

Virginia Town & City

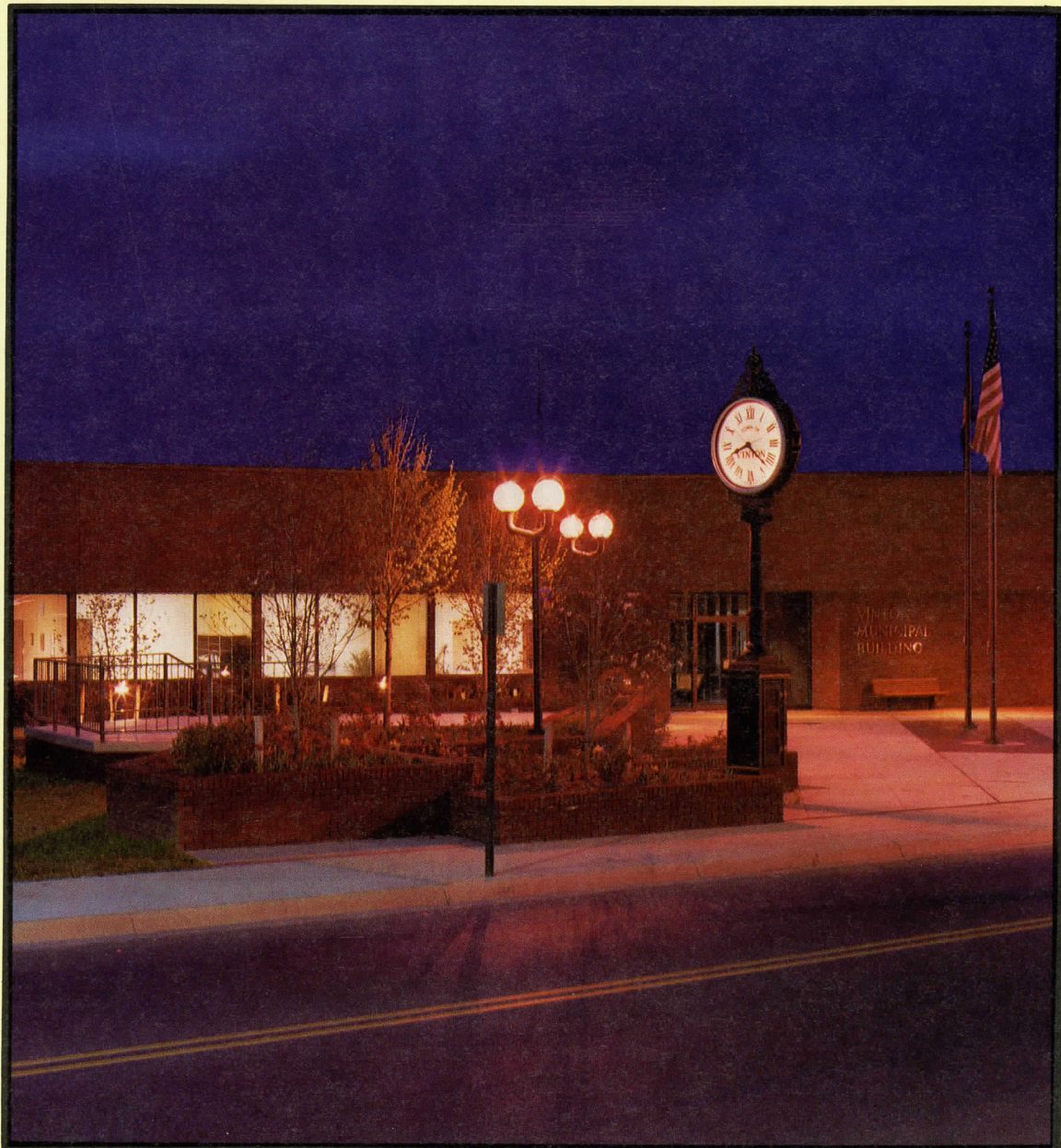
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Vinton Dedicates Town Hall

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On the Cover

Vinton, Virginia (population 9,000) opens its doors to citizens on April 10. See the story on page 8 of this issue.

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6 Portsmouth's Municipal Finance Commission

"The City Council combined two commissions to form one that is responsible for overseeing the city's bond and financial policies."

8 Vinton Dedicates Town Hall

"The Town dedicated its new municipal building April 10, without going into debt."

9 Something Old, Something New

"Lynchburg takes an old U. S. Courthouse and Post Office and turns it into a new city hall."

12 Interview With Paul Tribble

"Congressman Tribble gives some insight about the activities at the federal level."

16 State Fire Chiefs To Meet**20 A Policymaker's Responsibility For The Municipal Audit Process**

"The finance director for a New England town discusses the audit process—especially council's responsibility."

DEPARTMENTS

- 4 Ideas
- 5 People
- 10 Legal Guidelines
- 14 Marketplace
- 19 Directory
- 22 Calendar

Asphalt Plant

Norfolk's Public Works Department acquired its own asphalt plant in 1981, and as a result the city is saving about \$100,000 a year. In addition to cost savings, the plant is solving a host of paving problems and providing more flexibility and control in work schedules.

