



UPDATE

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Membership Facts

193 Total Members

- 84 City
- 52 County
- 22 School/College
- 27 Associates
- 8 State/Regional

PRESIDENT'S MESSAGE

ROD FRANZ, CFO, CITY OF SALINA

"Plop Plop Fizz Fizz, Oh what a relief it is". That is kind of the way I feel about getting past June 30. CAFR's complete, Solid Waste Financial Assurances filed, Full Disclosure documents filed, Bond Issue requirements largely complete, and while the budget is not yet complete, the bulk of the difficult staff work is done and the draft budget is in the hands of the City Commission. June needs to have 60 days. Relief, however it is spelled.

And then, the publisher of this esteemed publication calls and reminds me that I need to generate this message, which in turn reminds me that we need to get a nominating committee together and nominate a new slate of officers for the coming year. Oh well, I guess this is what the big bucks are for?

Elsewhere in this publication, you will find a schedule for upcoming professional seminars. I am particularly enthused about the Regional Meeting in Hutchinson, which I think has some great topics, is being held at a very unique and interesting location, and would encourage all of you to attend, if possible. Just because it is titled a regional meeting doesn't require you to live in the region to attend it. I am also enthused about the fall meeting in Overland Park, for much the same reasons. Keep your calendar open for these events.

Legislative Issues: Next year promises to be dangerous for Cities and Counties, and perhaps other public entities in the Legislature. The fiscal condition of the State and the failure of the last legislative session to realistically address that situation,

as well as right of way management, and all of the normal issued coupled with an election year will result in an interesting session. If you have legislative issues that you feel need to be addressed, please let us know. We should be working on crafting positions well in advance of the legislative session. The League of Kansas Municipalities Finance and Taxation Policy Committee meeting is scheduled for August 16th in Topeka. If any of you would like to serve on that committee, please let Anna Debusk at the LKM offices know. I am sure the League would welcome additional participation in this committee, particularly from those with some degree of expertise in the field. (That would be all of you, by the way!).

KSGFOA Status: KSGFOA is maintaining at about 200 members, which I think is excellent. Participation at the regional meetings have been on the order of 35 to 50, which is fairly good, but we would like to see even more participation at these. If any of you have topics you would like to see discussed, or would like to host a meeting at your location, please let myself or one of the other board members, or Lisa Haase know. We are always looking for meaningful topics for these seminars. It is difficult for us to know what the membership might need, if you don't tell us.

Well, my muse is running dry. Thanks you for the opportunity to serve as the KSGFOA President, and I hope to see you in Hutchinson and Overland Park.

2001 Board of Directors**Officers**

President: Rod Franz, Director of Finance, City of Salina 785-826-7240; E-mail rod.franz@salina.org

Vice President: Ed Mullins, Finance Dir. City of Lawrence 785-832-3214; E-mail mullins@ci.lawrence.ks.us

Secretary: Rich Vargo, Riley County Clerk, Riley County 785-537-6300; E-mail rvargo@co.riley.ks.us

Treasurer: Ross VanderHamm, Deputy City Manager/City Clerk, City of Hutchinson. 316-694-2613; E-mail rossvh@ci.hutchinson.ks.us

Board Members

Larry Lysell, Superintendent, USD #427, Belleville, KS. 785-527-5621; E-mail buffl1@usd427.k12.ks.us

Charles Mitts, Accounting Manager, City of Olathe. 913-782-2600; E-mail cmitts@olatheks.org

Chris Chronis, Chief Financial Officer, Sedgwick County. 316-383-7591; E-mail cchronis@sedgwick.gov

Nannette Pogue, Finance Director/City Clerk, City of Dodge City. 620-225-8100; e-mail nannette@dodgecity.org

Kevin Hiskey, Finance Director, City of Merriam. 913-722-7700; e-mail KevinH@Merriam.org

Dale Jost, Chief of Fiscal Services, KDOT. 785-296-7927 Email: Dale@ksdot.org

GFOA State Rep

David Scott, (913) 895-6154, dscott@opkansas.org

Wichita State Rep

Lisa Haase, Public Affairs Associate, WSU 316-978-6541

KSGFOA Nominating Committee Report

The nominating committee hereby proposes the following slate of candidates for the year 2002 for consideration by the membership. This slate will be considered at the Business Meeting during the Fall Professional Workshop, October 18 and 19, 2001.

