

The Illinois Government Finance

LEADER

The Newsletter of the Illinois Government Finance Officers Association • Spring 2007



**ILLINOIS
GOVERNMENT
FINANCE OFFICERS
ASSOCIATION**

Illinois Government Finance
Leader is the membership
publication of the Illinois
Government Finance Officers
Association, NIU Naperville
Campus, 1120 E. Diehl Road,
Naperville, IL 60563

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Risky business: New risk assessment standards will change governmental audits

**By Scott C. Termine, CPA, Crowe Chizek and
Company LLC**

The Auditing Standards Board has issued new risk assessment standards that will shape future audits, including those of governmental entities.

The new audit risk standards, SAS NOS. 104-111, will help auditors to focus on areas with the greatest risk of material misstatement, whether by fraud or error. They incorporate many existing underlying concepts, while creating significant new requirements for auditors.

The overall audit goal continues to be to provide reasonable assurance that financial statements are free of material misstatement, which SAS NO. 104 translates as a high, but not absolute, level.

The new audit risk model

The American Institute of Certified Public Accountants, through a recently released Audit Risk Alert, has outlined a four-phase model for how auditors should apply the new standards.

- 1. Gather information about the entity and its environment, including internal control.** Auditors must collect information that will help them identify and assess risks. This step includes evaluating the design of the entity's controls and determining if they have been implemented. It is anticipated that this phase will require more work than merely gaining an understanding of internal control.

In the governmental context, an auditor also will need to familiarize himself with the entity's tax and revenue base, regulatory and political environments, and governance structure, among other things. The auditor also must understand the entity's accounting policies, compare current balances with those of prior years,

and search for trends that assist in setting expectations for use in analytical procedures.

Note that smaller governmental entities may not maintain formally documented internal controls but nonetheless execute effective, mitigating controls. For example, small governments that lack segregation of duties may have an elected or appointed official, who is independent of the recording function, perform reviews of accounting data.

Such entities should bring these controls to auditors' attention to ensure the auditors do not interpret the lack of documented controls as a risk.

- 2. Understand the entity and its environment, including its internal control.** Gathering information alone is not sufficient; auditors must synthesize the information to determine how it may affect the financial statements and what could go wrong with specific assertions.

The audit procedures performed to obtain the necessary understanding are called "risk assessment procedures" and require more than simple inquiries of management. The standards specifically call for inquiries of management and other personnel, analytical procedures, and observation and inspection. The procedures also involve discussions among the audit team, conducted in conjunction with or in addition to the SAS NO. 99 fraud brainstorming, to determine whether a potential exists for misstatements. And auditors will now put greater emphasis on the entity's own risk assessment procedures. Is your organization performing its own internal risk assessment?

Risk assessment is not limited to the planning phase of an audit. The process of gaining an understanding of the entity and its environment is ongoing, taking place even during internal control testing and fieldwork

- 3. Assess the risk of material misstatement.** Auditors will use their understanding to assess the risks of material misstatement at both the financial statement and relevant assertion levels. While a weak control environment, for example, would affect the financial statements as a whole, inadequate segrega-

Additional resources

AICPA
Understanding
SAS 112:
www.aicpa.org

Advice from
Oklahoma Office
of the State Auditor
and Inspector:
www.sai.state.ok.us

GAQC Impact of
SAS 112 on
Governmental
Financial Audits:
<http://gaqc.aicpa.org/Resources/Impact+of+SAS+112+on+Governmental+Financial+Audits+Conference+Call.htm>

tion of duties in an area like accounts payable processing would threaten specific assertions.

Assertions are generally categorized as classes of transactions (e.g., cash disbursement or receipts processing), account balances (any particular account), and presentation and disclosure (footnotes).

Under the new standards, auditors now must gather evidence to support their risk assessments. They may not, as in the past, assess control risk “at the maximum” without support, so internal control testing is critical. The requirement that auditors assess controls does not mean that they are reporting or forming an opinion on internal control, though.

4. **Design overall responses and further audit procedures.** Auditors must link the assessed risks to their audit procedures to assemble the audit evidence necessary to support their opinions. Thus, the assessed risks will influence the procedures applied.

Confronting risks

The new standards become effective for financial statement audits for periods beginning on or after Dec. 15, 2006, although early adoption is permitted. The changes are far-reaching, so wise governmental entities and their auditors will begin preparing for and implementing them as early as possible.

Scott Termine can be reached at 630-706-2073 or stermine@crowechizek.com.

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The bottom line: What the standards mean for you

Implementation of the new audit risk model will require a increased work effort by the audit team, especially on new engagements and in the year of implementation.

Auditors, for instance, may use larger sample sizes than in prior years. Governmental entities, in turn, will need

to provide more data on transactions, primarily during the controls testing phase where auditors sample transaction

Entities also may notice differences in the audit approach. The quantity or nature of inquiries may change. Rather than relying on questionnaires to obtain an understanding of internal controls, auditors may delve deeper into specifics at the account level. They will seek a more comprehensive understanding of control procedures to determine the appropriate controls tests and to link audit procedures to identified risks.

