



# The Working Papers

## Chapter Newsletter

*Advancing Government Accountability*

VOLUME XXXIX, ISSUE 2

November & December 2011

AGA National Web Site  
[www.agacgfm.org](http://www.agacgfm.org)

### AGA SILICON VALLEY CHAPTER BOARD OF DIRECTORS

David Bullock, CPA  
President  
(Macias Gini & O'Connell, LLP)  
Email: [dbullock@mgocpa.com](mailto:dbullock@mgocpa.com)

Alex Guiang, CGFM  
President-Elect  
(Redevelopment Agency of the City of San Jose)  
Email: [agasiliconval@sbcglobal.net](mailto:agasiliconval@sbcglobal.net)

Grace S. Ragni, CGFM, CPA, CISA  
Immediate Past President  
(Santa Clara Valley Transportation Authority)  
Email: [grace.salandan@vta.org](mailto:grace.salandan@vta.org)

Kris De Lisle, CPA  
Treasurer  
(US Defense Contract Audit Agency)  
Email: [Kristine.delisle@dcaa.mil](mailto:Kristine.delisle@dcaa.mil)

Ben Lau, CPA  
Secretary  
(Macias Gini & O'Connell, LLP)  
Email: [blau@mgocpa.com](mailto:blau@mgocpa.com)

Tab Tsukuda, CPA  
Program Director  
(Ernst & Young, LLP)  
Email: [tab.tsukuda@ey.com](mailto:tab.tsukada@ey.com)

Dat Nguyen, CGFM, CMA  
Director of Communications  
(County of Santa Clara Social Services Agency)  
Email: [dnguyen@agasiliconvalley.org](mailto:dnguyen@agasiliconvalley.org)

## FROM THE NATIONAL PRESIDENT

By Richard O. Bunce, Jr. CGFM, CPA



If you're like most people I've talked with this month, you're hustling to wrap up some major work projects before the end of the year, trying to find time to decorate the house for the holidays, and preparing to welcome family and friends or to get on the road to visit them. Life's pace always hits its peak at this time of the year.

The schedule for your national leadership team is no less hectic. Last week the National Executive Committee (NEC) met one last time before the end of the year, with three main items dominating the agenda. First, finances and financial planning were front and center. We had a lengthy and productive discussion about the reports of the Finance and Budget Committee, including the financial results for the program year to date, the potential impact of the economy on our Association activities and development of the budget for the 2012–2013 program year. We plan to finalize the 2012–2013 budget at the February meeting and will present it to the National Board of Directors at the July meeting in San Diego.

Next, our consultants from Larson Allen attended the meeting to discuss the status of the Enterprise Risk Management project. Much progress has been made, and we expect to receive the consultants' final report at our February NEC meeting. The NEC will then evaluate the report recommendations and work with the National Office staff to develop plans to position AGA to deal with the challenges ahead while improving member value.

Finally, Deputy Executive Director Susan Fritzlen presented membership reports, discussed trends and highlighted efforts under way in the Member Services area. Several activities have been implemented to strength our recruiting and retention efforts and grow the

(Continue to page 2)

## FROM THE NATIONAL PRESIDENT

(Continued from page 1)

Association so we can increase our effectiveness and influence in the accountability arena. There is a very good insert in your December *Journal* that summarizes more than 30 of the benefits of AGA membership. While not every one of those benefits is utilized by every member, it certainly demonstrates that there's something for everyone at AGA. Next week, I will travel with Executive Director Relmond Van Daniker, and National President-Elect, Evelyn Brown to Morristown, NJ, to participate in the Association Summit. Each year the top volunteer and staff leaders from the American Institute of Certified Public Accountants (AICPA), the Institute of Internal Auditors (IIA), the American Accounting Association (AAA), the Institute of Management Accountants (IMA), the Financial Executives Institute (FEI) and AGA come together to compare notes and identify best practices in association service and management.

As you begin considering your 2012 continuing professional education plans, kick off the conference year with the AGA's National Leadership Conference, February 16 and 17, at the Ronald Reagan Building in Washington, D.C. We've lined up several outstanding presenters, with more on the way. The NLC is always a great event, so register soon to attend.

