



**Association of
Government Accountants**
Denver Chapter



NOVEMBER 2004

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From the President . . .

With the elections over, there is probably one thing that we all can agree on; the end of the nasty advertisements. I hope the AGA "advertisements" we send your way are much more pleasant. This Newsletter is the main method of communication to everyone, however please remember we post items on the Denver Chapter's web site periodically and for time sensitive information I will be e-mailing that to you. Communication is key!

We have some new people that have joined our board. Let me introduce them to you:

- **Annie Moore** is now the Director of CGFM Programs.
- **Jennie Chon** is the Director of Early Careers/Mentoring.
- **Peggy Schwarz** is the Director of Recognition.

I want to extend a big thanks to them for volunteering their time.

AGA's mission is to serve professionals in the government financial management community, by providing quality education, fostering professional development and certification, and supporting standards and research to advance government accountability.

FROM THE PRESIDENT (CONTINUED):

Pat Mulcahy, the President-Elect is looking for people who would like to participate in the Board next year. Please contact either of us if you are interested. This is a great opportunity to learn skills in communication, leadership, planning, etc. I can't tell you what dedication the people on this board have and can only assure you that you would be in a group of people that would help you grow.

The National Board of Director's has appointed a Name Change Focus Group to consider changing the name of the Association of Government Accountants. The proposal was to change the name to the "Association for Government Accountability." Your Board has provided comments to the Focus Group; and recommended no change in the name. Our discussion and the comment are in the Board Minutes in this newsletter. The Focus Group will be making a recommendation to either make no name change or propose a single name change. If the National Executive Committee approves a proposed name change, it would be forwarded to the National Board of Directors for ratification by mail ballot by each chapter. We will keep you informed of this important issue.

We are planning some events in the coming months that will inform you of State and Local issues, new accounting pronouncements and future technological changes. I know these will be highly interesting. Please plan on participating and keep the following dates open; December 15, 2004 and January 19, 2005. And don't forget the Professional Development Conference scheduled for April 26-27. We will pass on more detailed information soon.

I want to wish each and every one of you a blessed and safe Thanksgiving. Enjoy your family and friends and remember that our true meaning in life is not defined by what we do, but by how many lives we touch. Take Care!!!

AGA Denver Chapter, October 13, 2004, Board Minutes

Attendees: Beth Machann, Tom Wulf, Glen Struemph, Karl Greve, Pat Mulcahy, Karla Gomez-Meyer, L.C. Williams, Rita Debraccio

I. Approval of September Minutes – Minutes approved.

II. Treasurer's Report - Tom Wulf presented the budget status as of 9/30/04. The chapter has a balance of \$19,923.29 in the bank account as of that date.

III. 2004-2005 Budget – The board made changes to the budget in the area of income for the PDC to be equal to that of last year, \$23,000. Due to this the board decided to increase the expenses for the facilities to \$10,000 and the speaker costs to \$4,000 to arrive at a balanced budget of \$27,100. The board approved the budget as amended.

IV. Training update –

- L.C. reported that the September luncheon meeting had 37 attendees. This is a great improvement from last year's meetings. The feedback received from attendees was very positive.
- The October meeting will be on the 27th and we are paying \$300 for the speaker. We were able to get this economical price due to the timing. – As of today there 10 people have R.S.V.P.'d. Due to the large turnout for the September meeting, L.C. arranged for a room for 60 for the October meeting.
- November GASB training- L.C. has requested 11/16/04 from Jay Fountain and has not heard back from him yet. Hopefully he will get this finalized by the end of this week. The training will be at the Radisson Hotel and a buffet will be served. The board decided to charge \$30 for members and \$50 for non-members. Beth gave L.C. a contact name at the ASWA and we will try to include the Colorado Fiscal Managers and possibly Colorado Society of CPA's in our invitation.

V. PDC – Establish Committee – A group of people was discussed to work on the PDC and Glen said that the most difficult piece was to come up with programs and speakers. Due to busy schedules it was difficult to come up with a time to meet in the short term. Beth requested that board submit 3 ideas each to Glen for programs. Glen will compile this and send to entire board. If any members have speaker ideas related to these they are to send them to Glen. We will then begin meeting in November to plan. Some ideas given were Check 21 (the new banking regulations), SEA and Performance Auditing.