Expect a greater emphasis on the evaluation of information technology (IT) systems, controls, and processes because of the significant role IT plays in both internal control and financial reporting processes. Auditors will more closely scrutinize control procedures over IT processing than in the past, possibly bringing specialists into complex IT environments.

Finally, auditors' improved linkage of audit procedures with their assessed risks will result in more time spent on higher risk areas like revenue recognition for nonexchange transactions. These transactions must be recorded in accordance with the requirements of GASB Statement No. 33, which are complex. As a result, auditors may design additional procedures to identify potential misstatements.

IGFOA NEWS

Committee highlight

From the Legislative Committee Chair

The role of the IGFOA Legislative Committee has evolved over the past few years from one of proposing issues to serving as a source of expertise. We believe our role is better served as an independent resource for matters where local government financial adeptness is required. By working closely with the Councils of Government, Illinois Municipal League, and other local government associations, I believe that we have found

Many thanks...

To Michelle Horaney, Director, McGladrey & Pullen, LLP who addressed the subject of risk assessment at the Downstate Chapter Winter Conference in Bloomington on January 18.

To Jeff Markert, KPMG and Dan Berg, Sikich LLP for reviewing the new audit standards at the March 16 Chicago Metro luncheon in Schaumburg.

our niche in the political process.

Topics we anticipate weighing in on during the 2007 General Assembly include:

- restraining the budgetary impact pension benefit increases
- alternatives to diversify local government revenue, especially for non-home rule governments
- full funding of transportation projects
- monitoring of education reform proposals
- impact fees
- monitoring of Deferred Retirement Option Plan proposals

The Legislative Committee often must move quickly to gather information about the impacts of proposed legislation. We appreciate the rapid responses IGFOA members deliver during legislative sessions.

For updates legislative issues the committee is monitoring, please check in regularly at http://www.igfoa.org/legislativecomm_update.html.

Dave Richardson is Director of Finance, Village of Streamwood

IGFOA TARC recommends Model C

The Governmental Accounting Standards Board (GASB) Fund Balance Reporting project is intended to assess whether existing requirements related to fund balance reporting adequately meet the needs of financial statement users and consider potential changes to improve the usefulness of fund balance information. The project's scope was expanded to include a review of current governmental fund definitions to determine if any clarifications are needed to enhance users' understanding of the information present in those funds. GASB issued an Invitation to Comment in October 2006 and IGFOA's Technical Accounting Review Committee weighed in by

Member Alert

IGFOA accepts payment for dues and events via credit or purchasing card when submitted on-line. To minimize the Association's potential liability, we do not accept credit or purchasing card payments submitted via fax or telephone.

Payment information collected via the on-line forms is encrypted and securely processed in compliance with the Illinois Personal Information Protection Act.

IGFOA encourages members to be very cautious in distributing credit card numbers, expiration dates and authorized signatures.

recommending Model C—Distinguishing Fund Balance by Resource Restrictions, with modifications.

TARC strongly recommended the focus be on categorizing and reporting the components of fund balance, which would then eliminate the need to clarify definitions of governmental fund types. Highlights of TARC's response include:

- ▶ Supporting Model C with the option of summarizing major components on the external reports and providing detail in the notes
- ▶ Report major components of fund balance as
Fund balances:
Not available for appropriation
Restricted
External
Internal
Unrestricted
Designated
Undesignated
- ▶ Continue with the “clean surplus theory” (APB #18) and prohibit direct debits to fund balance.
- ▶ Best approach to report rainy-day fund resources is as a designation or intention of fund balance in the general fund on the balance sheet.
- ▶ Encumbrances that lapse at the end of the fiscal year should not be reported. If an encumbrance results from a continuing appropriation it should be reflected as shown in Model C, “Not available for appropriation.”
- ▶ Reporting of a government's intent to use resources for a particular purpose should continue to be optional.

For the full text of TARC's comments visit

http://www.igfoa.org/TARC_update.html#GASBstate1. GASB will gather input and expects to issue an Exposure Draft in June 2007.

Links to more information

GASB project update:

www.gasb.org/project_pages/fund_balance_reporting.html#links

GASB Invitation to Comment:

www.gasb.org/exp/ITC_Fund_Balance_Reporting.pdf

(comment deadline was January 31, 2007)

GFOA Recommended Practice on Appropriate Level of Unreserved Fund Balance in the General Fund (2002):

www.gfoa.org/services/rp/caafr/caafr-appropriate-level.pdf

GFOA Recommended Practice on Improving the Effectiveness of Fund Accounting (2004):

www.gfoa.org/services/rp/documents/rpefa040204.pdf

Tips to ensure you receive information e-mailed from IGFOA

List IGFOA as a Trusted Sender -

Put the following e-mail addresses in your e-mail contact list, address book, trusted sender list or approved sender list (whatever the name may be in their email client).

