

THE WASHINGTON CONNECTION



Washington DC Chapter • P.O. Box 423 • Washington, D.C. 20044-0423 • (703) 758-4080 • April 2000

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April 18, 2000 Special Evening Meeting and Awards Presentation:

Special evening meeting featuring Valerie Holt, CFO DC Government and awards presentation (see page 7).

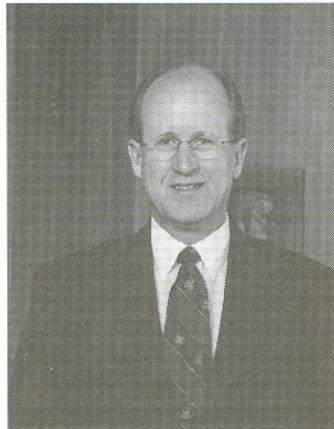
Other Upcoming Events:

April 11, 2000: Monthly Luncheon meeting featuring David Walker, Comptroller General of the U.S. and CPE session (see page 3)

May 4, 2000: Monthly Luncheon meeting featuring Edward A. Powell, Assistant Secretary/CFO, Veterans Affairs (see page 7)

May 15-16, 2000: Federal Financial Management Systems—Success for the New Millennium, Ronald Reagan Building/International Trade Center, Washington, DC (see insert)

July 3-7, 2000: AGA Professional Development Conference & Exposition, San Francisco Marriott, San Francisco, CA (see page 9)



The Honorable David M. Walker, Comptroller General of the US

Luncheon Speaker

David M. Walker became the seventh Comptroller General of the United States when he took the oath of office on November 9, 1998. He was nominated for the post by President Clinton on October 5, 1998, and was confirmed by the Senate on October 21, 1998.

Mr. Walker believes that in order to be effective and a player in this new century, our profession, which he refers to as the "accountability profession," needs to embrace the principles of performance management. His luncheon speech this month will provide a provocative topic for us all to consider as we face unprecedented challenges and opportunities.

April Luncheon Meeting—Tuesday, April 11, 2000, Joint Meeting with Northern Virginia and Montgomery/Prince Georges Chapters

1999/2000 AGA Washington DC Chapter

Monthly Luncheon and CPE Session Tuesday, April 11, 2000

Grand Hyatt Hotel
1000 H Street, NW (At Metro Center - 11th Street Exit)

11:30 to 12:00

Social

12:00 to 1:10 pm

Luncheon Meeting (1 CPE):

Announcements

Lunch

Luncheon Speaker

1:15 to 4:00 pm

Afternoon Session (3 CPEs):

1:15 to 2:30 pm

CPE Session

2:30 to 2:45 pm

Break

2:45 to 4:00 pm

CPE Session

Costs:

Luncheon:	Members	\$19.00
	Non-members	\$30.00
Luncheon & Afternoon CPE Session:	Members	\$40.00
	Non-members	\$50.00
Afternoon CPE Session Only:	Members	\$30.00
	Non-members	\$40.00

For reservations, please call the AGA Washington DC Chapter voice mail line at (703) 758-4080 and select option 1. If you prefer, you can register by email to cdavis@gt.com or you can register at our homepage: www.agadc.org. Please forward your name, agency/company, and telephone number.

President's Message.....

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For the Washington DC AGA Chapter, this April will bring with it two great opportunities for networking and recognition. We will be hosting the first joint meeting of the three local chapters in the Metropolitan DC area—Montgomery County/PG County, Northern Virginia, and our own Washington DC Chapter—on April 11th at the Grand Hyatt Hotel. The featured speaker will be GAO Comptroller General, the Honorable David Walker. Here at the beginning of the 21st Century, the “accountability profession,” as Mr. Walker likes to refer to our governmental financial community, faces unprecedented challenges and opportunities.

Whether it's the globalization of our business, the acceleration of innovation in information technology, demographic changes in our society, or focus on customer services demanded by our public, Mr. Walker believes that in order to be effective and a player in this new century the accountability profession needs to embrace the principles of performance management. Our community needs to focus on results rather than process. At GAO, Mr. Walker has already initiated several new programs to revitalize GAO and prepare it to meet these new challenges, specifically in the areas of human capital and performance management. His speech this month will provide a provocative topic for us all to consider in our work of the future.

