



Advancing Government Accountability

THE AGA LEDGER

A Publication of the Association of Government Accountants
Ozarks Chapter, Springfield, Missouri
www.ozarksaga.org

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Message From The President

As incoming President of the local chapter I look forward to the next year and will do my best to help our Chapter grow. Many thanks to Cindy Stein for the great job she continues to do for AGA and we all hope she stays around for many years to come.

I really enjoyed attending the national conference in San Diego. The conference was very informative and enlightened me as to where the organization and governmental accounting is headed. Ethics and increased service to citizens was the theme and I think we will see more emphasis on this in the future.

I encourage everyone to attend the July meeting, as Jodie Adams will be speaking on the upcoming Parks ¼ cent sales tax vote. I have asked Jodie to speak not only to the details of the tax but also what steps a governmental entity must take to get a tax on the ballot and all of the behind the scenes work that is required.

Finally, please remember the President-elect position is still open and we need to fill it as soon as possible. If you or someone you know is interested, please contact me.

Looking forward to seeing everyone July 11!

Jerry

Ozarks Chapter June Meeting Event

Tuesday, July 11, 2006

12:00 Noon

At the

Tower Club

Cost of Luncheon and CPE \$18.00

Speaker: Jodie Adams

Director of Parks & Recreation

Springfield/Greene County Parks Department

Topic: Parks ¼ Cent Sales Tax

RSVP: Cindy Stein 829-6201

cstein@greenecountymmo.org

by Monday, July 10 at 3:00 PM

Recommended CPE: 1 hour

Seminars and Conferences

AGA

First National Internal Control & Fraud Conference

September 25-26, 2006 at the Hyatt Regency Atlanta Hotel in Atlanta, GA

With a theme of "Fraud Prevention and Detection: The Newest Tools and Techniques," the conference will focus on management's responsibility for ensuring a good system of internal controls and the role of all accountability professionals in minimizing the risk of fraud, waste and abuse. Hear from leaders in government and private industry who will discuss the latest discovery techniques and lessons learned from various schemes, and how different levels of government are cooperating to improve services to citizens.

The "Fraud Conference" will bring together leaders from all levels of government, the private sector and academia. In addition to an outstanding technical program, this event offers unparalleled opportunities to network, exchange ideas and share best practices with colleagues and friends.

Online Conference Registration

Hotel Information:

Hyatt Regency, Atlanta
265 Peachtree Street NE
Atlanta, Georgia USA
Reservations: 404.577.1234 or
800.233.1234

Hotel website

National Performance Management Conference (PMC)

Join us in Schaumburg, IL on **Oct 30 & 31** for AGA's 2006 PMC.

Topics will include:

- Using performance information to improve management
- Engaging citizens to establish goals and measures in the community
- Assisting officials to integrate performance information
- Comparing benchmarks

MINUTES



Ozarks Chapter of AGA

June 13, 2006 Meeting

Cindy called the meeting to order. The minutes and treasurer's report were approved as read.

Jerry Mitchell presented a gift certificate and plant to Cindy as an expression of the chapter's gratitude for her years of service. He then spoke about his impending trip to the professional development conference in San Diego later in June.

Jerry introduced the speaker Tom Kremer, of the State Auditor's office and his assistant Donna Christian. Mr. Kremer stated he felt there were sufficient signatures on the petition for an audit of the City of Springfield and that it would probably begin in late August or September.

Mr. Kremer went on to explain the audit process and answered specific questions asked by those in attendance. Once the signatures on the petition are verified personnel will be assigned. There will be meetings with the media at the start of the audit and entrance conferences will be held with the chief petitioners and city council members. A hotline and fax number will be made available for the public to voice their concerns regarding the audit. At the conclusion of the audit the State Auditor will report the findings. The City of Springfield will be required to pay all expenses for the audit, estimated to be \$60,000 to \$80,000.

Cindy thanked the Mr. Kremer and adjourned the meeting.

2006 Parks Referendum Election Date: August 8, 2006

The five-year action plan for the Aug. 8, 2006 referendum is derived directly from the Vision 20/20 Plan for Parks, Open Space and Greenways.

The plan, created by a group of the more than 350 citizens who volunteered their time for Vision 20/20, recommends a balance of passive parks and open spaces and active recreation programs.