1. info@igfoa.org
2. jobs@igfoa.org
3. Rlimpers@igfoa.org
4. CStaron@igfoa.org
5. MShank@igfoa.org
6. execdir@igfoa.org
7. confer@igfoa.org
8. mail@igfoa.org

Whitelist web sites and email service providers that IGFOA uses

A whitelist is the opposite of a blacklist. Instead of listing IP addresses to block, a whitelist includes IP addresses that have been approved to deliver email despite blocking measures. It is common practice for ISPs to maintain both a blacklist and a whitelist. IGFOA uses the following trusted email service providers to distribute announcements, newsletters, and surveys:

1. zoomerang.com
2. constantcontact.com
3. memberclicks.com
4. gotomeetings.com
5. webmail.webitects.com

Welcome New Members

New Members' Breakfast: Friday, May 25 NIU Naperville

New public sector members are invited to join the Executive Board and staff for breakfast and get to know the Association!

RSVP to Ruth Limpers, Membership and Meetings Coordinator at Rlimpers@igfoa.org or 630-663-0019.

Check your IGFOA membership profile

You can control how much information you receive from IGFOA by adjusting the selections in your on-line IGFOA membership directory listing. Use the *Members Login* at <http://www.igfoa.org> to access *My Profile*. Your membership profile contains a field called *Notices* and *Member News*. Here you can indicate the type of IGFOA news and information you wish to receive.

You have the following options:

1. **All Notices:** Select this to receive all announcements included below from IGFOA
2. **General News and Announcements:** Select this to receive only general membership information, training announcements and e-newsletters. This category is included in *All Notices*.
3. **Jobline:** Select this to receive the weekly IGFOA *Jobline* newsletter. This category is included in *All Notices*.
4. **Legislative Updates:** Select this option to receive periodic legislative news. This category is included in *All Notices*.
5. **Surveys:** Select this to receive periodic surveys. This category included in *All Notices*.
6. **None:** Select this option to be removed from IGFOA e-mailing lists. Please allow 30 days for this selection to be applied to all IGFOA e-mail lists.

You may select multiple options by holding down the Ctrl key while clicking on a selection. If *None* is part of a multiple selection set, it will override all other selections,

Refrain from “unsubscribing” from an IGFOA e-mail announcement

Our e-mail delivery services include an automatic unsubscribe feature to comply with federal regulations.

List your Internship with IGFOA

One of the most requested IGFOA web pages is the *Intern Opportunities in Local Government*.

Help IGFOA reach more students and encourage careers in local government finance by listing paid and unpaid intern positions in your government or firm with IGFOA. Follow the links at www.igfoa.org to list an internship.



Illinois Reception at GFOA Conference

Monday, June 11
4-6 p.m.
Hilton Anaheim
The Pulse Room
777 Convention Way,
Anaheim, CA

If you follow the instructions to unsubscribe from an IGFOA generated e-mail, it is very difficult to add your e-mail back into the IGFOA distribution list. Only use the unsubscribe option if you do not wish to receive any type of information from IGFOA.

Get IGFOA e-mail to your inbox

E-mails may get through your server only to land in your junk or trash folder in your email client. Set up a rule or preference to automatically allow any e-mail message containing IGFOA to go to your inbox. Another option is to create a separate inbox just for IGFOA e-mail.

How will you know if you are missing e-mail announcements? If you don't recall receiving an email from IGFOA during the past month, try the following steps:

1. Search your email folders for IGFOA.
2. Visit your Member Profile (see instructions in far left column on this page) and make review your Notices and Members News selections.
3. Contact your IT staff to ensure the email services IGFOA uses are getting past your server.

Information or announcements you may have missed can be found at <http://www.igfoa.org>. Past issues of the Dispatch, IGFOA's monthly e-newsletter are archived at the Bulletin Board accessible through the Members Login. Seminar, chapter, and conference announcements are posted at the website with links to registration forms.

Still having difficulty? Contact Sam Blahnik of the IGFOA Technology and Communication Committee at 888-241-1517 x2464 to help you troubleshoot.

Get to know the Chapter Presidents

Downstate Chapter President

Jennifer Johnson

Financial Analyst, City of Champaign

Phone: 217/403-8947

jennifer.johnson@ci.champaign.il.us

Jennifer Johnson has been Financial Analyst for the City of Champaign Finance Department since October 1999. Before that, she served as Information Specialist in the City of Champaign's City Manager's Office.

She holds a Masters in Public Administration from Governors State University, earned in June 2006. She received her Bachelors in Applied Sciences and Minor in Business Administration from Eastern Illinois University in August 1991.

Elected Downstate Chapter President in August 2005, Jennifer has served on the Chapter's Board for five years.

She reports that during her tenure, the most pressing challenge was dealing with local government finance during the recessionary period, especially the time period after the terrorist attacks on September 11, 2001. She recalls that many local governments were experiencing significant budget cuts and revenue shortfalls, and several members were restricted from travel during this time, which directly affected DIGFOA membership. She says that the chapter tried to assist local finance officers by providing sessions/speakers who discussed the economy, methods for dealing with economic downturn and other related topics.

