



TASBO NEWSLETTER

Tennessee Association of School Business Officials - August 2006

President's Message

An event of historical significance is approaching. Our 40th Anniversary Conference will be held at **The Music Road Hotel and Convention Center** in Pigeon Forge, and begin on Tuesday, November 14, 2006 at 5:30 p.m.

Join us to celebrate 40 time-honored years of those who have served our organization and their local school systems. Each past-president and distinguished service award recipient has been invited to our opening general session, dinner and recognition ceremony on Tuesday evening. The students from the Maryville High School Orchestra will entertain us, our past leaders will be honored and Jeff Denton will challenge you to "Think Outside the Box" and the evening will conclude with music from the decades, by the Beaters. One lucky attendee will receive a gold watch at the end of the evening. (To be given by a drawing from the attendee ticket.) This promises to begin our conference with an evening to remember. Dress is holiday or evening attire.

Wednesday, November 15th, breakout sessions will begin promptly at 8:15 a.m. They have been planned around 2006 topics of interest for all areas in the school business office. TASBO certification credit will be given for sessions attended on Wednesday and Thursday. If you are not a certified TASBO member please visit our website at www.TASBO.net for information.

The Ronald McDonald House – donations for "*The House that Love Built*" was so well received in Memphis that we are bringing it to Pigeon Forge with all cash donations going to the Knoxville house. A representative will be presented with our "gifts of love" at Thursday's lunch.

Included with this newsletter is the **TASBO 2006 Conference Schedule** at a glance. It will be worth your time to invest in TASBO, and we invite you to attend this important conference. There is something for everyone.

With the support of our generous sponsors, we are able to bring you a conference of this magnitude and celebrate 40 years of TASBO.

Plan to be a part of training and events of the week. Upon receipt of your registration packet in September, please mark only the functions and/or events you will attend. Our organization must pay for each event that you register for regardless of actual attendance.

Reserve your room now! If you are planning to attend the 40th Annual Conference November 14-17, 2006 in Pigeon Forge. We have only a limited number of rooms blocked for our group. The Hotel cut off date is: **October 13, 2006**. Contact: Music Road Hotel and Convention Center (For hotel reservation call 1-800-429-7700 and ask for group reservations or online at www.musicroadhotel.com group code 5833-5523).

Diane Frank
President 2006

In the Board Room

2006 Annual Conference

The board continued working on the 40th Annual Conference by meeting at and touring the Music Road Inn and Hotel in June.

With estimated attendees of 250 our 2006 annual conference budget is approximately \$85,000. We continue to praise the support of the many vendors, exhibitors, and sponsors of our conference; thereby allowing our county and city school systems to experience an education and training conference that is affordable to our participants.

A registration packet will be mailed in the near future.

Vendor Exhibitors - If you have a potential vendor/exhibitor, contact **Colette Arnold** at (931) 728-2316 or email: arnoldc1@k12tn.net.

Sponsorship – If you have a potential vendor sponsorship, contact **Joe Anderson** at (901) 647-0073 or email: janderson@scsk12.org.

Sponsorship is set as follows:

Patron	under \$500
Bronze	\$500-\$999
Silver	\$1,000-\$1,999
Gold	\$2,000-\$2,999
Platinum	\$3,000- \$4,999
Diamond	\$5,000 and above

Program Schedule – The program training classes have been scheduled. Hopefully, many will take advantage participating in these wonderful education opportunities.

Does Your County Have Unknown Expenses and Liabilities?

By Ron Woody, CPA, CGFM, CSBA

Does your county have unknown expenses?

In many counties, the answer will be yes. Once it is determined that you have unreported expenses, prepare yourself to start reporting these costs. If your county does not have unreported expenses, then you need to be aware of decisions that can automatically obligate your county for future cash payments and current budget expenses.

There is a basic accounting principle known as “The Matching Principle”. “Matching” for accounting and reporting purposes means that all expenses related to earning the revenue or operating your organization should be matched with the time in which the revenue was earned or your organization was operating.

Here is an example where “The Matching Principle” comes into effect: An office worker is hired at the age of 25 to work for the county mayor’s office and after 30 years of employment, the worker retires. The county’s employment agreement with the worker states (personnel policy) that upon retirement the county will pay his/her health insurance until he/she reaches 65. The worker retires at age 55. The county pays another 10 years of health insurance expenses for an employee who is no longer working or adding revenue-value to the

organization. The "Matching Principle" says that this estimate of 10 years of cost should be recorded during the working years of the employee. In other words, the employee's working years have an additional cost of "post employment benefits."

Today, governments treat "post employment benefits" on a "cash" or "pay as you go" system for budget and accounting purposes. This system is changing with new Governmental Accounting Standards Board (GASB) Statements 43 and 45, known as "Post-employment Benefit Plans Other Than Pension Plans" or "OPEB" for short.

Now, the first question we must ask is why not pensions? Well, the pension issue has already been addressed by the GASB. In the case of the Tennessee Consolidated Retirement System, actuarial studies are done to adjust the retirement contribution rates every other year to fund the anticipated cost, thus, we are reporting future cash outlays as current expenses.