Getting the job done more efficiently was the motivating factor behind the purchase of the plant, according to Arthur Giles, superintendent of the department's Street Construction and Repair Division. The division had bought asphalt from private companies before the new plant. This arrangement was more expensive than making its own asphalt, required more travel to pick it up, and did not guarantee that the division could always get the kind of asphalt it needed when it needed it.

The city's new plant produces asphalt cheaper than it can be bought from private sources, and the city expects to recoup its investment within two years. Now the division can get all the asphalt it needs with a plant that can easily turn out its required 12,500 tons a year. "We're very pleased with the purchase of the new plant," said Giles. "It's really affecting the efficiency of our operation and saving the city a bundle."

Loan Executive Program

Since 1976 the City of Visalia, California (49,750 pop.) has loaned four executives to surrounding communities on an interim basis. The city has loaned a police captain, to be interim police chief in the City of



Norfolk owns an asphalt plant.

Exeter, a fire captain to the City of Dinuba for an interim fire chief, a police sergeant to the City of Orange Cove for an interim police chief, and a city department head to the City of Farmersville for an interim city manager. Further, short range exchange programs have existed with the City of Corcoran and Dinuba in which building department executives from the City of Visalia have been exchanged to head special short-term projects.

The benefit Visalia has been a gain of experience and abilities on an executive level for managers that are currently in non-executive posi-

tions. This mutually advantageous program is still continued. Details of the program are worked out on an individual basis through contract negotiations with the requesting city, and Visalia's City Council and City Manager. Contact: Ray Forsyth, Director of Public Safety, 209/625-6215. (*League of California Cities*)

Car Payments

During 1980, the city of Visalia, California (pop. 49,750) instituted its personalized patrol vehicle program. With this program a marked police car is assigned to each individual police officer and sergeant, limiting the use of vehicles for travel to and from city-related work activities. The most exciting element of this program is the method used for financing—the concept calls for purchasing less vehicles over a five-year period than with the traditional line-vehicle approach because the life expectancy of personalized vehicles is approximately five years.

For more information, contact Jim Nelson, Budget Officer, Visalia Public Safety Department, 303 S. Johnson, Visalia, California, 93277, 209/625-6250. (*ICMA Newsletter*)



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People

Managers Elect Miller

Vinton Town Manager **Ronald H. Miller** was elected President of the Virginia Section, International City Management Association during the association's annual conference in Hot Springs, Virginia.

Robert T. Williams, City Manager of Newport News, was elected first vice president while Warrenton Town Manager **Edward Brower** was elected second vice president.

Members of the Executive Committee include Lynchburg City Manager **E. A. Culverhouse**, Falls Church City Manager **Harry Wells**, Hampton Assistant City Manager **George Wallace**, Staunton City Manager **R. Gene McCombs**, Alexandria City Manager **Douglas Harman** and Charlottesville City Manager **Cole Hendrix**. As immediate past president, Salem City Manager **William J. Paxton, Jr.** will also serve on the Executive Committee.

The new slate will assume office on July 1, 1982.

Henrico Taps Rapisarda

Joseph P. Rapisarda, Jr., has been named County Attorney for Henrico County.

A native of Richmond, he has been an Assistant County Attorney with Henrico since March, 1977, and has held the County Attorney position on an acting basis since January of this year.

Rapisarda received his undergraduate and law degrees from the University of Virginia. Prior to joining Henrico County, he was an associate attorney with the Richmond firm of May, Miller & Parsons.

Virginia Beach Names Texan

Thomas H. Muehlenbeck assumed the post of City Manager of Virginia Beach. Prior to his appointment, he was deputy city manager of Austin, Texas. He succeeds **George L. Hanbury**.

Kent Named

The Fairfax County Board of Supervisors appointed **Denton Kent** to the vacant position of Deputy County Executive for Planning and Development. Kent was most recently chief administrative officer of the Columbia Regional Association of Governments and Metropolitan Service District in Portland, Oregon. He will be responsible for the County's Office of Comprehensive Planning, Department of Public Works, Department of Environmental Management and Office of Transportation, and will represent the County administration in matters concerning the Economic Development Authority.

Blevins Is Chief

Town Deputy Sergeant **Ronnie J. Blevins** was appointed Town Sergeant and Chief of Police for the Town of Stephens City.

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Portsmouth's Municipal Finance Commission

By Jack P. Barnes

What happens when a city has a limited tax base plus difficulty in the bond market?

Portsmouth's primary problem is a limited tax base, roughly 60 percent of its total property valuation is nontaxable. In the 1960s the problem was compounded when the city felt it was not receiving a favorable bond rate.

"The City appointed a commission comprising the top executive of each lending institution."

In 1964 L. L. Knight, who was a member of city council and a former vice president of finance for Seaboard Airline Railroad, recommended that the city appoint the top executive of each of the lending institutions in the city to a Municipal Bond Commission. The bond commission was to review current outstanding bonds and set up a schedule regarding future bonding which would take into account the bonding limit of the city. This would allow council to know at all times where the city was regarding bonds and would keep Portsmouth's projected bonding within the bonding limit.

In 1966 the bond situation was being carefully reviewed but the taxing problem still remained. The Portsmouth Tax Study Commission was established to review all sources of revenues, making any recommendations for any new sources of revenue, but mainly trying to keep all taxation of different groups of citizens on a fair and equitable basis. These two commissions continued to operate and assist council until 1972.