When asked what advice she would give to a new member weighing whether to take time to get involved with a chapter, she replied, "I would strongly encourage someone to get involved on a chapter level. I've met so many great people and gained valuable resources through IGFOA and DIGFOA. The professional and personal benefits are fantastic, and it's a great use of your time."

When asked to report the oddest item on her desk, she answered, “A ballpoint pen with a fabric yellow rose on the end – a gift from my daughter when she was in kindergarten.”

South Metro Chapter President

Annmarie K. Mampe

Finance Director, Village of Orland Park

Phone: 708/403-6199

amampe@orland-park.il.us

Annmarie Mampe has been Finance Director for the Village of Orland Park since August 2003.

Previously, she served as Finance Director for the Village of Richton Park. Before stepping up to be a Finance Director, she was Manager for FPT&W (a governmental auditing and consulting firm), and was Director of Accounting in the Office of the Cook County Treasurer.

A Certified Public Accountant, she earned a Bachelor of Science in Finance from Northern Illinois University.

After serving two years on the Chapter’s Board, Annmarie was elected South Metro Chapter President in December 2006.

She reports that the most pressing challenge that local government finance officers have dealt with during her tenure is that of rising costs, and flat or shrinking revenues.

When asked what advice she would offer a new IGFOA member, she responded with two words: “Get involved.” She explained, “You will meet people who face the same challenges as you when it comes to managing the finances of local governments. It’s a great environment for getting your questions answered, talking about new ideas, and so on.”

When we asked Annmarie to report the oddest thing on her desk, she said: “To be honest, as of this moment I can’t see the top of my desk. It is totally covered with Right-of-Way acquisition maps. I guess that might be an odd thing for a Finance Director to have on her desk!”

Chicago Metro Chapter President
Jeff Martynowicz
Finance Director/Treasurer, Village of Lake Zurich
Phone: 847/540-1686
Martynow@volz.org

Jeff Martynowicz is Finance Director for the Village of Lake Zurich. The village has a population of 19,000 and an annual budget of \$37,000,000.

Jeff's entire professional career has been in municipal finance. He started out in 1995 as Deputy Treasurer for the Village of Riverside. He has also served as City Accountant for the City of Darien and Assistant Finance Director for the Village of Bloomingdale.

Jeff earned a Bachelor of Arts degree from Eastern Illinois University. He is also a graduate of Roosevelt University in Chicago, having attained a Master of Public Administration.

Jeff has been an Illinois GFOA member since 1995. He has served on several committees, including legislative and career development. Most recently, he served on the Chicago Metro Board of IGFOA.

He was elected Chapter President in December 2006, and has served on the Chapter Board since 2002.

He reports that the most significant change from a Chicago Metro Board perspective is the decision to hold luncheons and the holiday party at Maggiano's Schaumburg. "This change has really made attendance larger and more consistent," he said. The members that attend seem to really enjoy the topics, networking and food."

Jeff maintains that getting involved in a chapter is a great leadership opportunity: "I have networked with and met numerous individuals involved with the IGFOA the last four years while trying to develop topics and networking opportunities," he explained. "My advice to new members would be to get involved but understand it can be a lengthy commitment where you have to be ready to contribute to the chapter for five years."

Jeff disclosed that by far the oddest thing on his desk when we asked him was an issue of the Daily Herald sports section showing the Bears going to the Super Bowl. “Sorry, but that beats any odd municipal finance issue,” he said.

2007 chapter events

Chicago Metro

Friday, August 10

Chicago Metro Chapter

Networking Day

tentative TBD

save the date for lunch and bowling!

Friday, October 19

Chicago Metro Chapter Luncheon

Meeting & Legislative Update

Maggiano’s Schaumburg

Thursday, December 13

Chicago Metro Chapter Holiday

Luncheon

Maggiano’s Schaumburg

South Metro

Friday, April 13

South Metro Chapter Meeting

Papa Joe’s

14459 S. LaGrange Road, Orland Park

Robert Swain, Partner with Hodges, Loizzi,

Eisenhammer, Rodick & Koh will be speaking on the

topic of “*E-mail Retention and New Legal Issues in Electronic Communication*”

Fee: Member \$20; Non-member \$30

Friday, June 1

South Metro Chapter Meeting and Golf Outing

Friday, August 3

South Metro Chapter Meeting

Friday, October 26

South Metro Chapter Meeting and Seminar

9:00 am–1:00 pm, Moraine Valley Community College

Friday, December 7
South Metro Chapter Meeting and Holiday Luncheon
Noon, Location TBA

Downstate

Thursday, July 12–Friday, July 13
Summer Conference

IDENTITY THEFT

Identity theft declines

by Jonathan Stempel, Reuters

Americans lost about \$49.3 billion in 2006 to criminals who stole their identities, an 11.5 percent decline that may reflect increased vigilance among consumers and businesses, a study released on Thursday shows.

Losses declined from a revised \$55.7 billion in 2005, according to the third annual study by Javelin Strategy & Research. They had increased in each of the prior two years.

