



The Working Papers

Chapter Newsletter

Advancing Government Accountability

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AGA National Web Site

www.agacgfm.org

Major Surprises in Bay Area Economy

PROFESSIONAL DEVELOPMENT MEETING

Wednesday
November 16, 2011

Topic: Major Surprises in
Bay Area Economy

Speaker:

Tracy G. Herrick,
Chief Economist
Emeritus of Avid Bank,
Author of "Power and
Wealth"

Time: 11:45 AM-1:00 PM
1 hour CPE credit

Meeting Place:

Pedro's Restaurant
3935 Freedom Circle
Santa Clara, CA 95054
(408) 496-6777
(off Freeway 101 &
Great America)

See page 7 to register

www.agasiliconvalley.org

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Our invited guest speaker for November 16, 2011 Professional Development Luncheon Meeting is **Tracy G. Herrick**. Mr. Herrick was born and grew up in Lakewood, Ohio. He received master's degrees in economics from Columbia and Oxford universities. He began his career as an economist for the Federal Reserve Bank of Cleveland, and additionally served on several committees of the Board of Governors. Subsequently, he was senior economist for the Stanford Research Institute.

Mr. Herrick held various positions in the industry which include Vice-President of Bank of America, where he wrote "Bank Analyst's Handbook", which became a widely used book in valuing bank securities. He was Chief Investment Strategist for Jefferies & Company, Inc. for twenty-four years, and was a member of the board of directors of the firm for seventeen years. Mr. Herrick now serves as chief economist emeritus of Avid Bank in Palo Alto where he serves as member of the Board of Directors of the bank. In addition, Mr. Herrick is a director of the Committee for Monetary Research and Education, as well as a member of the advisory board of the Kara Foundation.

He authored the book, "Power and Wealth", which talks about how Federal Reserve power can cause stock market declines and rallies. In the January issue of the Money Analyst, he wrote an article which forecast a major decline in interest rates during the early 1980's due to lower rates of inflation. In March 1991, on the day that the Bank of New England failed, he forecast in the San Francisco Chronicle that stock prices would appreciate through the mid-1990. In January 2001, he forecast in the Wall Street Journal that there would be an unexpected recession during the year. His subsequent forecasts have also proven to be accurate.

Mr. Herrick's work has been discussed in the Wall Street Journal, Business Week, U.S. News and World Report, Japan Economic News, The London Times, as well as CNN and CNBC television.

Join us! By the end of this meeting, regardless of your position in your organization, you will be able to relate and understand the importance of this topic to your job and personal finance. Take advantage of this training opportunity offered to you, within your reach.

PRESIDENT'S MESSAGE

AGA SILICON VALLEY CHAPTER BOARD OF DIRECTORS

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Email: dnguyen@agasiliconvalley.org

View Board of Directors' Profile at
<http://www.agasiliconvalley.org/Board.pdf>



It's been an extremely busy year for Silicon Valley's governmental accountants!!!

Between all of the new standards, proposed standards, legislation, budget constraints, and so on

and so on... it seems we are being asked to do more with less, making our jobs very challenging. In an environment where there is heightened scrutiny over spending and an expectation of ever increasing accountability and transparency, it is more important now than ever before to be at the top of our game. That is why it is imperative that we continue to educate ourselves in order to stay abreast of emerging issues and changes that affect our areas of discipline.

In this regard, we continue to schedule high powered and informative Professional Development Meetings, such as the "Painting with Numbers," a presentation by Randall Bolton on his soon to be published book and the "Yellow Book Update," presented by AGA's very own Sefton Boyars, who currently serves as president of the AGA San Francisco Chapter.

We want to thank Mr. Bolton and Mr. Boyars for contributing their time the past two meetings!

We now look forward to the November 16th presentation of "Major Surprises in the Bay Area Economy" presented by Tracy Herrick, a well-known and renowned economist here in the Bay Area. We hope you will join us for the upcoming meeting and consider joining the AGA as a member!