At that time then Mayor of Portsmouth Jack Barnes recommended that Portsmouth form a Municipal Finance Commission which would combine the Bond Commission and

the Tax Study Commission into one, expanding their duties and responsibilities.

Duties of the Commission

What does the commission do? Council gave specific instructions and since its creation, the commission has been active.

First, the commission surveys the city's financial condition and makes recommendations to city council at least twice a year.

To have equitable distribution of the city's revenue and tax burden, the commission studies the tax policy and methods of collecting revenue.

Other responsibilities include exploring possible new sources of revenue, surveying all aspects of the city's bonded indebtedness and studying demands for city funds.

Even money spent for materials and services is analyzed and recommendations are made so city funds are wisely spent for these items.

Reviewing the city's budgeting procedures and methods is included, specifically the city's annual budget and five year capital improvements program.

When the Commission was created, Council even incorporated the school system by directing members to look at the school board's budgeting procedures and methods, particularly its annual budget.

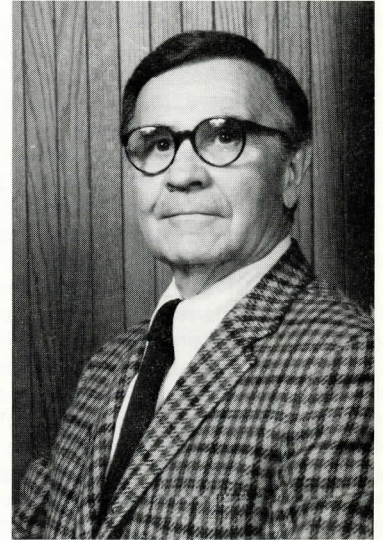
Accounting procedures for both the City and school board are reviewed.

Finally, the Commission advises city council on the propriety of all bond issues and assists council and the director of finance in promoting and obtaining bond issues. Advice is then given to council that is conducive in improving the financial condition of Portsmouth.

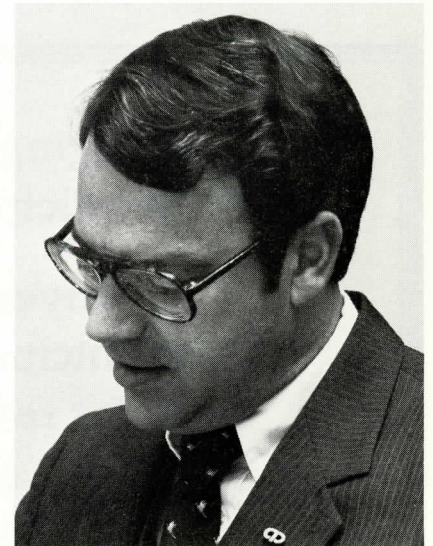
The Make Up of the Commission

Made up of nine voting members appointed by city council, the commission has three members from the banking profession, three business persons and three persons chosen from the citizens-at-large.

The city manager and director of finance serve as ex-officio members. This enables the finance commission to be continually informed of the financial condition of the city, and it keeps the city manager and



Jack Barnes, who has served on council since 1960, recommended the Municipal Finance Commission.



The Chairman of the Commission, Richard R. Early, has given a lot of time overseeing Portsmouth's financial policy.

director of finance constantly in touch with the members of the commission. Directing all financial matters through the finance commission before they are sent to the City Council has been a tremendous asset. The recommendations of the finance commission have been accepted by the citizens since the members are not elected.

About the Author

Mr. Barnes has been on the Portsmouth City Council since 1960, serving as mayor from 1968-1974. He was president of the Virginia Municipal League in 1973-1974.

"This process enables the council to pass budgets, make necessary appropriations and changes that would not be possible without the Municipal Finance Commission."

Richard R. Early, the current chairman of the Municipal Finance Commission, commented, "The effectiveness of the commission is attributed in part to the integrity and ability of the members appointed and their sincere desire to perform the task assigned to them."

He also salutes the credibility and professionalism of the city staff who work with the commission and provide the needed detailed information. Early concludes, "These factors ensure that in no way the body can be construed as a rubber stamp."

According to city finance director Roy Cherry (an ex-officio member of the MFC for the past seven years), the commission has been instrumental in adding an external perspective to staff activities. Because of the generous amount of time that

the commission members have been willing to devote to the city's financial matters, municipal finances probably have received more attention and interest than they would have otherwise.

Portsmouth has managed to establish a sound financial policy, to balance its budget year after year, and to capitalize on opportunities that help to stimulate investment in the city. A large part of the credit for

the city's fine performance can be shared by many people in the city government—not the least of which are the nine citizens who volunteer their time, energy and knowledge to serve as Municipal Finance Commissioners.

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Vinton Dedicates Town Hall



The day begins with the flag raising.

Other localities probably envy the Town of Vinton—a new town building but no bond indebtedness. As Vinton Councilmember James Reynolds commented, “We may be broke, but at least we didn’t have to borrow to do it.”

Vinton dedicated its new \$1.1 million municipal building April 10, with Virginia Senator Roy L. Garland and Delegate C. Richard Cranwell as guest speakers.