The average identity theft fraud fell 9 percent to \$5,720 from \$6,278, while the median—where half were larger and half were smaller—held steady at \$750.

“Businesses are doing a better job screening, and consumers are doing better at locking up information and monitoring their accounts,” said James Van Dyke, founder and president of Pleasanton, California-based Javelin, in an interview.

“The dollar amount is dropping,” he added, “but \$49 billion is still a lot of money.”

According to the study, 8.4 million adult Americans, or one in 27, learned last year that criminals committed fraud with personal data such as credit card or Social Security numbers. That’s down from 8.9 million in 2005 and 10.1 million in 2003.

Adults under 25, African-Americans, and people who make more than \$150,000 were among the groups most likely to suffer fraud, the study said. The youngest adults

were also among the least likely to take steps to stop it, the study said.

Consumers on average spent \$535 to clear up a fraud, though more than half spent nothing, the study said. Many businesses excuse customers from liability for certain frauds.

Results were based on a phone survey last fall of 5,006 people, including 469 who said they were fraud victims.

The survey was sponsored by Wells Fargo & Co., the fifth-largest U.S. bank; Visa, the credit card association; and CheckFree Corp., which makes bill paying software.

Notwithstanding the apparent decline in fraud, security experts say identity theft remains a big problem, as scammers try to stay one step ahead of consumers and businesses.

Some are fighting back. U.S. regulators, for example, ordered banks by the end of last year to require a second form of identification before letting many customers transact online.

Yet security breaches still occur. In January, TJX Cos., which owns clothing discounters T.J. Maxx and Marshalls, reported a breach that analysts said might have exposed millions of people's personal data.

"We think consumers need improved ability to monitor and customize account information, especially as transactions move increasingly to the Internet and mobile devices," Van Dyke said.

Experts urge consumers not to divulge personal data in response to unsolicited e-mails or callers.

They also suggest that consumers notify financial services providers and file "fraud alerts" with the Equifax, Experian and TransUnion credit bureaus if they suspect identity theft.

Reprinted from Reuters.com in the "NEWS" section.

Municipal disclosure: More facts, please

Reprinted from a statement from Chapman and Cutler LLP

Due to recent Securities and Exchange Commission enforcement actions, state and local governmental entities planning to issue tax exempt bonds may expect to receive more questions and requests for factual information from their lawyers and financial advisors.

Securities and Exchange Commission actions to enforce the federal securities laws in the municipal market have increased. Significant sanctions have been imposed on issuers, their elected officials and employees. Response costs are rising.

The federal securities laws are premised on the proposition that capital markets work best when *issuers* disclose *all* the facts that are relevant and material to a particular security. Accordingly, liability attaches to those who issue or sell securities in the public markets without fully and accurately disclosing all material facts.

The SEC has been clear and unwavering in its view that *the municipal issuer bears the primary obligation for accurate and complete securities disclosure*. Governing body members have potential liability and should be involved in the disclosure process.

An issuer cannot avoid that primary disclosure responsibility by delegating or assigning it to its professionals. While professionals can, of course, assist an issuer in meeting its obligations, it is *not* a defense to SEC charges for an issuer to claim it relied on its professionals to fulfill the issuer's disclosure duties. Issuers attempting this defense have lost repeatedly.

The SEC enforcement cases of the last decade indicate what the SEC expects of the municipal market, even where the underlying bonds have never defaulted, or where the bonds were rated triple-A based on credit enhancement. In all of the matters listed below, issuer financial and accounting officers were publicly chastened, and many lost their jobs.

- ◆ The *risky investment strategy* of the Orange County, California, Treasurer in the mid-1990's was required to be disclosed in offering documents. Failure to disclose the risk brought public censure to the five County Supervisors, as well as fines and jail for County finance officers. Other transaction participants-- underwriters, financial advisors, bond lawyers, investment sellers, and participants in the investments--all received sanctions for disclosure failures.
- ◆ *Erroneous or stale financial statements* brought SEC sanctions against Maricopa County, Arizona (1996), the City of Syracuse, New York (1997), and Miami, Florida (2003).
- ◆ In 2003, the state agency financing Boston's "Big Dig" was sanctioned for failing to disclose billion dollar *unfunded cost overruns*, and incorrectly describing themselves as "on budget" in several offering documents. Local political necessity to keep secrets was no defense against the SEC.
- ◆ A local Pennsylvania authority and its governing body were held responsible for failure to disclose *defects in the revenue source* that was expected to pay bond debt service, which defects were known to the underwriter and *should have been known* by the issuer's officials.
- ◆ The November 14, 2006, SEC settlement with the City of San Diego, imposing a cease and desist order against the city (along with some harsh and expensive remedial conditions) arose from the failure in five city offering documents to make necessary disclosure relating to the *underfunding of pension obligations and the misuse of pension fund moneys* to pay OPEB and other items. The city has effectively been barred from the financial markets since 2003, and is only now in a position to begin to produce adequate (restated) financial statements.

