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**TGFOA News**

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## A Message from the President



Congratulations to all of you who have passed your operations and capital budgets. Revenues are still in many cases below expectations, but are increasing over the same period six to 12 months ago. While the state appears to be in a mild form of economic recovery, we should all continue to monitor our operations to ensure strong fiscal sustainability.

The executive board is busy planning for another exciting fall conference. This year's agenda is packed with interesting speakers and valuable information. The Conference registration fee is the same as last year to ensure that as many members as possible can take advantage of this great opportunity. Preconference events are planned that include lots of fun and networking opportunities.

As you know, MTAS was unable to coordinate this year's events due to budgetary constraints. I know all of you join me in expressing our appreciation to the members of the board for taking on this huge task without the assistance of an event planner. We had a successful Spring Institute and anticipate an even more successful fall conference. Registrations are already exceeding expectations. Be sure to register early and take advantage of the discounted rate; but just as importantly, make sure you're not left out due to space limitations. Conference capacity at the Marriott is 250. We currently have over **152 registered**. Register now so that you don't miss this great opportunity.

Don't forget to **VOLUNTEER**. We need your assistance during the fall conference. Commitments may be as little as two hours to ensure that you have time to hear most of the speakers. Email me at [madison\\_d@chattanooga.gov](mailto:madison_d@chattanooga.gov) to volunteer. Each member is also encouraged to share time and talent by participation on the executive board. It's a great way to learn more about the organization and contribute to your profession. Be sure to read about the TGFOA Logo contest on page 2.

Daisy Madison

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## 2010 Fall Conference

*The Executive Committee would like you to help design a logo for TGFOA. Official colors are blue, white and green. Deadline for submissions is September 17. Submit drawing/rendering by September 17 to Marylou Piper at White House Utility District, PO Box 608, White House TN 37188 or electronically at [mpiper@whud.org](mailto:mpiper@whud.org). Winner will be announced on Friday at the Conference.*

The TGFOA Fall Conference will aid members in obtaining current information to help develop a higher standard of efficiency in all financial management functions and services. This program will provide networking opportunities with allied associations and institutions, other related agencies and financial professionals.

Anyone holding a position within city, county and state governments—finance officers, managers or administrators, accountants, clerks, auditors, recorders and treasurers should attend this conference.



**REMEMBER THIS DATE**  
**TGFOA**  
**FALL CONFERENCE**

**October 6-8, 2010**  
**Marriott Hotel**  
**Cools Springs, TN**

The Tennessee Government Finance Officers Association Annual Fall Conference is scheduled for October 6-8 and promises to be filled with fantastic speakers, timely topics and great networking opportunities

Among the topics to be presented:

- GASB Update
- Tennessee Economy
- Fleet Management
- AARA compliance and Audit Risk
- Innovations in Government Payment Processing
- Mock Negotiated Bond Sale
- Legislative Update

Earn 12 hours CPE credit

The course fee include breakfast and lunch.  
 \$175 for early registration  
 \$200 after September 17,2010

Make hotel reservations now by calling 1-888-403-6772 or go to:

<http://www.marriott.com/hotels/travel/bnacs?groupCode=tgftgfa&app=resvlink&fromDate=10/6/10&toDate=10/8/10>

# Conference Agenda

## Wednesday, Oct. 6

- 11:30 a.m. Golf Tournament
- 3:30 p.m. Dinner and Cheekwood Art Exhibit
- Women in Public Finance Event

## Thursday, Oct. 7

- 7:00 a.m. **Continental Breakfast**
- 7:45 a.m. **Registration**
- 8:30 a.m. **Welcome and Introduction**  
Daisy W. Madison
- 8:45 a.m. **GFOA Conference Report**
- 9:00 a.m. **GASB Update**  
Frank Crawford
- 11:50 a.m. **Business Meeting**
- 12:00 p.m. **Lunch**
- 12:50 p.m. **Ethics**  
Kathy Riggs, Ph.D.  
Donald A. Mills, CPA
- 1:40 p.m. **Update of Tennessee Economy**  
Bill Fox, Ph.D.
- 2:30 p.m. **Break**
- 2:45 p.m. **ARRA Update and Risk Analysis**  
Jerry Durham  
Dennis Dycus
- 3:35 p.m. **Fleet Management**  
Paul Page
- 4:25 p.m. **Payment Innovations and Enhancements for the Government Sector**  
Larry De Palma

