

October 2005

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The TGFOA News is a quarterly publication of the Tennessee GFOA.

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TGFOA

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A Message From the President

I trust everyone has marked their calendars and plans to attend the annual TGFOA Conference scheduled for October 20-21. This year's conference location will again be at the Cool Springs Marriott in Franklin. Members of the board as well as other volunteers are working hard to make this year's conference one that you shouldn't miss.

As outlined in the program brochure, the conference cost remains at a low registration fee of \$150, and participants will receive 12 hours of CPE for attending all sessions. We have scheduled an outstanding group of speakers covering such topics as the 2005 GASB update, a session on the new standard on accounting for Other Post Employment Benefits (OPEB), disclosure requirements for debt issuance costs and a presentation on preventing fraud. We will also have reports from representatives of TML and CTAS and our Advanced Government Finance Institute scholarship recipient.

I am very pleased to announce that we have a total of 6 sponsors and 24 exhibitors for our conference. They are recognized in this newsletter and will be recognized during the conference. Please show your support by visiting their booths while attending the conference.

Also, please plan to participate in one of the pre-conference events planned for Wednesday, October 19. The annual golf event will be held this year at the Legends Club of Tennessee and always proves to be popular with both novice and experienced golfers alike. Also well received is the annual Women in Public Finance Event. This year's event will include an art exhibit at the Tennessee State Museum and a mystery dinner theatre. This event is open to the guys, too.

Please remember the registration fee increases to \$175 after October 13, so don't delay sending in your registration. I look forward to seeing everyone in Franklin.

Carson Swinford
TGFOA President

Inside this issue...

President's Message	1
State News	2-5
National News	6-7
Membership Information/Training Schedule	back page

Annual Conference Information

Plans are set for the 2005 TGFOA Annual Conference at the Cool Springs Marriott Conference Center in Franklin, TN on October 20-21, 2005.

On Thursday October 20th, conference sessions begin and the annual business meeting and luncheon is held. Session topics include:

- Welcome and Introduction
- Advanced Govt Finance Institute Report
- GASB Update
- Update on Tennessee's Economy
- TGFOA Annual Business Meeting
- Lunch
- OPEB: What Employers Must Do
- Debt Issuance Costs Pre/Post Disclosure
- Current Legislative Issues in Tennessee
- General Information Update
- Reception
- Hospitality Room

Friday's session topics include:

- GIS System – Location Based Services
- Criteria for Establishing a Bond Rating
- Fraud as it Relates to Local Government
- Evaluation and Closing

The member conference fee of \$150 includes conference sessions, Thursday's lunch and 12 CPE credits. Fees increase to \$175 after October 13th.

Please bring door prizes for giveaways during our break times.

CONFERENCE SPONSORS

Bank of America (Golf Tournament)
 Nationwide Retirement Solutions (Golf Tournament)
 Reliant Investment Management (Thursday Breakfast)
 Standard and Poors, Inc. (Thursday Luncheon)
 SunTrust (Thursday Night Reception)
 Regions Bank (Friday Breakfast)

CONFERENCE EXHIBITORS

Arbitrage Compliance Specialists, Inc
 Bank of New York Trust Company
 BB&T Capital Markets
 Bond Logistix LLC
 Brentwood Services, Inc.
 Dataprose Billing Solutions
 Deutsche Bank
 Government E-Mgt Solutions, Inc.
 Health Cost Solutions
 ICMA Retirement Corporation
 JP Morgan Trust Company
 KVS Information Systems, Inc.
 LBMC Technologies
 Local Government Data Processing Corporation
 Moody's Investors Service
 New World Systems, Inc.
 SAP America, Inc.
 Total Billings, Inc.
 Tyler Tech / Incode, Inc. & Eden Division
 Tyler Technologies, Inc. / MUNIS Division
 US Bank
 Vitalchek
 Wiley Brothers