The citizens in the Parks, Open Spaces and Greenways group emphasized the need to preserve natural resources as Springfield and Greene County continue to grow. In addition, the recreation facilities and school-parks contribute to community health and wellness goals as well as the overall quality of life that fosters economic development and draws visitors for tournaments and competitions.



Springfield-Greene County voters are asked to consider a 1/4-cent sales tax on Aug. 8 to carry out the next five-year action plan. The referendum includes 1/8-cent renewal of the tax approved in 2001 and a 1/8-cent increase for new projects. After five years, the tax would drop to 1/8-cent for ongoing maintenance and operations.

The projects in this referendum would fulfill the goals of the Parks, Open Space and Greenways plan for "creating the future and preserving the past" in the gold-medal winning Springfield-Greene County Parks System.

Election Date: August 8, 2006

Ballot Language

Shall the County of Greene impose a shared sales tax of one-fourth of one percent countywide for the purpose of providing funding for parks acquisition and development in Springfield, Greene County and area municipalities for trails, area-wide parks, recreation facilities, school-parks, lakes, waterways and watersheds, historic and natural resource preservation, and development of Dickerson Park Zoo, which tax shall be reduced at the end of five years to one-eighth of one percent for ongoing operations and maintenance?

For more information, call 864-1049, 864-1010, or visit [The Park website](#).

House-Passed Estate Tax Reform Bill Includes Many of the Principles Long Advocated by AICPA

The recent estate tax bill passed by the US House of Representatives incorporates many of the principles the AICPA has suggested for a number of years. The bill approved by the House, [H.R. 5638](#), permanently reduces, but does not repeal, the estate tax. H.R. 5638, approved by a vote of 269 to 156, would (1) exempt all estates worth less than \$5 million per person, (2) tax estates between \$5 million and \$25 million at the capital gains rate, currently 15 percent, and (3) tax estates above \$25 million at double the capital gains rate (30 percent). However, the bill could result in a rate as high as 40 percent if Congress does not extend the lower rates on capital gains and dividends which are scheduled to expire in 2010. The bill also includes a provision that would index the \$5 million exemption to inflation. Additionally, the bill also reunifies the gift, estate and GST exemptions and makes the lifetime exemption portable between spouses, such that if it is not used by the first spouse to die, it would be available to the survivor.

**OZARKS CHAPTER OF AGA
CASH REPORT
JUNE, 2006**

Beginning Balance July 1, 2005 \$3,137.92

Income:

Chapter Dues	\$ 243.35
Meetings	2,954.00
Merchandise Sales	0.00
Seminar	<u>2,095.00</u>

Total Income \$5,292.35

Expenses:

Board Meetings	38.00
Check Printing	0.00
Gifts	91.40
Meetings	2,978.58
Membership Drive	0.00
Newsletter	0.00
Scholarship Awards	1,500.00
Seminar	848.37
Website	<u>0.00</u>

Total Expenses \$5,456.35

Ending Balance May 31, 2006 \$2,973.92 **

SUMMARY:

Beginning Balance	\$3,137.92
Ending Balance	<u>2,973.92</u>
Net Increase (Decrease)	\$ (164.00)

SEMINAR:

Receipts	\$2,095.00 *
Disbursements	<u>848.37</u>
Net Income	\$1,246.63

MEETINGS:

