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MILTON, LLC

All Things Governmental

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Government Audit Quality Center

At Hilliard & Milton, LLC, we are committed to achieving the highest quality and most efficient audits possible. We have over 20 years of experience in performing governmental audits and we presently perform services for over 10 governmental entities.

To further demonstrate our commitment to achieving the highest quality audits possible, we have joined the **AICPA's Governmental Audit Quality Center** and have named Chris Milton as our firm's designated partner in charge of ensuring the quality of our governmental audit services, particularly our services performed under Government Auditing Standards and OMB Circular A-133.

The Center is a voluntary membership Center for CPA firms that perform governmental audits, including all audits and attestation engagements performed under Government Au-

ditng Standards and OMB Circular A-133 of federal, state, or local governments that receive federal assistance. The AICPA Governmental Audit Quality Center membership provides us with access to a wealth of comprehensive resources on performing quality governmental audits and is also designed to raise awareness about the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services.



In addition, as a member of the *Governmental Audit Quality Center*, we are committed to adhering to the highest quality standards by voluntarily agreeing to the Center membership requirements, which include designating a partner responsi-

ble for the quality of our governmental audit practice, establishing quality control programs, performing annual internal inspection procedures, and making our peer review report findings publicly available.

Beyond the information provided by the Center, our team of auditors stays current in this highly technical practice area by adhering to the continuing professional education requirements of Government Auditing Standards and attending other relevant seminars and by reviewing monthly publications from the AICPA and GFOA.

For more information about our governmental auditing services, visit www.hilliardmilton.com or contact Chris Milton by phone or email.



Draft Criteria for Regional Transportation Tax Released by DOT

The Georgia Department of Transportation (GDOT) has released the draft regional criteria for investments that can be funded with revenues from a regional transportation tax in 2012. The tax is pursuant to House Bill 277, the Transportation Investment Act of 2010. Local governments are being asked to review the draft criteria and provide feedback and recommendations by September 30.

Once the criteria are finalized by the GDOT planning director (on or before November 15, 2010), the Regional Transportation Roundtables (RTR) will have an opportunity to approve or amend the criteria as submitted to each region. Once adopted by an RTR, the criteria will serve as the guideline for development of transportation investment lists in each region.

A summary of House Bill 277 follows:

- Keeps the taxing authority with state and local governments
- Will create 12 Special Tax Districts for Transportation along boundaries of Regional Commissions
- GDOT Director of Planning initiates and assists with the development of each district's strategic investment list in collaboration with local government officials
- Local government officials create, review, amend, and approve their districts' investment list via "Regional Transportation Roundtables" which meet only twice (does not set up a new level of government)
- Incentives for districts to participate in the sales tax referenda:



- * If a district's Roundtable does not approve by majority vote a project list their citizens can vote on, district "gridlock" is declared and local governments in that district set their match requirement at 50% for local transportation grants they receive from GDOT (match level is set for 2 years)



- * If a district's Roundtable approves by majority vote a project list their citizens can vote on, local governments in that district will reduce their match requirement from 50% to 30% for local transportation grants they receive from GDOT (match level is set for 2 years)
- * If a district's citizens approve the tax on the set list of projects, the local governments in that district will reduce their match requirement from 30% to 10% for local transportation grants they receive from GDOT (match level is set for 10 years)

- All counties must participate in the district
- Metro Planning Organizations (MPOs) play a role in developing the project list in their area (to comply with federal law)
 - First vote is statewide at the general primary in 2012
 - Votes tallied by district
 - 10-year term of levy

- All revenues invested in districts where funds were collected
- A portion of each district's revenues are designated for discretionary use by local governments within the district, distributed to cities and counties by road miles and population (same as LARP formula) – 15% for any district wholly contained within a single MPO, 25% for other districts
- GSFIC serves as the trustee for each district's revenues and disburses funds to GDOT upon request for managing the voter-approved projects (GRTA will participate in project management but only in metro Atlanta and only for transit projects)
- Citizens Review Panels are set up in each district that levies the tax to check the progress on the investment list and make sure the voter-approved projects are on-time and within budget (members appointed by Speaker and Lt. Governor and must reside within the special district)
- Upon conclusion of the 10-year levy, the list development process and ballot may be reinitiated per a majority of the district's counties and a special act of the General Assembly; process is the same if a district's voters reject the tax following a 24-month waiting period.
- Proceeds of the tax may be used only for the voter-approved projects, which may be all transportation activities and purposes, including construction, maintenance, and operations (except for maintenance and operations of MARTA's existing system)
- Revenues may be used to fund a 20-year reserve for a district's transit maintenance & operations requirements

Landfill Closure and Postclosure Costs

Many landfills are starting to close because they are being combined and replaced with larger landfills that are intended to be more friendly towards the environment. Also, steps have been taken over the years to help landfill employees get more waste into exist-

ing landfills without needing to make them any larger. In 2006 there were approximately 1,750 landfills in the United States. This was a decrease from close to 8,000 landfills in 1988.