<p>Continuing Education and Distance Learning Registration Form Tennessee Government Finance Officers Association Fall 2005 Conference</p> <p>Name _____</p> <p>Title _____</p> <p>Address (street) _____</p> <p>City _____ State _____ Zip Code _____</p> <p>Telephone (Home) _____</p> <p style="padding-left: 40px;">(Work) _____</p> <p>Email _____</p> <p>Organization _____</p> <p>Course # PD05F-1491</p> <p>Enclosed is my registration fee of \$150; \$175 after October 13.</p> <p><input type="checkbox"/> I would like TGFOA membership information.</p>	<p style="text-align: center;"><i>Make check payable to MTSU</i> Mail to: Continuing Education and Distance Learning, MTSU, PO Box X109 Murfreesboro, TN 37132</p> <p>Social Security # _____</p> <p>Date of Birth _____</p> <p><input type="checkbox"/> U.S. Citizen <input type="checkbox"/> Female <input type="checkbox"/> Male</p> <p><input type="checkbox"/> Caucasian <input type="checkbox"/> American Indian</p> <p><input type="checkbox"/> Asian <input type="checkbox"/> Hispanic</p> <p><input type="checkbox"/> Black <input type="checkbox"/> International</p> <hr/> <p><input type="checkbox"/> MasterCard <input type="checkbox"/> Visa</p> <p>Card No. _____</p> <p>Exp. Date _____</p> <p>Cardholder Name _____</p> <p>Purchase Order # _____</p>	<p>Space Below For University Use</p> <hr/> <p>Receipt No. _____</p> <p>Date _____</p> <p>Amount Received</p> <p><input type="checkbox"/> Check</p> <p><input type="checkbox"/> Cash</p> <p><input type="checkbox"/> Other</p> <hr/> <p>For A & R Use</p> <p><input type="checkbox"/> C <input type="checkbox"/> NC</p> <p>Code _____</p>
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PRE-CONFERENCE EVENTS

Two pre-conference recreational events are offered on Wednesday October 20th.

GOLF TOURNAMENT – Bank of America and Nationwide Retirement Solutions are proud to sponsor TGFOA's annual golf tournament. This year's tournament home is the Legends Club in Franklin which plays host to the Franklin American Mortgage LPGA event each year. The format is 18 hole / individual stroke play with 4 person teams and will begin via a shotgun start at 12:30 pm (CST). Cost for the green fee, cart fee and lunch is \$30/person (make check payable to TGFOA). Prizes will be awarded. For additional information call Paul Long at (615) 225-3304 or contact him by e-mail at plong@ cudrc.com.

SCAVENGER HUNT and DINNER – The Women in Public Finance are proud to present "One Woman's Trash is Another Woman's Treasure". The group will embark on a scavenger hunt to view examples of public art in downtown Nashville and the participants will create some of their very own. Following the scavenger hunt, the group will go to the White Trash Café for a mystery dinner theatre. At the dinner, the actors will provide play money to buy clues to solving the mystery and provide tips for money management as well as how to solve the mystery. For additional information and to register, please contact donnaveene.holt@state.tn.us or Mary Margaret Collier at (615) 747-5370 or by e-mail at Mary.Margaret.Collier@state.tn.us

STATE-WIDE TRAINING OPPORTUNITIES

The Nashville Chapter of the Association of Government Accountants (AGA) and the Tennessee Government Finance Officers Association (TGFOA) have announced several upcoming training opportunities across Tennessee.

NASHVILLE - OCTOBER 4 (Tuesday), 2005 from 8 am – 10:30 am (CST) – Breakfast CPE featuring Dr. William F. Fox, Director of the Center for Business and Economic Research at the University of Tennessee. Meeting will be held at the Nashville City Club hosted by AGA. 2.0 CPE's. Cost is \$7/person for AGA Members or \$14/person for Nonmembers. For additional information call Kathy Anderson at (615) 747-5241 or e-mail at Kathy.Anderson@state.tn.us