The recent (November 28, 2006) decision of the U.S. Federal Court of Appeals for the District of Columbia denying any appeal from the SEC's December 2005, full Commission decision IN THE MATTER OF IRA WEISS, is important, if only because it is one of the few federal court decisions about securities law disclosure in the municipal market. The IRS first examined the underlying

ing school bonds, declaring them taxable. Then the SEC opened an investigation, imposing a cease and desist order against, and collecting money from, the issuer. (Thus, the *issuer* took the first two regulator hits). In effect the SEC concluded that the issuer had a duty to disclose that there were *facts known to the issuer which made Bond Counsel's tax opinion incorrect*. After penalizing the issuer, the SEC then proceeded against the underwriter and bond counsel. The underwriter quickly settled. Bond counsel was held to have its own disclosure duties to the market, which were violated.

The SEC-WEISS enforcement case against bond counsel focused on the issuer's arbitrage certificate and whether bond counsel was permitted to rely upon the conclusory certifications given by the issuer. In the SEC enforcement effort, the issuer and its governing body repudiated their prior representations upon which bond counsel purported to rely in delivering his opinion. In effect, the SEC told bond counsel: to deliver a bond tax opinion, bond counsel is required to make a reasonable, independent factual investigation and should have had some additional evidence of supporting facts in his or her files. The federal Court of Appeals affirmed the SEC position in its November 2006 decision.

What constitutes a required reasonable inquiry will always depend upon all the facts and circumstances of the particular transaction, but will—when it matters—be determined by *regulators using hindsight*. Therefore, building a record of the relevant facts at the time bonds are issued makes good defensive sense. Thus, we believe that *all municipal finance participants* should work together to fully understand just what facts are relevant to any bond transaction and to build files of factual support for their financings.

Responding to an SEC investigation costs significant amounts of money, takes time and involves risks. The same is true of IRS bond audits. Safe is better than sorry.

If, as the regulators suggest, there is increasing abuse, complexity and risk in the municipal market today, then it is natural to ask, "*What should we do?*"

The answer is clear—*Everyone must ask more questions*

about how and why their transactions work, and keep better records of those questions and answers.

For more information contact the Public Finance section of Chapman and Cutler LLP at 312.845.3000.

Updates at www.igfoa.org

Your Illinois GFOA website is constantly being updated. Here's more of what's new on-line at www.igfoa.org:

Fiscal factors

<http://www.igfoa.org/links.html#fiscalfactors>

The IGFOA home page now contains quick links to fiscal information frequently used by local government finance officers. Links include:

- ▶ Illinois Commission on Government Forecasting and Accountability monthly briefings
- ▶ Illinois Department of Financial and Professional Regulation Public Pension Division updates
- ▶ IML State Shared Municipal Revenue estimates
- ▶ Illinois State Comptroller Fiscal Focus newsletter
- ▶ Illinois Municipal Price Index

Please send your suggestions for links to mshank@igfoa.org.

Assistants' Network

<http://www.igfoa.org/Assistants.html>

IGFOA sponsors an informal network of professional staff that work in local government finance departments, including but not limited to Assistant Finance Directors, Deputy Finance Directors, Assistant Superintendents of Finance or Business Services, Accounting Managers, Division Managers, Accountants, Analysts, and more. The Assistants' Network is coordinated by the Assistants' Representative to the Executive

Learning Connecting Progressing

Board with assistance from volunteers within the network. The Assistants Network meets the fourth Thursday of select months. IGFOA members are also encouraged to participate in the Assistants' e-list.

Upcoming Luncheon meetings (location and topic to be announced)

- ▶ July 26, 2007
- ▶ October 25, 2007
- ▶ January 24, 2008

Ethics resources

<http://www.igfoa.org/Ethics.html>

New one-stop page with information about

- ▶ GFOA Code of Professional Ethics
- ▶ IGFOA Associate Members Code of Conduct Policy
- ▶ IGFOA Disciplinary Procedures Policy
- ▶ Illinois State Officials and Employees Ethics Act
- ▶ Gift Ban Act and local ethics ordinance compliance at IGFOA sponsored events
- ▶ links to additional sources of information.

Support Staff Information Exchange Bulletin Board

Have you ever asked or said:

- ▶ Are we the only ones that do it this way?
- ▶ There has to be a different way of doing this.

The IGFOA Support Staff Forum is the place to compare practices for AP, AR, Purchasing, Utility Billing, Cash Handling, Payroll, and more. Some current topics of discussion include:

- ▶ Broken buffalo boxes
- ▶ Shut-off procedures

- ▶ Payment of final water bill—tenant responsibilities
- ▶ All public sector members and anyone attending a Support Staff Seminar has access to the bulletin board.

Log-in from <http://www.igfoa.org> and go to *Bulletin Board* to share your queries and insights.

