

OGFOA UPDATE

SUMMER 2017

INSIDE

Small Jurisdictions Update.....	3
OGFOA Certification Program Updates Core Course Requirement... 4	
Coming Soon?	
Amendments to Rule 15c2-12	4
Board Bios	6
Go National!	
Join a GFOA Standing Committee! ...	8
GFOA Conference May 2017	10
Calendar of Events.....	11
OGFOA Health Minute - Don't just sit there!.....	11
Using Technology to Reduce Risk....	12
OGFOA 2017 Regional Training.....	14

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A MESSAGE FROM THE PRESIDENT

By Tod Burton



Hello Again...

I'm freshly home from the Denver GFOA Conference and right back into completing the Tualatin Valley Water District's 2017-19 Biennial Budget process. And the answer is yes! If you can transition to a two-year budget, it is indeed awesome. A whole extra year to work on other financial priorities and not budget. Your fellow department heads will throw you a party. That said, I am sure many of you are smiling with budget season firmly behind us. Now...on to audit!

Be sure to look at Jeff White's excellent recap of the 111th GFOA Annual Conference. Jeff graciously agreed to come back to the Board as our GFOA Representative. His experience and dry sense of humor are a welcome addition to the Board. And he was hard at work on Marion County's budget during our flights to and from Denver. That is dedication.

The GFOA Conference was terrific. Denver served as a wonderful host city and the convention center was well laid out. It was hard to get lost... Many the session rooms were filled to capacity with what we were told was the third largest attended GFOA Conference with over 6,000 delegates. Our very own Marc Gonzales performed his final acts as GFOA President by delivering a conference that had plenty of opportunities for education and fellowship with colleagues. It was a pleasure to witness the always gracious Marc occupy the stage at GFOA. Speaking on behalf of our membership, I wish to thank Marc for his contributions to GFOA and our own Oregon GFOA.



GFOA also said farewell to its retiring Executive Director Jeffery Esser (after 38 years of service) and hello to the new Executive Director Tim Morrill, who, by the way, is excited to visit Oregon – possibly for our 2018 Spring Conference in Sunriver.

I particularly enjoyed Monday's Keynote Speaker Jim Collins who shared his views on leadership. Check out his many books, among them Good to Great and How the Mighty Fail. In his

continued on next page

research Collins discusses that "Level 5" leadership is not about personality and ego – leadership is about having humility, submitting to a cause, possessing a strong will to never stop trying, and being useful in helping to change lives of others. A true servant leader. Given what's blasted, tweeted and blogged about our popular culture day after day, Mr. Collin's remarks were both pragmatic and refreshing.

At a time management session on the last day of the Conference I learned meetings should not last more than an hour. Good advice...

Back on the home front. The OGFOA Board had a productive meeting in April (which did last several hours...). We developed a budget intended to deliver the excellent conference, trainings and services our members have come to expect. The Board approved a modest increase of \$5 per year in membership dues – at \$110 still a bargain - and equally small increases in our conference registration fees to keep up with rising costs.

The Board also held a lively discussion on how OGFOA can better serve our smaller jurisdictions. From that discussion, please see Matt Brown's Small Jurisdiction Update newsletter article, which among other topics provides step by step help on using the Forums on the OGFOA website, including the forum dedicated to Small Jurisdictions.

And I am thrilled to announce Regional Trainings are back! They will be coming to Pendleton (July 25), Redmond (July 28) and Roseburg (Aug 9). Summer Sears, CPA is taking her best practices in audit preparation and budgeting on the road. In addition to the training, an OGFOA Board member will lead a discussion with attendees on issues of interest to small jurisdictions and resources available to them. Registration is open on the OGFOA website for members or non-OGFOA members for \$35 including lunch. Please spread the word! See the announcement on page 14 for more details.

Many thanks to Matt, Summer along with fellow Board members Lisa Young, Craig Gibbons and Gloria Butsch for their work in energizing the association around services for our members working at smaller entities. As Matt notes - you folks wear many hats.

Please mark your calendars for OGFOA's Fall Conference – October 9-11 at the Lloyd Center DoubleTree in Portland. The Education Committee is hard at work in pulling together three days of topical sessions and speakers. Already confirmed as our Monday keynote is the incomparable Dr. Dale Henry straight from Kingston, Tennessee whose incredible energy, humor and message has inspired OGFOA conference attendees in the past. Personally, I am not a proponent of having a motivational speaker at every one of our conferences. But Dr. Dale is in a class of his own. Be prepared to laugh and learn.

David Bean, Director of Research and Technical Activities, with the Governmental Accounting Standards Board (GASB) is on our agenda for Tuesday. We are thrilled to have David join our conference. Come prepared with your questions – this is a unique chance to directly voice issues and ask questions with the GASB.