“The best part is that it’s all paid for.”—Mayor Charles Hill



Mayor Charles Hill speaks.

Construction on the building started in March 1981, and town employees have been working in the structure since February of this year. But the town waited for good weather for the dedication, which included music from three bands, speeches, refreshments, tours of the building and the required ribbon cutting.

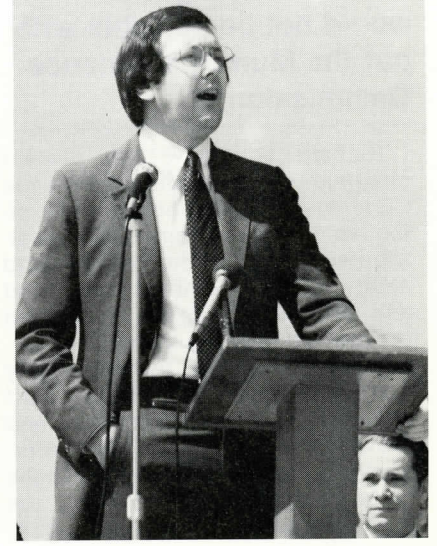
In attendance were officials from the counties of Roanoke and Botetourt, the towns of Buchanan and Blacksburg, and the city of Roanoke.

Vinton Councilman James Reynolds said it has been a good year for new facilities in Vinton. The town opened its new water system recently and will move into a new post office in several months.

The municipal building puts, for the first time, all the town’s operations under one roof, according to Mayor Hill. Before, the operations were close to each other but because of poor planning and cramped facilities work was not done efficiently, Hill said.

Hill said the new building is “functional, attractive, but not overdone with frills.”

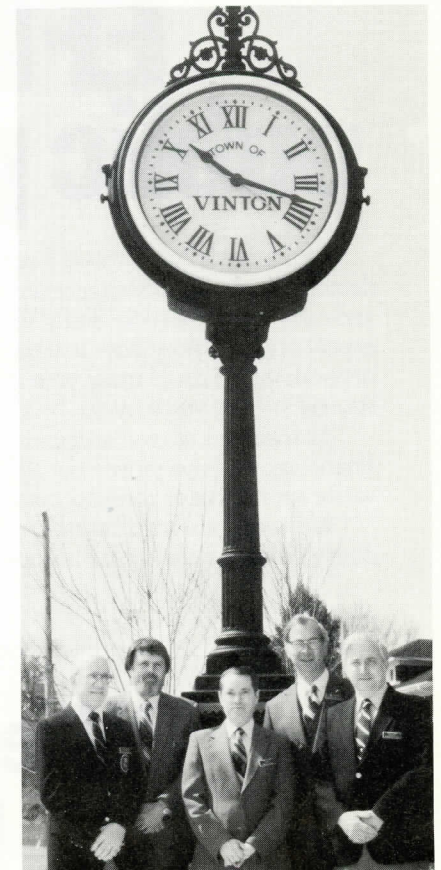
—Article adapted from a *Roanoke Times & World News* report by Richard Lovegrove. Photos by George H. Welch, Jr.



Virginia Delegate C. Richard Cranwell speaks.

Below left: Mayor Hill cuts the ribbon.

Below right: Town officials pose in front of the town clock.



Something Old, Something New

By Liz Browning

When Lynchburg's cozy office space turned into cramped office space, City Council decided not to build but to renovate an old U.S. Post Office and Court-house located directly across the street.

Dedicated on April 23, the new City Hall is in the center of the downtown business district and includes about 88,000 square feet, a 20,000 square foot increase over the old City Hall.

At an approximate cost of \$3.5 million, the building exemplifies adaptive reuse as well as cost effective expenditure of public funds.

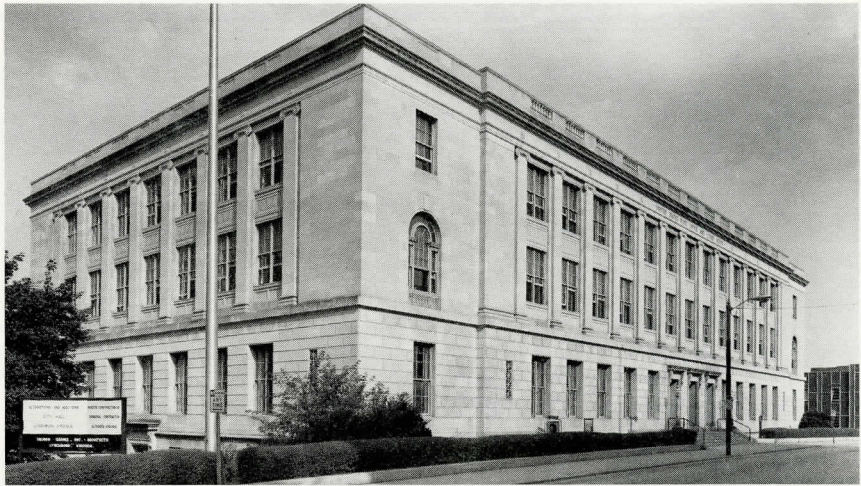
More functional than the other municipal building, the most frequented offices are located on the two lower floors to emphasize public accessibility.