*David G. Bullock, CPA
President*

AGA National Audio Conference

- Dec. 7, 2011—Using Performance Information to Drive Performance Improvement
- December. 14, 2011—Fraud
- January 25, 2012—Performance Management

MEMBER SPOTLIGHT



Benjamin Lau, CPA, is new to AGA and new to AGA Silicon Valley Chapter's Executive Board. He is the new Chapter Secretary, as well as new in charge of the chapter education program.

Mr. Lau is a Senior Manager of Assurance and Government Advisory Services in the San Francisco Bay Area office of Macias Gini & O'Connell, LLP. He has over 8 years of professional experience providing auditing, accounting and consulting services to the private and public sectors.

He is serving as the manager of numerous public audit engagements in the Silicon Valley in recent years, including City of San José, County of Santa Clara, City of Cupertino, and the Housing Authority of the County of Santa Clara.

In addition, Mr. Lau serves on the Government Finance Officers Association's (GFOA) Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting Program. This GFOA committee, which is dedicated to promoting the highest quality financial reporting for state and local governments, performs reviews of comprehensive annual financial reports.

Mr. Lau obtained a Bachelor of Arts degree in Economics from the University of California, Davis. He joined AGA in 2011.

As we welcome Ben, the Chapter Executive Board also would like to express sincere appreciation and gratitude to **Ellen Porshneva**, who has been serving as Secretary for the past year, for her unselfish and invaluable service and contribution to the chapter. THANK YOU, Ellen!!! Best wishes too on your graduate school, internship and full time job!

From the Editor

AGA Silicon Valley members are encouraged to send news articles for the Newsletter - *The Working Papers*. We also want to know what you are doing (i.e. promotion, new job, community service, etc.). Email your article(s) by the first day of the month to the Editor, Dat Nguyen, CGFM, CMA at dnguyen@agasiliconvalley.org.

AGA Silicon Valley Chapter Treasurer's Report September 30, 2011

Cash in Bank, June 30, 2011*	\$2,101
Sources:	
National Office Dues Payments	320
PDM Receipts	310
Contribution from MGO	92
Uses:	
PDM Expenses	(344)
Cash in Bank, September 30, 2011*	\$2,479

* \$1,000 has been restricted as an emergency reserve.

AGA Silicon Valley Chapter Received National Awards

congratulations

AGA Silicon Valley Chapter received a Gold Chapter Award from AGA National Office at the 60th Annual Professional Development Conference & Exposition (PDC) in Atlanta, Georgia on July 13, 2011. **David Bullock, CPA**, received the Gold Award at the PDC Breakfast Event that was witnessed by the 2,000 attendees from **Lisa Casias, CPA**, AGA National President.

What does this award mean to Silicon Valley Chapter? Winning the AGA Gold Chapter Award recognizes our chapter for operating the structure needed in maintaining and operating a well-rounded chapter. At the beginning of the program year, AGA National sets up goals and objectives for all chapters to achieve and implement AGA's mission of advancing government accountability, certification through the CGFM, education and research, and membership services. Other Chapter award categories are Bronze Chapter Designation, Silver Chapter Designation, and Platinum Chapter Designation. Last program year 2010-11, Silicon Valley Chapter operated and met the gold criteria. With 100 chapters nationwide, only few chapters have operated at this caliber and received the award. This demonstrates that Silicon Valley Chapter is thriving. Our chapter has a small membership with small members in the Executive Board. Although, vacancies in the Executive Board have remained unfilled, the leadership, dedication and teamwork of each member of the Executive Board had managed our chapter to reach this award. Thank you to the leadership of our **Chapter President David Bullock, CPA**, and all members of the Chapter Executive Board.



Our chapter is also proud to receive the 1st Place Award in the Web Site Competition in Group E Chapter Category, which is comprised of 29 chapters. All chapters that participated in the web site contest were judged by impartial panel of past award winners using predetermined criteria to recognize the hard work, creativity, and dedication of the chapter's communication coordinators. **Alex Guiang, CGFM**, received the Web Site Award on behalf of the Chapter and **Dat Nguyen, CGFM**, Chapter Communication Director.