Finally, we are excited host Priya Ghosh Ahola, Esq. with the Municipal Securities Rule Making Board (MSRB). Ms. Ahola will update our group on the latest regulatory and EMMA happenings. All you debt aficionados - come prepared with your questions.

There is a lot to look forward to as summer heads our way. As always, please feel free to reach out to me, members of the Board or our fantastic association manager Misty Slagle with your ideas, comments, concerns and suggestions. Have a safe and fun summer season. After a long winter, we certainly deserve one!

Tod Burton
OGFOA President

SMALL JURISDICTIONS UPDATE

By Matt Brown, Finance Director, City of St. Helens

Greetings and Salutations my colleagues,

I still consider myself fairly new with OGFOA although I have technically been a member since 2011. Working my way up from a very small city, I am now the Finance Director at St. Helens (Pop. 13,100). My jobs, along with a year on the OGFOA Board, has given me some perspective on small jurisdictions. Along with other OGFOA members we have started diving deeper into how the OGFOA can better serve its members from small jurisdictions located throughout our state.

In a recent demographics review of our member list, it shows that out of 486 regular members 203 were from cities, 124 were from counties, 37 from education and 122 from special districts of varying types. Most OGFOA members are from smaller jurisdictions.

What is a small jurisdiction? We think it is defined by the number of jobs a finance person does. Someone expressed it this way: it is not the size of the hat you wear, it is the number of hats you wear. We think that is a succinct way of defining a small jurisdiction.

At the Spring Conference, we held a special "Small Jurisdictions Forum" to provide members from those smaller jurisdictions an opportunity to discuss resources they need most and how OGFOA can help. It was a great discussion and very meaningful for those in attendance (which included our current OGFOA Board President Tod Burton and GFOA President Marc Gonzales).

From those Spring Conference discussions, OGFOA is thrilled to announce there will be three one-day regional trainings offered this summer in Pendleton (July 25), Redmond (July 28) and Roseburg (Aug 9). Summer Sears, CPA has graciously offered to share her expertise on audit preparation, budgeting and other topics. We will also hold an open discussion on your ideas for future training topics. Look for the Regional Training announcement in this newsletter and keep an eye out on OGFOA's website for registration information.

We plan to have another Small Jurisdiction Forum at the Fall Conference to generate additional feedback and share some ideas that the OGFOA Board has developed. We hope to report on more activities OGFOA is planning for small jurisdictions.

And don't forget about our existing resource available now. It is the "Small Jurisdiction Forum" on the [OGFOA website](#) in the [Forums section](#). If you take the time to look before clicking into the "General" section, you will see a folder there named "[Small Jurisdiction](#)". This forum is for you to specifically ask questions pertaining to smaller jurisdictions.

The forums on the OGFOA website are a GREAT resource to connect with other jurisdictions on any type of question you may have. I can almost guarantee that you will always get a reply from at least two constant users, myself and Nancy Brewer from the City of Corvallis. Hi Nancy!

The OGFOA Board is committed to providing more services to smaller jurisdictions such as this summer's Regional Trainings in eastern and southern Oregon. The Board will consider establishing a dedicated small jurisdiction committee to help drive the mission and goals. Stay tuned for more information.

Once upon a time, we were all first-time government employees, first-time government accountants, first-time finance directors, and - for most of us somewhere along the line - we worked in small jurisdictions. It is a tough job, with its own set of challenges and rewards. We hope we can strengthen the OGFOA support network by tapping into the experience and wisdom you gained working in smaller entities.

If you are interested in helping with this effort, please contact one of us. We look forward to growing and learning together and hope that you will join us along the way. Please feel free to contact me with your ideas and suggestions - 503-366-8227 or mattb@ci.st-helens.or.us. I look forward to hearing from you.

Other OGFOA Board of Director contacts for Small Jurisdictions:

Craig Gibbons (Small Jurisdictions Board Liaison), Director Tax Supervising & Conservation Commission, 503-988-3054, craig.gibbons@multco.us

Lisa Young, Finance Director, City of Sandy, 503-489-0940, lyoung@ci.sandy.or.us

Gloria Butsch, Finance Director, City of Independence, 503-837-1170, butsch.gloria@ci.independence.or.us

OGFOA CERTIFICATION PROGRAM UPDATES CORE COURSE REQUIREMENT — JUNE 2017

The Certification Committee, with the Board of Directors approval, has made some updates to the Certification Program. The new materials can be found on the website at www.ogfoa.org in the Committees section on the left-hand navigation bar.