Finally, as we approach the end of another year, I want to thank you for your membership, your support of AGA and all you do to advance government accountability. I wish each of you a very joyous holiday season, and hope you have time to relax, reflect and enjoy the season.

Take care.

R. O. Brown Jr.

## MEMBER SPOTLIGHT



**Tab T. Tsukuda, CPA**, is a Senior Manager at Ernst & Young LLP's Fraud Investigation & Dispute Services practice. He provides government contract advisory services to aerospace and defense, health care, and engineering and construction companies. Tab has more than 20 years of experience in government contracting, including government-compliant accounting system design and implementation, proposal pricing, defective pricing reviews, preparation of Cost Accounting Standards Board Disclosure Statements, review of Cost Accounting Standards non-compliance allegations, preparation of forward pricing rates and incurred cost submissions, and litigation support.

Before joining Ernst & Young LLP, Tab managed government contract accounting, compliance and proposal pricing organizations for various aerospace and defense, health care, and engineering and construction companies, and he provided government contract advisory services at other large accounting firms. Tab began his career as an auditor with the Defense Contract Audit Agency, where he was an Auditor Trainee of the Year and a Director's Research Fellow. He previously worked for Peat Marwick Main & Co and Arthur Young & Co.

Tab has a bachelor's degree from California State University, Sacramento, and a master's degree in International Management from the American Graduate School of International Management. He is a certified public accountant and also a member of the National Contract Management Association, Institute of Supply Management and American Institute of Certified Public Accountants. Tab has accepted a Board position in the Chapter as Director of Programs/Technical Meetings. Welcome Tab to the chapter leadership!

## AGA Past National President Sam McCall Appointed to FASAB

The chair of the Federal Accounting Standards Advisory Board (FASAB), Tom Allen, announced Wednesday that AGA Past National President **Sam M. McCall, Ph.D., CGFM, CPA, CIA, CGAP**, has been appointed to a five-year term as a member of the board beginning Jan. 1, 2012. McCall's term begins upon the completion of Norwood "Woody" Jackson's term.



An appointments panel—composed of three federal members, the FASAB chairman, two individuals representing the American Institute of CPAs, and one individual representing the Financial Accounting Foundation—advises the FASAB sponsors on appointments and re-appointments for the six nonfederal members of the board. The sponsors **Timothy F. Geithner**, the Secretary of the Treasury; **Jacob J. Lew**, director of the Office of Management and Budget; and **Gene L. Dodaro, CGFM**, the Comptroller General of the United States—make the final appointments.

Allen noted that he "expects Mr. McCall will bring a unique perspective to the board in light of his substantial experience in state and local government and his focus on performance reporting by governments. His active promotion of citizen centric reporting — both during his tenure as the president of AGA and as a local government official — bodes well for users of federal financial statements.

McCall has more than 40 years experience in governmental auditing. He served as deputy state auditor for the state of Florida and is presently the city auditor in Tallahassee, FL.

## GASB NEWS RELEASE

### GASB Proposes Financial Projections for Assessing Economic Condition of Governments

**Norwalk, CT, December 6, 2011, GASB**—The Governmental Accounting Standards Board (GASB) today proposed that state and local governments should present five-year projections of cash inflows, cash outflows, and financial obligations that would accompany their financial statements as required supplementary information. The objective of this requirement is to better enable taxpayers, bond holders, and other interested parties to assess a government's financial health.

The GASB is seeking public comment on its proposals, which are outlined in Preliminary Views, *Economic Condition Reporting: Financial Projections*. Based on its research and input from financial statement users, preparers, and auditors, the GASB believes that the following information is necessary to assist users in assessing a government's economic condition:

- Projections of cash inflows and cash outflows, with explanations of the known causes of fluctuations
- Projections of the financial obligations, including bonds, pensions, other postemployment benefits, and long-term contracts, with explanations of the known causes of fluctuations

## GASB NEWS RELEASE

*(Continued from page 3)*

- Projections of annual debt service payments, including principal and interest Narrative discussion of governments' dependencies on other governments to provide its services.

