After the expiration of an Executive Board member's term, he or she will be eligible for appointment to a standing committee.