GASB statements 43 and 45 outlines when your government must comply with financial reporting for these post-employment benefits. County reporting is phased in by year based on total annual revenues with counties having over \$100 million revenues reporting after December 15, 2006, and counties having less than \$10 million after December 15, 2008. As you can see, the time is now.

Counties face two financial issues while implementing GASB 43 and 45. The first financial issue is calculating and accounting for expenses, which under the matching principle should have been expensed in prior years. Once the calculation has been made for these benefits granted but not yet paid, the county will post a liability. For example, if Typical County, USA, with 200 employees grants OPEB health insurance benefits in 2006, then calculations from an actuary must determine how much expense should have been booked in the prior years. These prior year expenses, which have not been recorded, become a liability to the county. The liabilities which the county may have to have reflected on their accounting records could be in the hundreds of thousands, if not millions, of dollars. The second financial issue is estimating the future cost of the current and new employees for current year expenses.

What should a county do regarding OPEB?

- County leaders need to examine their personnel policies to determine if benefits are made to current employees after they leave employment. Benefits consist of paid or partially paid health, life, dental, vision, and long-term care insurance, along with paid, unused sick leave.
- Counties should hire actuaries to calculate what now exists as a liability (calculations of the cost of previously granted benefits now being paid and is estimated to be paid in the future). If a county has less than 100 members, a simplified alternative actuarial valuation can be performed.
- If your county does not have other post-employment benefits for their employees, then the county should understand the cost of implementing a program prior to approving the program.
- Counties should be aware that upon implementation of GASB 43 and 45, their financial statements will be impacted which could affect the county's budget and bond rating.
- Be aware that additional information, impacts and advice will be distributed as the implementation occurs. Accounting for the cost of current operations in the current accounting period will give decision makers better information to make public decisions. We have seen the evolution of accounting with reporting on closure and post closure of landfills, pensions, and now post-employment benefits other than pensions. Hopefully, we are continuing to get better and better information regarding our governments.

TASBO 2006 CONFERENCE SCHEDULE

Music Road Hotel and Convention Center "Still Thinking Outside the Box"

Tuesday, November 14, 2006

9:00 a.m. - 11:00 p.m.	TASBO Professional Training/Certification Committee Meeting	Piccolo Room
11:30 a.m. - 12:30 p.m.	Board Luncheon	Piccolo Room
12:30 p.m. - 4:00 p.m.	TASBO Board of Directors Meeting	Piccolo Room
2:00 p.m. - 5:00 p.m.	Conference Registration	Conference Center Lobby
5:00 p.m. - 6:00 p.m.	Past Presidents/Distinguished Service Award Recipients Reception	President's Suite
5:30 p.m. - 6:30 p.m.	Opening General Session	Duet Ballroom
6:00 p.m. -	40th Anniversary Dinner and Ceremony - Reaching Tomorrow Thru the Past	Quartet Ballroom

Wednesday, November 15, 2006

7:00 a.m. - 10:00 a.m.	Breakfast (provided by hotel)	Hotel Breakfast Room
8:00 a.m. - 5:00 p.m.	Conference Registration	Conference Center Lobby
8:15 a.m. - 9:00 a.m.	6 Interest Sessions	Various
9:15 a.m. - 10:00 a.m.	6 Interest Sessions	Various
10:15 a.m. - 11:00 a.m.	6 Interest Sessions	Various
11:15 a.m. - 12:00 p.m.	6 Interest Sessions	Various
12:00 p.m. - 1:30 p.m.	Join us for "Lunch at the Diner"	Duet Ballroom
1:30 p.m. - 3:00 p.m.	Roundtable Sessions	Various
3:30 p.m. - 4:15 p.m.	6 Interest Sessions	Various
Evening	Enjoy an Evening "Out of the Box" in Pigeon Forge	

Thursday, November 16, 2006

7:00 a.m. - 10:00 a.m.	Breakfast (provided by hotel)	Hotel Breakfast Room
8:00 a.m. - 8:30 a.m.	Buses leave for Tennessee Museum of Aviation	
8:30 a.m. - 11:30 a.m.	Museum Tour, Exhibits Open	Tennessee Museum of Aviation
11:30 a.m. - 1:00 p.m.	Vendor Lunch and Presentation of Distinguished Service Award	Tennessee Museum of Aviation
1:00 p.m. - 1:30 p.m.	Buses return to Music Road Hotel	
2:00 p.m. - 4:15 p.m.	Mega Session - State Department Update	Quartet Ballroom
4:45 p.m. - 5:30 p.m.	Buses leave for Dollywood	
5:30 p.m. - 9:00 p.m.	Dining, Music & Shopping at Dollywood, Pigeon Forge	
8:00 p.m. - 9:30 p.m.	Buses return to Music Road Hotel	

Friday, November 17, 2006

7:00 a.m. - 10:00 a.m.	Breakfast (provided by hotel)	Hotel Breakfast Room
7:30 a.m. - 8:30 a.m.	Certification Breakfast	Banjo Room
8:45 a.m. - 10:15 a.m.	Keynote Speaker - Roger Crawford	Quartet Ballroom
10:30 a.m. - 11:30 a.m.	Closing Business Session	Quartet Ballroom