2002 Officers:

President: Ed Mullins, Finance Director, City of Lawrence

Vice President: Rich Vargo, Riley County Clerk, Riley County

Secretary: Ross A. Vanderhamm, Finance Director, City of Hutchinson

Treasurer: Chris Chronis, Chief Financial Officer, Sedgwick County

Board Members (New, Expiring December, 2004)

Dale Jost (2004), Chief of Fiscal Services, Kansas Department of Transportation

Laurie Krause (2004), Accounting Manager, Water District #1 of Johnson County

Existing Board Members:

Kevin Hiskey (2003), Finance Director, City of Merriam

Nannette Pogue (2003), Finance Director, City of Dodge City

Larry M. Lysell (2002), Superintendent of Schools, Republic County—USD #427

Charles L. Mitts (2002), Accounting Manager, City of Olathe

World Class Financial Management in Kansas**(Part 1)**

The following article is submitted by W. Bartley Hildreth, Wichita State University, in behalf of four of his students. One is a budget analyst in Broward County, Florida, another is a Management Intern with Sedgwick County and a third is a senior budget analyst with Sedgwick.

Government finance organizations can achieve many of the same attributes found in the top private business finance operations. Public agencies have historically behaved differently than the private sector due to resource constraints and an obligation to serve the public interests. Still, many public organizations, and the citizens they serve, want public financial management to meet world-class standards.

In April 2000, the U.S. General Accounting Office (GAO) published a study entitled Executive Guide to Creating Value through World-Class Financial Management (AIMD-00-134, available at www.gao.gov). During the Fall 2000 semester in Professor Bart Hildreth's advanced seminar at Wichita State University, four MPA students—Deborah Clark, Jinxi Jia, Anna Klykova and Sarah Schwarz—used the GAO report as the basis for on-site interviews with four different public organizations in Kansas. The governments included a school district, a county and two cities. In each entity, interviews of about one hour each were held with the chief finance officer and the head of a major department. While this exercise is not intended to be representative of how these, or other, governments might meet exacting measures of compliance, the findings give impressions on the potential application of world-class standards to local governments. Specifically, this article summarizes the results from a brief examination of four governmental units in the context of goals and practices established for a world-class finance organization.

Make Financial Management an Entity-Wide Priority

Making financial management an entity-wide priority is the first goal in creating a world-class finance organization. Strong leadership and a dynamic culture measure the success for this goal. Top management must be completely committed in both words and actions to changing the culture, and this commitment must be sustained and demonstrated to staff. Three practices can be utilized to accomplish this goals.

(Continued on page 4)

Selling Bonds “On-Line” The experience of Johnson County Water District No. 1

By Laurie Krause, Manager of Accounting

With the recent changes in Kansas Statute, the number of municipal entities that have been selling Revenue and General Obligation bonds “online” have snowballed over the past 12 months. In April 2001, Water District No. 1 of Johnson County took the plunge and decided (with the advice of Bond Counsel and Financial Advisor) to sell \$24.28 million in Water Revenue Refunding bonds using an online bidding service.

After review of the major online bidding/auction services, the District elected to use the internet service Parity. Parity, a subsidiary of Thomson Financial Municipals Group (<http://www.tm3.com/tm3home/>) is a very efficient, “all or nothing” (as opposed to allowing bids maturity by maturity), no bells and whistles online bidding service that is free to the bond issuer and makes its money charging the bidders a nominal fee. Note that if you want your Notice of Sale posted on the Parity web site you have to pay extra for that through the Bond Buyer side.

The District obtained a user name and password from the Parity staff that was used to log into the online sale portion of the tm3 web site. About a week or two before the sale, we sent Parity a copy of our Preliminary Official Statement and the Notice of Sale. Parity staff entered the terms of the sale into a database that then was fed into an online worksheet. This worksheet contained the specific sale parameters of our proposed bond issue. We reviewed the worksheet which was then fed into the BiDCOMP system that the underwriters used to prepare their competitive bids. The only change we had from our normal procedure was to slightly modify the wording in the Notice of Sale to address the option of online bidding.

Some issuers limit the taking of bids to the online service, others use the online service but still allow for fax and/or telephone bids. We decided to embrace technology slowly and accepted fax/telephone as well as the online bids.

On the day of sale, the online bidding process went very smoothly. Our bids were scheduled to close at 12:00 noon so we logged on to the Parity web sight about 11:45 a.m. From then on we stared at a non-changing computer screen until nearly 11:55 a.m. Finally the first bid posted at 11:54:40 a.m. with five more streaming in behind it, the last posting at 11:59:25. Since Parity doesn’t offer any “auction” amenities (e.g. bidders can’t see proposed interest cost of the other bidders or even the ranking of underwriters from lowest interest cost to highest) there is no mechanism for the bidder to make a second for the purpose of improving their competitive position. By 12:00 noon we had received six electronic bids and one fax bid.

The Parity/BiDCOMP system does all the work behind the scenes and provides the issuer with a summary of the bid interest rate by series, total premium or discount and a variety of interest costs. If the issuer chooses to accept the sale as originally posted (same par amount, etc.) they can click on the “accept bids” button and results of the sale is sent out over the Bond Buyer wire and the underwriters are notified. Since our winning TIC had such a large premium with it, we decided to reduce the par amount of the issue by the allowable amount. Because we changed the par amount we skipped the clicking on the “accept bids button and resulted to alerting the world the old fashioned way—by telephone.