20 ways to tell someone NO

by Ramona Creell

Are you afraid to tell people “no” when they make a request of you? For some reason, we have been taught that “no” is **disrespectful**—and even insulting. We seem to value other people’s time more than our own—feeling that we need to bend over backward to accommodate others, even if it inconveniences us. “No” is actually one of the healthiest words that can come out of your mouth. When you tell someone “no,” you are really saying that you understand and accept your own **limits**, and don’t want to do a shoddy job by overwhelming yourself. That you value your time and priorities and aren’t willing to take away from the truly important things in your life. A little **selfishness** is necessary, if you want to maintain a balanced and sane life!

Finding the right approach

So how do you say “no” without insulting the other person, feeling consumed with guilt, or hurting your own credibility? We need to find a way to say “no” without dragging up all of those **hidden fears**—think I’m lazy or selfish, that I have no career drive, that I’m not ambitious, that I have no concern for other people. And it’s time to give up all of those roles you’re so proud of—supermom, martyr, hero—but are keeping you from finding true peace. Once you’ve accepted that you have the right (and often responsibility) to turn someone down, you can do it in a way that doesn’t seem like a **rejection**. Let me show you how:

- ▶ **I have another commitment:** And it doesn't matter WHAT that commitment is. It could be a meeting or a dentist appointment or a day in the park with your kid. The point is, you aren't available.
- ▶ **I can't right now, but I can do it later:** If you really want to help the person but don't have time now, tell them so. Offer a **later** time or date—if they can't wait for you they will find someone else.
- ▶ **I'm really not the most qualified for the job:** If you don't feel that you have adequate **skills** to take on a task, that's okay. It's better to admit your limitations up front than feel overwhelmed down the road.
- ▶ **I just don't have any room in my calendar:** Be honest if your schedule is filled—and “filled” doesn't have to mean really **filled!** It just means you have scheduled as much as you are willing and you're stopping.
- ▶ **I can't, but let me refer you to someone who can:** If you aren't available to help out, offer another qualified **resource**. Professionals do this all the time when they refer a client to a colleague.
- ▶ **I can't, but I'm happy to help out with another task:** If someone asks you to do something you really despise, refuse—but then offer to help with something you find more enjoyable or stimulating.
- ▶ **I'm in the middle of several projects:** Let people know when you have already accepted other responsibilities —no one is going to fault you for having already **filled** your plate.
- ▶ **I've had a few things come up I need to deal with:** Unexpected things happen that throw your schedule off—it happens. So accept that you may need to make a few **adjustments** until your life stabilizes again.
- ▶ **I would rather decline than do a mediocre job:** Knowing that you aren't able to deliver a **quality** product—for whatever reason—is reason enough for turning a request down.

- ▶ **I'm really focusing more on my _____:** If you need to give more attention to another area of your life, say so. People act **ashamed** of wanting to spend time with their families—like it means they don't have goals. Having a strong family is a goal in and of itself! The reverse is true also—you may have to give up some civic or community duties to **focus** your energies on a work-related task (and that's fine, too!)
- ▶ **I can't split my attention among so many projects:** Let people know that you want to do a good job for them—but that you can't when your focus is too **divided** or splintered.
- ▶ **I really don't enjoy that kind of work:** Who said you were supposed to enjoy your chores and assignments?! If you don't enjoy them, why do them? Life isn't about drudgery and **boredom**.
- ▶ **I'm not taking on any new projects:** You aren't saying that you will never help out again—just that you feel your schedule is as full as you would like right **now**.
- ▶ **I've learned that this really isn't my strong suit:** Another way of admitting your limitations. Did you know that actually makes you **stronger**? Knowing what you can handle and what you can't is a tremendous talent!
- ▶ **I'm sure you will do a wonderful job on your own:** Many times, people ask for help because they doubt their own abilities. Let the other person know that you have **confidence** that they will succeed.
- ▶ **I don't have any experience with that:** Volunteering to help out shouldn't mean that you have to learn an entirely new set of skills. Offer to help out with something you **already** know how to do.
- ▶ **I'm not comfortable with that:** You might be uncomfortable with the people involved, the type of

work, the moral implications—this is a very respectful way to avoid a **sticky** situation.

► **NO:** Sometimes it's okay just to say no! Just make sure that you say it in a way that expresses respect and **courtesy**—that leaves the door open for good relations.

Ramona Creel is a Professional Organizer and the founder of OnlineOrganizing.com, offering “a world of organizing solutions.” Visit www.onlineorganizing.com for organizing products, free tips, a speakers bureau, get a referral for a Professional Organizer near you, or get some help starting and running your own organizing business. You may contact Ramona at comments@onlineorganizing.com.

2007 IGFOA programs

Educational Programs

Basic Cash Management for Local Government
Wednesday, February 28, NIU Naperville

Tentative: Advanced Governmental Accounting
Friday and Saturday, March 9 & 10, NIU Naperville

Basic Debt Management for Local Government
Thursday, March 22, NIU Naperville

Debt Management Institute
Friday, March 23, NIU Naperville

Accounts Payable Seminar
Thursday, April 19, NIU Naperville

Basics of Illinois Public Pensions
Thursday, April 26, NIU Naperville

Illinois Public Pension Institute
Friday, April 27, NIU Naperville

ABCs of Local Government Cash Management
Wednesday, May 2, NIU Naperville

ABCs of Local Government Finance
Friday, May 11, NW suburbs

Check
www.igfoa.org
for details and
registration!