"The GASB is issuing this document for public comment because of significant concerns expressed by users of state and local government financial reports regarding the importance of understanding whether governments are on a financially sustainable path," said GASB Chairman Robert Attmore. "The current economic downturn has emphasized what has been known for a long time: information is not always publicly available regarding the financial challenges facing governments."

The GASB proposed that financial projections should be (a) based on current policy, (b) informed by historical information, and (c) adjusted for known events and conditions that will affect the government's finances during the projection periods. Governments would be required to present projections for at least the next five fiscal years. The projections would be reported as required supplementary information following the notes to the financial statements.

The GASB is seeking public comment on the Preliminary Views through March 16, 2012. The full text of the Preliminary Views is available for download at [www.gasb.org](http://www.gasb.org).

### **GASB ISSUES EXPOSURE DRAFT ADDRESSING TECHNICAL CORRECTIONS NECESSARY TO RESOLVE CONFLICTING GUIDANCE**

GASB News Release - At the October meeting, the GASB approved an Exposure Draft of a proposed Statement, Technical Corrections, an amendment of GASB Statements No. 10 and No. 62. The proposal is designed to improve accounting and financial reporting for governmental financial reporting entities by resolving conflicting guidance that resulted from the issuance of two recent pronouncements: Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

Since the release of Statement 54, questions have arisen regarding differences between the provisions of Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, and Statement 54, regarding the reporting of risk financing activities. At the same time, since the release of Statement 62, questions have also come to light with respect to reporting differences between the provisions of Statements No. 13, Accounting for Operating Leases with Scheduled Rent Increases, No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, and Statement 62, regarding the reporting of certain operating lease transactions and the reporting of the acquisition of a loan or a group of loans.

#### ***Risk Financing Activities***

Statement 10, which was issued in 1989, establishes guidance for state and local governmental entities' risk financing and insurance-related activities. Paragraph 63 requires that if a single fund is used to account for an entity's risk financing activities, it should either be the general fund or an internal service fund.

(Continue to page 5)

## GASB NEWS RELEASE

*(Continued from page 4)*

Statement 54, which was issued in 2009, enhances the usefulness of fund balance information by providing greater clarity with respect to the related fund balance classifications that can be applied more consistently and by clarifying the fund type definitions. Though the definition of a special revenue fund provided in Statement 54 would allow for certain risk financing activities to be reported in a special revenue fund, the specific guidance provided in paragraph 63 of Statement 10 was not superseded. Consequently, the Exposure Draft proposes to amend Statement 10 by removing paragraph 63. As a result, if the proposal becomes a final standard, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in Statement 54.

### ***Operating Leases***

Statement 13 establishes guidance for governments that enter into operating leases with scheduled rate increases. The guidance provided in paragraphs 6(a) and 6(b) of Statement 13 allows the lessor government to recognize operating lease payments on either a straight-line basis over the lease term or based on the estimated fair value of the rental.

Statement 62, which was issued in December 2010, incorporated into the GASB's authoritative literature certain guidance that is included in Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements as long as it does not conflict with or contradict GASB pronouncements. The guidance on reporting operating leases that originated from FASB Statement No. 13, Accounting for Leases, was incorporated into the GASB authoritative literature with the issuance of Statement 62.

The Exposure Draft proposes to amend Statement 62 by modifying the specific guidance on accounting for operating lease payments that vary from a straight-line basis and eliminate any uncertainty regarding the application of Statement 13.

### ***Purchase of Loans or Groups of Loans***

Statement 48 establishes guidance for governments that exchange an interest in their expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The guidance contained in paragraph 13 of Statement 48 requires that the transferee government recognize the receivables acquired at the purchase price.

However, Statement 62 brought into the GASB's authoritative literature guidance on the reporting of the purchase of a loan or group of loans that is contained in FASB Statement No. 91, Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases.

The Exposure Draft proposes to amend Statement 62 by modifying the specific guidance on accounting for the difference between the initial investment and the principal amount of a purchased loan or group of loans and result in guidance that is consistent with the requirements in Statement 48.

### ***Proposed Effective Date***

The requirements of this proposed Statement would be effective for periods ending after June 15, 2012, with earlier application encouraged.

