



January 27, 2010

Training

Check calendar and register on-line

Employment Opportunities

See openings or add an announcement

VGFOA Certification Program

Course content & requirements

Membership Directory

Contact someone, or update your information online

VGFOA Board

Meet your Board, see committee assignments, and make contact

Do you have a story to share?

Submit an article to the [Editor](#) for a future newsletter

VGFOA's Strategic Plan!

Direction for the future

PRESIDENT'S MESSAGE

What are your New Year Goals?

I am not going to use that "r" word, as so many of us don't like to think about making them only to be broken!

I will ask our membership to take a few moments during the quiet of this very wintery time in Virginia to think about some personal goals for your continued development as finance professional. How are you going to learn and grow in 2010, and how can VGFOA be an important part of that?

Here are some ideas:

- Complete your VGFOA certificate program or at least a few classes toward certification. Need financial support for this, plan to apply for one of our scholarship opportunities made available by VGFOA to support continuing education.
- Got that finished? How about working on your CPFO? This is one I have personally begun to tackle, and I think you'll find there is a very reasonable way to approach this – one section at a time, that will also help you with new skills to aid you in your everyday job duties.
- Get more involved with VGFOA – look into service on a committee, increase your participation in a regional organization or make a suggestion to one of the Board members about how we can continually improve the services we provide our members.
- If you are a vendor, and are interested in expanding your public sector business, think about sponsoring, exhibiting or presenting at one of our conferences, offer to support a regional event or find another way to reach out to the government finance community during these difficult times.
- If nothing else, sign up for the VGFOA list serve. It's free and a great way to read and learn about topics of interest to the government finance profession. Associate members, you are welcome to join this as well. I have been impressed by

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vendors who have used this as a way to know what we in government finance are concerned about and how vendors can help us with solutions!

Whatever it is you'd like to do to grow your professional career in government finance, VGFOA can be a big part of that. Our membership dues are very reasonable, and there are many different opportunities as various levels to suit everyone. Best wishes to all of you in the new year, and thank you for your continued support and active involvement in the VGFOA.

- Ann Shawver, CPA, Director of Finance, City of Roanoke

GOVERNOR'S PROPOSED BUDGET HAS SIGNIFICANT REDUCTIONS IN EDUCATION AND LOCAL FUNDING

Former Governor Kaine's proposed budget for the upcoming biennium and amendments to the current year's budget (the Caboose bill) which were released on December 18th are likely to have far reaching impacts on local government and school operations. The Governor's proposed budget assumes lower revenues in the current fiscal year. While it assumes general fund revenue growth of 3.8 percent to \$14.4 billion in FY11 and of 5.1 percent to \$15.2 billion in FY12 this is not enough to offset anticipated spending increases. The resulting shortfall is estimated at \$1.8 billion in FY10 and \$4.5 billion in the 2011-12 biennium. If adopted as proposed the Governor's budget would make up much of this gap at the expense of local governments and school divisions

Below is a very brief summary of the high points of these two budget plans as it impacts our VGFOA members. Additional details about these plans can be found at The Virginia Municipal League (VML) site at [VML Budget summary](#) and at the Department of Planning and Budget at <http://dpb.virginia.gov>.

2010-2012 Biennial budget – Local Governments:

1. **\$950 MILLION CAR TAX COMPLETELY ELIMINATED.**
Locals were being encouraged to implement a 1% income tax which would be collected by the State in replacement of the **ENTIRE** car tax. **Note: House Bill 1155 (1% income tax) was unanimously defeated, on January 21, 2010 and therefore the funding gap continues to exist.**
2. **SIGNIFICANT REDUCTION IN FUNDING TREASURER AND**

COMMISSIONER OF REVENUE OFFICES. Revenues from the State will be reduced to limit funding for ONLY THOSE TWO POSITIONS. All other costs of these departments will be locally funded. To quote the Governor, “given that the Commissioners of Revenue and Treasurers have the primary function of working in the area of local tax administration, the budget proposes that **FUNDING RESPONSIBILITY FOR THESE OFFICES – OTHER THAN THE SALARY OF THE CONSTITUTIONAL OFFICER – SHOULD REST COMPLETELY WITH THE LOCAL GOVERNMENT.**” This was referenced as \$227 million 2 year savings to the state. **LAW ENFORCEMENT - LOCAL SHERIFF CUTS 30%.** The Governor said that “these cuts may require layoffs at the local level.”

3. **LOCAL OPTION FOR VRS EMPLOYEE CONTRIBUTIONS IS PROVIDED.** The State Budget provides for **STATE EMPLOYEES ONLY** to pay 1% in FY11 increasing to 2% in FY12. Retirement age increases from 50 to 55 for new employees. This option has been extended to localities.

2010-2012 Biennial budget – Local Education:

1. **REDUCED ADMINISTRATIVE SUPPORT** based on the new funding ratio. This change proposed by the Governor earlier this year has significant impact on school divisions as it reduces the funding substantially for administrative and support personnel in schools and central offices, This funding reduction is permanent and will not be reinstated in subsequent budget years.
2. **FUNDING HEALTH INSURANCE** decreases to only fund for actual employees in a school division that are actually covered by the division’s insurance plan. Current formula provides contributions for all employees. New formula recognizes that around 35% of schools employees do not have insurance due to having insurance provided by spouses’ plans or other sources.
3. **DELAYING THE COMPOSITE INDEX CHANGES** for one more year until FY12.