The core courses have been identified as a barrier for some individuals to be able to complete the certification program. To address those that have come into their position from a non-traditional route that does not include some or all of the core courses, an individual can now submit a waiver request to the Certification Chair. A determination on the request will be made by the Certification Committee at their annual meeting in February. The waiver request will document how an equivalent level of knowledge has been attained through work experience. Instructions on how to file a waiver with your application package are found on page 6 of the Certification Program Overview document on the website.

If you're not currently in the Certification Program, please consider applying. That's the first step toward being recognized as a Certified Professional Finance Officer by the OGFOA; a designation that you may find helpful in furthering your career in government finance. If you have any questions about the OGFOA Certification Program, or the new changes, please contact anyone on the Certification Committee. The Committee roster, contact information, and the application form are on the OGFOA website at www.ogfoa.com.

COMING SOON? AMENDMENTS TO RULE 15c2-12

By Christine Reynolds

The Securities and Exchange Commission (the "SEC") proposed amendments to Rule 15c2-12 (the "Rule"), which were published in the Federal Register in March.

<https://www.sec.gov/rules/proposed/2017/34-80130.pdf>

Since 1995, governmental issuers and other obligors (like nonprofit health care institutions using tax-exempt debt) (collectively, "Issuers") have, as a condition of being able to use underwriters to market their bond issues, had to sign "continuing disclosure agreements" ("CDAs") promising to supply annual financial reports and to provide prompt notice upon the occurrence of certain events which would materially affect the bond issue subject to the CDA.

The proposed amendments to the Rule (the "2017 Proposed Amendments") are ostensibly in response to widespread commentary within the municipal securities community calling for better dissemination of information about bank loans or other nonpublicly-offered private placements. However, if implemented without change, the 2017 Proposed Amendments would greatly complicate and increase the expense of financial monitoring and reporting for any size government using the public debt market, and could profoundly change the nature of federal regulation of the municipal market.

Proposed New "Material Events." In brief, the SEC proposal would add two new "events" for which Issuers would be contractually obligated to report on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") within 10 days of occurrence:

- i. Incurrence of a "financial obligation," if material, or agreement to certain covenants or terms in a financial obligation, if material. This item would apply to financial obligations entered into, or covenants etc. made, only after the effective date of a new bond issue to which a new CDA is signed.
- ii. Default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation, if any such event reflects financial difficulties. This item would require reporting any such event which occurs after a new CDA is signed, but with respect to all financial obligations of that issuer, whether entered into before or after the relevant CDA.

Critical to the new Rule is the broad definition of "financial obligation," of which arguably only clause (a) relates to bank loans or private placements:



“Financial Obligation means a (a) debt obligation, (b) lease, (c) guarantee, (d) derivative instrument or (e) monetary obligation resulting from a judicial, administrative or arbitration proceeding.” Excluded is any municipal security for which an official statement is posted to EMMA (i.e. any public bond issue otherwise subject to Rule 15c2-12).

Far-Reaching Implications. As proposed, new “financial obligations” would have to be reported when entered into by an Issuer or when a monetary judgment is reached, and both new and old “financial obligations” would have to be monitored for defaults, modification of terms or other events. The burden of tracking every lease, court judgment or other debt or possibly debt-like obligation entered into by an Issuer’s entire organization – all departments, bureaus, divisions, agencies, etc. – would be an enormous undertaking, and an unfunded obligation. Moreover, the expansion of reporting obligations under Rule 15c2-12 from those affecting just the bond issue subject to the CDA, to any one of a list of financial metrics affecting the Issuer’s credit, is a fundamental change in the way the SEC (indirectly) regulates municipal governments, and moves municipal governments into the realm of “ongoing financial disclosure” which corporations have to follow, particularly by analogy of Form 8-K under the Securities Exchange Act of 1934. While corporations (including those which use the municipal market) may be organized enough to be able to monitor all these new events, governments frequently are not – either by lack of sophisticated central controls or by the sheer size and complexity of a large government. The SEC is using concerns about the growth of bank loans or private placements to bootstrap a sea change in disclosure practices in the municipal market.

Materiality – The Great Unknown. Aside from overreach described in the last paragraph, another serious flaw in the SEC proposal is that the standard set forth for compliance is far too nebulous. The SEC proposal suggests that using a standard of “materiality” strikes a balance between having to report very small obligations (copier leases) and those which could affect other bondholders. Likewise, the SEC indicates that the standard of “which reflects financial difficulties” provides a good test for the new “event” to be reported under clause (ii), above.