## Community Service - Christmas Tree Giving

***"Life's most urgent question is: what are you doing for others?"*** - Martin Luther King, Jr.

The holidays are a great opportunity to recognize our blessings and extend our good fortune to others. This holiday season is a special time at Sacred Heart Community Service, a non-profit organization, where the entire community comes together to serve those in need. This year, Sacred Heart provides Christmas food boxes and toys to the needy, ensuring that individuals and families in need have a bountiful meal and numerous children experience a joyful holiday season.



AGA Silicon Valley has reason to help. Grace S. Ragni, Chapter Immediate Past President, spearheaded and coordinated a joint special project with St. Joseph of Cupertino under Reverend Father Gregory Ng Kimm by soliciting and collecting foods and toys. A Christmas Giving Tree was put up for this purpose at the Parish Church Chapel. Grace and husband Victor Ragni, who is also AGA member, spent countless hours in printing, cutting-out and preparing paper ornaments, and decorating the tree.



Each ornament represents an item that will either feed or give happiness to the less fortunate. Church Parishioners picked each ornament and brought back donated items. For two weeks from December 4, 2011 through December 18, 2011, we collected almost a full room of canned goods, groceries, clothing, toys, etc. It took a pickup truck, a SUV and a car to haul on December 19, 2011 all donations from St Joseph Church in Cupertino to Sacred Heart Community Service in San Jose. Grace and Victor, Alex Guiang and wife Gloria, and Kris DeLisle helped in transporting the donated items to Sacred Heart Community Center. With the help of

other Sacred Heart volunteers, the donated items were unloaded from the cars - filling and stacking around 6 crates. AGA Silicon Valley Chapter would like to express its countless thanks and appreciation to Reverend Father Kimm and parishioners of St. Joseph Church for warmhearted participation in this joint special project.

## Community Service - Christmas Tree Giving

Photos below taken during the delivery of donated items from St Joseph Church to Sacred Heart Community Service.



More photos can be viewed at the Chapter's FaceBook which is linked from the Chapter's Web Site at <http://www.agasiliconvalley.org/>.

On December 22, 2011 from 3:00 PM to 6:30 PM, the Chapter's Board will provide community service at Sacred Heart by distributing unwrapped and unopened toys to help fulfill the holiday dreams of thousands of children and families in need. If you would like to help, please contact Grace S. Ragni at [grace.Salandanan@vta.org](mailto:grace.Salandanan@vta.org).

## Training Topics for the New Year (Tentative)

January 25, 2012	Jumpstart your Entity's Performance and Processes with an Extreme Government Makeover
February 15, 2012	Income Tax Update
March 21, 2012	Mini Conference on Fraud & Internal Control
April 18, 2012	Property Market Condition - Santa Clara County Assessor
May 16, 2012	Fighting Fraud in Today's Technology
June 13, 2012	Investing in today's market conditions

## JOB OPENINGS

**Federal Jobs**, visit <http://www.usajobs.gov/>

**Santa Clara Valley Transportation Agency** - <http://www.vta.org/>

**Financial Accounting Manager** – \$94,873.77 - \$125,232.92 Annually, Closing: 1/14/2012  
Under direction, the Financial Accounting Manager manages staff and functions in Financial Accounting including Financial Reporting, Cash Management, Financial Information Business Systems, and Capital Programs.

**Accountant III** – \$2,667.19 - \$3,240.33 Biweekly, Closing Date/Time: 01/13/12 4:00 PM  
Under general supervision, an Accountant III performs a wide variety of complex professional accounting duties in the analysis, preparation, and maintenance of financial records and reports for assigned Valley Transportation Authority (VTA) programs and business activities in accordance with VTA policies, legal requirements, and professional standards; leads other accounting personnel, as assigned.

## Silicon Valley Chapter AGA Membership Drive

If you are not a member of AGA yet, you can sign-in as new member at this period. You will 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! If interested, send an email to David Bullock, Chapter President at [DBullock@mgocpa.com](mailto:DBullock@mgocpa.com).