GFOA UPDATE

DAVID SCOTT, GFOA REPRESENTATIVE

Upcoming Satellite Teleconference: November 8, 2001 GFOA is proud to once again offer its “Annual Governmental GAAP Update” by satellite teleconference. The 2001 program features a range of topics of direct and practical interest to accounting and auditing professionals in the public sector:

- Recent amendments to GASB Statement No. 34 (Omnibus statement)
- New GASB statement on note disclosure
- Forthcoming second implementation guide on GASB Statement No. 34
- New GASB guidance on affiliated organizations

- Update on GASB project on other post-employment benefits
- Review of key guidance in the newest edition of Governmental Accounting, Auditing and Financial Reporting

Currently there are two locations in Kansas hosting this teleconference: Kansas Public Finance Center, Wichita State University; Department of Administration, Accounts and Reports, Topeka, KS.

Cost: Registration fees paid by 10/22/01/
fees paid after 10/22/01
Active member—\$60/\$90
Associate/Public Sector—\$75/\$105
Non-member—\$90/\$120

Registration forms are available at the GFOA home page: www.gfoa.org under GFOA Forms; Annual Governmental GAAP Update; Registration Forms

Finance officers can earn 4 CPE credits at this GAAP update teleconference.

- ◆ GFOA’s 96th Annual Conference on June 16—19, 2002 at Denver, Colorado.

For information on the other conferences or seminars look at GFOA’s web site www.gfoa.org.

Dave Scott: dscott@opkansas.org

CALENDAR OF UPCOMING EVENTS

KSGFOA Regional Meeting
**“Managing Key Assets: Money
and People”**
August 31, 2001
9:00-3:30 p.m.
Dillon Nature Center,
3002 E. 30th Avenue,
Hutchinson, KS

**KSGFOA Professional
Workshops**
October 18-19, 2001
Overland Park, KS
**Workshops: Budgeting and
GASB Statement 34**

GFOA Fall Certification Exam
Friday, October 26, 2001
Wichita State University

**GFOA Annual Governmental
GAAP Update Satellite
Teleconference**
Thursday, November 8
**(See GFOA Update for further
details)**

**Midwest Regional Public
Finance Conference**
February 14-15, 2002
Wichita, KS

Member Services

If you are retiring or
changing jobs, please let
us know!

Kansas Government Finance Officers Association Newsletter

Editor Nannette Pogue
The KSGFOA *UPDATE* is published quarterly. Correspondence regarding articles, pictures or other information should be sent to: Nannette Pogue, Finance Director/City Clerk, Dodge City, Ks 67801 or email: nannette@dodgecity.org

UPDATE
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Mailing Label

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A foundation of control and accountability must be established. This foundation is maintained through the preparation of periodic financial reports that are audited annually. A commonly used form of accountability is an annual audit. Kansas Statutes require annual independent (external) audits. All entities interviewed prepare a Comprehensive Annual Financial Report, which is subjected to an external auditor. In addition, one organization develops quarterly reports, while the others prepare monthly reports. These interim reports contain extensive detail on each fund to inform staff and elected officials of the current financial status. To prevent overspending toward the end of the fiscal year, one organization's chief financial officer prepares weekly reports for the elected officials and managers. After separate periods of using monthly and quarterly reporting documents, one financial officer remains convinced that quarterly reports offer sufficient information for decision-makers.

A top finance organization should use financial information for decision-making and strategic planning. Annual budgets, Comprehensive Annual Financial Reports, Capital Improvement Program Budgets, quarterly reports, monthly reports, or special reports are all tools that convert financial information for decision-making. Special reports and a current and comprehensive accounting system were specifically mentioned as being important to effectively use financial information.

A clear, strong executive leader must be present to emphasize financial management. According to the GAO report, "a powerful, visionary leader can change the direction, culture, and perceptions of the finance organization." In most of the organizations interviewed, it was expressed that the Chief Executive Officer is ultimately responsible for the budget and is closely involved in its development and implementation.

Training should be used to change the culture and engage line managers in the success of making financial management an entity-wide priority. Limited training is offered to non-financial staff in all of the entities, and most agree this is an area that needs improvement.

All organizations interviewed are moving toward making finance an entity-wide priority. They all prepare a Comprehensive Annual Financial Report and periodic reports that suit the needs of elected officials and the larger organization. Strong leadership and sincere concern for effective financial management are evident. Training for non-financial staff is the area that could be most improved in all of the organizations. Overall, each entity strives to improve its financial management throughout the organization.

(Part 2 will be published in 3rd Quarter Update)