Fiscal year 2010 Caboose budget – Local Governments:

1. **CONSTITUTIONAL OFFICE SALARIES AND BENEFITS REDUCTIONS** of just under \$2.2 million for a one-day furlough.
2. **SHIFT FUNDING OF RETIREMENT AND GROUP LIFE TO LOCALITIES** for constitutional officers and their employees amounting to \$7.8 million.

3. **LOCAL EARLY RETIREMENT PROGRAM** will allow political subdivisions to participate in a workforce transition program. Employees 50 years or older may have the employer purchase additional years of creditable service. Costs will be factored into June 30, 2011 valuation. This option will allow for short-term savings to the localities offset with higher costs in the future.

Fiscal year 2010 Caboose budget – Local Education:

1. **ACCELERATION OF FY12 STIMULUS FUNDS AS A FUNDING SOURCE FOR FY12.** A total of \$550.1 million in reductions that is offset by the use of stimulus funds that would have otherwise been available in FY 2011 and use of literary money and lottery profits. The reduction of basic aid that is backfilled with stimulus is not intended to be a permanent reduction.
2. **SALES TAX REDUCTION** amounting to \$32.7 million
3. **TEXTBOOK PAYMENT REDUCTION** totaling \$79.6 million will be eliminated for FY10 removing the localities ability to use the VRS savings for local general education support while at the same time increasing the local share of future retirement contributions.
4. **ELIMINATION OF FY10 FOURTH QUARTER VRS PAYMENTS.** This is a onetime event that will save \$140 million statewide. The reduction in contributions will result in higher contribution rates in the future. **PLEASE NOTE PAYROLL SYSTEMS NEED TO BE CHANGED FOR THE LAST QUARTER WITHHOLDINGS TO REFLECT ONLY THE 5% “EMPLOYEE” CONTRIBUTION.**
5. **ELIMINATION OF FUNDING FOR NONPERSONAL INFLATION IN BASIC AID.** \$61.3 million dollars will be lost by the localities by State eliminating the inflation factors from the basic aid formula. This is a permanent change in support to education.

STATEMENT ON AUDITING STANDARDS NO. 117, COMPLIANCE AUDITS

Statement on Auditing Standards (SAS) No. 117, *Compliance Audits*, was issued in December 2009. SAS No. 117 is effective for compliance audits for fiscal periods ending on or after June 15, 2010.

SAS No. 117 updates SAS No. 74, *Compliance Auditing*

Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance. SAS No. 117 also establishes standards and provides guidance on performing and reporting, in accordance with GAAS, *Government Auditing Standards*, on an audit of an entity's compliance with applicable compliance requirements. Examples of such engagements include single audits performed under Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and audits performed under the U.S. Department of Housing and Urban Development (HUD), *Consolidated Audit Guide for Audits of HUD Programs*.

VGFOA REGIONAL EVENTS

VGFOA NOVA REGIONAL TRAINING EVENT SCHEDULED FOR FEBRUARY 23, 2010

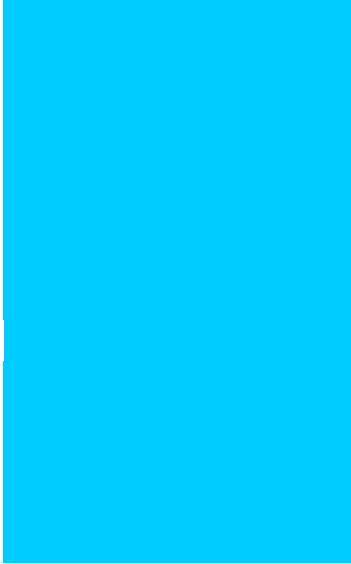
The NOVA Regional Group will be sponsoring a joint CPE training with Cherry Bekaert & Holland on Tuesday, February 23, 2010, at the Tower Club in Tysons Corner, VA. 6.5 CPE hours are available at a registration cost of \$25.00. All registration and payment is to be made through the VGFOA website.

VGFOA SOUTHWEST REGION TRAINING EVENT SCHEDULED FOR FEBRUARY 24, 2010

The VGFOA Southwest Regional Organization has a training event scheduled for Wednesday, February 24, 2010, from 9:30 a.m. – 3:30 p.m., at the Salem Civic Center. Topics will focus on budget issues with state economist John Layman bringing updated revenue projections for the southwest corner of the state and GFOA trainer Chris Morrill discussing effective budget practices. The event cost is \$20 and includes lunch and 5 hours of CPE. Registration is available through the VGFOA website.

VGFOA CENTRAL REGION TRAINING EVENT SCHEDULED FOR MARCH 16, 2010

The VGFOA Central Regional Organization is having a training event scheduled for Tuesday, March 16th, 2010, from 8:30 a.m. – 3:00 p.m., at the Henrico County Training Center. Topics include an Economy Update, ARRA Update, GASB No. 54, *Fund Balance Reporting*, and other Accounting/Technology topics. The event cost is \$25, includes lunch. Registration is available through the VGFOA website.



To register for these events [click here](#)

The Virginia Government Finance Officers' Association shall be the premier organization in developing leaders with financial and management expertise through education, fellowship and professional development to foster excellence in government.