However, the SEC has not defined what is “material” (and “financial difficulties” is really another aspect of materiality). In the wake of the SEC’s Municipalities Continuing Disclosure Cooperation (“MCDC”) initiative process, Issuers and underwriters will be very reluctant to make a judgment on what is or is not a material action requiring reports. The absence of a definition of materiality from the SEC places an incalculable responsibility on Issuers and the financial staff that shoulder the burden of monitoring “financial obligations” and continuing disclosure compliance matters to make a determination as to materiality for reporting and compliance. Further, since the new Rule would require reporting of material covenants and agreements, Issuers would avoid the task of trying to summarize what are the material terms by posting to EMMA entire documents (with confidential matters redacted), creating an impossible burden for investors and analysts hoping to actually understand the significance of any new bank loan, derivative or lease, for instance.

Limitation on Financial Market Access. It has been argued that small or infrequent Issuers can avoid this burden by simply avoiding the public debt market, but this would deprive them of what could be a more cost-effective borrowing option, and there is no assurance that the bank loan market will remain as robust as it is presently. Large and regular Issuers have no choice but to use the public debt market and they must suffer the burdens which this new Rule would impose.

Comments and Next Steps. Comments to the 2017 Proposed Amendments were due by May 15, 2017. According to an article published in *The Bond Buyer* on May 25, 2017, the SEC proposal has generated 59 comment letters from market participants, drawing general support from investors and groups representing them, and criticisms from Issuers, broker-dealers, lawyers and municipal advisors. The comment letters are currently under review by the SEC, which has not announced when it will take further actions concerning the 2017 Proposed Amendments. Stay tuned for further updates about the 2017 Proposed Amendments and other SEC regulatory actions concerning municipal bonds.

BOARD BIOS

TOD BURTON, PRESIDENT

Tod has been with TVWD since 2006 where he is involved with financial planning, capital planning, rates, debt management, and investments. He serves as TVWD's Budget Officer, Investment Officer, and chief punster. His prior experience includes stints with the Portland Development Commission, Clean Water Services and Portland's Bureau of Environmental Services. Tod has presented on a number of finance-related topics where the audience occasionally laugh at his jokes.

As youngster, Tod's first job was operating the switchboard at his dad's clothing store. He was paid 25 cents per hour...no doubt under the table. But his favorite job was a summer stint as an usher at Dodger Stadium for his beloved Dodgers. "I was paid to watch baseball. Loved it!" He was, however, booed mercilessly for confiscating bouncing beach balls in the stands.

DEAN BAUGH, PRESIDENT ELECT

I've served as the Finance Director of the City of Lebanon in Oregon since August 2009. I joined OGFOA as soon as I arrived in Oregon - if you're not on a committee I encourage you to join one as I can tell you it's a great way to meet people. Prior to Oregon I was an Alaska GFOA member for 19 years and served on its Board for nine years, including as Board President.

My first job was delivering newspapers when I was 11 or 12, ok it was a long time ago. I delivered 100 papers every morning and on Wednesdays it was 400, love those weekly shoppers. And all this was done on my trusty stingray bicycle. I bet that brings back memories for some of you. One year I was named Paperboy of the Year - I have copies of the spread they wrote about me if you want to see it 😊.

DON HUDSON, PAST PRESIDENT

I am currently the Finance Director for the City of Tualatin, where I have served in this capacity for the last 9 years. I have been in the local government arena for almost 27 years, starting with the City of Walnut Creek in the San Francisco Bay Area. I have worked with small, medium and large entities in three other states, including a stint as a project manager performing special studies for an independent financial advisory firm with governmental clients. I joined OGFOA when I came to Oregon in 2003, becoming a member before my first official day on the job.

My first "job" began by hanging around a sporting goods store by my house when I was 10 years old. Before I turned 16, I was running the store after school and on Saturdays - the last few months without electricity or a phone (it was pre cell phone days). I didn't realize the store was on a slow track towards the end. After it closed, the space became a video rental store (remember those?!?!?) and I began working there. Rumor had it that I came with the building.

JEFF WHITE, GFOA REPRESENTATIVE

In 2007 I jointed Marion County as their Chief Financial Officer. Prior to working for Marion County, I was the Finance Director for the City of Monmouth, the Controller for the Children's Farm Home (a residential mental health treatment facility for adolescents) in Corvallis, and an auditor for KPMG Peat Marwick (Portland).

My first dollar was earned one summer working in the cornfields of southwest Idaho. My day started in the back of a pick up at 4:30 in the morning with a dozen other kids (pre-seat belt laws) driving out to the fields. Our job was to de-tassel the cornstalks. Among other joys, the work involved

trudging through miles of irrigated muddy rows of corn, having yellow fuzz stick all over your head and face and fending off buzz dives from pollen-seeking bees. It also involved being followed around by the row supervisor - a teenager that had been given some authority over younger teenagers - imagine how that works out! Notice that I did this ONE summer; I resolved in that cornfield to attend college one day to ensure that I would not have to do anything like that again in my life.