The second great April event will be our Chapter's 41st Annual Awards Presentation and Fifth Annual Member Recognition Dinner meeting on Tuesday, April

18, at the Grand Hyatt. At this event we will be recognizing the year 2000 recipients of our Chapter Awards. I am very happy to announce our award recipients:

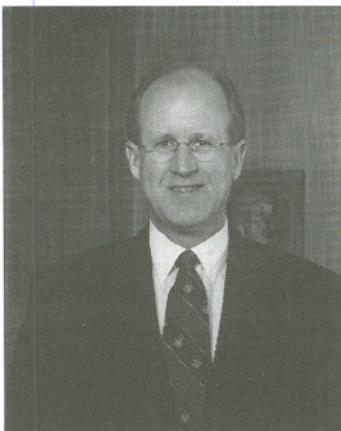
- The prestigious **Einhorn/Gary Award** will be presented to **Ms. Virginia B. Robinson, CGFM**, presently engaged in government financial management consulting. Ms. Robinson has dedicated herself to excellence in public sector financial management and to the advancement of her profession. After more than three decades of extraordinary service to AGA, Virginia Robinson remains a major contributor to the accomplishments of the association at the chapter and national levels.
- The **Distinguished Leadership Award** will be presented to **Mr. Steven O. App, CGFM**, Deputy, Chief Financial Officer, U.S. Department of the Treasury.
- The **Distinguished Service to the Financial Management Community Award** will be presented to **Mr. Norwood J. Jackson, Jr. (Woody)**, Senior Director of Public Services, KPMG, LLP.
- The **Achievement of the Year Award** will go to **Mr. John Mitchell**, Deputy Director, United States Mint.
- The **Education and Training Award** will be presented to **Mr. Kenneth M. Bresnahan, CGFM**, Chief Financial Officer, U.S. Department of Labor

In addition, **Mr. Robert A. Pewanick, CGFM**, will receive the **James W. Saylor Award** for chapter service; **Mr. Keith Fowler** will receive the **Early Career Service Award**; and **Mr. Spencer Sakai, CGFM**, will receive the **Ronald J. Lynch Memorial Scholarship Award**. We will also honor several people with President's Awards and Community Service Awards.

Our speaker for the evening traditionally features the Washington DC Government leadership and this year's

(Continued, next page)

April Luncheon Speaker: David M. Walker, Comptroller General of the United States



The Honorable David M. Walker, Comptroller General of the United States

David M. Walker became the seventh Comptroller General of the United States when he took the oath of office on November 9, 1998. He was nominated for the post by President Clinton on October 5, 1998, and was confirmed by the Senate on October 21, 1998.

As Comptroller General, Mr. Walker is the nation's top auditor and the head of the 77-year-old General Accounting Office (GAO), a legislative branch agency charged with "following

the federal dollar" and assessing federal programs throughout the world. GAO conducts financial audits assists Congress with public policy analysis; evaluates the effectiveness of federal programs; issues legal opinions and decisions; adjudicates bid protests filed by private companies concerning the award of federal contracts; and investigates waste, fraud, abuse, and mismanagement in government.

Among his many other responsibilities as comptroller general, Mr. Walker chairs the Intergovernmental Audit Forum, serves as a member of the governing board of the International Organization of Supreme Audit Institutions (INTOSAI), and co-chairs the Financial Accounting Standards Advisory Council.

(President's Message, Continued)

speaker will be the Honorable Valerie Holt, Chief Financial Officer (CFO) for the District of Columbia. Ms. Holt's perspectives as the District's CFO should be most informative and interesting. We also recognize all individuals who have been members for twenty-five or more years in this Chapter. It will be a special night and I encourage you all to join us in celebrating these individuals and their achievements.

We will again sponsor our monthly luncheon CPE seminar following our April 11 meeting and will feature the Financial Management Service and their work on the Consolidated Financial Statements. This will be very timely and informative in view of the issuance of the audited FY 1999 Governmentwide Consolidated Financial Statements at the end of March.