VI. AGA Name Change discussion- The National AGA has established a focus group to determine whether to propose a name change for the organization. They will make a recommendation at the December 2004 meeting. The name change being looked at is the Association for Government Accountability. After some discussion it was decided and approved by vote that Beth would draft a comment for consideration by the Focus Group. This comment will be, "The Denver Chapter of the Association of Government Accountant's disagrees with the proposed name change of the organization. While the chapter understands the motivation to attract a broader membership, we feel that the name change would not represent the members. The name has the feel of a public interest group. Due to this, the Denver Chapter is recommending the Focus Group recommend no change to the AGA's name."

VII. Other – It was recommended that we request members bring a gift for the needy to the December luncheon meeting for a nominal price reduction. While we do not believe that the price reduction is incentive for the gift, it is a reminder to members and attendees.

Education Corner:

CPEs: Earn CPEs through on-line classes using SMART-PROS;
<http://education.smartpros.com/main> (Financial Management Network)

CDFM: Sponsored through ASMC. To apply:
<http://www.asmc certification.com>

CGFM: Sponsored through AGA. To apply:
<http://www.agacgfm.org/cgfm/cgfmdefault.aspx>

Career Corner:

Federal Civil Service employment: <http://www.usajobs.opm.gov/>

Denver City employment: <http://www.denvergov.org/Jobs/jobsm.asp>

Colorado State employment: <http://www.state.co.us/jobinfo.html>

AGA Community Service: AGA is sponsoring a food drive for the Living with Disabilities on 39th Avenue, Denver. Please bring your non-perishable food items to the monthly luncheons and meetings during November and December.

Community Program: Scholarship program will include two \$1000 scholarships.

Treasurer's Report: Tom Wulf presented the budget status as of 9/30/04. The chapter has a balance of \$19,923.29 in the bank account as of that date.

2004-2005 Budget – The board made changes to the budget in the area of income for the PDC to be equal to that of last year, \$23,000. Due to this, the board decided to increase the expenses for the facilities to \$10,000 and the speaker costs to \$4,000 to arrive at a balanced budget of \$27,100. The board approved the budget as amended.

CGFM chapter promotion reminder

Reminder - CGFM chapter promotion runs until November 30, 2004! See the details below:

Are you trying to encourage people in your chapter to apply for the CGFM Program? Have you been talking to a colleague who is "thinking about" applying for the CGFM?

We at AGA national want to help. From September 1 until November 30, 2004 we'll give a discount of \$20 to CGFM applications received with the assistance of AGA chapters.

In order to receive a \$20 discount,

1. the complete CGFM application (application form, \$85 application fee and proof of a bachelor's degree) must be received by AGA Office of Professional Certification during the period of September 1 through November 30, 2004.

2. the CGFM application form must have the promotional phrase: "CGFM chapter promotion - [name of your chapter]" written at the bottom of the form (under the source code). If the application is submitted online, the applicant should send a same-day email to ksilver@agacgfm.org with his/her name and a promotional phrase above.

Important notes:

- A full application fee of \$85 must be paid at the time of application. The \$20 check will be sent to the applicant by mail in December.
- It is preferable that the applications are submitted by the applicants themselves and not by the chapter. The applicant does not have to be a chapter member in order to receive the discount.
- Be sure to tell the applicant to put a name of your chapter on the application form, so we know who has encouraged him or her to apply.

But that is not all...

The chapter that encouraged the most applications submitted in the three-month period of September-November 2004 will also receive \$20 X the number of applications that quoted that particular chapter! PLUS every chapter listed on the application (in the promotional phrase as described above) will receive 50 BONUS CREDITS (Chapter Recognition Program) per application!