AGA Compensation Survey Report

The Value of CGFM Certification

The average salary of survey respondents with a CGFM designation was 34 percent higher than those without CGFM and 55 percent higher than those without any certifications.

About the Survey

In February 2010, Association of Government Accountants (AGA) conducted its first compensation survey. An e-mail invitation was sent to approximately 14,000 AGA members and Certified Government Financial Managers (CGFMs). In total, 3,537 completed online submissions were received by April, representing a response rate of 25 percent. Industry Insights Inc., an independent professional survey research firm, conducted the survey.

The Certification Difference



The survey highlighted the value of certification. The two most common certifications/licenses held by survey respondents were CGFM (44 percent of respondents) and CPA (38 percent of respondents); one-quarter of the respondents had no certifications or licenses. Those who had earned a CGFM certification reported a higher average salary than those who do not: \$105,815 compared to \$78,905, a difference of 34 percent. When compared to the average salary of individuals with no designations—\$68,416—the average salary of CGFMs was 55 percent higher. The difference is not coincidental. While many factors can affect an individual's salary, after examining correlation statistics on numerous variables, the CGFM designation had a statistically significant correlation to compensation—higher than education, age, number of years in current position, number of supervised employees or holding a CPA license. Only the number of years in government financial management field had a higher correlation. A similar difference in salary was seen in individual titles. The two most common job titles were accountant (14 percent) and auditor (12 percent). The average salary of an accountant was \$71,028. The average salary of an accountant with a CGFM was \$89,769 and without CGFM was \$64,548—a difference of 39 percent. The average salary of an auditor was \$75,348; the average salary of an auditor with a CGFM was \$88,792 and without CGFM was \$68,729—a difference of 29 percent. As with the overall salary numbers, the difference was even greater when the salary of CGFMs was compared to individuals without any designations—47 percent for accountants and 41 percent for auditors.

Certification—Other Findings

When asked, "How important do you think holding a certification or license has been in helping you get raises or promotions?" 51 percent felt that a certification or license has been very important or somewhat important to obtaining raises or promotions. In looking at specific tangible benefits for CGFMs, 12 percent of respondents indicated that they have received special consideration for hiring as a result of their CGFM credential; 3 percent indicated that they received a promotion as a direct result of their CGFM credential; 4 percent indicated that they received a pay raise as a direct result of their CGFM credential (with 5 percent as the average raise); and 3 percent indicated that they received a bonus as a direct result of their CGFM credential (with 4 percent as the average bonus). In addition to pay raises and bonuses, employers recognize the CGFM certification in a number of ways. When asked about the benefits that their employer offered to CGFMs in general and for their position, the most common benefits selected were being a preferred credential or reimbursement of fees. Full Report can be viewed at

<http://www.agacgfm.org/cgfm/downloads/CGFMCompensationSurvey.pdf>

GASB Proposes Major Improvements for Pension Reporting

GASB - Norwalk, CT, July 8, 2011—The Governmental Accounting Standards Board (GASB) has issued two Exposure Drafts proposing improvements to financial reporting of pensions by state and local governments: *Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans*. The documents would propose amendments to the existing pension standards to improve how the costs and obligations associated with the pensions that governments provide to their employees are calculated and reported.

The first Exposure Draft, *Accounting and Financial Reporting for Pensions* (Pension Exposure Draft), primarily relates to reporting by governments that provide pensions to their employees. A second related Exposure Draft, *Financial Reporting for Pension Plans*, (Pension Plan Exposure Draft), addresses the reporting by the pension plans that administer those benefits.

“Users of state and local government financial reports have told the GASB that current standards do not provide enough information to adequately understand the cost and the liability for benefits promised to active and retired employees,” stated GASB Chairman Robert H. Attmore. “The proposals contained in these Exposure Drafts are the result of years of research and extensive deliberations by the Board to address these issues and make financial reporting of pensions more transparent, comparable and useful to citizens, legislators, and bond analysts.”

Added Mr. Attmore, “It is important to note that these proposals relate to accounting and financial reporting, not to how governments approach the funding of their pension plans. Pension funding is a policy decision made by government officials.”