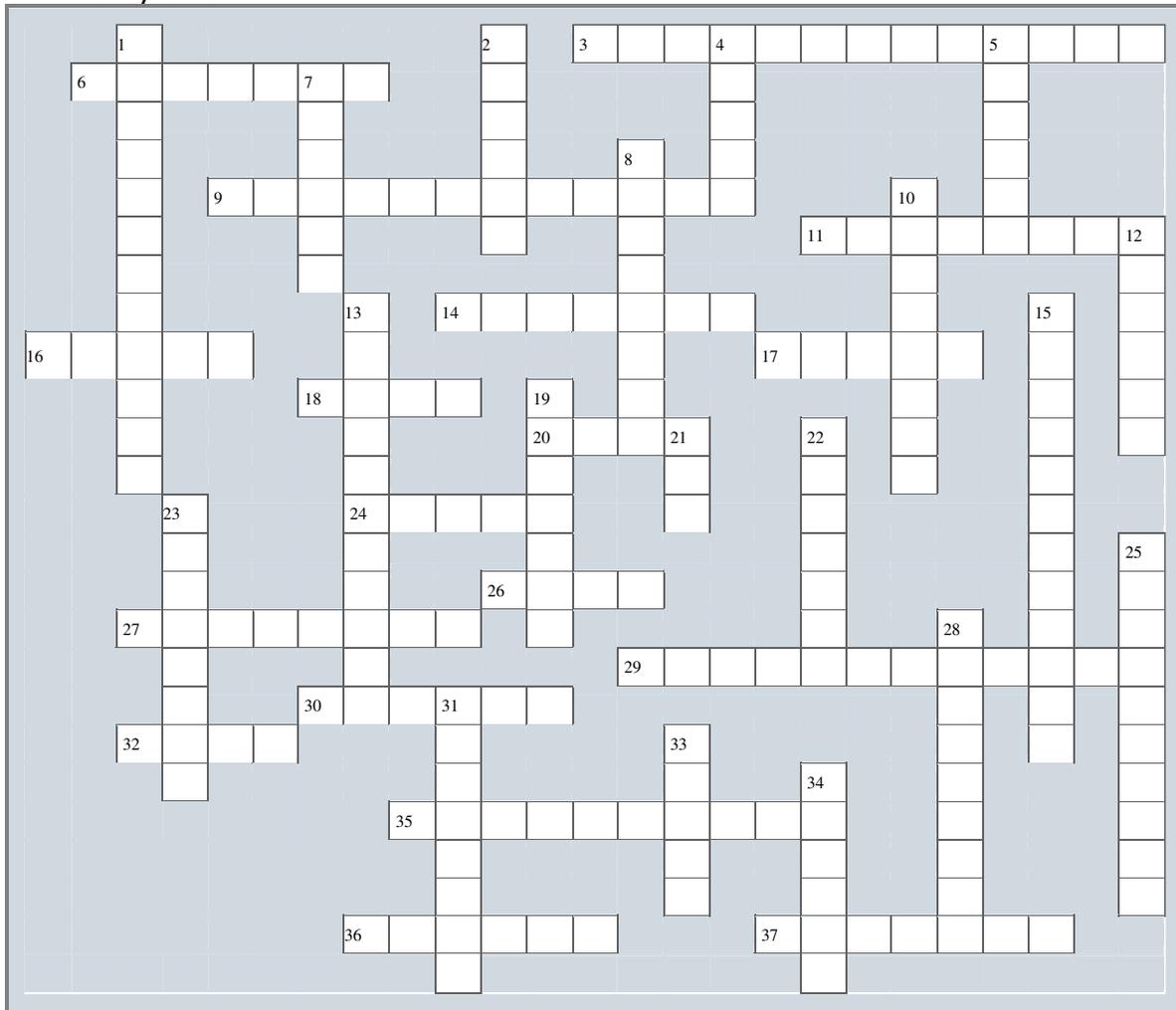
Receipts	\$2,954.00
Disbursements	<u>2,978.58</u>
Net Income (Loss)	\$ (24.58)

** This balance does not reflect the \$25.00 in our savings.

Accounting Basics Crossword

by AccountingCoach.com

This is an easy one.



Across

3. The accrual basis of accounting is more effective than the cash basis in reporting the _____ of a business.
6. The title of the asset account that reports the unexpired cost of insurance premiums that have already been paid is _____ Insurance.
9. The owner's equity section of a corporation's balance sheet is known as shareholders equity or _____ equity.
11. The title of the liability account that reports amounts that were received by the company before they were earned is _____.

Down

1. Accounting software facilitates recording business _____.
2. The net income of a company is sometimes referred to as the _____ line (of the income statement).
4. The required financial statements include the balance sheet, the income statement, and the statement of cash _____.
5. The "books" of the company that contains all of the accounts is the general _____.
7. The financial statement that reports the revenues and expenses of a _____.