KNOXVILLE - NOVEMBER 10 (Thursday), 2005 from 1 pm - 5 pm (EST) – Government Finance Officers Association's annual Governmental GAAP update satellite videoconference hosted by TGFOA and Knox County government. 4.0 CPE's. For additional information and to register, please visit www.gfoa.org

BARTLETT - NOVEMBER 17 (Thursday), 2005 from 8 am - 5 pm (CST) / NASHVILLE - NOVEMBER 29 (Tuesday), 2005 from 8 am – 5 pm (CST) – The 2005 Tennessee Business Tax Seminar will be held at the Bartlett Performing Arts and Conference Center in west Tennessee and the Willis Conference Center in Nashville for the dates above. This seminar is sponsored by AGA in cooperation with the Tennessee Department of Revenue, the Tennessee Treasury Department, the Tennessee Department of Labor and Workforce Development and the Tennessee Comptroller of the Treasury. 8.0 CPE's. Cost is \$190 per person which includes program materials, breakfast, lunch, refreshments and parking. For additional information call Kathy Anderson at (615) 747-5241 or e-mail at Kathy.Anderson@state.tn.us

Mark Your Calendar for These Future Meetings

Wednesday-Friday
October 5-7, 2005
Chattanooga Marriott
TCSA Annual Conference

Wednesday-Friday
October 19-21, 2005
Franklin, Cool Springs Marriott
TGFOA Annual Conference

JOB ANNOUNCEMENTS

City of Portland / "City Recorder" (\$39,000 - \$65,000 annually plus a full benefit package) – Portland is seeking qualified candidates for the position of City Recorder who will be responsible for handling all the financial affairs of the city in addition to supervising ten employees. The position is also responsible for developing a financial plan, budgeting, collecting taxes, paying bills, maintaining all records and other duties as assigned. The person hired must have a Bachelor's degree in business administration, finance or related area from an accredited college or university with a minimum of three years applicable experience. The ability to be bonded is required.

Send resume or completed application to Human Resources Department, City of Portland, 100 South Russell Street, Portland, TN 37148; Fax (615) 325-6776; E-mail: portlandhr@earthlink.net. Position open until filled. EOE.

Lincoln County, TN will soon be taking applications for Finance Director beginning employment on or about January 1, 2006. Lincoln County operates under the 1981 Financial Management Act. For inquiries, call John Bradford at 931-438-1565.

MEMBER NEWS

- **Bradley County** becomes the eighth Tennessee County government to earn GFOA's prestigious Certificate of Achievement for Excellence in Financial Reporting (CAFR). It is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. Congratulations to Lynn Burns, Bradley County Budget Director, for the hard work provided by her and the County staff on earning this achievement.
- **Mike Kesler**, President of Local Government Data Processing Corporation (LGDPC), retired June 30th after 32 years of service. Mike has been a supporter of TGFOA for many years as an exhibitor and occasional presenter. Many from our TGFOA membership have contracted with his organization for their data processing software and support needs and appreciate his professional assistance and dedication to working with the State of Tennessee and its cities and counties.
- **Melissa Henderson**, Etowah Finance Director/Recorder, has been accepted into the First Level Membership of the International Institute of Municipal Clerks Academy.
- **Christy Mash** has been named Budget Director and Purchasing Agent for Maury County effective August 1st. She had been serving as the Interim Budget Director and previously served as a Staff Accountant for Maury County.
- **Mark Johnson**, Alcoa City Manager and TGFOA member, was named the 2005 Outstanding CPA in Government by the Tennessee Society of Certified

TGFOA Newsletter Submissions

Do you have an article to contribute to the newsletter? Please send it to TGFOA, P.O.Box 3123, Brentwood, TN 37024 or send by e-mail to RandyLSanders@msn.com. Please note the deadlines below:

Winter Issue:
December 1

Spring Issue
March 1

Summer Issue:
June 1

Fall Issue:
September 1

Interest rate increased to 10 percent on delinquent taxes collected by state

By Richard Phebus
MTAS Finance Consultant

The payment of taxes to local municipalities or to the state of Tennessee generally has a due date associated with it. If a taxpayer fails to pay the tax, or a portion thereof, on or before the due date such taxes are required to be paid, interest is added to the amount of tax due. The Commissioner of Revenue determines the interest rate for delinquent taxes collected or administered by the state of Tennessee.