The Governmental Accounting Standards Board (GASB) Statement No. 18 "*Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*" sets the accounting and financial reporting standards for costs associated with the closure and post-closure care of municipal solid waste landfills (MSWLFs). Ap-

proximately 80 percent of landfills are operated by governments.

Statement No. 18 makes owners and operators of MSWLFs responsible for ensuring that landfills are properly closed and monitored for a period of 30 years following closure.

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Let Us Know! : If you feel anyone would benefit from our newsletter, please let us know their contact information and we will be happy to add them to our mailing list!



Expertise, Peace of Mind. Courtesy of Hilliard & Milton, LLC

Our focus is and always has been on the success and potential of our clients and team. Our involvement with the community, our personal touch, and our passion for excellence are important aspects of our firm as we strive to help our clients succeed.



We offer a special **thank you** to our clients for allowing us to be of service to them and their continued trust. If you are pleased with our services we are grateful for any referrals you provide.

Hilliard & Milton, LLC

Our governmental services include:

- Financial audits, compilations and reviews
- Internal control reviews/recommended practices
- Policy and procedure development
- Single audits
- Financial statement preparation
- Corrective Action Plans
- Rpt of Local Government Finances preparation
- Grant Certification compliance
- Bond issuance services and compliance
- Audits of SPLOST revenues and expenditures
- Agreed-upon procedures
- Operational reviews and consulting
- Direct or Indirect Cost Allocation Plans
- Budgetary analysis and preparation
- Capital asset accounting and reporting
- Arbitrage tax information
- Payroll tax services
- Retirement plans
- Financial forecasting services
- Computer software and systems
- Financial planning and cash flow management
- Risk assessments
- Education and training

Certified Government Auditing Professional (CGAP)

Our Quality Control/Firm Accounting and Auditing Partner has been awarded the CGAP designation by the Institute of Internal Auditors (IIA). Individuals earning the CGAP designation are recognized as professionals who understand The IIA's *Standards for the Professional Practice of Internal Auditing* as well as government auditing

standards. The IIA's CGAP designation provides government auditors the opportunity to serve as an example of the best in public sector auditing. This designation identifies leaders in governmental accounting through their commitment to auditing excellence.

The information provided in this newsletter is for informational purposes only and should not be acted upon without first gathering additional information or obtaining professional assistance.

Landfill Closure and Postclosure Costs

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Basic GASB Approach

The GASB believes that closure and postclosure care costs imposed by federal, state or local laws and regulations are an integral part of the cost of operating an MSWLF. Therefore, the GASB believes that the costs of closing a landfill and monitoring the site after closure should be recognized systematically as the landfill is used, regardless of when these costs are paid and regardless of how the costs are funded. In other words, all closure and postclosure care costs are to be recognized prior to closure.

In addition, closure and postclosure care costs are to be allocated to individual fiscal periods based on landfill usage rather than on the passage of time. Therefore, differing amounts of cost may be allocated to different fiscal periods depending upon the level of landfill use during each period.



the total amount of those costs. This estimate includes all costs incurred as of the end of the fiscal year related to closure and postclosure care (i.e., equipment, facilities, services), as well as any additional related costs anticipated for the future. Equipment and facilities included in estimated total cost is limited to items that will be used exclusively for a particular landfill (e.g., liners, leachate collection equipment, gas monitoring and collection systems, storm-water management systems, wells). The estimate does not include items that will not be used exclusively for a particular site (e.g., a leachate

treatment facility shared with a local sewer authority). Also, Statement No. 18, requires governments to make this estimate on the basis as though all anticipated future acquisitions of equipment and facilities for closure and postclosure care were made as of the end of the fiscal year.

The estimated total current cost of MSWLF closure and postclosure care should include:

The estimated total current cost of MSWLF closure and postclosure care should include:

MSWLF operating plan) near or after the date that the MSWLF stops accepting solid waste and during the postclosure period.



- The cost of final cover (capping) expected to be applied near or after the date that the MSWLF stops accepting solid waste.
- The cost of monitoring and maintaining the expected usable MSWLF area during the postclosure period.

The cost components included should be based on federal, state, or local laws or regulations concerning closure and postclosure care that have been approved as of the balance sheet date, regardless of their *effective date*.