National News:

***Improving Government Performance: Financial Managers Take Center Stage* Make Plans Now to Join Us for AGA's Third Annual National Leadership Conference, February 7- 8, 2005, in Washington, D.C.**

Sound financial management is more important than ever. Governments are grappling with a growing list of homeland security issues - ;how to keep our cities and our nation safe, and how to pay for it. In this environment, financial managers will take center stage, confronting these challenges and the difficulties of balancing the many competing demands on taxpayers' money. At the same time, governments are focusing more intently on performance to ensure that every dollar is spent wisely, and can be accounted for later. These developments are bringing financial managers into the spotlight.

The National Leadership Conference (NLC) will bring together the top leaders in federal, state and local government financial management, all of whom are struggling to make ends meet while providing an unprecedented level of services to the citizens they serve. This conference is a must for top government leaders - chief financial officers, inspectors general, state auditors, state comptrollers, state treasurers, city auditors, city finance directors and those who work with these top leaders to keep our governments fiscally sound.

The NLC offers unparalleled opportunities to make valuable professional contacts, discuss challenges, discover creative solutions and gain the tools you need to become more effective. Don't miss this opportunity to network with your peers and learn from the best in the government accountability business.

Registration is now open. Advance registration discounts apply to all forms received before January 14, 2005.

Accounting for Income Taxes

The FASB decided, during a joint meeting with the IASB, to retain Statement 109's exception to recognizing deferred taxes on investments in foreign subsidiaries.¹ The decision will alleviate widespread concern that the exception would be eliminated, which would have significantly increased deferred tax liabilities and the complexity of deferred tax calculations.

The IASB at the same meeting tentatively decided to amend IAS 12's provisions on unremitted foreign earnings to make them similar to the requirements in Statement 109 and Opinion 23.² The staffs of the two Boards will develop recommendations to reduce differences between U.S. and international disclosure requirements pertaining to the unremitted foreign earnings exception.

The exception to recognizing deferred taxes on investments in foreign subsidiaries limits the amounts of deferred tax liabilities and deferred income-tax expense that must be recognized. More specifically, companies do not recognize a deferred tax liability on the excess of the financial-statement carrying amount over the tax basis of an investment in a foreign subsidiary or foreign corporate joint venture that is essentially permanent. However, the deferred tax liability is recognized when it becomes apparent that the differences will reverse in the foreseeable future. Opinion 23 contains additional guidance on applying the indefinite reversal criterion.

Tax Uncertainties

The FASB continues to work on its project to issue a proposed Interpretation of Statement 109 on accounting for uncertain tax positions. The proposal will address situations in which the taxing authority's position might differ from the position an entity takes on its tax return. A draft of the Interpretation is expected to be exposed for public comment in the fourth quarter of 2004.

New Tax Law

Corporate accounting for income taxes will be affected by the American Jobs Creation Act of 2004, signed into law today by President Bush. The new law allows domestic entities to repatriate foreign earnings at a reduced rate, subject to certain limitations. The law's incentive to repatriate foreign earnings will affect evaluations of whether some or all of those earnings qualify for Statement 109's exception from recognizing deferred tax liabilities. Companies with foreign operations will need to evaluate how the change in the tax law affects whether some or all of their foreign earnings will be indefinitely reinvested in the foreign tax jurisdiction.

Other provisions of the new tax law could also affect financial-statement tax expense. For example, the law repeals an export tax benefit for U.S.-based manufacturing activities and grants a special deduction that, depending on the circumstances, could reduce the effective tax rate. We understand that the FASB plans to issue a Staff Position to address whether the tax effect of the special deduction should be recognized only as amounts are deducted on the tax return or treated as a change in tax rates with adjustments to deferred tax assets and liabilities.

The descriptive and summary statements in this presentation are not intended to substitute for the text of what the FASB or IASB might ultimately adopt as accounting requirements or for the text of the American Jobs Creation Act of 2004. Reporting entities complying with any FASB or IASB requirements and with tax legislation should apply the texts of the adopted final requirements and law, consider their particular circumstances, and consult their accounting and legal advisors.

¹ FASB Statement No. 109, Accounting for Income Taxes, February 1992.

² IASB, International Accounting Standard No. 12, Income Taxes; APB Opinion 23, Accounting for Income Taxes – Special Areas, April 1972.