Sales tax and local business tax are examples of taxes falling into this category. Tennessee Code Annotated (T.C.A.)§ 67-1-801 provides for the rate of interest to be charged on delinquent tax payments. The rate of interest as determined by the Commissioner of Revenue is called the "formula rate of interest" and is determined annually. The rate as determined is filed with the Secretary of State on July 1 each year and is published in the Tennessee Administrative Register. The rate in effect for the fiscal year beginning July 1, 2005, and ending June 30, 2006, has been set at 10 percent.

Municipalities should be aware that this rate is an increase from the prior year (FY 2005) rate of 8 percent.

Municipalities that levy and collect a local business tax should use the same rate of interest (10

percent) to calculate any interest due from taxpayers who file their business tax returns after the due date.

Delinquent amounts accrue interest from the delinquent date until paid. For periods prior to the date of tax assessment, interest accrues at the prevailing rate (10 percent) regardless of the taxable period involved (T.C.A. § 67-1-801a)(2)).

Finance directors, city recorders, and other office personnel responsible for collecting local business tax receipts should review the interest rate used to calculate interest charges. In many cases, the rate may be programmed into computer software.

MTAS has determined that many cities are using an interest rate other than the "formula rate of interest." Therefore, finance personnel should make sure the interest rate used, either from manual calculations or from computer software, is 10 percent for the current fiscal year ending June 30, 2006.

For further assistance in this matter, please contact your MTAS municipal or finance consultant or the Tennessee Department of Revenue toll free at (800) 342-1003 or (615) 253-0600.

Sales Tax Holiday for 2006

Taxpayers can mark their calendars. Certain purchases made during the first weekend of August 2006 will be sales tax free, according to legislation recently passed by the Tennessee General Assembly.

The focus of the public act, passed by the Legislature and already signed by Governor Bredesen is to make back-to-school purchases less burdensome on taxpayers each year.

The potential loss for local governments, county and city, is estimated at \$2.8 million in lost local sales tax receipts. The legislation in its final form holds local governments harmless for that loss and uses a formula for calculating the amount each county and city will receive from the state to recoup at least a portion of the loss.

The bill creates a three-day sales tax holiday, beginning at 12:01 am on the first Friday of each August and ending at 11:59 pm on the following Sunday. It exempts from state and local sales taxes: clothing with a sales price not exceeding \$100 per item; school supplies with a sales price not exceeding \$100 per item; and computers with a sales price not exceeding \$1,500 per item.

State officials expect purchases to double that weekend, as compared to prior year purchasing levels, because of the tax exemption. Consumers will likely put off or schedule these types of purchases for that weekend in order to take advantage of the savings.

New Executive Board

At GFOA's annual business meeting in San Antonio, **Carla Sledge**, chief deputy financial officer, Wayne County, Michigan, became the new president of GFOA, accepting the gavel from 2004-2005 President **Nancy L. Zielke**, assistant vice chancellor for finance, University of Missouri-Kansas City.

Also at the business meeting, **Tom Glaser**, chief financial officer, Cook County, Illinois, was elected as the new GFOA president-elect. He will succeed Sledge as president of the association in May 2006 at the annual conference in Montréal, Quebec.

The five new members-at-large of the Executive Board will each serve a three-year term beginning immediately. New board members are:

- **Johnetta Brower Bond**, deputy director, Office of Pay and Retirement Services, District of Columbia;
- **Kathleen Clarke Buch**, finance director, Town of Darien, Connecticut;
- **Joseph P. Casey**, deputy county administrator/director of finance and management services, Hanover County, Virginia;
- **Michael A. Genito**, comptroller, City of Rye, New York; and
- **Paul Macklem**, director of financial services, City of Kelona, British Columbia. □

Committee Meetings

The GFOA's seven standing committees met Saturday, June 25. Highlights of the meeting are below. Approved Recommended Practices (RP) from the committees will be sent to the Executive Board for review at its fall meeting.