Congratulations once again to Eleanor Long and the two corporate sponsors, Andersen Consulting and Grant Thornton for the excellent performance measurement training program in February. We had nearly eighty individuals take advantage of this very informative program. Our final training event will be on May 15 and 16 and will focus on financial systems management. The event will be held at the Ronald Reagan Building. Look for more information on the specifics of this event in the insert to this newsletter and flyers that will be distributed in the next month. We have also tentatively planned a social hour event following the first day of that training program for Chapter members at the Palomino Restaurant in the Ronald Reagan Building on May 15. Please consider both of these events for May—great training and networking for all.

As always, I look forward to seeing you at one or all of these very special events planned for April.

Vincette

April 11th CPE Session:

A Discussion on Fiscal Year 1999 Government-Wide Financial Statements

The audited government-wide financial statements are to be released on March 31, 2000. At our April 11th CPE session, Gary Ward of the Financial Management Service will lead a presentation and discussion on the final document. He will discuss the effort to consolidate the various department and agency financial statements into a government-wide consolidated statement. His presentation will cover the issues involved in completing the consolidation as well as any problems or audit questions that arose during this third year of preparing the consolidated statements. Mr. Ward will answer questions, provide examples of the reports and give attendees some suggestions for the fiscal year 2000 effort. His presentation will follow the Comptroller General's luncheon remarks and will give attendees at both sessions a chance to get a first hand report on this important financial management effort.

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50th Anniversary Corner: Chapter Awards

The Start of a Tradition

The chapter's awards program developed slowly. When AGA's predecessor organization, the Federal Government Accountants Association, was a small organization dominated by the Washington DC Chapter, there was great reluctance to singling individuals out for special recognition because of an understandable concern that such an action might deteriorate into a mutual admiration society. However, this has not been the case, and our awards program has flourished. The Washington DC Chapter's first awards program was initiated in 1960, under the direction of the Committee on Cooperation with Government Agencies. One of the chapter's founders and leaders, T. Jack Gary, chaired this committee, which established an enduring purpose for the program.

"Furthering the objectives of the Association through special recognition of outstanding contribution to the improvement of financial management in the Federal Service."

The month of May was designated to honor award recipients—a tradition that continued annually during that month for over thirty years. Four years ago the chapter implemented an annual special evening dinner meeting in April featuring a District Government speaker. Beginning in 1998 the awards presentations have been made at this evening meeting, heightening the formality and stature of the awards.

The First Awards

The chapter's first awards program gave recognition under the two categories of distinguished leadership and outstanding achievement. Each of the first recipients was a truly outstanding member of the federal financial management community.

<i>Distinguished Leadership</i>	<i>Outstanding Achievement</i>
William Armstrong	Frank Donaty
John C. Cooper, Jr.	William C. Hewitt
E. Reece Harrill	William G. Pierce
Lindsey H. Noble	Stancil M. Smith

Fine Tuning Over the Years

Some of the major changes that have taken place since the awards program started follow.

- Because other FGAA chapters were also giving awards, it was agreed in 1960 that the Washington DC Chapter would only solicit nominations from government activities in the Washington, D.C. area.



- 1962 saw the addition of an award for outstanding leadership and the first award to a group of financial managers, while 1973 brought the first chapter award honoring a member for outstanding contribution to the chapter.
- A student awards program began in 1972. The chapter initially gave a citation and a \$50 savings bond to an accounting student for attaining a high degree of excellence in financial management studies selected by university faculty from eight Washington, D.C. area schools. The program was revitalized in 1989 with a \$1,000 scholarship awarded to a student in his or her junior year who was majoring in accounting, finance, public administration or a related field.
- In 1995 a new award available to a member, the Ronald J. Lynch Memorial Scholarship Award, was initiated.
- 1998 saw the introduction of the Einhorn/Gary Award. This very prestigious award, for a Washington DC Chapter member who has provided superior service to the chapter and the financial management community over a sustained period of time, is named in honor of charter members Raymond Einhorn and T. Jack Gary, Jr.. Both of are past chapter and national presidents.
- In 1999 the Early Career Service Award was instituted.

