

KSGFOA Newsletter

Kansas Government Finance Officers Association



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President's Message

Ross VanderHamm • Finance Director, City of Hutchinson

The 2004 Legislative session has ended! Fortunately, little “damage” to local governments was inflicted, but the mood of the legislature remains the same. Convinced that cities and counties are unable or unwilling to manage their own communities, significant legislation was discussed that would have weakened our “home rule” authority and drastically restricted our ability to govern ourselves.

The revived “tax lid” or “spending lid” discussion fortunately went nowhere. Continued vigilance, however, in our managing of taxpayers’ dollars and maintaining the public’s trust is critical. Be assured, we will again be asked to give an accounting of our efforts, and we should not become lackadaisical simply because we avoided additional legislative action this year.

The State’s revenues have been very positive; in fact, stronger than estimated with over \$62,000,000 in unexpected income tax collections this past month. Locally, many communities are also experiencing significant growth in sales tax revenues - somewhat due to the new “Use Tax” collections that began late last Fall. I would be interested in how your revenues are coming in compared to previous years. If you have the time (since we are all swamped with budget) please send me your current numbers, and I will try to send them out to our members.

Finally, I continue to focus on professional and personal ethics. It seems that nearly every day, situations are occurring that require us to make decisions that speak volumes about the type of people we are. I have heard that some of these individual situations are just too difficult to consistently maintain any sense of ethical or moral standards, so I ran across a quote from Martin Luther King that seems to help me keep things in perspective:

Cowardice asks the question ‘Is it safe?’

Expediency asks the question ‘Is it politic?’

And Vanity comes along and asks the question ‘Is it popular?’

But Conscience asks the question ‘Is it right?’

And there comes a time when one must take a position that is neither safe, nor politic, nor popular, but he must do it because Conscience tells him it is right.

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.

The Free Lunch Just Got Better.....

by Laurie Krause

Remember back in 2001, when I wrote an article in this newsletter about my discovery of a *bona fide* “Free Lunch” for both employees and employers in the form of 125(d) plan ...well I am here to announce that the Free Lunch just got better!!

But first the basics: Sometimes referred to as a cafeteria plan, flex plan, or a Section 125(d) plan, Flexible Savings Accounts allow employees to deposit before-tax payroll dollars into holding accounts that they can then later draw on to reimburse themselves for medical costs that aren’t covered by insurance or for dependent care costs. The maximum, annual, withholding amount for the Medical account is usually employer-mandated, and the maximum on the Dependent Care withholding account is currently capped by the I.R.S. at \$5,000.

The Medical account differs from the Dependent Care account, in that the employee can draw on the Medical account in advance of when their payroll withholdings fund the Medical Account. In other words, if an employee signs up to deposit \$10 per weekly paycheck to the Medical account (\$520 annual deposit), then by June 30th the account should have a balance of \$260. If the employee submits a dental bill for \$400 in July, the Plan Administrator will issue a reimbursement check to the employee for the full \$400 (but never more than the annual

employee commitment of \$520). The employee will continue to deposit \$10 per week for the rest of the year, leaving \$120 available for additional, eligible, medical expenses.

The Dependent Care account is strictly on a “pay as you go basis.” You can only get reimbursed from the 125 Plan for dependent care up to the amount that you have already deposited into the plan.

Pros and cons of the Flexible Spending Accounts for both the employee and the employer are as follows:

Employees:

Pros—you get to pay for unreimbursed medical and dependent care costs with before-tax dollars. Depending on your incremental tax bracket, this could save you between 25% and 40% of every dollar deposited to the 125(d) plan.

Cons—you have to “declare” your per-paycheck deposit amount at the beginning of the Plan year, and, with the exception of a significant change in family circumstance, you cannot change your withholding amount for that year. Anything that you do not claim as a reimbursement from the Medical or Dependent Care accounts for the year is forfeited to your employer. It is a “use it or lose it” proposition.

Employers:

Pros—you save the FICA tax costs on every dollar that the employee runs through the Flexible Spending Accounts, and all unclaimed amounts left in the employees’ accounts at the end of the plan year are remitted back to the employer, to offset any administration costs.