Estimated Total Cost

Allocating closure and postclosure care costs to individual fiscal periods during the life of the landfill requires governments to estimate

- The cost of equipment expected to be installed and facilities expected to be constructed (based on the

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Landfill Closure and Postclosure Costs

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After the initial calculation of estimated total current cost of MSWLF closure and postclosure care, current cost is required to be adjusted annually for the effects of inflation or deflation and other changes. The effect of any changes in estimates that occur before the MSWLF stops accepting solid waste is required to be reported primarily in the period of change.

For MSWLFs that use proprietary fund accounting and reporting, a portion of the estimated total current cost of MSWLF closure and postclosure care is required to be recognized as an expense and as a liability in each period that the MSWLF accepts solid waste.

Recognition should begin on the date the MSWLF begins accepting solid waste, continue in each period that it accepts waste, and be completed by the time it stops accepting waste. Estimated total current cost should be assigned to periods based on MSWLF use rather than on the passage of time, using a formula provided in this Statement. MSWLF capital assets excluded from the calculation of the estimated total cost of MSWLF closure and postclosure care should be fully depreciated by the date that the MSWLF stops accepting solid waste. Capital assets used for a single cell should be fully depreciated by the date that each cell is closed.

For MSWLFs that use governmental fund and account group accounting and reporting, the measurement and recognition of the accrued liability for MSWLF closure and postclosure care should be consistent with that for proprietary funds. The MSWLFs should recognize expenditures and fund liabilities using the modified ac-

crual basis of accounting. The remainder of the liability should be reported in the general long-term debt account group.

State and local governments are required to disclose the nature and source of MSWLF closure and postclosure care requirements, the nature of closure and postclosure care estimates, the reported liability at the balance sheet date, the estimated total closure and postclosure care cost remaining to be recognized, the percentage of MSWLF capacity used to date, and the estimated remaining MSWLF life in years. Entities also are required to disclose how closure and postclosure care financial assurance requirements are being met.



Hilliard & Milton, LLC's mission is

To provide accounting, consulting, tax and attest services that distinguish us from our competition through our commitment to excellence as consistently reflected in timely personal attention to the well-being of our clients, respect for our clients and uncompromising integrity in client relations throughout every aspect of our practice.

Improving Local Government Management

Local governments continue to be under pressure to provide results that matter to the public, often within severe resource constraints. With this in mind the National Performance Management Advisory Commission which is a collaborative effort among 11 leading organizations representing local and state government has released a 70-plus-page report titled *A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving*. This report summarizes the Commission's two years of research plus a four-month public review period. The report presents a model for public sector performance management for use in budgeting, management and evaluation for improved decision making. The model is based on seven key principles to ensure that



1. ***A results focus permeates strategies, processes, the organization culture, and decisions.***

While compliance with prescribed processes can assure fairness, fis-

cal integrity, or adherence to the law, it does not necessarily result in substantial benefits to the public. Performance management assures that the organization's culture and processes are aligned with the goals the organization wishes to achieve.

2. ***Information, measures, goals, priorities, and activities are relevant to the priorities and well-being of the government and the community.*** To achieve results, an organization must first establish goals and performance targets that are relevant to stakeholders. It then must ensure that all levels of the organization (e.g., policy makers, managers, staff, and others) understand how to implement performance management tools that will achieve those goals.

3. ***Information related to performance, decisions, regulations, and processes is transparent, i.e., easy to access, use, and understand.*** The transparency (i.e., completeness, organization, and understandability) of performance information is critical to fostering evidence-based planning, budget, and decision making.

4. ***Goals, programs, activities, and resources are aligned with priorities and desired results.*** Effective performance management systems ensure alignment among



an organization's goals, priorities, programs, activities, resources, and desired results.

5. ***Decisions and processes are driven by timely, accurate, and meaningful data.*** Collecting, storing, and applying performance data is essential to tracking and understanding results.

6. ***Practices are sustainable over time and across organizational changes***. "Performance management is not an event, a program, or a quick fix..." Efforts must be sustainable, flexible, and adaptable enough to keep up with inevitable changes, whether those changes take place within the organization's leadership or the community in which the organization is located.

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www.hilliardmilton.com/governmental.htm**

Improving Local Government Management

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7. *Performance management transforms the organization, its management, and the policy-making process.* An organization that has been truly transformed by performance management uses evidence-based planning and management, objective goal setting, and alignment of its structure, systems, and resources to achieve its desired results.

Additional information concerning the National Performance Management Advisory Commission, the 11 participating public sector management organizations, and future events related to the Commission can be located at

www.pmcommission.org