## Friday, Oct. 8

- 7:00 a.m. **Continental Breakfast**
- 8:00 a.m. **Registration**
- 8:30 a.m. **Mock Negotiated Sale Transaction/Bond Underwriter vs. Financial Advisor**  
Kevin Thompson/Todd Frazier  
Mary Margaret Collier
- 10:00 a.m. **Break**
- 10:15 a.m. **Legislative Update**  
Chad Jenkins/David Seivers
- 11:15 a.m. **Generation Gaps**  
Mindy Stooksbury

## Conference Registration

For conference registration, agenda, hotel and other information visit

[www.tgfoafall2010.eventbee.com](http://www.tgfoafall2010.eventbee.com)

For more information on pre-conference events, visit the TGFOA Web site at [www.tngfoa.org/meetings.html](http://www.tngfoa.org/meetings.html).



## Call for Volunteers!

The TGOFA Executive Committee is busy planning for the upcoming Fall Conference. The conference will be held October 6-8 at the usual place - Cools Springs Marriott, Franklin, TN. Due to budget cuts, MTAS will not have the resources to assist with the conference planning as they have in the past. Rather than incur the cost of event planners, the executive committee felt that with your help, we could plan a first class event. We will need lots of volunteers. Time away from the conference sessions will be limited to 2 hours or less for any volunteer.

If you are interested go to [www.tngfoa.org/downloads/2010-conf-volunteer-form.pdf](http://www.tngfoa.org/downloads/2010-conf-volunteer-form.pdf) and complete the form and email the completed form to [madison\\_d@chattanooga.gov](mailto:madison_d@chattanooga.gov)

## GFOA Conference Was A Success

The 2010 GFOA Conference was a great experience, with keynote sessions from Steven Cochrane of Moody's Economy.com and Dr. Kenneth Thorpe of Emory University. They spoke on the economic recovery and the impact on local governments of the new health care legislation. Dozens of sessions with knowledgeable panelists were provided in seven different categories: accounting, investments, debt

management, technology, economic development, pension, and budgeting.

Videos, slides, or outlines of the presentations are available online at [www.gfoa.org](http://www.gfoa.org)

While in Atlanta for the Conference, our TN delegation met for breakfast at Metro Diner. Lisa Nolen reports that everyone attending appeared to have fun and the food was great.

Mary Margaret Collier

briefly welcomed all the Tennessee delegates, who then introduced themselves and made contacts with others to attend the nighttime events. It was a fun and relaxed way to start a long conference day. Our compliments go out to the various photographers who captured the event in pictures.



## GFOA Grant Recipients

Our congratulations go to Lora Groce and Natalie Blackwell, who attended their first national GFOA conference in June. Each received a scholarship from the TGFOA. Excerpts from their comments to the Membership:

*“Thank you again for the opportunity to attend the GFOA Conference this year. This was a very productive and educational conference for me. I also enjoyed the Women’s Luncheon and the breakfast with the other TN delegates.”* Lora Groce, Budget Manager, City of Johnson City.

*“I’m sorry that I was unable to make the TN Breakfast Meeting to meet everyone. I enjoyed the variety of speakers and brought back some good ideas, especially on ARRA reporting. There are a few classes I missed that I might also order on CD. I am glad I had the opportunity to attend the conference while it was nearby, as the other locations would not be as easily accessible! Thank you so much for this opportunity!”* Natalie E. Blackwell, Finance Director, City of East Ridge.