SUSAN BROWN, DIRECTOR

I am the Finance and Accounting Services Manager for the City of Gresham, where I have been since March 2015 after almost 16 years working for Multnomah County in various roles within the Finance Division. Described as a "professional student" by my grandma, I have earned my B.S. in Business/Accounting from Portland State University, my MBA in Accounting from the University of Phoenix, and my Executive MPA from Portland State University.

My first job (not counting a few babysitting jobs) was during high school, working after school as an office assistant for the Okanogan County Public Utility District during my junior & senior years. I learned to sort lots of mail and even got to take the utility bills to the post office if the meter reader was on vacation (which was a very big deal at the time!). Reflecting on my working life so far, I realized I have always worked in the public sector, starting at the PUD, working for the Oregon University System while in college as a tutor, and then Multnomah County & City of Gresham... apparently, I was meant to be here!

GLORIA BUTSCH, DIRECTOR-AT-LARGE

I'm currently the Finance Director for the City of Independence where I've worked for 5.7 years. Prior to that I was at the Seal Rock Water District, serving as the Financial Manager. I am a recovering auditor; I worked for a CPA firm on the Oregon Coast for 10 years where my primary duties were performing audit fieldwork and drafting the financial statements for our audit clients. Performing government audits is where I discovered my real love of governmental accounting.

My very first job was working at a little café in the Old Town part of Chester, CA, the same place my grandmother had worked for many years. My favorite "first job" was as the lead tour guide at the lumber mill where my father was the production manager.

CRAIG GIBONS, DIRECTOR

Four years ago, I happily landed at the Tax Supervising and Conservation Commission. At TSCC, we monitor the budgets, taxes, and debt of the 45 school districts and local governments in Multnomah County. We also provide consulting services to member districts, annual budget law training, and publish the TSCC Weekly Update. Our mission is to serve our constituent districts and, thorough my work with OGFOA, that mission spills over to serve districts throughout the state. The work is a privilege.

2017-18 BOARD MEMBERS

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GO NATIONAL! JOIN A GFOA STANDING COMMITTEE!

GFOA 2017 STANDING COMMITTEE MEMBERSHIP APPLICATION PROCESS

Applications to become a GFOA standing committee member are being accepted through July 28, 2017. Serving on a standing committee is an excellent opportunity for GFOA members to contribute their experience and knowledge to the entire membership. GFOA's seven standing committees meet twice each year and develop best practices, advisories and policy statements for the approval of the Executive Board and membership. GFOA associate members from the private sector may also apply to be advisors to one of the committees.

Please note that GFOA does not provide for the reimbursement of expenses incurred in connection with committee activities. Please review the [Standing Committees Policies and Procedures](#) for other committee guidelines.

Standing committees will convene for their next meeting on December 4-5, 2017 in Washington D.C.

The GFOA's seven standing committees are Accounting, Auditing and Financial Reporting; Canadian Issues; Economic Development and Capital Planning; Governmental Budgeting and Fiscal Policy; Governmental Debt Management; Retirement and Benefits Administration; and Treasury and Investment Management.

- Complete the application [here](#).
- If you are a current GFOA committee member please complete the application for re-appointment [here](#).

If you have any questions about the committee application, please contact [Emily Brock](#) at GFOA.

When I was in high school and college, I explored the world of work washing dishes at a country club, manufacturing sewer pipes, and building stage sets and doing lighting in college theater. I decided to transition to other opportunities and, after college, with absolutely no accounting experience, I applied for an accounting job with Simpson Timber Company in Seattle. At the interview, the accounting supervisor noted my lack of experience and then spent most of the interview talking about his second job as a Hollywood producer. And he offered me the job. Suddenly, I was in charge of a \$23 million monthly general ledger inventory entry. I had no idea what I was doing, but I learned.

RON HARKER, DIRECTOR

I joined the staff at the City of Roseburg in January 2014 where I oversee all financial, court and IT operations for the City. I'm especially fond of budgeting, long-range forecasting/planning and modeling; budgeting is fun! Prior to my work with Roseburg, I held the same position with the City of Sutherlin for 15 years. Rounding out my experience, I also worked with the Umpqua Regional Council of Governments on many public grant funded projects and developed several projects for the Cities of Lathrop, California, and Bountiful, Utah.

It has been a long road from my first job as an early morning paperboy for the Calgary Herald in Canada. I hold an MPA (with emphasis in Public Finance) from Brigham Young University's Marriott School of Management (Go Cougars!) and a BA from the University of Calgary. I've been an active member of the Oregon Government Finance Officers Association for 18 years. I must say, though, the paperboy training has come in handy as I cycle the undulating roads around Roseburg or participate in the occasional triathlon.