The exterior of the building was preserved with the overall appearance altered only by creative landscaping (not pictured) of azalea and cherry trees done by city personnel. The original windows were retained with secondary glazing installed to preserve the appearance and provide high quality sound and heat insulation.

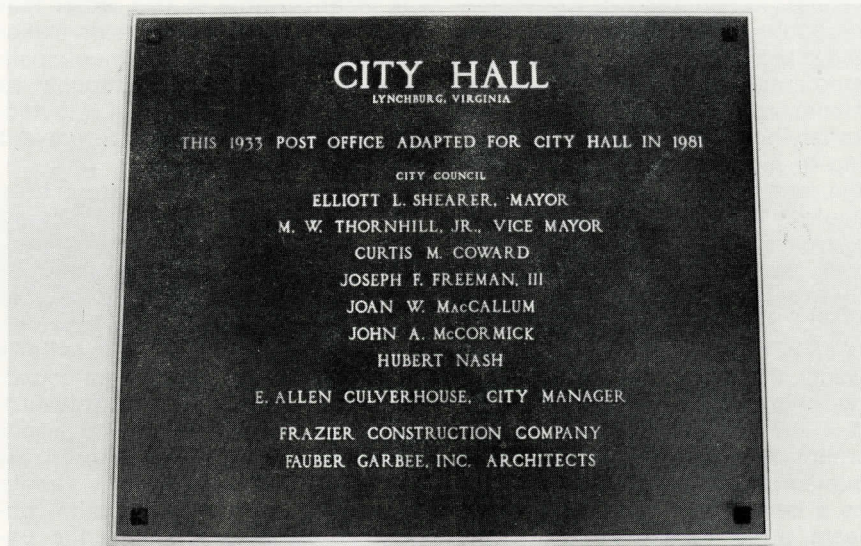
The original copper-framed storm vestibule at the main entrance was retained. Ornamental bronze grills, originally used as radiator covers, were reused as a handrail surrounding the most unique and contemporary feature of the renovation: the atrium, an opening cut between floors to provide a dramatic spatial effect. From the atrium, visitors to the City Hall lobby can view the Branch Library to be established on the lower level.

The new Council Chamber provides seating for 200, improved acoustics and aids for the hearing impaired.

Lynchburg citizens are proud of a modern efficient structure to house the nerve center of



Lynchburg's new city hall. Below, the plaque inside the lobby.



their government and proud of a heritage worthy of preserving.

Note: Interested persons are welcome to contact Ms. Browning for further information or to arrange for guided tours. A five-minute video presentation on the renovation is also available.



A workman finishes up renovating the old federal building into a new city hall for Lynchburg.

About the Author

Ms. Browning is Lynchburg's Public Information Specialist.

Legal Guidelines

Municipal Tort Immunity

By Howard W. Dobbins, General Counsel

A case note article recently published analyzes the application in Virginia of the principle of municipal immunity (68 Va. L. Rev. 639, March, 1982) and the author criticizes the distinction traditionally accepted in Virginia arising from governmental duties and imposing liability in the case of proprietary functions. The author argues that the labels "proprietary" and "governmental" are mere legal conclusions, rather than "intellectually satisfying tools of analysis" resulting in judicial confusion which in the author's view has grown more acute in Virginia.

We disagree.

As we read the Virginia opinions on this subject, including the most recent decision in *Freeman v. Norfolk*, 221 Va., 57 266 S.E. 2d 885 (1980), there emerges a clear, clean definition of the principle involved: if a municipality assumes a role which can be, and frequently is, occupied by a private person, whether as a landlord, building demolisher team, street repairman or operator of a swimming pool, its acts in pursuance thereof are proprietary in nature; if the municipality's actions in question stem from activities which are in the performance of a duty imposed by statute and not normally undertaken by private persons, those actions are governmental and therefore privileged. Designing city streets and guarding public health are examples of the governmental functions found in our decided cases.

The author of the critical article contends that if municipalities are held to strict accountability regardless of whether their actions are governmental or proprietary that this would encourage their decision-makers to make efficient expenditures decisions which will result in avoidance of accidents whereas the municipal immunity rule encourages a local government to limit its preventive expenditures. Thus, the article concludes the mu-

nicipal immunity doctrine has encouraged municipal officials to make decisions that cause more harm than benefit.

Our experience with local governments leads us to condemn the conclusions and the proposition on which it is based as fallacious for it is inconceivable to this writer that any responsible decision-maker throughout Virginia's municipalities gives the slightest thought to municipal immunity when it is necessary to allocate funds to prevent accidents.

The author cites four arguments which are said to be traditionally advanced in support of the immunity theory and then argues that all four are insubstantial. However, the basic underlying reason for tort immunity for governmental functions is not addressed. When a municipality is engaged in acts of a governmental nature as opposed to proprietary functions, it is acting on behalf of the sovereign state, substituting for the Commonwealth. Under those circumstances, the unquestioned immunity of the Commonwealth passes to the municipality along with the duty which has been delegated.

Although some states have abolished or limited the role of municipal immunity, we believe that it is a valid doctrine as interpreted by the Virginia Supreme Court, a rule which is understandable and understood by legal scholars and one which should be retained in Virginia.