## TGFOA 2010 New Members

Sandy Hayes, Jackson-Madison Co Regional Health Dept  
 Mindy Stooksbury, Maryville City Schools  
 Diane Qualls, City Of Brownsville  
 Sidney H. Cox, City Of Kingsport  
 Martha Carol Fanning, City Of Winchester

John Huffman, Reliant Investment Management LLC  
 Susan Huffman, Reliant Investment Management LLC  
 Lon Magness, Reliant Investment Management LLC  
 Rhoni Bogard, Town Of Coopertown

## Mark Your Calendar!



**Wednesday - Friday**  
**October 6 – 8, 2010**  
**TGFOA Annual**  
**Conference**  
**Franklin, TN**

**Sunday - Wednesday**  
**May 22-25, 2011**  
**Navigating the New Normal in**  
**Governmental Finance**  
**105th GFOA Annual Conference**  
**San Antonio, TX**

## Job Openings

➤ If you have a job opening, let us know by November 1 for posting in the next newsletter.

## Invalid Obligations

Recently several local governments have self-reported that they have done financings in the past without the proper authority. This has been confirmed by County and Municipal Audit. The Office of State and Local Government believes that most of these obligations are the result of innocent failures. This is an important subject because once an invalid debt obligation is identified, the purchaser of the debt must forfeit the interest earned or due, making for an unhappy investor. The other result is the local government's reputation in the debt market is tarnished, meaning that in the future it will be harder to do a financing and the pool of willing lenders will be smaller.

The issuance of debt, even

temporary debt, must follow the state's pre-issuance requirements. These requirements apply to tax and revenue anticipation notes, capital outlay notes, bond anticipation notes, grant anticipation notes, inter-fund loans, and lines of credit. The requirements also apply to notes sold at competitive or negotiated sale, or privately placed with a local bank or even if the debt is owner financed. The requirements apply to inter-fund loans within the government itself. In other words, almost every short-term financing, no matter how temporary, has certain pre-issuance requirements that must be met.

There are several pre-issuance requirements. They include submitting to the Office of State

and Local Finance (1) a balanced budget, (2) a resolution or ordinance authorizing the debt approved by the local governing body, and (3) a letter requesting permission to issue the debt. The letter must identify the term of the loan and the source of payment where the money is coming from to repay the note. If you are uncertain about the requirements or have questions, please call the Office of State and Local Finance (615-401-7872) to discuss your financing. The Director of the Office of State and Local Finance is authorized to retroactively approve the financing if it could have been validly issued, once the three issuance requirements have been met.

## *MTAS Names New Executive Director*



Steve Thompson has been named as the new executive director for MTAS. Steve joined the agency near the end of July.

Thompson comes to MTAS from Marco Island, Florida, where he served as city manager since 2008. He has also held city manager and assistant city manager roles in Deltona, Fla., Virginia Beach, Va., Greenville, S.C. and Aiken, S.C.

Thompson was hired from a pool of six candidates who went through a rigorous interviewing process with the MTAS advisory

board, the Tennessee Municipal League, the IPS leadership team, UT Knoxville faculty and the MTAS staff.

"MTAS has a long history of professional service to the cities of Tennessee, and I'm both honored and looking forward to working with the professionals of MTAS and IPS to continue this service," Thompson said.

## Debt Policy deadline for comments approaches

The State Funding Board is authorized by statute to develop model financial transaction policies for the State, State Agencies, local governments and local government instrumentalities. The Comptroller of the Treasury distributed a draft model policy for public comment. Based on comments received, the office released in early August a [statement on debt management](#) that reflects four principles for strong financial management in the public sector:

- Understand the transaction
- Explain to citizens what is being considered
- Avoid conflicts of interest
- Disclose costs and risks

The Comptroller's Office also released drafts of a [checklist](#), a [guide](#) to best practices, including examples from currently adopted debt policies, and a [list of recommended sources and resources](#). Rather than mandating a specific debt management policy, the statement requires certain language related to public accountability and transparency to be included in debt management policies.

The **Comptroller's Office is seeking public comments on the draft documents** and is requesting examples of adopted debt policies for inclusion in the best practices guidance. This is a project of the Comptroller's Office, and has not yet been presented to the State

Funding Board for consideration.

**Written comments are requested on or before Wednesday, September 15, 2010.** On Wednesday, September 22, 2010 from 1-3:00 pm in the Legislative Plaza Room 29, Nashville, the Office is providing an opportunity for public comment on the drafts. Details regarding this meeting are posted on the Comptroller's website.

