

UPCOMING CHAPTER EVENTS

**July 7, 2005
Membership
Meeting**

Presenters
Jolene Van Horne
Deferred Comp

Location:
Office Pub & Deli

Time:
11:30 am—12:30 pm

Price:
\$5 lunch

**August 3, 2005
Chapter
Executive
Committee
Meeting**

**August 4, 2005
Membership
Meeting**

President's Message

Rick Waddle

Our first meeting of the new year is now history and it was fabulous.

A special "thank you" to the programs committee and the girls working the reception desk. What a great idea!

Even though our guest speaker had to cancel last month, I found the free drawings to be quite entertaining. Somebody WILL get a free lunch, courtesy of the Central Kentucky AGA.

Our guest speaker this month will be Jolene Vanhorn from Kentucky Deferred Comp. Jolene will teach us how to invest our discretionary income into the deferred comp program and become millionaires overnight!

Speaking of millionaires, have you renewed your membership into the AGA? We are the one organization dedicated to your professional success in governmental accounting. AGA provides you with networking and training opportunities and is a great plug-in to what is happening in your profession on a national level. There are governmental accountants around the world struggling with some of the same issues and problems you face right here in central Kentucky.

AGA is having the national PDC in Orlando this year. Lydia Reynolds

and Mary Hudson are representing our chapter there as you read this letter. A special thank you to Brianne Skidmore for putting together our basket for the drawings at the PDC. Brianne put together an "Unbridled Spirit" theme basket and shipped it to the PDC.

Happy New Year to all those suffering through the year-end close!

IN THE MESSENGER

Chapter Meetings
& Notes

Chapter Events &
Happenings

National News &
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Feature Article: Short-
age of U.S. Skilled
Workers By 2020?
By Tom Crouch

Leadership Directory

Central Kentucky Chapter Meeting Notes

July Speaker, Ms. Jolene Van Horne

Jolene Van Horne is a Certified Retirement Counselor and has been with Kentucky Deferred Compensation for six years. She is a registered representative with the National Association of Securities Dealers and licensed with both series 6 & 63. As part of her continuing education in the financial services industry, she is currently taking courses to become a Certified Financial Planner.

July Executive Officers Meeting Update

Nancy Beth Gillum, Secretary

The AGA Central Kentucky Chapter CEC met on July 6, 2005 at Gibby's restaurant in Frankfort. Those in attendance were Rick Waddle, Phil Nally, Sharon Parish, Brianne Skidmore, Amy Small, Cindy Upton, Lee Ann Watters, John Williams and Nancy Beth Gillum.

The first item that was discussed was the basket put together for the PDC in Orlando, Florida. The basket was made up of items purchased at Completely Kentucky in downtown Frankfort. The basket has been shipped and will be on display in Orlando this coming week during the PDC. PDC 2005 will begin this Saturday, July 9th in Orlando Florida, Lydia Reynolds and Mary Hudson will be attending the PDC from the Central Kentucky Chapter. Lydia is currently in Orlando and is studying to take the CGFM exam while in Orlando.

Committee plans should be compiled and submitted by the August CEC meeting.

PDC 2007 is being headed up by Lydia Reynolds. Lydia has contacted the Lexington Tourism Bureau and is currently working with them to plan a great PDC for 2007. She is currently working on locating and reserving a hotel to hold the conference. Lydia is hoping to reserve a hotel in the downtown Lexington area, which should provide a wide variety of activities for PDC attendees to pursue in their free time. Lydia is also researching local philathropy's to support during PDC 2007.

The website is up and running, Lee Ann Watters is working on posting the officer's pictures on the website.

The Central Kentucky Chapter of AGA will hold their

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June Membership Meeting Brings Changes and Excitement for Coming Year

Lee Ann Watters, Acting Secretary

The June 2005 Membership Meeting of the Central Kentucky Chapter of the Association of Government Accountants was held at the Office Pub and Deli on June 2. 16 members and 12 guests were in attendance.

Rick Waddle opened the meeting by welcoming all attendees and explaining the greeting table. Rick recognized all guests in attendance. A plaque was presented to immediate past president Lee Ann Watters. The new officers were introduced to the attendees by Rick.

Rick announced that Phil has been nominated to serve as the Southeast Regional Vice President Elect. Phil addressed the group, describing in brief his goals and the chapter's commitment to sponsor the 2007 regional PDC.

Rick announced that we will be sponsoring a booth at this summer's 127 yard sale. Rick encouraged members and non-members alike to bring any unwanted items for sale. Our goal is to offer a \$2,000 scholarship to a deserving accounting student enrolled at a Kentucky college or university.