The Pensions Exposure Draft proposes that governments be required to report in their statement of financial position a *net pension liability* which is the difference between the total pension liability and net assets (primarily investments reported at fair value) set aside in a qualified trust to pay benefits to current employees, retirees, and their beneficiaries. It also proposes significant changes to how a government would calculate its total pension liability and pension expense. These changes include:

- Immediate recognition of more components of pension expense than is currently required, including the effect on the pension liability of changes in benefit terms, rather than deferral and amortization over as many as 30 years which is common for funding purposes.
- Use of a discount rate that applies (a) the expected long-term rate of return on pension plan investments for which plan assets are expected to be available to make projected benefit payments and (b) the interest rate on a tax-exempt 30-year AA-or-higher rated municipal bond index to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- A single actuarial cost allocation method—“entry age normal”—rather than the current choice among six actuarial cost methods. Requiring governments participating in cost-sharing multiple employer pension plans to record a liability equal to their proportionate share of any net pension liability for the cost-sharing plan as a whole.

- Requiring governments in all types of covered pension plans to present more extensive note disclosures and required supplementary information.

The Pension Exposure Draft addresses situations in which another entity contributes to a government's pension plan on behalf of the employer and it also addresses accounting and financial reporting for employers that provide pensions through defined contribution plans.

The Pension Plan Exposure Draft, which addresses financial reporting for plans that are administered through qualified trusts, outlines the basic framework for the separately issued financial reports of *defined benefit* pension plans. It also details proposed note disclosure requirements for *defined contribution* pension plans.

In addition, the GASB has released a comprehensive plain-language supplement to assist non-accountant users of financial statements in commenting on the Pension Exposure Draft. The supplement is also available for download at www.gasb.org.

Silicon Valley Chapter Membership Drive

If you are not a member of AGA yet, you can sign-in as new member at this month's Professional Development Meeting or when you register to attend the meeting. You will then receive a \$20 or 21% discount on your membership dues. Once you sign-in as new member, you are entitled to pay the member's meeting registration rate, which is additional \$15 saving. Overall, you will save \$35. In five meetings you will recoup your membership dues by paying only the member's registration fee.

Take advantage of this membership drive. This is a good deal! Download AGA membership application from <http://www.agasiliconvalley.org/> and email to agasiliconval@sbcglobal.net.

Register to attend the November 16, 2011 Professional Development Meeting

Topic: Major Surprises in Bay Area Economy

Speaker: Tracy G. Herrick, Chief Economist Emeritus of Avid Bank,
Author of "Power and Wealth"

Make reservation by contacting:

Dat Nguyen, CGFM, CMA – dnguyen@agasiliconvalley.org

Ben Lau, CPA – blau@mgocpa.com

Cost: AGA Member/Retiree - \$20, Non AGA member - \$35, Student - \$10

To cancel registration, please provide 24-hour notice to any of the contact persons above or you will be billed for a "no show".

Food Selection:

1. Chicken burrito
2. Chile Verde (Pork)
3. Chile Colorado (Beef)
4. Beef tostada
5. Veggie burrito

AGA Chapter Board Meeting

Minutes from Board Meeting on September 7, 2011

Start time: 12:05 PM

Attendance: David Bullock, Chapter President; Kris DeLisle, Treasurer; Board Members – Alex Guiang and Dat Nguyen; and Benjamin Lau, member

President's Report – No information to report

Treasurer's Report - \$1,100 in bank + \$1,000 in saving. No significant activities since June 2011

Appointment and approval for Board position for the term from 7/1/2011 to 6/30/2012

President: David Bullock (4 yes, 0 no, 0 abstain)

President Elect: Alex Guiang (4 yes, 0 no, 0 abstain) – upon replacement or 1 year term

Immediate Past President and Community Services Chair: Grace Salandanan (4 yes, 0 no, 0 abstain)

Treasurer: Kris DeLisle (4 yes, 0 no, 0 abstain)

Secretary and Education Chair: Benjamin Lau (4 yes, 0 no, 0 abstain)

Communication Director: Dat Nguyen (4 yes, 0 no, 0 abstain)

Membership Director: Jerry Gandara (4 yes, 0 no)

New Business:

Professional Development Meeting -

- 9/21/2011– Speaker: Randall Bolten, Topic: Painting with Numbers
- 10/12/2011 – Speaker: Sefton Boyars, Topic: Yellow Book development
- 11/16/2011 – Speaker: Tracy Herrick, Topic: Major Surprises in the Bay Area Economy

All Board Members – Review portfolio information on the chapter website under Officers Web Page and provide updates/changes.