ERIC JOHANSEN, DIRECTOR

I have served twice with the City of Portland, most recently returning in January 2016 as the City's Debt Manager. Previously I was served as Treasurer of the City of Portland from 2010-12 and as Debt Manager from 1997 until 2010. As Debt Manager, I am responsible for all aspects of the City's debt management program, including management of nearly \$3.5 billion in outstanding debt. Sharing what I've learned in my career with others is important for me so I've served on GFOA's Debt Management committee for years now.

After graduating from U of O, I basically went straight into banking and investments starting with Shearson Lehman Brothers for five years. Then I moved to Public Financial Management an independent financial advisor. I also worked twice with PFM, before and after my first 14-year run with Portland. But I guess a second run with Lehman is probably not in the cards.

KATHY LEADER, DIRECTOR

I joined the staff at Clear Water Services in June 2007. I am responsible for managing accounting services, financial reporting, capital and fiscal budgeting, financial forecasting, debt issuance and management, and purchasing for the District. Prior to joining the District, I was Finance Director for the City of Troutdale, Oregon. I have over 20 years' experience in finance management, including over five years in non-profit healthcare finance as Fiscal Services Director for Holgate Center in Portland, Oregon. I earned my BA in business administration from Portland State University.

My first job was a sales clerk at Harrison's Bakery in Seaside, Oregon – home of the famous Beach Bread.

CAROL SAMUELS, ASSOCIATE DIRECTOR

I am a managing director at Piper Jaffray and have spent my entire career working with Oregon municipalities to help them borrow money in the bond market, as well as providing assistance on other financial needs.

My first job was during the summer of my sophomore year in high school, when my father, an attorney, thought he was doing me a favor by getting me a job in the accounting department of a big law firm. My job? Splitting carbon time sheets into triplicate, then sorting by color. That's it. No accounting required, but lots of ink on my fingers! That summer might have cured me of any interest in the legal field! Other things about me: my favorite sports team is the Trailblazers, of course, if we're talking basketball. But I retain fondness for my hometown baseball team, yep, the New York Yankees, who will, Tod and Don, rise again!

LISA YOUNG, DIRECTOR

I serve as the Finance Director for the City of Sandy. Before coming to Sandy, I was the Director of Finance and Administration with the City of Sisters for six years and the Senior Accountant for the City of Redmond, Oregon. In addition to 15 years of municipal government work, I worked seven years in private sector accounting & financial services for other agencies and CPA firms.

My first job was a lifeguard by default as I was on the swim team so I knew how to swim. Pros - most of the staff were teammates from the swim team which made for a fun working environment. The people watching was also entertaining. Cons - it was indoors, kids were the worst, and you smelled like chlorine all summer long. I was lucky in that I never had to "save" anyone!

QUOTE OF THE QUARTER

"A nation is formed by the willingness of each of us to share
in the responsibility for upholding the common good."

Barbara Jordan (1935-1996), US Member of Congress

GFOA CONFERENCE MAY 2017

By Jeff White, Marion County Chief Financial Officer – GFOA Representative



I attended the 111th Annual GFOA Conference in Denver as the OGFOA national representative – those of you who were there already know what a great conference it was. For those of you unable to come to Denver, let me share some of the highlights!

On Saturday, GFOA always holds a meeting for local association presidents and representatives. Oregon was well represented at this meeting with Tod Burton (current president), Don Hudson (past-president), Dean Bough (president-elect) and myself (GFOA representative). Marc Gonzalez, current GFOA President, was there to kick off the meeting and our Oregon contingent gave him a great shout out!

Later, GFOA's incoming Executive Director, Chris Morrill, also spent time with us. He discussed upcoming GFOA initiatives and priorities, such as supporting efforts in regard to the Marketplace Fairness Act and fighting proposed legislation that would eliminate the state and local tax deduction for investments in what are now tax-exempt debt issues of governments. GFOA continues to focus on providing education and being a resource for local governments. Part of the meeting was dedicated to round table discussions looking for feedback about specific ideas as to how GFOA can be a better resource for local governments. Finally, Bruce Chase, the director of Radford University spent time discussing how they assist GFOA with the CPFO Programs and encouraged local representatives to help members understand how this program can really promote the professionalism of government finance employees.

Sunday morning started off with the Northwest Finance Officer's Breakfast, which is always a good chance to connect with people from our area that you might not have a chance to run into during the conference. Sunday evening was the conference official "Welcome Reception" with a great event at the "Wings Over the Rockies Air and Space Museum." Besides the numerous aircraft to look at (including the ONLY life size Star Wars X-Wing Fighter that was ever made), there was a Leonardo DaVinci exhibit and plenty of food to enjoy the evening.