The Current Awards Program

Our awards program has evolved to reflect the broadened scope of both our membership and their diverse interests. The current program, open to financial managers from federal, state, and local governments, as well as from private sector organizations, includes:

- The Einhorn/Gary Award
- Education and Training Award
- Distinguished Leadership Award
- James W. Saylor Award
- Distinguished Service to the Financial Management Community Award
- Ronald J. Lynch Memorial Scholarship Award
- Early Career Service Award
- Achievement of the Year Award

In addition, several other President's Awards and Community Service Awards are presented each year.

Breaking the Old Retirement Rules in the 21st Century.....

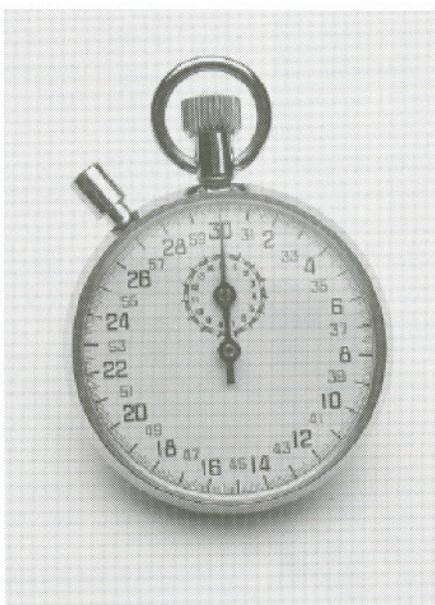
By Beth Serepca

The first wave of baby boomers will begin retiring in the early years of the 21st century. Their retirement experience will have profound implications for succeeding generations. There will be fewer workers contributing to the Social Security system and more workers receiving the benefits. Future retirees will live a retirement life quite different from that of their parents or grandparents. Instead of the traditional vision where we abruptly leave the work force at a certain age, many future retirees already plan to work again after their first retirement.

Knowing that retirement needs will be different in the future, I decided to survey auditors, who are normally very organized, analytical and efficient, to see how they are preparing for their retirement. I placed my survey in the Institute of Internal Auditors newsletters across the country as well as the Association of Government Accountants, Washington, D.C. newsletter to obtain opinions from auditors from both government and private industry. One hundred and seventy two auditors responded by December 31, 1999. I didn't want any Y2K bugs eating my data! According to my results, over half of the respondents plan to work again after retiring from their current jobs either part time or full time (51%). There were many reasons given why the respondents won't just retire—new challenges, fun, financial concerns, and to keep mentally and physically active, to name a few. Planning to work again after retiring is becoming the norm. Results of a survey published in the *Journal of Financial Planning*, September 1999 issue, found that 80 percent of workers ages 33 to 52, expect to work for pay during their retirement years. The traditional vision of retirement as a single event, a target date, typically around age 65 in which one went abruptly from full employment to full non-employment doesn't always fit anymore. For most workers in the new decade, retirement will be a process rather than an event. Companies will be challenged to manage and motivate an increasingly diverse work force. With un-

employment at an all time low, companies will need to retain their current workforce, even the older workers, instead of presenting them the gold watch and ushering them out the door!

Without question, this new retirement picture is due to increasing life spans. The number of people aged 85 and over is expected to increase 133.3 percent from the years 1995 to 2030. Increasing life spans will have tremendous implications in the future such as possibly outliving the retirement income. Thus, financial planning should be of greater importance than pre-



viously thought in planning retirement needs and incomes. I found that 80% of the survey respondents have already started to prepare for retirement. The majority, 62%, felt that they were somewhat prepared while 28% stated that they were ready. Only 14 respondents felt totally unprepared for retirement. The employer's retirement plan was the main source of income they were counting on for their retirement needs. Only 2 respondents did not participate in their employer's retirement plan. In the February 2000 issue of *Kiplingers Personal Finance* magazine, the Social Security Administration found that 49% of workers believe personal savings will be their primary source of retirement

income, while 18% of retirees say that their personal savings is their principal income in retirement.

There are important factors driving retirement planning today. First, more Americans are retiring, reaching retirement age, or thinking about the financial consequences of retirement. Secondly, as people grow older, they are more likely to plan and recognize the need for sound professional advice about retiring. And more can afford financial planning advice. According to my survey results, the majority of the respondents (51%) plan to retire between the ages of 60 to 69 years old. The next largest group of respondents planned to retire between the ages of 50 to 59 years old.