Local government officialdom will be relieved by the new holding of Virginia Supreme Court to the effect that in assessing real estate for taxation, "economic rent", as a general rule, is the measure to be used in capitalizing income for fair market value determination, although contract rent is relevant as evidence of economic rent. Hence, in *Board of Supervisors of Fairfax County v.*

Nassif, the Supreme Court reversed the trial court's earlier decision that actual contract income must be used in appraising property by the capitalization of income approach.

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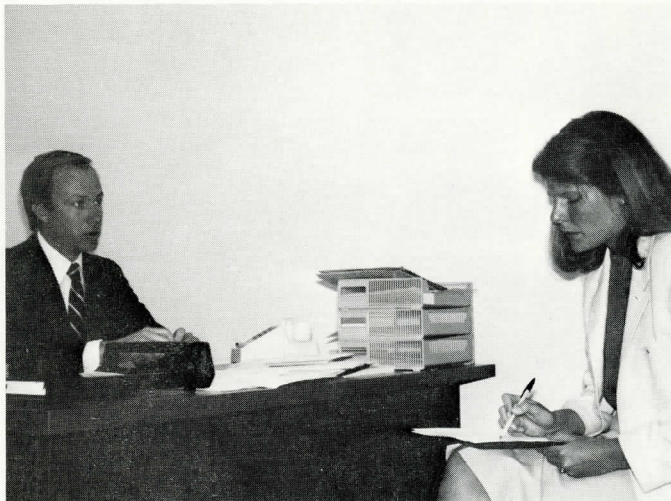
*includes costs for nuts, bolts, and installation.

B82-41





Paul Trible explains the budget.



Sarah Holt interviews Congressman Trible.

Interview With Paul Trible

By Sarah B. Holt

Editor's Note: Ms. Holt, a communications intern with the Virginia Municipal League, met with Congressman Trible on April 19. Other interviews with the Virginia delegation and State leaders will appear in future issues.

It was comforting to many to hear President Reagan promise a stronger defense system and an improved economy in this country. When the patriotic optimism of his words wore off, however, many were distressed to find that improvements in some areas mean deprivation in others. Since there is a fixed amount of money that this country can use to finance its programs, improvements mean redistribution. The implementation of this redistribution of federal monies has been applauded, criticized, analyzed and just plain talked about by everyone—from welfare recipient to members of Congress.

State and local policy makers, in particular, are faced with the task of gracefully assuming their new responsibilities brought by "New Federalism." Many localities face the same problems of depressed urban areas, decreased voluntarism, the manifestations of block grant proposals and the future of general revenue sharing. But Congressman Paul Seward Trible said he sees bright days ahead for state and local governments.

Trible said there has been a problem with the way the media portrays the president's plans. "The media traditionally says we're cutting

spending in human programs, but that's only half right. We're reducing the rate of growth in those programs. Federal spending in human programs is not growing as rapidly as it has in the past, but we continue to spend substantially more money in total dollars. The growth rate in defense spending is being increased because during the 1970s the national defense spending was cut in half in real terms. We're trying to reallocate dollars to areas that have been neglected in the past. It's really a mistake to suggest that we're turning our backs on human needs."

"It's a mistake to suggest that we're turning our backs on human needs."

Trible said local governments have "come of age" and there will be some important decision making ability returned to state and local governments. This ability is appropriate and will provide a challenge in the days ahead. "The primary challenge at all levels of government is to make the programs of government work more efficiently for American people," he said.

Given adequate time and revenues, local governments can more effectively and efficiently provide important governmental services, Trible noted, "Most Virginians would prefer to have their own local elected official deciding the needs and priorities of their community rather than some bureaucrat in Washington."

The concept of urban enterprise zones has been introduced to help communities meet their residents' needs and Trible said he supports the idea. "I think it's time for some innovative thinking about how to breathe some life into our urban areas, the federal government cannot do it all alone. If we're to succeed there must be public and private incentive."

The incentives provided for businesses could bring them into depressed areas which would in turn generate jobs and opportunities for people. "It's innovative and an idea that ought to be pursued," he said.

Since the concept provides tax reduction and other regulatory initiatives, Trible said he does not see disadvantages to the program, "The fact that these areas are depressed suggests that little would be lost in terms of revenue by granting revenue relief."

A concept in spurring the successful growth and maintenance of communities is voluntarism, but it has decreased since the 1970s. He surmised, "This was an American tradition that unfortunately is not as strong today . . . people are looking to the government and not to themselves." Trible said Americans have gotten away from the Founding Fathers belief in the individual's right, ability and responsibility of his own destiny as free as possible from the interference of government. "Through the years we've developed an abiding faith in big government, a government to do all things for all people. We're learning today that government cannot be all

things to all people and we're going to have to do more for ourselves."

The decrease in voluntarism is not the product of any one administration or cataclysmic event, he noted, but the product of growth. "We all believe today we're entitled to receive a wide range of benefits from the federal government, but there are limits to what the government can do. The challenge is to provide important government services and make the programs of government work for taxpayers and beneficiaries." Tribble said it is not realistic to believe the private sector will respond dollar for dollar, but people must be encouraged to do more to help themselves and their communities. "To the extent that the private sector responds more fully to these unmet needs, all Americans will benefit."

"I support general revenue sharing and would anticipate it will be sustained for local governments."