The Committee on Accounting, and Financial Reporting (CAAFR) spent time developing final testimony to provide to the Governmental Accounting Standards Board (GASB) at a public hearing on the preliminary views (PV) document, *Accounting and Financial Reporting for Pollution Remediation Liabilities*. The public hearing was held Wednesday, June 29, in San Antonio. Additionally, the CAAFR also agreed to the elements for inclusion in a potential recommended practice on maintaining control over noncapitalized items that are particularly sensitive to certain types of risk (e.g., easily transportable and readily marketable items with a heightened risk of theft). The term controlled capital-type assets is used to describe these items. The CAAFR agreed to send this potential recommended practice to the GFOA's Executive Board for approval at a future meeting. The CAAFR also agreed to a change in the topical allocation of questions on the governmental accounting, auditing, and financial reporting portion of the Certified Public Finance Officers examination.

The *Cash Management Committee* will send to the Executive Board a revised RP: *Mark to Market—Practices for State and Local Government Investment Portfolios and Investment Pools*. The committee also reviewed the *Procurement of Banking Services* and *Purchasing Cards* RPs and determined that they did not need to be updated.

The committee also discussed several potential article topics and sample documents for development.

The Committee on Economic Development and Capital Planning made final revisions to its RP, *Multi-Year Capital Planning*, and discussed other recommended practices to be drafted in the next six months. In addition, special advisor to the committee Tim Riordan discussed GFOA's new economic development training efforts.

The Governmental Budgeting and Fiscal Policy Committee approved a new RP on *Improving the Statistical/Supplemental Section of the Budget Document*. The committee, with input from other GFOA standing committees, will continue its work on a RP regarding state and local preparedness and business continuity guidelines.

The Governmental Debt Management Committee passed two RPs, both revisions to current GFOA RPs: *Use of Debt-Related Derivatives Products and the Development of a Derivatives Policy and Secondary Market Securitization*. The committee also reviewed other RPs that may need updating to reflect current market practices and as new regulations are issued by the Department of the Treasury.

The Committee on Retirement and Benefits Administration approved a revised recommended practice on funding of public employee retirement systems, *Funding of Public Employee Retirement Systems*. Additionally, the committee convened a task force to review GFOA's current health care public policies and a task force to develop an RP on alternatives to the use of Social Security numbers as recordkeeping identifiers.

Final SLGS Regs Released

On June 30th, the U.S. Department of Treasury released final regulations that severely impact the Treasury's SLGS (state and local government securities) program. A brief synopsis of the program's changes that will take effect August 15th appear below. Of particular interest to state and local governments will be the changes regarding penalties for canceling subscriptions, a new yield certificate requirement, and mandatory use of the Web-based system SLGSafe. Prior to the release of the final regulations, GFOA, state and local government associations, and other marketplace participants commented that these changes would push issuers away from using SLGS, thus increasing costs to state and local governments.

A copy of the regulations, additional information, and GFOA letters on the matter may be found on the GFOA's Web site—www.gfoa.org.

- Subscription window open only from 10 a.m. - 10 p.m. Eastern time each business day.
- Subscriptions may only be made through SLGSafe, a Web-based system. Treasury will no longer accept faxes, except when the Web site is not available.
- Subscriptions may not be cancelled, unless the issuer meets specific criteria set by the Treasury. An issuer may not cancel a subscription for yield purposes. Penalty for canceling is that the entity may not make another subscription for six months.
- SLGS rates will be set one basis point below open market U.S. Treasuries, compared to the current cost of five basis points.
- Issuers must make new yield certifications when submitting a subscription.
- Issue date may only be charged if an issuer meets specific criteria set by the Department of the Treasury (e.g., unforeseen circumstances such as natural disasters).