My survey found that 165 respondents were already saving for retirement to ensure that their needs will be met. The few, who hadn't started yet, planned to start right away or within the coming year. Even though the majority was already saving, 127 respondents stated that they had not yet saved enough for their retirement. Since retirement has become so complex, no one is sure what constitutes an adequate amount of savings. The most frequent methodology used to calculate the amount needed in retirement savings was spreadsheets, followed closely by financial magazines, financial planners, to common sense, in that order. The results of my survey found that the 89% of the respondents are planning an active retirement and they do not anticipate that they would need to scale back their current lifestyle after retirement.

Counting On Social Security – I Don't Think So!

Are you counting on social security for retirement income? According to my survey results, 105 of the 172 respondents (61%) are counting on Social Security. According to research done by Mr. Lawrence Chimere, the value of Social Security is the number one source of re-

(Continued, next page)

AGA Washington DC Chapter and CFO Council's Financial Systems Committee present, Federal Financial Management Systems – Success for the New Millennium

TENTATIVE AGENDA

Monday, May 15, 2000

8:00 – 8:15	Welcome
8:15 – 8:45	Keynote Speaker
8:45 – 9:30	JFMIP/FFMIA Core Financial Management System Compliance
9:30 – 9:45	Break with Exhibitors
9:45 – 10:45	Support Tools for GPRA Implementation
10:45 – 11:30	Federal Financial Management System Resources
11:30 – 11:45	Break with Exhibitors
11:45 – 12:45	Lunch
12:45 – 2:15	E-Business Initiatives and Best Practices
2:15 – 2:30	Break with Exhibitors
2:30 – 3:15	What are the Success/Challenges of Outsourcing/Cross Servicing
3:15 – 4:30	Lessons Learned from Financial Management System Implementations – The Good, the Bad and the Downright Ugly

To Register

E-mail: heather.cocozza@us.pwcglobal.com
 Online: <http://www.agadc.org/conferences.html>
 Fax: (703) 322-3618, Attn: Heather Cocozza

Registration must be received by May 5, 2000. Space is limited. Reservations made and not honored will be billed unless cancelled by May 5, 2000. A confirmation of registration will not be provided.

Registration

Name _____

Agency _____

Billing Address _____

Phone # () _____ - _____

Fax # () _____ - _____

AGA Chapter

- Washington DC
- Northern Virginia
- Maryland
- Other _____

Registration Questions? Contact Heather Cocozza
heather.cocozza@us.pwcglobal.com
 Phone: (703) 741-1856

Tuesday, May 16, 2000

8:00 – 8:15	Welcome
8:15 – 8:45	Keynote Speaker
8:45 – 9:30	Financial and CRM/MCM Systems
9:30 – 9:45	Break with Exhibitors
9:45 – 10:45	Roadmap for Financial Management System Implementations
10:45 – 11:30	CFOs and CIOs – Strategies for Working Together
11:30 – 11:45	Break with Exhibitors
11:45 – 12:45	Lunch
12:45 – 1:45	Data Warehouse – Reality v/s Myth ... Is This the Solution for Your Agency?
1:45 – 2:45	Integration of Financial Organization Data
2:45 – 3:00	Break with Exhibitors
3:00 – 4:30	Integration of Financial Management Systems with E-Business

Check the Appropriate Box

Select Day(s): May 15 May 16 Both

Member	<input type="checkbox"/> 1 day - \$145
	<input type="checkbox"/> 2 day - \$245
Member w/ Gov't. Form	<input type="checkbox"/> 1 day - \$165
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Location

Metro: Federal Triangle (Orange & Blue)
 Ronald Reagan Building/International Trade Center
 1300 Pennsylvania Ave.
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(Retirement, Continued)

irement income in the U.S. In fact, he states that it has a two-to-one lead over the next largest source of income. According to Mr. Chimerine for purposes of financial planning, Social Security should be viewed as the foundation for retirement, however, not the entire income. My results also bear this thought out. While the majority of the respondents expect to receive Social Security, only 14 respondents expect that it will be the sole source of their retirement income. In fact, 44% expect that Social Security will contrib-

ute only one-third of their income while 36% consider that Social Security won't be around or will contribute nothing.