Cons—most employers pay a third party to administer the “Plan,” including setting up each employee’s account(s) and processing claims against the accounts. Also, in the event that an employee draws an advance reimbursement from the Medical account and then terminates employment, the employer is on the hook for funding the amount that was advanced to the employee. For this reason, employers usually mitigate their risk by capping the Medical accounts at anywhere from \$2,000 to \$5,000.

In the year 2000, after much begging and pleading, staff at WaterOne got Board approval to adopt a 125(d) Plan, and I crossed my fingers that we wouldn’t lose money in the deal. It was a success from the beginning. During the first partial year, WaterOne experienced a net savings of \$1,464, and the 77 participating employees saved an estimated \$15,312 in FICA and income taxes. For the 2003 plan year, WaterOne experienced a net savings of \$3,460, and the 86 participating employees saved an estimated \$29,184 in taxes !!!!

The major roadblock to employee participation, however, was the “use it or lose it” rule. Many employees didn’t feel comfortable trying to estimate what medical costs they might have to pay in the next 12 months (e.g. eye glasses, dental work, prescription and other co-pays) and they couldn’t face the

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.

concept of forfeiting unused money, no matter how small an amount, at the end of the year.

Now the Really Good News - Effective for the 2004 plan year, the I.R.S. loosened the Medical account reimbursement rules to include most over-the-counter medications including such things as aspirins, antacid tablets, hydrogen peroxide, sinus spray, etc. The change in the I.R.S rules not only expanded the buying power of the before-tax dollars, but it significantly mitigated the “use it or lose it” penalty. If there were a few bucks left in the 125(d) medical account at year-end, what household couldn’t stock up on Tylenol and cough drops?

As proof of the positive effect of the recent enhancement to the 125(d) Plan, WaterOne participation jumped from 86 employees in 2003, to 104 employees in 2004. Total annual pretax deposits to the 125(d) plan increased from \$116,737 in 2003, to \$169,963 in 2004. These increases are a 21% increase in the number of participants and a 20% increase in deposits per person. Unfortunately, the increase in participation is also the result of increasing co-pays and decreasing health insurance coverage; however, employers with 125(d) plans can work with their employees to provide a win-win situation for both.

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Can I Quote You on That?

by Kevin Hiskey

Some people collect stamps, others collect coins, or dolls, or barbed wire, or whatever. I collect quotes. Quotes are to me what poems are to a poet. They have a way of expressing wisdom or deep meaning in a few short words that say a lot. It doesn’t cost anything to collect quotes, they can be shared with anyone, and they add value to our daily lives by the wisdom they provide. After I began collecting quotes, I discovered that I am far from alone in this hobby. I have co-workers that share this hobby and share good quotes with me. I have also found whole web sites devoted to quotes. I’ll list a few at the end of the article.

Quotes can be divided into various categories if a collector likes. Web pages often categorize them. Comedy, history, wisdom, character, inspirational, sports, leadership, and many other categories are available. Personally, I don’t try to categorize the quotes I collect. As an accountant, I spend way too much time sorting and categorizing things, so that doing it with my hobby would just seem like work.

I got started collecting quotes by writing them in the margins of my Bible and in my planner. After those got full, I realized I needed another alternative. Thanks to the computer, it is easy to collect quotes. For those of you with PDAs, you can carry your quote collection with you anywhere you go and add

to the collection as you hear new ones you like. Speaking of PDAs, you can get “Quotes of the Day” from www.avantgo.com

A small sampling of some of my favorite quotes is listed below. I hope you enjoy them.

- “To succeed in your career but fail at home is to fail completely.”
—Patrick Morley
- “Decisions are easy to make when your values are clear.”
—Walt Disney
- “The genius of life is to go from failure to failure with enthusiasm.”
—Winston Churchill
- “What counts is not necessarily the size of the dog in the fight-it’s the size of the fight in the dog.”
—Dwight Eisenhower
- “I am convinced that life is 10% what happens to me and 90% how I react to it.”
—Charles Swindoll
- “Being responsible sometimes means pissing people off.”
—Colin Powell
- “The most pathetic person in the whole world is someone who has sight but no vision.”
—Helen Keller
- “Remember, the Ark was built by amateurs; the Titanic by professionals.”
—(unknown)
- “Wish I didn’t know now what I didn’t know then.”
—Bob Seger
- “Do or not do. There is no try.”
—Yoda
- “Nobody can make you feel inferior without your permission.”
—Eleanor Roosevelt
- “There’s two theories to arguin’ with a woman. Neither one works.”
—Will Rogers
- “Outside of a dog, a book is man’s best friend. Inside of a dog it’s too dark to read.”
—Groucho Marx