Some have argued that block grant proposals will not be especially beneficial to state and local officials because the program could put on them the responsibility for the hardest part of the federal budget cutting. Tribble said block grant proposals could save money. "We can eliminate a layer of federal bureaucracy," he explained. "The hope is we can provide as much or more money to meet local requirements and limited dollars will go further."

If he could improve the block grant proposal system, Tribble said he would structure it so the monies could flow directly to local governments. "What we've done is replace federal bureaucracy with state bureaucracy. Ideally I would prefer that those monies go directly to the governments of Hampton, Pulaski, Rockbridge County, Fairfax and Essex County and be used as they see fit."

One government program designed to permit local governments to meet community requirements as they deem necessary is general revenue sharing. "I support general revenue sharing and would anticipate it will be sustained for local governments," Tribble said. "There's no real push to eliminate the policy, and although it might be retained at lower funding levels than projected, its future is promising."

The Congressman is hoping for a promising future of his own in his attempt to be elected to the Senate in November. He said he has learn-



Paul and Rosemary Tribble in his Richmond office.

ed a lot in his six years in Congress and would like to put that experience to work for Virginia. "As one of 100 senators, rather than one of 435 representatives, I would have a much greater opportunity to impact public policy in the future of this country."

Wallerstein Scholarship Winner

Jack Davenport, an employee with the City of Hampton, is the 1982 Wallerstein Scholarship winner.

Davenport currently serves as a real estate officer and his wife is a budget analyst for the City of Newport News. A 1977 cum laude graduate of American University, he will seek a Masters of Public Administration at the University of Virginia.

The scholarship was established by a gift from Ruth C. Wallerstein and the late Morton L. Wallerstein

to the University of Virginia to foster interest and research in Virginia municipal government. It is administered by the League and the Institute of Government, University of Virginia.

Kenley Appointed

Governor Charles Robb reappointed **Dr. James B. Kenley** as Virginia state health commissioner. He was appointed commissioner in 1976 and served as deputy commissioner from 1973-76. A native of Portsmouth, Dr. Kenley received a master's in public health from Johns Hopkins University and a doctorate from the University School of Medicine.

Municipal Clerks Meet

The Virginia Municipal Clerk's Association held its Fifth Annual Conference April 2-3, 1982 at Hotel Patrick Henry in Roanoke; President Corinna B. Jeffreys of Portsmouth presided.

The officers of the clerk's association for 1982-83 are: Ruth Hodges Smith of Virginia Beach, president; Mary Parker of Roanoke, first vice president; Ethel Register of Fairfax County, second vice president; Mary Frances Pito of Hopewell, third vice president; and Monte Watts of Norfolk, Executive Secretary.

The next Clerks Institute and Advanced Academy will be held October 4-8, 1982 at Old Dominion University.

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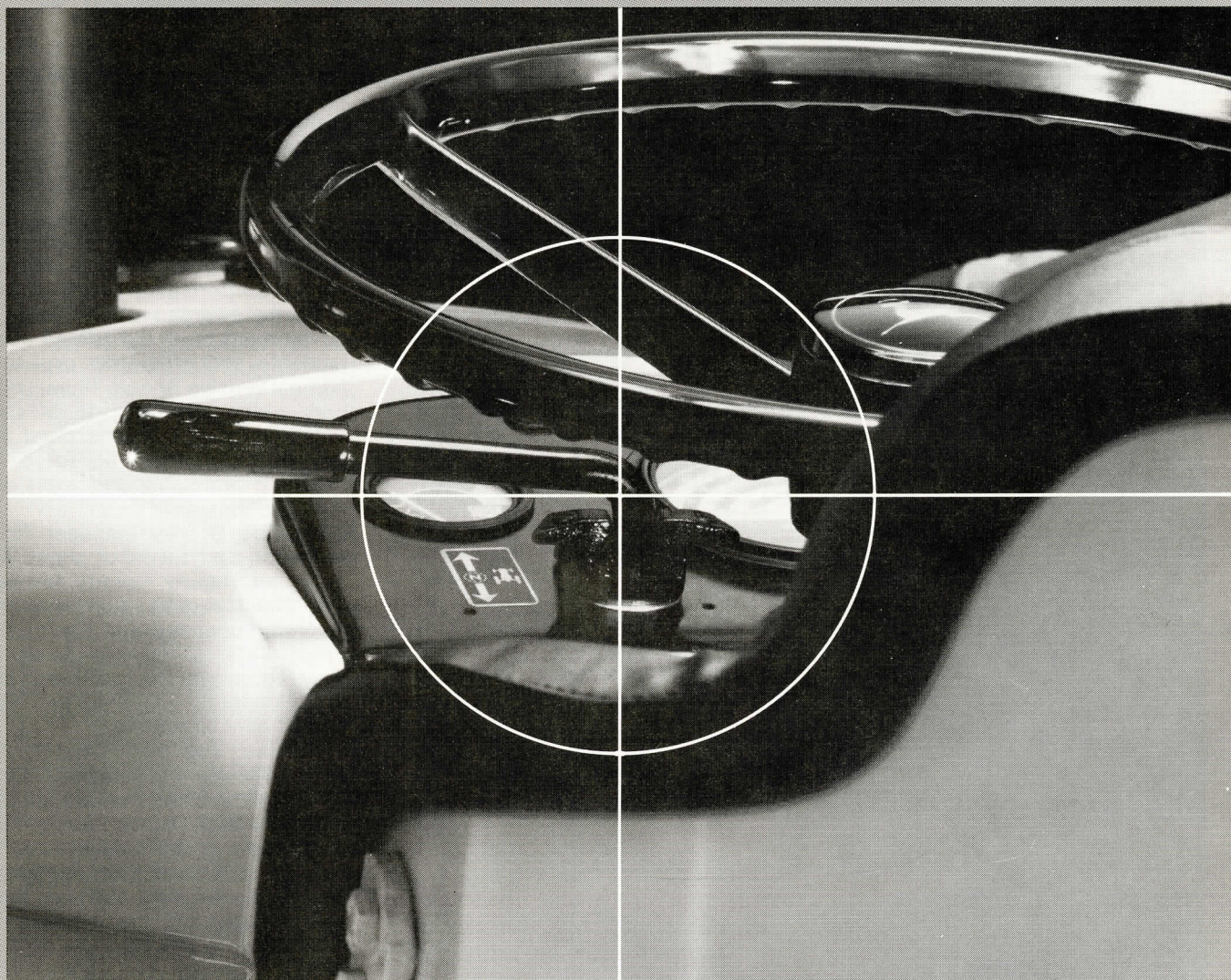
Town Manager

