



**December 2, 2011**

**Training**

Check calendar and register on-line.

**Employment Opportunities**

See openings or add an announcement.

**VGFOA Certificate 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**

Directions for the future.

**Renew Membership**

Renew your membership today.

**President's Message**

In my first President's message, the very first thing I would like to do is thank Vivian McGettigan for her nine years of service to VGFOA. She has been on the VGFOA Board for six years, chairing the Associate Relations, Standards Setting, Legislative, and Education Committees. This past year as our President, she was instrumental in the transition to our new management services provider. She guided VGFOA through this year of change with her grace and her leadership. Her legacy with VGFOA, however, is Education. She developed many classes and taught many, many more.

Also, thank you to Ann Shawver who leaves the Board this year and joins the ranks of our distinguished Past Presidents. Ann, you will be greatly missed. But, at VGFOA, Past Presidents, do not crawl into a hole never to be seen or heard from again. We are so fortunate as an organization that our Past Presidents stay active. They present at conferences, serve on committees, teach classes and most importantly they are there with their advice. We were honored to have fourteen Past Presidents at our fall conference at the Stonewall Jackson Hotel in Staunton. I would like to thank all our Past Presidents for all they have contributed to VGFOA. It is their commitment and dedication that have made VGFOA a PREMIER ORGANIZATION.

VGFOA's Mission is to be the premier organization in developing governmental and financial leaders in the Commonwealth. This coming year WE will continue our mission. WE, not the eleven board members, but WE, all of us in VGFOA. All of us, working together, will continue the mission. To help us do this, I have a challenge for each of you for this year. I am calling this the Phil Grant Challenge.

Last year when Vivian gave her President's speech she recognized Phil has one of the people who got her involved in VGFOA. After her speech, I said to Ann, "Phil is the one who got me involved". Ann said Phil was also one of the people who got her involved. WHAT a legacy to

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VGFOA – to have recruited the past three 3 Presidents! We know every one of our Past Presidents is responsible for bringing people to VGFOA, but this gets to be called the Phil Grant Challenge because Phil is the one who recruited me and I made up this challenge. Back in 2001 (WOW - 10 years ago) Phil didn't call me and say I want you to be president of VGFOA in 2011. He said we really need some help, would you teach a class? That's all, would you please teach a class.

So, The Phil Grant Challenge:

This year

- Ask someone to join VGFOA
- Ask someone who have never taught before to teach a class or suggest they volunteer to teach.
- Volunteer to teach a class
- Ask someone to be on a committee
- Volunteer to be on a committee

We have committee assignments that take up less then 5 hours a year and some that take 5 hours a week.

GET INVOLVED, you will never regret it. The contacts you make and the friendships you develop are priceless. When you have done one of these, email me and say "Pat, I have completed the Phil Grant Challenge". I am looking forward to your emails and I am looking forward to working for you this year.

**It is going to be a great year!**

Pat

## **3% Reporting Requirement Repealed**

**The 3% withholding requirement** that had originally been adopted by Congress and was in the final stages of implementation **has been repealed**. Federal, state and large local governments would have been required to begin withholding 3% of each payment of \$10,000 or more to a contractor after January 1, 2013. On November 16<sup>th</sup> the U.S. Senate amended version of H.R. 674 passed in the U.S. House of Representatives by a vote of 422 to 0. The President signed H.R. 674 into law on November 21<sup>st</sup>.

## **Time to Renew Your VGFOA Membership**

## What benefits do you receive as a VGFOA member?

- ❖ Fellowship with other professionals in local government and state government
- ❖ Up-to-date information on upcoming changes in state and federal legislation and proposed changes in governmental financial standards, education, and practices
- ❖ Regional training events
- ❖ Annual conferences fee at the member registration rate
- ❖ Training classes for Certification as a Government Finance Officer at the member rate
- ❖ Governmental Continuing Professional Education (CPE) to meet certification requirements
- ❖ Collaboration with other state-wide organizations
- ❖ Association with public and private partners who provide resources for local, state, and federal government entities.

Membership is based on a calendar year. The Executive Board has elected not to increase dues, but the method of invoicing will change and a late penalty will be assessed for dues not received by the due date.

### New Process for Membership Dues

Beginning with calendar year 2012, dues will no longer be assessed with the fall conference registration. **Invoices will be emailed by November 30, 2011. Payment will be due by January 31. Membership renewals not paid by the January 31 due date will be assessed a \$10 late penalty on February 1.** Membership dues must be current in order to receive the member registration rate for conferences. New members joining after February 1 will not be assessed a late fee.