Amy Small provided a review of Community Service projects performed during the preceding year. She announced that we would continue the collection of pop tabs to benefit the Friends of Indian Summer. She challenged the chapter to double the past years collection by accumulating 60 pounds of pop tabs. Amy will be presenting other projects to the chapter throughout the year.

Three drawings were held. Otis Singleton won the drawing for the

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Lucky Door Prize Winners

- **Free Membership or Renewal** — 19 Members and Guests entered to win the free membership or membership renewal for the 2006-2007 year.
- **Free Lunch** — Otis Singleton
- **Gift Certificate** — Ellen Ballard (\$15 to Adelia's Bakery & Café)
- **Members Only** (must be present to win) — Terry Brabb, not in attendance, pot will increase to \$30 in July

Great things are not something accidental, but must certainly be willed.

—Vincent Van Gogh

Central Kentucky Chapter Events & Happenings

Chapter Will Host 2007 Regional Professional Development Conference

Lydia Reynolds, Chair

Historically, the home chapter of the Regional Vice-President hosts the Regional Professional Development conference. In 2007, our very own Phil Nally will take on the role as Southeast Regional Vice President. We are starting now to beginning planning a great conference full of relevant and engaging programming.

Central Kentucky will be hosting attendees from all over the southern U.S. This committee will be responsible for planning meeting space, programming, community service activities, and entertainment. If you are a creative thinker that likes to have fun and share ideas, please contact Lydia Reynolds, the chairperson of the PDC Planning Committee. All ideas are welcome!

Membership Statistics

# of Members:	73
Members in Academia:	4
Members in Local Government:	5
Members in Federal Government:	7
Members in Private Sector:	14
Retired Members:	8
Members in State Government:	33
# of CPAs:	27
# of CGFMs:	23
# of CFEs:	2
# of Other Certifications:	3

Have a colleague that would be a great addition to the chapter? Contact **Brianne Skidmore** for a membership application today!

New Members!

The Central Kentucky Chapter welcomes the following new members. Make sure to say hello at the next meeting.

Anthony Murray

Statewide Accounting Services
502.564.7750
Anthony.Murray@ky.gov

Scott Vogt

Auditor of Public Accounts
502.573.0050
Scott.Vogt@auditor.ky.gov

Timothy Wallen

Louisville Metropolitan Sewer District
502.540.6296
Wallen@msdlouky.org

Community Service Corner

Amy Small, Coordinator

Since the beginning of the Central Kentucky Chapter's pop-tab campaign, 29.5 pounds of soda pop can tabs were collected for the Friends of Indian Summer. This group helps send children diagnosed with cancer to camp every summer so that these children can have a great experience despite their sickness.



The collection campaign ran for only about six months, so the Chapter is being challenged to collect twice as many pounds for the 2005-2006 year. For collection cans, contact Amy Small. All collections can be dropped off at the monthly membership meetings to Amy.

Chapter to Be Honored at PDC

The Central Kentucky Chapter attained between 12,501 and 15,000 credits for the 2004-2005 year. This means that the Chapter will be honored as a Silver Award Recipient at the National Professional Development Conference in Orlando in July. President-Elect Mary Hudson will accept the award on behalf of the chapter.

Information about awards nominations for individuals and chapters can be accessed that the AGA website, www.agacgfm.org. We hope to further our chapter's recognition in the coming year.

Call for submissions... If you have something you'd like to see featured in the newsletter, if you or a member you know has changed jobs, gotten a promotion, or accomplished something important at home or work, submit it to Lydia Reynolds.

National AGA News & Notes

Membership Campaign Results

-AGA Website

Thank you for participating in the 2004-05 Membership Campaign. AGA National President Bobby A. Derrick, CGFM launched the campaign last fall by challenging every member to recruit at least one new AGA member. And he challenged AGA Leaders to recruit five members each by the close of the membership year (April 30, 2005).

President Derrick said, 'I believe the best marketing tool for membership is our own experiences. My presidential theme, Leadership for the Future, includes in its message, sharing the AGA story with others through the personal touch. I am talking about a quick call, a conversation at a meeting, or an email. A little investment in your time will go a long way in terms of helping to strengthen AGA.'

The results are in...Close to 1,800 members joined AGA during the past membership year. Of that total, 856 were recruited by 436 current AGA members!