In the Kiplingers Personal Finance magazine's February 2000 issue, statistics from Social Security Administration found that only 16% of workers actually know the age at which they are entitled to receive full social security benefits. The feeling by many Americans is that Social Security may not be as meaningful in the future as it has been in the past.

Conclusion

What is clear about retiring in the 21st century is that the picture of retirement is changing dramatically. Consumers must become more responsible for their own retirement success. Old models and old scenarios for retirement are no longer adequate. Judging from my survey results auditors appear to recognize that tomorrow's retirees must aggressively prepare for retirement and actively manage the retirement experience leading up to the actual event, in order to succeed.

Special Evening Meeting and Awards Presentations—Tuesday Evening, April 18, 2000: Guest Speaker—Valerie Holt, Chief Financial Officer, Government of the District of Columbia



Valerie Holt, CFO, District Of Columbia

Valerie Holt was appointed in May of 1999 by Mayor Anthony A. Williams to serve as Chief Financial Officer for the District of Columbia.

Established by the U.S. Congress in the District of Columbia Financial Responsibility and Management Assistance Act of 1995, the Chief Financial Officer is responsible for establishing financial stability and integrity in the District Government.

A senior executive with over 26 years experience in public and private sector finance, She is responsible for maintaining the District's fiscal stability, and

promoting accountability and integrity throughout the District's financial operations.

Ms. Holt is a Certified Public Accountant and holds a Master of Social Work degree from the University of Michigan. She also holds a Bachelor of Science degree in Accounting from Ben Franklin University and a Bachelor of Science degree in Sociology from Eastern Michigan University.

Ms. Holt has received national recognition for her financial reporting and auditing skills. She served as chairman of the Government Finance Officers Association's prestigious Committee on Auditing, Accounting and Financial Reporting. She also received the Anna Lee Berman Award for Excellence in Government Finance.

May Luncheon Speaker:

Edward A. Powell, Jr.
Department of Veterans Affairs
Assistant Secretary for Financial Management

Mr. Powell is the principal VA executive responsible for directing Department-level budgeting, finance and procurement. He is the chief financial officer (CFO) for the Department, which operates on a \$43 billion budget. Mr. Powell is responsible for overseeing the Department's acquisition and materiel management system, including development and implementation of policies and regulations.

41st Annual Awards Presentation and 5th Annual Member Recognition Dinner

April 18, 2000

- Social: 5:00 pm
- Dinner: 6:00 pm
- Remarks: 7:00 pm
- Dinner Cost: AGA Members \$25.00
Non-members \$55.00

For reservations, please call the AGA Washington DC Chapter voice mail line at (703) 758-4080 and select option 4 by Monday, April 14th, 2000.

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For Your Eyes Only

David A. Fitz, CPA, CGFM, Webmaster

The Washington DC Chapter has added an area on the Chapter web site for its members to share and gather information within the membership. This area is secured by user identification and password. The features added to this secure area of the web site provide online forums and surveys. As information comes available that is only to be viewed by the Washington DC Chapter members, it will be posted to this secure area.

To register for the secure area, go to the Chapter web site (<http://www.agadc.org>). Click on the Members button in the upper right-hand corner of the web page. You have two

options at this point: Log-in *or* Register. Click on the Register link. The Members area registration page will appear. You will need to agree to the terms and conditions of the members area use by clicking in the "I agree to the Terms and Conditions above" box. Enter your first name, last name, and e-mail address. Then create a user identification code for yourself and choose a password. Press the "Submit My Order" button. You will be redirected to a page that lets you know whether your request has been sent or if your request is incomplete. You should receive an e-mail (based on the e-mail address you entered) letting you know that your request has been received by the webmaster. Once

your request has been accepted (or denied, if you are not a member of the Washington DC Chapter), you will receive an e-mail informing you of your acceptance. After you are accepted, you can either go to the main page and click on the Members button and then on the Log-In link or simply go to the members area address (<http://www.agadc.org/members>).