<p>Revenues.</p> <p>14. The financial statement that reports the financial position of a company as of an instant or point in time is the _____ sheet.</p> <p>16. The balance sheet reports amounts that apply at a particular _____ in time.</p> <p>17. An entry to the left-side of an account.</p> <p>18. This component of Property, Plant & Equipment is not depreciated.</p> <p>20. The accounting guideline that prevents assets from being reported at amounts greater than their cost is the _____ principle.</p> <p>24. Sometimes inventory is reported at an amount that is _____ than cost.</p> <p>26. The basis or method of accounting that is less effective than the accrual basis in measuring profitability.</p> <p>27. The book value of an asset or liability is also known as the _____ amount.</p> <p>29. The systematic allocation of the cost of equipment and buildings used in a business from the balance sheet to the income statement over the useful life of the asset.</p> <p>30. Resources owned by a company.</p> <p>32. Some people refer to the income statement as the profit and _____ statement.</p> <p>35. When a company provides a service and allows the customer to pay in 30 days, the account to be debited is Accounts _____.</p> <p>36. An entry to the right-side of an account.</p>		<p>company for a period of time is the _____ statement.</p> <p>8. A major element of the income statement that reports fees earned and sales of products.</p> <p>10. One part of stockholders' equity is _____ earnings.</p> <p>12. Because the accounting system used in the U.S. requires at least one debit and one credit, we refer to the accounting system as _____-entry.</p> <p>13. The balance sheet classification that reports the obligations of the company.</p> <p>15. In the case of two acceptable alternatives, this guideline directs the accountant to select the alternative that results in less profit and less asset (or more liability).</p> <p>19. The basis or method of accounting where expenses are reported as they are incurred rather than when they are paid.</p> <p>21. Every transaction that gets recorded in the general ledger involves _____ or more accounts.</p> <p>22. Most liability accounts have this word as part of their title.</p> <p>23. The basic accounting _____ is $Assets = Liabilities + Owner's Equity$.</p> <p>25. Generally accepted accounting guidelines are referred to as _____.</p> <p>28. Depreciation is an allocation technique; it is not a _____ technique.</p> <p>31. A major element of the income statement that reports the costs that have been used in order to obtain revenues during the accounting period.</p>
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<p>37. Known as the book of original entry, it lists transactions in order by date.</p>		<p>period.</p> <p>33. A listing of all of the accounts available in the general ledger is a _____ of accounts.</p> <p>34. The income statement and the statement of cash flows report amounts covering a _____ of time.</p>
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PDC 2006 Luncheon Speaker David Zach

The luncheon speaker, futurist **David Zach**, gave the audience no real predictions about the future, but possibly a different way to think about it and to feel a stronger sense of ownership over it.



While the promise of technology has been to provide more leisure time, the fact is that people who own a laptop, cell phone and have access to a fax machine will work eight more hours per week, on average, than those without those tools. "First we shape our tools, then they shape us."

Quoting information from the *New York Times*, Zach said the average American employee works 11 minutes on any given task before being interrupted; eight different windows are open on the desktop at any one time; and after an interruption, it takes 25 minutes to get back on task. He said many employees start to think that tending to the interruptions IS their job.

Technology has brought Americans a life filled with endless entertainment options, but consider the teenager who can simultaneously listen to music, send instant messages to friends, talk on the phone and browse websites, yet still be bored. "This is the world we have given them," Zach said. In a world of limitless choices and information, many people are still paralyzed when faced with making a decision.

Zach gave the audience several suggestions about how to take more responsibility and care over the future.

No. 1, he said, was to start smoking. Smokers take breaks. They talk to strangers. They find instant friendship and equality with fellow smokers. Where else can a CEO and an entry-level worker find a common bond? "My point is not to take up smoking," he said, "but to take up conversation."

His second piece of advice? Start drinking. Go out to lunch. Do things. What he really meant was to build community. "We are so comfortable in our worlds that strangers are pushed away." Connections are a key way to understand the future and to create a rich life.

He also suggested that we think about things from different points of view, "then have a conversation about it." Studying philosophy, theology, history and biography can help us defend the things we believe in and invent the things we need.

Zach also urged the audience to play. Find a silly picture of yourself as a child, he suggested, along with a photo of someone you love and respect in your past. Place the photos on your desk. They will remind you of how much you used to play, and they will remind you to listen to the lessons of history in helping shape your future.

By: Christina M. Camara

JULY 5, 2006

Ken Lay's Dark, Ironic Legacy

News Analysis
By Mark Morrison
Business Week

He was guilty of corporate malfeasance on an unprecedented scale, yet his actions at Enron resulted in positive changes for Corporate America

Ken Lay, the disgraced former CEO of Enron who died July 5 at age 64, leaves a legacy of shame. His mismanagement and dishonesty brought down a giant corporation, he was ultimately responsible for destroying thousands of jobs and billions of dollars in employees' savings and shareholders' wealth, and he was found criminally guilty of massive fraud (see BusinessWeek.com, 5/25/06, "Guilty Verdicts for Enron Brass").