Events & Conferences

For more information, please see the Events Calendar section of www.agacgfm.org

Performance Measurement for Homeland Security Initiatives

Washington, DC, 7/19-7/21/2005

Balanced Scorecard Management

Arlington, VA, 7/25-7/26/2005

8th Annual Blue Ridge Professional Development Conference

Charlottesville, VA, 7/28-7/29/2005

The Certified Government Financial Manager
The Mark of Excellence in Federal, State and Local Government.

Reprinted from www.agacgfm.org

Since its inception in 1994, the CGFM has become the standard by which government financial management professionals are measured. Its education, experience and ethics requirements have served to elevate the most seasoned financial professionals.

More than 13,000 individuals have received the designation so far. Now it's your turn. Experience the benefits of certification first hand - the CGFM is the mark of excellence in your profession. We look forward to adding your name to our distinguished list of Certified Government Financial Managers.

In a 2001 survey by Robert Half International, a financial management placement

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ADVANTAGE Organization Member Program Saves Money for Government Accountability Agencies

Excerpt from AGA Group Membership Flyer

Now, more than ever, it is vital that your government organization show its support of professional staff while benefiting from the savings on a wide range of exciting professional development opportunities. By taking **ADVANTAGE** of AGA's Organization Member Program, your government agency will benefit for years to come. For the purpose of this program, organizations are defined as individual divisions, groups or departments.

Exclusive **ADVANTAGE** Member Benefits

In addition to offering group members countless opportunities to network with peers, exchange ideas, build leadership skills, make friends and professional contacts and keep up with the latest developments, your government agency will receive these cost saving benefits:

- Reduced registration fees (discounted at member rates) for staff members attending AGA's national sponsored conferences and training programs (employees in the group membership are eligible for member rates as well as an equivalent number of employees that are not in the group membership program). These reduced fees **DO NOT** apply to local chapter events.
- In addition to the group members receiving copies, your agency will receive free additional copies (one for every 10 group member, up to 30 copies) of the *Journal of Government Financial Management*, AGA's outstanding, quarterly magazine that provides in-depth coverage of topics important to the accountability profession.
- A 10 percent discount on numerous AGA products, including study guides to prepare for the Certified Government Financial Manager (CGFM) Exams, audio conferences and other AGA books.

Special Recognition: Your government agency will be recognized in AGA promotional materials and at national conferences as an **ADVANTAGE** Member Partner with the Association. Such recognition will enhance the prestige of your agency and AGA.

For fees and enrollment information, access www.agacgfm.org/membership/downloads/AGAGroupMembership04.pdf

Feature Article

Shortage of U.S. skilled workers by 2020?

Part 7 -- Never Say Never

By Tom Crouch, CPA, CIA, CISA, and Attorney

People tend to make assumptions based on what they have observed in the past. We have been through thirty years in which there were more skilled labor surpluses than skilled labor shortages. In just a few years, we are expected to see far fewer skilled labor surpluses. Some sources have projected that by 2020 we will have the worst skilled labor shortage since the Black Plague killed a third of the 1348 European population.

This article will address some things most of us never thought that we would see. The need for skilled workers may or may not cause these things to happen.

A. Organization changes

A company might consolidate work groups to ensure there are enough skilled workers to complete the most essential and profitable job tasks. This would be instead of consolidating to eliminate jobs.

A company might discontinue a service or product line out of necessity. There are too few skilled workers to continue the service. Previously, the cause might have been discontinuing the service or product because it was no longer profitable.

A company might purchase another company in order to acquire needed skilled workers. Previously, companies acquired other companies to increase productivity and profit, but they generally reduced the total combined employment levels. In some instances, the acquisitions will be done to operate and maintain the most profitable business functions instead of trying to eliminate employees or increase the profitability level.

B. Recruiting and Retaining Employees

Many employers show a strong preference for hiring people under age 35 and rarely hire anyone over 45. Demographic trends indicate that the only worker pool increasing in size will be those over 45. Many employers may find skilled laborers over 45 easier to recruit and retain. A company needs skilled workers to maintain profit; the company might not care about an employee's age.

For example, pharmacists are already in short supply. In one instance, a young drug store manager did not like having a pharmacist aged 65, and the manager harassed the old pharmacist until he retired. The law requires a pharmacist to be on duty in order for the pharmacy to be open for business. In a short period, the drug store manager discovered that replacement pharmacists were unavailable. Next, the drug store manager contacted the old pharmacist and offered to

rehire him with a signing bonus. Similar scenarios are likely to happen more often as we move toward the 2010 to 2030 period. Some people have suggested that by 2020 the recruiters will seek out retirees willing to go back to work.