The members area should be useful and add value to being a Washington DC Chapter member. Feel free to email the Chapter webmaster (webmaster@agadc.org) if you have questions or ideas for additional content in the members area.

Register Now for the PDC

Registration for AGA's PDC 2000 in San Francisco is underway. The conference, set for July 3rd through the 7th, promises to be the best PDC in history. The conference begins on July 3rd with an optional day of suites and Best Practices. The Fourth of July holiday will be observed with a day off, and the conference begins in earnest with Opening Ceremonies July 5th. Sessions will run July 5th through the 7th, with the 50th Anniversary Dinner capping off the conference on the evening of July 7th.

After opening ceremonies, Wednesday, July 5th, the conference will focus on planning and budgeting. Thursday, July 6 will showcase financial operations and Friday's theme on July 7 is measurement of results. Each day will feature related audit and information management sessions.

There are three easy ways to register. **Fax the registration form** with

a credit card number, to AGA at 703.548.9367. The registration form was published in last month's *Washington Connection* or can be obtained by contacting any of the officers or directors listed on the back of this newsletter. **Register online** with credit card at the AGA website www.agacgm.org/pdc. Transactions are secure. If paying by government purchase order, please do not register online. **Register by mail** with a check or purchase order by completing a registration form and returning it to AGA, 2208 Mount Vernon Avenue, Alexandria, VA 22301-1314.

Early registration, before May 9, will be \$625 for AGA members and \$795 for non-members. Registration after May 9 is \$725 for AGA members and \$895 for nonmembers. The registration fee includes all sessions, Monday Suites and Best Practices, the exposition, conference materials, three continental breakfasts, three luncheons, breaks, evening receptions

and the 50th Anniversary Dinner. Tickets to the 50th Anniversary Dinner for guests of registrants are available for \$65 each. Please indicate on the registration form if you will need extra tickets. The National Office must receive all registration forms by June 19, 2000.

Hotel Accommodations

Please make your room reservations directly with the San Francisco Marriott Hotel before Tuesday, June 6, at 415.896.1600 or by contacting Marriott's National Reservation Center at 800.228.9290. Guest rooms are available at the government per diem rate of \$129 plus 12 percent tax for single and double rooms. To receive the conference rate, please indicate that you are attending the AGA Professional Development Conference.

We look forward to seeing you in San Francisco.

Inside the Black Box: Navigating the Transaction Jungle

by Simcha Kuritzky, CGFM, CPA

The SGL has issued guidance listing standard transaction categories. The listing can be very confusing, however, as many transactions are very similar and it may not be immediately obvious why certain accounts are used in one transaction and not in another. To supplement the listing, I present a sample entry for unpaid exchange expenditures, which cross-references all the related entries in square brackets (in this case there are 18 of them) and the accounts they use.

Transaction:

Unpaid Exchange Expenditure

Archetypal Entry:

Debit

- 4610 or 4801 (authority liquidated)
- 6100 (goods/services bought)
- 3100 (appropriated funds)

Credit

- 4901 (expenditure)
- 2110 (liability for payment)
- 5700 (appropriated funds)

This entry increases expenditures. To decrease expenditures, the debits and credits are reversed.

Purpose:

To record the purchase of goods and services when disbursement has not yet been made. This includes prior period adjustments, payroll, and accruals. The purchase may or may not have been previously obligated.

Account Selection:

Authority Liquidated—obligations: Good accounting practices require that the expenditure be preceded by, and liquidate an obligation (account 4801) [B302, B304, B306, B308, B310, D114, D116, D402, D404, D406, D408]. If the fund is expired, and the obligation liquidated is greater than the expenditure, the excess posts to account 4871 [B308, B310], while if the obligation liquidated is less than the expenditure, the excess posts to account 4881 [D114, D116].