If you have comments or questions, you may e-mail [comptroller.web@tn.gov](mailto:comptroller.web@tn.gov) or contact Ann Butterworth, Assistant to the Comptroller for Public Finance, at (615) 401-7910.

## GASB News

### Postemployment Benefit Accounting and Financial Reporting

The Government Accounting Standards Board released on June 16 its "Preliminary Views" for Pension Accounting. This document, which modifies GASB Statements 25/ 27, will likely become the new GASB Statement for pension and OPEB accounting. The announcement on the GASB website tells us to expect some big changes with a large financial impact. There has been a big discussion about whether to show public pension liabilities on the financial statements and how to value the liabilities. Pension liabilities previously have been disclosed in the footnotes rather than on the employers' books. Liabilities for future pension payments have used the expected investment return from their portfolio assets. A new school of financial economists has argued that this is too optimistic. Their focus is on the "market value of liabilities"

(MVL), which would make the liabilities look much larger than they do today.

GASB is considering a pragmatic approach. Any liabilities that cannot be paid from the pension fund assets so invested would be valued using a much lower discount rate that reflects the employers' borrowing costs. The discount rate they mention on their website is a tax-free high-quality municipal bond index rate. That rate today would be something around 5 percent and not the 8 percent presently used on average for the portfolio rate. GASB also proposes allowing pension funds to amortize their unfunded liabilities over the average remaining service life of employees, which in many cities would be 12 to 15 years. This rule change could potentially cut the amortization period in

half, doubling the annual cost for this aspect of the liabilities.

Annual pension costs will increase significantly if these rules become effective. The unfunded actuarial accrued liabilities (UAAL) for pensions will increase by 30-33 percent by cutting the discount rate; then the amortization period for most employers will be reduced. The cumulative result will be an increase in annual costs to amortize the unfunded liabilities by 150% above current levels. It is in the best interest of our membership to read the release and make comments before the September 17 deadline. If adopted, it could have a profound effect on your budget. The full document is located at: <http://www.gasb.org/>

# 2010 Membership Renewal/Application

Name:
Title:
Organization/Company:
Mailing Address:
City/State/Zip:
Telephone Number:
Fax Number:
E-Mail Address:

2010 Dues - New Member  
 Direct Member—\$25.00  
 Associate Member \$35.00

Make Check payable to:  
 TGFOA

Return check and application to:  
 Carson Swinford  
 PO Box 788  
 Brentwood, TN 37024-0788  
 (615) 371-0060

# GFOA Upcoming Training Opportunities

<i>Internet Training</i>	
Professional Needs to Know	September 8, 2010
Developing Policies & Programs to Meet Goals	September 15, 2010
<i>Phoenix, AZ</i>	
Evaluating Internal Controls	September 20, 2010
Understanding & Calculating Arbitrage Rebate	September 20, 2010
Managing the Budget Process	September 21, 2010
Advanced Financial Reporting	September 21-23, 2010
<i>Internet Training</i>	
Reforming the Budget Process	September 22, 2010
<i>North Dallas, TX</i>	
Evaluating Internal Controls	October 4, 2010
Banking Relations	October 4, 2010
Accounting	October 5, 2010
Advanced Public Investing	October 6, 2010
Practices	October 6, 2010
<i>Internet Training</i>	
Framework	October 13, 2010
Reaching Financial Resiliency	October 20, 2010
<i>Chicago, IL</i>	
Accounting for Capital Assets	November 8, 2010
Accounting for Pension & OPEB	November 9, 2010
<i>Internet Training</i>	
Framework	November 10, 2010
Financial Distress	November 17, 2010



## TGFOA Newsletter Submissions

Do you have some news that needs to be in the newsletter? Please send us information about your awards, celebrations, staff additions, retirements, and personal achievements. We don't mind at all mentioning your new grandchild! This is your newsletter and the editors would like to help share information about you and your staff with other finance officers across the state. Please send any information to TGFOA Newsletter, PO Box 305, Franklin, TN 37065 or send an e-mail to russ.truell@franklintn.gov. Please note the deadlines below:

Spring Issue  
April 1

Summer Issue  
July 1

Fall Issue  
September 1

Winter Issue  
December 1