C. Pay Levels and Pay Changes

Labor shortages usually cause pay rates to increase. The pay rates generally increase in the areas experiencing the greatest shortage so long as the work area is sufficiently profitable. However, for those in the work area, the companies are unlikely to increase the pay rate by the same percentage or the same amount.

The typical company has several pay grades for each job type. Employees in higher pay grades and those well above the minimum for a pay grade are less likely to require a pay raise to retain their services. The converse is also true: the lower the pay grade, the more easily one employer can hire away employees of another. Thus, an employer's least costly means of retaining skilled employees is to raise the grade and/or raise the pay rate for the workers in the bottom half of a pay grade. Since 1970, the bandwidth (difference between entry pay and top pay) for each pay grade has widened. The bandwidth will narrow again as we move toward 2020.

A company that must pay more to attract and retain skilled labor, will be forced to evaluate how to fund the cost. Can they pass along the cost increase in the form of a price increase? Will they be able to cut costs somewhere to cover the pay increases? If a company believes they need to attract and retain skilled labor, will they gradually reduce the pay raises and bonuses paid to other employees? If the skilled labor maintains revenue and adds profit to the company, then prudent business owners are likely to figure out a way to attract and retain enough skilled laborers.

D. Other Business Issues

Companies might begin to inquire about manpower planning (see Part 6 in this series addressing manpower planning) with their trading partners. Trading partners include key suppliers, key services providers, and key customers. If the trading partners encounter operational difficulties due to the lack of manpower planning, it could have a financial impact on the other trading partners.

Auditors and accountants generally focus on past and current performance. The emerging skilled labor shortages should provide auditors and accountants an opportunity to be more proactive. For example, they can incorporate into their proc-

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esses inquiries and requests related to manpower planning, transition planning, institutional knowledge documentation, institutional knowledge transfer planning, and operational documentation and techniques. These types of issues should enable auditors and accountants to add more long-term value to organizations.

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The website references here provide background information for the readers.

- http://isbe.state.il.us/supt_conference/jones.ppt
- <http://www.dealconsulting.com/personnel/shortage.html>
- http://www.swspitcrew.com/html/july_00.html
- <http://www.icdr.us/atreportweb/sec4/attract.htm>
- http://www.creditrecruitment.com/pressnews/talent%20_war.htm
- http://entrepreneurialconnection.com/PrintPage.asp?ArticleText=Skills/module29/includes/two_Text.asp&ArticlePage=Skills/module29/two.asp
- http://www.dom.com/about/speeches/radtke_article.jsp
- <http://monsterbytes.monsterindia.com/archive/0604/index.asp>
- http://www.apprenticesearch.com/fpWhats_new/katherineharding.asp
- http://www.kltprc.net/foresight/Chpt_50.htm

Previous articles in the series can be found at:

- <http://www.auditnet.org/articles/TC%20Shortage%20of%20U.S.%20Workers%20Parts%201&2.htm>
- <http://www.auditnet.org/articles/TC%20Shortage%20of%20U.S.%20Workers%20Parts%203-5.htm>
- <http://www.auditnet.org/articles/TC%20Shortage%20of%20U.S.%20Workers%20Part%206.htm>

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firm, 85% of the 1400 CFOs surveyed "believed that a professional certification...can boost career advancement opportunities."

Heritage and Needs

Over the past two decades, a number of factors have created a rapidly changing environment for today's government financial managers. Beginning with the New York City financial crisis in the 1970s and 1980s, state and local governments began overhauling their financial management systems. In 1990, the Chief Financial Officers (CFO) act called for reforms that brought the goal of accountability to the forefront.

The value of financial managers against this turbulent backdrop has shot upwards. Those who believe they are on the high end of the profession, or on the "fast track" toward getting there, need a credential that shows they are qualified and have the skills to lead. The Certified Government Financial Manager (CGFM) does this like no other credential.

The CGFM is the first certification broad enough to cover the whole field of government financial management - federal, state and local. It deals not with testing a person in a specific area, but with measuring a wide range of knowledge and skills that a professional needs to succeed in the federal government financial environment, or to meet the unique challenges faced by state and local government financial managers.

In today's complex and changing world, a professional certification provides prospective employers with a degree of confidence that candidates are prepared for the real world." John Radford, CGFM, State Controller, State of Oregon.

Expertise, Value and Recognition

The foundation of the CGFM is the requirement for Education, Experience and Examination. Building on this foundation is a **Code of Ethics** and required Continuing Professional Education (CPE).