Some Quote resources:

- www.quotationspage.com
- www.quoteland.com
- www.brainyquote.com

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Getting The Most Out of Your Personal Digital Assistant (PDA)

by Kevin Hiskey

As technology improves and becomes less expensive, more people are purchasing and using personal digital assistants (PDAs). Years ago, I was one of the early “geeks” to become fascinated with these handheld computers. I had one of the early Palm Pilot models (circa 1997). While there were many versions of handheld computers before Palm Pilot introduced their models, they didn’t gain widespread popularity until around that time. Since that time, the industry has exploded, the technology has vastly improved, and virtually every computer manufacturer has its own version of PDA. The company that sells the “Palm” brand of PDA has sold over 20 million units ⁽¹⁾ since their introduction in 1996.

Do we get productive use out of these units, or are they just expensive calendars or toys? I hope I can pass along a few tips on getting the most out of your PDA. You might be surprised at the many uses. There are over 140,000 programmers ⁽¹⁾ licensed to write software for the Palm OS applications alone. With that many programmers, there are a lot of software and uses available!

Common applications. The PDA pretty much started out being an electronic version of a paper planner. I carried a Franklin brand paper planner for years before converting to a PDA. The calendar, address book, and to do (task) list are the most common uses. In recent years, PDAs are even sporting versions of common desktop applications like Word and Excel. I used to keep important budget facts in my PDA as council members or citizens were always asking me what the total assessed valuation was or how much outstanding debt we had, etc. Having some simple spreadsheets with frequently requested information in your PDA can come in very handy. I also like to download Word documents into my PDA that I need to read or review so that I have them with me.

Many PDAs often have some very powerful business and engineering calculators built into them or you can get many off the Internet for free or for a small fee. I have used these calculators to do some quick amortization schedules in the middle of meetings to project debt payments.

Games have also been very popular from the start. Lately, the uses have grown to include many other things. I was surprised at my last doctor visit to see the physician’s assistant walk in with a PDA and use it to access my patient history and to record all the new information. Some other common uses include dictionaries, inventory databases, mapping programs, weather data, alarm clocks, and electronic books.

One of my favorite applications is available free from www.avantgo.com. Avantgo offers both free and premium services. There are tons of free services available from Avantgo, and Avantgo will transfer information from the Internet onto your PDA. You can get top stories from *The Wall Street Journal*, the *New York Times*, *USA Today*, Bloomberg, and others downloaded to your PDA every time you sync.

Multi function PDAs. As technology advances, companies that sell PDAs are building more gadgets into them. Some of the gadgets that are built into PDAs now include: Global Positioning Satellite (GPS) devices; cell phones; MP3 music players; voice recorders; cameras; wireless communication capability; keyboards; etc. New devices keep getting added at a phenomenal pace. If a device can be connected to a PC, it can usually be connected to a PDA. These devices may enable you to combine some of your electronic devices into one.

Throw away your paper planner/calendar/organizer. I can’t emphasize this enough. Your PDA will be under utilized if you continue to try and keep two calendars. In addition, you will get frustrated keeping both of them current. If you just like having some paper with you to jot notes on, many PDA cases come with a note pad. Additionally, many PDAs have on-screen writing or hand writing recognition software built in to facilitate taking quick notes. Some of the multi function PDAs mentioned above have voice recorders built in that could be handy for taking notes.

I can’t think of anything a paper calendar can do that a PDA can’t do, but I can think of many things a PDA can do that a paper calendar cannot do. Paper calendars cannot do recurring appointments by entering them only once. Paper calendars cannot remind you of appointments. Paper calendars cannot sync to your desktop calendar on your PC, etc.

Become a proficient Outlook (or other PC calendar) user. PDAs started out primarily as a replacement for paper calendars and address books. As such, most of them had a synchronization process that took data from your PC’s calendar and address book and downloaded to your PDA and took data that was in your PDA and uploaded it to your PC. My advice to new PDA users is to become a proficient Outlook (or other PC calendar) user. Take a class on Outlook or get one of the “Outlook for Dummies” books.