Joint Conference Illinois GFOA
and Wisconsin GFOA
May 17 & 18, The Abbey, Lake Geneva, Wisconsin

Records Management Seminar
Thursday, May 24, NIU Naperville

ABCs of Local Government Finance
Thursday, June 7, South Metro location

Utility Billing Seminar
Thursday, June 28, NIU Naperville

Tentative: Utility Billing Seminar
Friday, June 29, South Metro location

Tentative: Economic Development Seminar
Friday, July 20, NIU Naperville

ABCs of Governmental Accounting and Reporting
Thursday, July 19, NIU Naperville

Basics of Local Government Revenue
Thursday, August 23, NIU Naperville

Local Government Property Tax Institute
Friday, August 24, NIU Naperville

IGFOA Annual Conference
Saturday–Tuesday, September 8–11, Springfield Hilton

ABCs of Local Government Budgeting
Thursday, September 20, NIU Naperville

Basic Budgeting Seminar
Friday, September 28, NIU Naperville

Basic Cash Management for Local Government
Thursday, October 11, NIU Naperville

Cash Management Institute
Friday, October 12, NIU Naperville

ABCs of Local Government Revenue
Friday, November 09, NIU Naperville

Professional Staff Institute
Thursday, November 15, NIU Naperville

Basic Governmental Accounting Seminar
Thursday, November 29, NIU Naperville

Technology Seminar
Friday, November 30, NIU Naperville

Payroll Seminar
Thursday, December 13, NIU Naperville

Committee & Executive Board Meetings

Career Development:

Team Leader Updates :

Wednesday, June 6,
online & teleconference

Wednesday, September 5,
online & teleconference

Wednesday, December 5, IGFOA office

Committee Chairs Updates:

Monday, May 14,
online & teleconference

Monday, August 13,
online & teleconference

Monday, November 12,
online & teleconference

IGFOA Executive Board Meetings:

Friday, May 25, NIU Naperville

Friday, August 17, NIU Naperville

Friday, November 30, NIU Naperville

Membership Committee Meetings:

Thursday, May 17, IGFOA office

Thursday, August 16, IGFOA office

Thursday, November 15, IGFOA office

TARC Meetings:

Monday, May 21, Elmhurst City Hall

Monday, August 27, Elmhurst City Hall

Monday, November 26, Elmhurst City Hall

Technology and Communication Meetings:

Wednesday, May 16, IGFOA office

Wednesday, August 15, IGFOA office

Wednesday, November 21, IGFOA office

NAVIGATE THE COMPLEXITIES OF LOCAL GOVERNMENT PUBLIC PENSIONS

Basics of Public Pension Management

Thursday, April 26 8:30–4:00 pm

NIU Naperville, 1120 East Diehl Road, Naperville, IL

- 🌐 Identify the public pension plans in Illinois
- 🌐 Differentiate between the types of public pension plans
- 🌐 Understand the roles staff, trustees, and service providers serve
- 🌐 Become familiar with the primary permissible investments
- 🌐 Identify relevant accounting and financial reporting standards
- 🌐 Discuss the process involved in hiring managers and advisors
- 🌐 Understand common disability issues affecting pension funds
- 🌐 Learn about the Illinois Municipal Retirement Fund
- 🌐 Gather additional resources for reference

Fee: IGFOA Members: \$105* Non-members: \$180

** Registration for the Basic Public Pension Management Seminar entitles IGFOA members to a \$45 registration discount for the IPP Institute on April 27*

Earn 6.5 CPE Instructional Method:Group-Live

No prerequisites or advanced preparation

Go to <http://www.igfoa.org/seminars.html> to learn more and register

Illinois Public Pensions Institute

Friday, April 27 8:30–4:00 pm

NIU Naperville, 1120 East Diehl Road, Naperville, IL

- 🌐 Explore the impacts of the 2006 Pension Protection Act
- 🌐 Review the economic climate affecting pension funds
- 🌐 Understand the nature of disabling injuries on public safety workers
- 🌐 Discuss proposed legislation and impacts on local governments
- 🌐 Learn how to evaluate deferred compensation programs
- 🌐 Examine high-profile public pension fund crises and discuss ramifications for Illinois local government funds
- 🌐 Discover how web sites can be a useful tool in managing public pension funds
- 🌐 Discuss how to handle ethical dilemmas
- 🌐 Learn about the Illinois Municipal Retirement Fund's new strategic direction
- 🌐 Review proposed governmental accounting standards changes that will impact pension funds

Fee: IGFOA Members: \$225* Non-members: \$300

** Register for the Basic Public Pension Management Seminar on Thursday, April 26 and receive a \$45 discount when you register for the IPP Institute.*

Earn 6.5 CPE Instructional Method: Group-Live

No prerequisites or advanced preparation

Visit <http://www.igfoa.org/seminars.html> to learn more and register