Discussion on Board retreat on 8/20/2011:

- David and Alex to review requirements for chapter recognition for FY 2011-12 with the goal of achieving Platinum level for the AGA-SV chapter,
- Kris will be the historian and update information in the website,
- January event – identify topics/events (1/2 day or full day), potential partnership with AGA-SF and/or MGO,
- Community services –
 - a) potential partnership with MGO,
 - a. Citizen Centric Reporting (CCR) preparation agency.

Next Board meeting date/time – October 5, 2011 12:00 PM

Meeting Adjourned at 12:50 PM



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Past Professional Development Meetings

September 21, 2011 PDM

At the Chapter Professional Development Meeting (PDM) last September 21, 2011, invited guest speaker, **Randall Bolten, MBA**, had made terrific presentation on how to present financials to financial as well as non-financial audience. He indicated that presenting numbers is not a math aptitude, it's a *communication* skill that can be mastered, and how effectively you do it has a huge



impact on how well your audience understands you. He mentioned that in his upcoming book - *Painting With Numbers: Presenting Financials and Other Numbers So People Will* – he outlines the essentials of communicating your numerical data clearly, concisely and effectively. <http://rbolten.wordpress.com/>.

Professionals preparing reports for and about government agencies face a unique challenge, because the standards and metrics for success vary widely and because the interests and agendas of the audience are so disparate. For this reason, presenting numbers effectively is critical for

government finance directors, managers, auditors & accountants. Some of Randall's tips in presenting financial information are as follow: Why right -justify, avoid where's Waldo, know your audience, know your subject matter, know key indicators, etc. You can find Randall's presentation at www.agasiliconvalley.org.

October 12, 2011 PDM

Yellow Book Update. Our invited guest speaker, **Sefton Boyars, CGFM, CPA**, had made an excellent presentation of this topic at the Professional Development Meeting last October 12,



2011. Attendees were able to gain knowledge on the changes to the Yellow Book. *Government Auditing Standards* (the "Yellow Book") contains standards for audits of government organizations, programs, activities, and functions, and of government assistance received by contractors, nonprofit organizations, local & state governments and other nongovernment organizations. These standards, often referred to as generally accepted government auditing standards (GAGAS), are to be followed by auditors and audit organizations when required by law, regulation, agreement, contract, or policy.

The major changes that Sefton talked include conceptual framework for independence, clarification of CPE requirements for specialists, and lower reporting requirement for fraud. The Yellow Book has now seven chapters: Government Auditing, Foundation and Ethical Principles, Standards for Use and Application of GAGAS, General Standards, Standards for Financial Audits, Standards for Attestation Engagements, Field Work Standards for Performance Audits, and Reporting Standards for Performance Audit. Added is Appendix 1 – Supplemental Guidance.

At the October 12, 2011 PDM, special attendees included **Angie Lowi-Teng**, Regional Vice President for AGA California Region and **AL Quint**, Past President of AGA Sacramento Chapter. Thank you to both of them for driving all the way from Sacramento and to visit our chapter, as well.

The Chapter Executive Board expresses sincere thanks and appreciation to **Randall Bolten, MBA**, and **Sefton Boyars, CGFM, CPA**, for their invaluable contribution to the professionalism of the chapter members, as guest speakers.

Other photos taken at the September and October PDM are shown below. More photos can be viewed at the Chapter's Facebook - <http://www.facebook.com/pages/Association-of-Government-Accountants-Silicon-Valley-Chapter/155230834512684>.