My favorite session of the conference was Monday morning when we got to hear from Oregon's own Marc Gonzalez as he welcomed us and opened the conference. Next, Jim Collins (author of Good to Great: Leadership Behaviors Needed in a World of Uncertainty and Change) was one of the most dynamic and engaging keynote speakers I have ever seen. And, his message was right on target regarding some great management principles. I think almost everyone I talked to afterwards mentioned they either already had his book or, if they didn't, they were going to buy it! For the next 2 ½ days, I was able to attend a number of relevant conference sessions with outstanding speakers. I have only attended four national conferences and each time I have found great information that was applicable to my job here in Marion County. I attended some great sessions on Internal Control, the Internal Audit Function, Health Care Reform, Uniform Guidance, and Time Management to name a few.

Tuesday's Keynote presentation was a panel discussion titled "Government and the Economics of Health Care." The panel raised interesting points regarding healthcare in this country, the cost of that care, and what might be coming in the future. The Tuesday business meeting saw the

continued on next page

handing of the gavel from Marc Gonzalez to GFOA's new president, Patrick J. McCoy. I think we should all give some recognition for how well Marc did to represent all of us from Oregon as he led this national organization!!! Awards were given out and officers elected, and even a bylaw change occurred just to bring a little excitement to a business meeting.

Tuesday night was the closing event."Denver Rocks" with dinner and a performance by the Barenaked Ladies - which is a band in case you are confused J If you weren't there to hear the GFOA rap, well, maybe you can find someone who has a video because it is worth hearing. The band was funny, engaging and actually pretty good!

Finally, I have to say that I also really enjoyed Denver as a conference location. I had never been to Denver and I took the opportunity in some spare time to take a good look around and see what Denver had to offer. I ate some great food - including a couple of trips to Sam's Diner #3 which has been featured on the show "Diners, Drive Inns and Dives," toured the Denver Mint, walked up and down the 16th Street Mall, and listened to a number of fun street performers. I certainly could have enjoyed staying a lot longer, but like many of you - the budget was still waiting to be finished back in Marion County!

To wrap this all up - I would really like to express my appreciation to our local association - OGFOA - for the opportunity to attend this conference. And, if you haven't ever had the chance to attend one of GFOA's National Conferences, I would highly recommend trying to find a way to go. GFOA has a first time attendee scholarship program and our local association, OGFOA, often will offer scholarships also.

MARK YOUR CALENDAR FOR ST. LOUIS, MAY 6-9, 2018!



OGFOA HEALTH MINUTE - DON'T JUST SIT THERE!

Did you know that your chair isn't good for you? Sitting for long periods of time can cause a whole host of health issues. The good news - you can do something about it!

GET UP AND KEEP MOVING!

- Use an app or timer to remind yourself to take a break every half hour, get up, stretch and move around - get your blood circulating
- Stand up when you're on the phone - better yet, walk around while you are talking
- Get a height adjustable desk so you can stand throughout the day
- Stand during meetings (if possible) - position yourself in the back of the room
- Don't send an email - get up and walk to your co-worker's desk and have a conversation
- Stand to greet people when they come to your desk and remain standing for the conversation
- Drink more water, coffee or tea - you'll have to get up when nature calls
- Some health experts say "sitting is the new smoking..." Think vertical!

CALENDAR OF EVENTS



July 21-22	OGFOA Board Meeting
July 25 and 28	Regional trainings in Pendleton and Redmond
July 28	GFOA Standing Committee Application Deadline
July 31	OGFOA Dues Renewal Deadline
August 7	OGFOA Fall Conference Registration Begins
August 9	Regional training in Roseburg
September 22	OGFOA Board of Director Applications Deadline
October 9-11	OGFOA Fall Conference in Portland

USING TECHNOLOGY TO REDUCE RISK

By Mitch Hansen, Shareholder at Clark Nuber P.S.

I was inspired to write this article after attending a GFOA training about procurement cards and how popular they are becoming as well as the risks that come with using them. I shared with the class how technology can be used to help mitigate these risks – as well as help reduce risk in many other areas including payroll and disbursements.

PROCUREMENT CARDS

The use of procurement cards is becoming very commonplace in local governments as a means to simplify the purchasing process. But as popularity and use grows, so does the volume of transactions, which lessens the ability of management to monitor the use of these cards. We are seeing more and more reports of fraud or inappropriate use of these cards. To help ensure that you don't become one of these reports, consider using "data mining" software to monitor these transactions.