Perversely, there's also a remarkably positive aspect to his legacy. In the post-Lay, post-Enron era, corporations are behaving a lot better. Lay's terrible example of how not to run a large corporation helped fundamentally reform U.S. companies' standards of leadership, governance, and accountability.

FOR BETTER OR WORSE. Yes, a lot of the improvement is the result of more intense government oversight—the kind of regulation and enforcement Enron always railed against and which should have been in place so a debacle like Enron was not allowed to happen. And, yes, there is a price being paid: Corporate executives complain loudly that because of Enron and a few other bad apples, public corporations are being forced to comply with a lot of needless rules that are making them less profitable and less competitive.

But to many of us who report on companies, work for them, or invest in them, it does not seem to be business as usual in executive suites and boardrooms. Here are some of the changes that have come about in the last several years:

•Not-so-imperial CEOs

Fewer big company bosses are managing in the Lay mold of pushing subordinates to make the numbers work each quarter, the rules be damned. The Sarbanes-Oxley requirement that the CEO sign-off on and accept more direct responsibility for reported results is one reason. The government's effective legal pursuit of Lay and others who committed white-collar crime is probably an additional deterrent.

•Less CEO and CFO hype

Lay was a master of happy talk who convinced nearly everyone, including some smart Wall Street money folks, ratings agencies, and media that Enron was for real. In the post-Enron era and with new Fair Disclosure rules, most top executives seem extremely guarded in talking up their companies' prospects.

•Independent boards

After watching Enron directors' reputations suffer and seeing some of them take a measure of financial liability, corporate boards have become much more independent and assertive. More boards have nonexecutive chairs, and they are holding more meetings without executives present to allow concerns to be aired freely. Headhunters say it is more difficult to recruit directors because it is no longer just a rubber-stamp job with nice perks.

•Auditing is back

Accounting firms have clout again. They're making much more money, they're insisting their clients use better practices and build in more safeguards to prevent errors or fraud, and they're refusing to audit companies that don't meet basic accounting standards. I would argue that the demise of Arthur Andersen, Enron's auditor also wounded by the scandal, is a big reason why the Big Four firms are pickier about the clients they accept.

•Tougher ratings agencies and equity analysts

The firms that judge the quality of public companies' debt (including Standard & Poors, like BusinessWeek and BusinessWeek.com, a unit of McGraw Hill (MHP) and the big brokerage companies were badly burned by Enron, in some cases subsequently acknowledging that they didn't fully understand how the energy and trading company made its money.

The Enron collapse—along with other corporate misbehavior and the stock market's dot-com meltdown—has raised skepticism to a healthier level. Ratings and equity analysts have taken many precautions to raise the quality and reliability of their work.

LEAVE IT TO HISTORY. The financial press, which was also generally fooled into thinking Enron was a model of a modern growth company, is generally more skeptical these days of any "too good to be true" business story.

Ken Lay, of course, was not the only catalyst for many of these improvements. And despite the new checks and balances, there will no doubt be future Enron-type transgressions in other companies—although it seems a lot less likely to happen on such a huge scale. Still, it's difficult to think of another chief executive who has had as much impact on the conduct of U.S. corporations and their executives as Ken Lay.

Market Events

16:20 ET Dow +73.48 at 11225.30, Nasdaq +1.75 at 2155.09, S&P +3.17 at 1274.08:

[BRIEFING.COM] Stocks rebounded modestly in the wake of Wednesday's broad-based slide as investors weighed easing interest rate concerns and a favorable court ruling against mixed monthly retail sales.

With the Fed's focus still centered on "incoming" data, especially ahead of Friday's influential jobs report, the ISM services index pulling back from four solid months of above 60% growth to a June read of 57.0% -- the slowest pace since January, provided more evidence the policy makers may be nearing an end with their rate hikes. The employment component slipping to 52.0 from a relatively strong 58.0 and the prices paid component falling to 73.9% from 77.5% in May were also encouraging with regard to Fed policy, helping Treasuries regain some traction and pushing the yield on the 10-yr note (+09/32) to session lows at 5.18%.



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Ozarks Chapter of The Association of Government Accountants

Deb Fraley, CPA, Editor

Deadline for articles: Friday-eleven days prior to meeting date

Send articles to: dfraley@ci.springfield.mo.us