Authority Liquidated-available: Any difference between the amount expended and the amount of obligation liquidated is posted to the available amount (if there was no obligation, then

all of the expended posts to available). This amount can be a debit or a credit, though it is a debit in the archetype above. The authority liquidated is usually 4610 [B304, B306, B314, B322, B332, B334, D116, D402, D404, D406, D408, D410, D616]. If the fund does not require apportionment, use 4620 instead [B304, B306, B314, B322, B334, D116, D402, D404, D406, D408, D410, D616]. If the fund is expired, use 4650 [B308, D102, D106, D114]. If the fund is a no-year fund, and the obligation was entered in a prior year, post to 4450 if the funds recovered have yet to be apportioned by OMB or 4310 if anticipated recoveries were already apportioned [B310, D110].

Expenditure: The unpaid expenditure account is generally 4901 [B302, B304, B306, B308, B310, B314, B322, B332, B334, D114, D116, D402, D404, D406, D408, D410, D616]. However, if the expenditure takes place in an expired fund, and no obligation is liquidated, then account 4981 is posted if expenditures are increasing (credited) [D106] and account 4971 is posted if expenditures are decreasing (debited) [D102, D110].

Goods/Services Bought: Most goods and services bought are expensed using account 6100 [B302, B304, B306, B308, B310, D102, D106, D110, D114, D116, D402, D408, D616]. If inventory or a fixed asset is purchased, the agency may capitalize it [B302, B304, B306, B308, B310, D102, D106, D110, D114, D116]. The inventory accounts are 1511, 1512, 1521, 1522, 1525, 1526, 1527, 1561, 1571, 1572, and 1591. The fixed asset accounts are 1711, 1712, 1720,



1730, 1740, 1750, 1810, 1820, 1830, 1840, and 1890. Assets not otherwise classified would be capitalized in account 1990. If this transaction is accruing interest, then if the interest is on Treasury borrowings post 6310, if on other securities post 6320, otherwise post 6330 [B322]. Accrued benefits post 6400 by the employer agency [D404, D406] and either 6400 or 2610 by the benefits administrating agency [D406]. In a manufacturing operation, the expenses could be recorded as Cost of Goods Sold (6500) [D102, D106, D114, D116, D402]. Expenditures for such items as acquisition of federal mission or stewardship property, reorganizations, or clean-up costs post to Nonproduction Costs (6900) [B302, B304, B306, B308, D102, D106, D110, D114, D116, D402]. If the expense should have been reported in a prior fiscal year and is material, post 7400 Prior Period Adjustments [D102, D106, D110, D114, D116]. Accruals of work in progress post 1526 and construction in progress post 1720. If inventory was

(Continued, next page)

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purchased for a resale, post 1521 [B334]. If foreclosed property was bought with recourse, post 1551 [B332]. If actual repair costs to inventory are accrued, then post 1529 if the allowance method was used [D410], otherwise post 1523 [D616]. If direct labor is not financed by appropriations, but is capitalized as part of inventory cost, then post 1526 [D402].

Liability for Payment: If the payment to the vendor is being scheduled, post 2110 [B302, B304, B306, B308, B310, B314, B332, B334, D102, D106, D110, D114, D116, D404, D410]. If an accrual is posted that will be reversed next period, post 2190 [B302, B304, B306, B308, B310, D102, D106, D110, D114, D116, D402, D408]. If the disbursement is held back per the contract, then post 2130 [B302, B304, B306, B308, B310, D102, D106, D110, D114, D116]. If labor is accrued, then post 2210 for the amount to be paid to the employee, 2211 for the amounts withheld, and 2213 for the agency's portion of payroll taxes [B302, B304, B306, B308, B310, D402, D404]. If a capital lease payment is accrued,

then post 2940 [B302, B304, B306, B308, B310, D114, D116]. If interest expenses are accrued, then post 2140 [B322]. If this accrual results in debt, then post 2590, or any other kind of liability, post 2990 [D114, D116]. A benefits administering agency would post benefit accruals to 2160, 2215, 2216, 2217, or 2218 [D406]. If the expenditure is entered into a current-year fund, but originates from a valid obligation in a canceled appropriation, then post 3105 [B314].

Appropriations Used: If the funding for this expenditure comes from appropriations, then also debit 3100 and credit 5700 (reverse for reductions to expenditures) [B134], except when the expenditure is related to a canceled appropriation [B314].

Comments, suggestions, and critiques are welcome. Send them to Simcha_Kuritzky@amsinc.com and not to the AGA.

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