This software allows the user to perform a series of tests on 100% of the transactions in the database. Each test will provide the user with valuable insight into the data and allow them to see anomalies that require further investigation. For example, with procurement cards some procedures that can be done include:

- Sum purchases by credit card holder and sort from highest to lowest—management then reviews this list to see that the top users make sense to them.
- Sum purchases by vendor and sort from highest to lowest—again, do the vendors at the top of the list seem right?
- Look for transactions on weekends or after hours by card holder and by vendor—do the people on the list have the type of job that would require this? Are the vendors the type you would expect to have charges on a weekend?
- Look for transactions in increments of \$50 or \$100. One of the most common types of frauds with procurement cards is purchasing gift cards or gift certificates. Sample the transactions that make this list to determine if they are appropriate.
- Sort the list by Merchant Category Code—some codes are riskier than others. For instance, gas purchases, gift cards, and alcohol are the most common abuses, so the codes that correspond to these types of purchases should be looked at more closely.

PAYROLL

For payroll, data mining tests include:

- Compare social security numbers with those in the Social Security Administrations database—this will isolate invalid numbers.
- Sum the number of checks per person—you know how many pay periods there are, so is anyone getting more checks than they are supposed to?
- Compare the payroll database to your vendor master file—do you have employees that are set up as vendors, or do you have any addresses that appear in both databases? These can be



indicators of fictitious vendors.

- Sum the pay by employee—this can help identify employees who are receiving more than expected.
- Multiple names with the same address—this can be categorized as “things that make you say hmmm.” This could be a red flag for fictitious employees or it could just indicate employees living together.

DISBURSEMENTS

For disbursements, some procedures to consider include:

- Sum payments to vendors by dollar amount and number of checks—does the amount you are paying the vendors seem appropriate? Also, look at how many checks are going to each vendor. There may be opportunities to consolidate purchases to reduce administrative costs and to take advantage of purchase discounts.
- Checks on weekends or after hours—like with procurement cards, this can be a red flag.
- Vendors with P.O. Box addresses—can indicate fictitious vendors.
- Multiple checks to the same vendor on the same day—can indicate purchases split to stay below authorization or purchase limits in your policies.
- Checks with blank payees or written to cash—never, ever a good sign. Make sure you thoroughly understand these and try to avoid if at all possible.
- Multiple vendors with the same address or vendors listed more than once in the vendor master file—can be indicators of fictitious vendors.

There are many more tests you can run in each of these areas, but you get the idea. Also, keep in mind that some tests may not be available to you if your data set does not have the required fields. For some tests, the results make sense and no further action is required.

For other tests, management may want to investigate an individual transaction, cardholder, or vendor, or they may want to select a sample of the exceptions noted and investigate further. The tool is used to focus the monitoring to data items that are “red flagged” by the procedures as being riskier than others.

I hope I've been able to show you the power of technology in your risk management process. Consider making these types of procedures part of your annual internal control monitoring process. If you are interested in learning more about the various software products that are out there on the market or the procedures you can do in any of these areas, please feel free to contact me.



OGFOA 2017 REGIONAL TRAINING

Introducing OGFOA Regional Trainings. OGFOA is offering three regional trainings in the summer of 2017 to assist in training finance professionals throughout Oregon. It is our intent that these trainings will provide learning opportunities, as well as a forum for professionals in these areas to connect and exchange ideas. Each training will be facilitated by an OGFOA Board member.

2017 TRAINING TOPICS:

AUDITS

- How to effectively prepare for a clean audit
- How to issue your audit sooner

BUDGET

- Review of process for budget adjustments during the year
- Oregon Dept. of Revenue tools and templates
- Formatting ideas - Excel pivot tables, other

DISCUSSION

- Take-aways from OGFOA Spring Conference
- Software Discussion - options for small jurisdictions
- Open Q&A - bring your questions for group discussion

INSTRUCTOR: SUMMER SEARS, CPA



Summer has spent the past seventeen years working in Central Oregon, and beyond, as a financial statement and licensed municipal auditor (formerly), as Controller for the City of Redmond, as Finance Director for the City of Hood River, and currently as a contracted CPA and consultant. Her practice specializes in Controller/Finance Director services and project-type work, primarily for local government organizations. Her work experience includes interim Finance Director and other staff positions, financial recovery support, coordination of annual external and A-133 compliance audits, financial statement preparation, internal control and process improvement recommendations, supervision of grant and project accounting, technical accounting entries, complex reconciliations, budget support, debt compliance, and new financial system implementation support.

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OREGON GOVERNMENT FINANCE OFFICERS ASSOCIATION

TRAINING INFO

Time: 9am-2pm

Cost: \$35 per person (includes lunch)

Register: www.ogfoa.org

LOCATIONS & DATES

Pendleton, OR July 25

Redmond, OR July 28

Roseburg, OR August 9