- Issuer may change the subscription amount by only 10 percent of the original amount, and will lose the opportunity to use 10 percent or \$10 million, whichever is greater.

- Eligible sources of funds for purchasing SLGS has been changed. □

New Publications Premiered at the Annual Conference

GFOA just released four new publications in its Elected Official's Guide series. The four volumes are

- *An Elected Official's Guide to Employer's Accounting for Pensions and Other Post-Employment Benefits (OPEB)*
- *An Elected Official's Guide to Health Care Cost Containment*
- *An Elected Official's Guide to Debt Issuance*
- *An Elected Official's Guide to Tax Increment Financing.*

All of these publications may be ordered through GFOA's eStore at www.gfoa.org □

IRS Adjusts Mileage Reimbursement Rate

The Internal Revenue Service, reflecting higher prices at gas pumps nationwide, increased the mileage reimbursement rate.

The decision raised the rate to 48.5 cents a mile for the last four months of the year, after which the tax agency plans to look again at gas prices and reevaluate the rate. It had been 40.5 cents a mile.

Taxpayers are entitled to a deduction that matches the real cost of operating a vehicle, which includes the prices of new vehicles and insurance along with gasoline. Many businesses use the IRS rate as a benchmark for reimbursing employees for travel costs.

The 2006 mileage reimbursement rate could end up lower than the temporary 48.5 cents a mile if gas prices go down. □

New GFOA Guide for Understanding OPEB

The GFOA recently released a new publication in its popular Elected Official's Series on *Accounting for Pension and other Postemployment Benefits (OPEB)*.

The new guide is aimed at helping those without a background in accounting to take full advantage of the wealth of technical information on pensions and OPEB now or soon to be available in financial reports so they can make better informed decisions regarding employee benefits.

This book is available only through GFOA and may be ordered online at www.estoregfoa.org. □

Call for RFPs Covering OPEB Actuarial Services

GFOA is seeking examples of RFPs for actuarial services. Many governments have procured or are about to procure actuarial services in order to comply with GASB Statements 43 and 45 that address OPEB liabilities. As a result, GFOA is seeking to build an inventory of RFPs to assist future GFOA members that will need to make similar procurements. If your government has an RFP for actuarial services, please contact Nick Greifer at NGreifer@gfoa.org. □

Use of Fleet Credit Cards

In the just-passed transportation bill a provision was inserted to fix a problem that arose in last year's tax bill that would have caused problems for local and state governments that use fleet credit cards to purchase fuel. The fix in the SAFETEA-LU states that governmental entities may continue to use fleet credit cards to purchase fuel and credit card companies may remit and collect reimbursement for the fuel excise tax. Without this fix, governments would have had to apply for the excise tax reimbursement themselves, causing costly administrative problems for local and state governments and the IRS. □

Upcoming Training Opportunities

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

2005 Dues - New Member:
Direct Member-\$25.00
Associate Member-\$35.00

Make check payable to:
TGFOA

Return check and application to:
Melissa Wright, Accountant
City of Murfreesboro
P.O. Box 1139
Murfreesboro, TN 37133-1139
(615) 893-5210

GFOA Calendar	
Fort Lauderdale, Florida	
Survey of GASB Pronouncements	October 17
Treasury Management and Cash Flow Forecasting	October 17-18
Preparing a CAFR	October 18
Investing Public Funds	October 19-20
Financial and ERP Systems Acquisition and Implementation	October 19-20
Intermediate Governmental Accounting	October 19-21
Chicago, Illinois	
ERP Project Management	October 24-26
Satellite Videoconference	
Annual Governmental GAAP Update	November 10
Chicago, Illinois	
Advanced Governmental Accounting	November 14-16
Understanding and Calculating Arbitrate Rebate	November 17
Banking Relations	November 18
GFOA 100th Annual Conference Montreal, Quebec May 7 - 10, 2006	
To learn more about these seminars, or to register online, visit www.GFOA.org .	

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