In the early days, the syncs between the PC and the PDA didn’t always produce the results you were hoping for. There used to be items in Outlook that did not sync well to PDAs and vice versa. In the last couple of years, the syncs between the two have become very reliable and the functionality between the two more similar. There is very little functionality in Outlook that won’t be able to be replicated in your PDA. One of my favorite things to do in Outlook is to use the “memo” section that is available for calendar items, tasks, and contacts. Have a meeting out of the office? Put the address and even directions to the location in the memo section of your appointment.

Can’t remember how to get to a location that is listed in your address book? Put the directions in the memo section of the

contact in Outlook. I also like to type in the agenda for a meeting in the memo section of a meeting schedule that I send to staffers. After the meeting, I often type in notes from the meeting in the memo section. All of this will transfer to your PDA. You can even jot these notes into your PDA during the meeting.

Another one of my favorite Outlook features that transfers well to a PDA is the "Notes" feature in Outlook. These are the little "Post-It Note" items in Outlook. They are great for jotting down tidbits of information you want to keep that aren't necessarily a calendar item, or a contact, or a task. They are an excellent place to jot down bank account numbers, your kids' social security numbers, the part number for the ink cartridge for your printer, a list of books you want to read, a list of personal goals, instructions on accessing your company's email from a remote site, or what your blood pressure was the last time you went to the doctor. These notes transfer between your Outlook and your PDA and I refer to them and add to them constantly. You can even set reminders on these notes so they pop up on your PC or PDA to remind you of something.

Learn how to use the hand writing recognition software built into your PDA. This takes a bit of practice, but is well worth it. As mentioned earlier, the most common way to enter data in your PDA is to enter it in Outlook first and then transfer the data to your PDA. You can also enter data directly into your PDA and transfer it to your PC. Entering data directly into your PDA is not as fast as entering it into Outlook, unless you have an external keyboard connected to your PDA. If you don't, then using the hand writing recognition software is the next best alternative.

Most PDAs have a pop up keyboard that shows up on the screen that you can "tap" and type your information. This is akin to one finger typing and is very slow. If you become proficient with the hand writing recognition software built into your PDA, you can enter data much quicker. You'll probably never get as fast as entering data with a keyboard or as fast as writing on paper though. I estimate that I can "write" data into my PDA at about 70% of the speed that I can write something with paper and pen. Some PDAs even have a free game that you can use to practice the hand writing recognition software.

Buy a sturdy protective case. Don't ask me how I know this, but it doesn't take much of a drop to break a PDA. They can be rather delicate electronic instruments and don't like bouncing off the concrete from a height of three feet. There are many good cases available for your model of PDA that offer more protection than the standard case or flip cover that comes with your PDA. The protective cases are a bit bulkier, but some aren't much bulkier than the standard cases. Since I started equipping my PDAs with protective cases, I have not needed a repair because of a drop (I still drop them from time to time though).

Beam me up Scotty. One of the coolest features on the late model PDAs is the ability to beam information from one PDA to

another or from a PDA to a laptop or other device, like a printer. I rarely encounter a PDA user that knows how to do this though. Most users seem to be intimidated by this. It is actually pretty easy to do. If you and your co-worker have the same brand of PDA, it is very easy. Just place the devices within about eighteen inches of each other then start the beam process. I often beam a contact (name, address, phone, etc.) to other users.

In the Palm application, all you need to do is pull up the contact onto the active screen, tap on the dropdown menu and select "Beam Contact". The PDAs take over from there. The transmitting PDA's screen indicates that it is beaming the contact and the receiving PDA's screen will indicate that a contact is being received. The receiving PDA will then ask you if you want to accept the beamed data. Tap on yes or no. That is all there is to it. You can beam appointments or other calendar items, memos, and even beam programs or games to another user.

I hope these tips will enable you to get more productive use out of your PDA. I have listed some good resources below where you can learn more or find applications, gear, and peripheral devices for your PDA. Happy tapping!!!

Some good PDA resources:

- www.palmgear.com
- www.pdacentral.com
- www.palm.com
- www.howstuffworks.com/pda.htm

⁽¹⁾ Statistics obtained from www.palmOne.com website.

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