## Chapter Executive Board Meeting Minutes

**Meeting Date: October 5, 2011, 12:00 PM (Board meeting was held through a Teleconference)**

Start meeting on 12:05 pm.

In attendance –Kris DeLisle, Alex Guiang, Dat Nguyen, Benjamin Lau, Grace Salandanan.

President's Report – Not Applicable as David is not present for the meeting.

Treasurer's Report - \$344 for cost of lunch and \$310 received for September meeting.  
Verbal report provided by Kris. Written report to be provided during next meeting for approval.

Secretary's Report – Written report and verbal report for 9/7/2011 meeting provided by Ben. Report accepted as presented. Motioned of acceptance by Kris, seconded by Grace. (5 yes, 0 no, 0 abstained).

Alex recommended the Board to reinforce the policy of giving a gift (Starbucks) to the speaker.

New Business (see agenda):

- 10/12/2011 event – Sefton Boyars, Yellow Book Development
  1. Presentation slides provided to Alex.
  2. Alex suggested sending out a newsletter for September and October and providing updates on new GAO changes.
  
- 11/16/2011 event – Tracy Herrick, Major Surprises in the Bay Area Economy
  1. Ben to call Pedro's Restaurant for reservation of meeting place.
  
- December 2011 – No scheduled events for December. Alex suggested organizing a get-together event for Board Members during weekdays. Alex to send out email to ask for availability.
  
- Full day training either January or June 2012
  1. Potential partnership with AGA-SF and/or MGO.
  2. Kris suggested that due to the complexity of the event, we should consider having this event to be held no earlier than February 2012.
  
- January event – Need to identify topics for potential January event. Alex suggested that tax-related items might be interesting topics.
  
- Citizen Centric Reporting (CCR) preparation for Silicon Valley chapter.
  1. Goal of issuing by end of November
  2. Report needs to be approved by the Board before issuance/submission.
  3. Assigning by page to different Board members for preparation and then all members will be reviewing the whole report.
  
  4. Alex to develop a work-plan for the preparation of the chapter's CCR and sends to members through email.

## Chapter Executive Board Meeting Minutes

*(Continued from page 7)*

- Community Services  
Grace to send out additional information on her existence commitment for providing community service – Christmas Giving Tree Program.
- Newsletter and Website update – updated for September/October events.
- Chapter Recognition Report – Board members to review recognition requirements.
- Chapter officers and Board officer information – Ben to provide missing information to Dat including phone number for the web site and newsletter.

Next meeting date/time – November 2, 2011 12:00 pm

Meeting Adjourned at 12:50 pm

Prepared and submitted by: Ben Lau, Secretary

## AGA Silicon Valley Past President Passed Away



We convey with sadness the passing of Jerry Gandara to the next life on November 9, 2011, after battling with stomach cancer. Jerry had been a long-time and active AGA member since 1996, a Silicon Valley Chapter President and a Regional Vice President for AGA California Region. We loss a good friend and a great leader.

Jerry received his bachelor degree from the University of Nebraska and went to a Tour of Duty in Vietnam for 2 years as Commander of the Medical Services Corps. In 1969, Jerry returned from the duty and continued on in the military reserve with the rank of Captain. Thereafter, he went to Stanford University's Medical School for his PhD Molecular Physiology. While working at Stanford Medical Dialysis Center, Jerry attended Stanford University's Law School and graduated in 1981. For over two years, he taught at Cal State Hayward. He received a Master Degree in Taxation from Golden Gate University, Master of Business Administration from San Jose State University, Master of Procurement from University of Phoenix and attended University of Santa Clara for Master of Theology for the diaconate program in the Catholic Church. For the last 20 years, Jerry had worked with the US Navy Department of Contract Management Agency as Contracting Officer/Attorney and retired from the federal service in September 2009. Jerry dedicated himself to community service by regularly providing foods to shelter house, feeding the homeless, and rendering service projects at his church and Knights of Columbus.

**2011 HOLIDAY GREETINGS!**

**Best Wishes to our Members and Friends.**

**Thank you for your continued participation!**



**From all of us**  
**THE CHAPTER**  
**EXECUTIVE BOARD**