This designation is already recognized as a professional standard. Since the 2001 federal legislation authorizing federal government agencies to use appropriated funds to pay for expenses to obtain professional credentials, three agencies including the DoD and twelve of its components, have issued formal professional certification policies, with other agencies soon to follow suit. The CGFM designation is listed as one of the funded certifications.

To date, seven states have formally recognized the CGFM - Idaho, Mississippi, Missouri, Maine, Tennessee, Virginia and Washington. Also, various counties, including Contra Costa county in California, and cities, including Topeka, KS have also formally recognized the CGFM. Each year more and more federal agencies and state and local governments are realizing the value of the CGFM and are formally embracing the designation.

The Institute of Internal Auditors (IIA) Board of Regents has also recognized the CGFM. It is accepted as a waiver for part IV of the CIA examination.

Toward the Future

The challenge facing today's government financial managers is to keep up with the changing times. New innovations, new developments and new methods of implementation are creating a new environment in which government financial managers must function.

Increasing knowledge and skills is the key to staying abreast of the latest developments. AGA presents a dynamic program of events and courses every year containing solutions, innovations, and technological breakthroughs that you'll need to retain and enhance your CGFM.

The field of government financial management will be far dif-

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ferent tomorrow from what it is today. Having a broad knowledge and a recognized professional designation will be the way to distinguish yourself from the crowd.

There's no time like the present for joining the thousands of other leaders in government financial management who already have discovered the unique value and benefit of the CGFM designation.

Why Certification?

"Certification programs are win-win-win--the certifiers benefit; the certified benefit; and so does any customer, client or employer who relies on the certification. That should explain why, within a decade, every market leader in every global industry will offer certification programs for its key employees." Fortune Magazine, 6.26.00

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free membership meeting lunch. Ellen Ballard won the \$15 Adelia's gift certificate. Terry Brabb's name was drawn for the "Members Only" drawing for \$15. Mr. Brabb was not present so the "Members Only" prize will be \$30 in August. Lydia Reynolds explained that everyone who was in attendance today would have their name entered in the year-end drawing to receive a free membership.

Rick announced that the day's guest speaker, Mr. Joel Schrader, was unable to attend the meeting due to extenuating circumstances.

Brianne Skidmore announced that information on AGA membership and the CGFM certification was on the greeting table for any interested party. Rick discussed the CGFM, announcing the 19 state governments currently recognize the certification.

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monthly meeting on July 7, 2005 at the Office Pub and Deli in Frankfort, Kentucky. JoLeen VanHorne from Deferred Comp will be the speaker during this meeting. Other matters being addressed will be "How to Become A Member", approval of minutes, discussion of Scholarship fundraisers, and current philanthropy projects.

A couple of ideas for scholarship fundraisers were discussed during the CEC meeting. One of which was to hold a raffle during the October training, and another was to sponsor a Texas Hold'Em Poker Tournament. Both ideas are in the early stages of discussion and will be discussed during futher meetings.

Cindy Upton, updated the CEC on the October 10th and 11th training. Bill Broadus will be our speaker this year. Further information will be discussed during the August CEC meeting.

Whether or not to purchase the CGFM study material and form a study group was discussed. A sign up sheet for interest in a study group will be available at sign in at the monthly meeting on July 7th, 2005. Anyone interested in forming a study group

Central Kentucky Chapter Recognition Program

By Lydia Reynolds

Program Year May 1, 2004 through April 30, 2005

Chapter Leadership, Planning & Participation — Maximum 3,000 Credits	2,550
Education & Professional Development Maximum 4,000 Credits	3,250
Certification — Maximum 4,000 Credits.....	1,650
Communications — Maximum 3,000 Credits.....	3,000
Membership — Maximum 3,000 Credits.....	1,700
Community Service — Maximum 2,000 Credits	1,775
Awards — Maximum 1,000 Credits.....	0
Total for Year Ending 4/30/05.....	13,925
Goal for Program Year	10,000
% of Goal.....	139.25%

for the CGFM is asked to sign up. Giving scholarships for those interested in taking the CGFM was also discussed. This item will be discussed further during the August 2005 CEC meeting.

Membership retention was discussed. Retention is our main membership goal for the remainder of the year.

Amy Small would like to encourage people to remember to save their pop tabs and bring them to meetings for one of our community service projects.

The CEC meeting was dismissed.

Central Kentucky Leadership Directory, 2005-2006

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