We look forward to providing opportunities for fellowship, training, and education for VGFOA members in the upcoming year.

## **Pension Tsunami: GASB Details Fiscal Responsibility by Proposing Acceleration of Recognition of Prior Period Costs, Transparency and Comparability to Pension Reporting**

The GASB Board is proposing one of the most substantial overhauls of pension reporting since the implementation of current standards in

1994. Among the new rules are adjustments to the methods to report pension costs, obligations, and unfunded liabilities. The changes are described in the overview of a Plain Language Supplement to the Exposure Drafts, the Employer Exposure Draft and the Plan Exposure Draft.

***"Pensions are a form of compensation."***

"Like salaries, the costs and obligations associated with pensions should be recorded as they are earned, rather than when contributions are made... or when benefit payments are made to retirees."

Currently, governments are not required to include future pension liabilities on a balance sheet. Instead, those details can be and often are included in the notes of the financial statements. However, under the new rules, that would change.

"A government that provides pension benefits to its employees is responsible for the net obligation and would report it as a liability in its financial statements. This liability would be called a net pension liability." The disclosure of the "net pension liability" would result in a more transparent view of how the unfunded liabilities of pension programs can affect municipal finance.

***"A significant improvement to the comparability of pension plans."***

Pension liabilities are a function of costs and assets. If a fund has too little assets and obligations that are too high, it will have a greater liability than a fund with a vast portfolio and few obligations. However, the expected asset return plays an important role in calculating the funding status of a pension. Recently, pension funds have come under fire for basing their funding plans upon unrealistic expected returns.

Under the proposal, all assumptions of returns and costs "would be consistent with the American Academy of Actuaries' Actuarial Standards of Practice." Also, ad hoc Cost of Living Adjustments and other postemployment benefit changes would be included in benefit projections. The implication is that the amount of projected payments would increase, when compared to current standards.

"The GASB believes this would be a more accurate reflection of the total obligation."

***"Pension expenses will be recognized sooner than they are now."***

While many variables factor into the actual expense of pension plans, not all are required to be measured equally or on an equal time frame. The GASB lists eight variables that are used to calculate expenses. However, only three are immediately recognized on the balance sheet; the others are amortized over a period of 30 years.

Because of the timeframe difference, the GASB found that governments might not recognize the actual expense, leaving pension funds open to promising more than they can afford to spend.

The reporting timeframe for all liabilities, changes in the pension benefits and projected investment earnings would be accelerated under the new rules.

***"Report a net pension liability on its proportion of the collective liability."***

In the event of a cost-sharing, multiple-employer pension plan, each government must report a liability in its own financial statements for its share of the collective pension fund liability.

VRS manages cost-sharing, multiple-employer pension plans for participating entities.

#### ***Public Comment***

The GASB's summary, which poses a series of questions related to their reforms, can be found [here](#). You can access the GASB website ([www.gasb.org](http://www.gasb.org)) to view the full exposure drafts and this [website](#) to view the archived webinar presentations held by the GASB in August and September. The VGFOA Standard Setting Committee, chaired by Kim Williams, has responded to the GASB by providing comments and suggestions to the exposure drafts.

### **VGFOA Central Region Training Event Scheduled for December 2011**

The VGFOA Central Regional Organization is having a training event scheduled for Friday, December 2, 2011, from 9:00am – 3:00pm at the Henrico County Training Center. Topics include a GASB Update, Accounting and Auditing Update, ARRA Update, and Debt Disclosures. The event cost is \$25 and includes lunch. Registration will be available

through the VGFOA Regional Organization Calendar website at [www.vgfoa.org](http://www.vgfoa.org) If you have any questions regarding the training, please contact Clarence Daniels at [dan@co.henrico.va.us](mailto:dan@co.henrico.va.us).

## **Upcoming VGFOA Certificate Courses and 2012 Course Fee rates**

2012 Certificate Course class fees for VGFOA and Treasurer's Association of Virginia (TAV) members 2012 will remain at \$225 per participant. The class fee will increase to \$275 per participant for non-members. Online course fees will remain at \$125.

Online registration is available for the following courses by [clicking here](#).

Date	Event	Locations
Dec. 8-9	Advanced Governmental Accounting	Fairfax
Jan. 19-20	Internal Controls	Fairfax
Feb. 16-17	Operating and Capital Budgeting	Newport News
Mar. 15-16	Pensions, Risk Management, & Procurement	Fairfax
Mar. 29-30	Virginia Government and Law	Henrico

Online courses are available for:

- Introduction to Governmental Accounting
- Internal Controls, Auditing, and Fraud
- Intermediate Accounting

*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.*