The Town of Berryville, Virginia in Clarke County (Population 1766), seeks a qualified candidate to fill a Town Manager vacancy. Responsibilities include administrative planning, financial accounting, budget preparation, grant administration, purchasing, banking, filing, and personnel supervision. Should have a degree in public administration or business administration or accounting, together with a minimum of at least two years of progressive experience in public administration and who now seeks career advancement with ample opportunity opportunity for personal accomplishment and growth. Salary negotiable depending upon experience. Liberal benefits. Send complete resume with salary requirements typewritten to: Mayor Joseph C. Huffman, 101 Taylor Street, Berryville, Virginia 22611. Resumes will be received until July 1, 1982. Interviews by appointment only.

Assistant to the Town Manager

Salary: \$23,657-29,942. Applications close June 30, 1982. Apply to Robert Stripling, Town Manager, 300 So. Main St., Blacksburg, Va. 24060.

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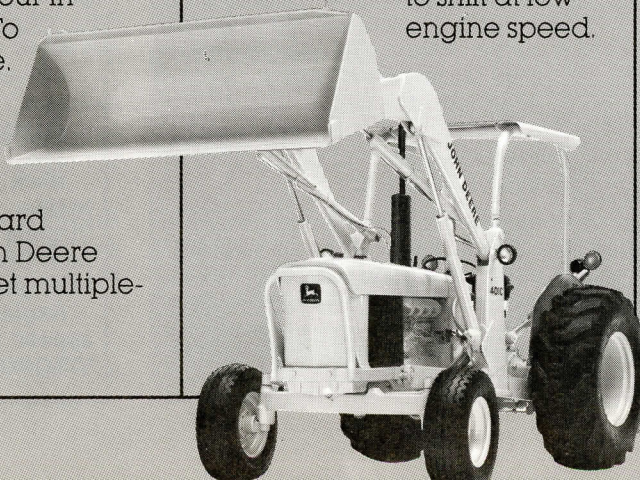
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WEDNESDAY, JULY 14

4:00 p.m.- 6:00 p.m.
6:00 p.m.

Registration
President's Reception

THURSDAY, JULY 15

9:00 a.m.
10:00 a.m.
11:00 a.m.

Opening Session
Memorial Service
Keynote Speaker—Dr. B. J.
Thompson, Administrator,
United States Fire Administra-
tion

11:30 a.m.
1:30 p.m.

Spouses Fashion Show/Luncheon
"Hazardous Waste and the Fire
Chief"—W. Gary Stakley,
Special Agent, Enforcement
Division, Environmental Pro-
tection Agency, Washington,
D.C.

2:30 p.m.

"Fire Safety Education—Can
It Help?"—Diane C. Roche,
Fire Education Specialist,
Virginia Beach Fire Depart-
ment

3:30 p.m.

COMMITTEE WORK SESSIONS

FRIDAY, JULY 16

9:00 a.m.

"Can Your Department Use
A Small Computer?"—Aundel
Wilson, Marketing Manager,
IBM Corporation, Richmond

10:30 a.m.

"Air Florida (Flight 90) Crash"—
William Killen, Fire Chief,
Metropolitan Washington Air-
ports, Washington, D.C.

1:30 p.m.

"The State's Role in Fire
Protection"—The Honorable
Franklin E. White, Secretary of
Public Safety, Commonwealth
of Virginia

2:00 p.m.

4:00 p.m.- 6:00 p.m.

**REPORT OF STATE AGENCIES
EXHIBITORS AND
DEMONSTRATIONS
OUTDOOR
BARBECUE/WESTERN
NIGHT**

6:30 p.m.

SATURDAY, JULY 17

9:00 a.m.

"Human Resources—Finding and
Keeping"—Jim Estep, Fire
Chief, Prince Georges County
Fire Department, Upper
Marlboro, Maryland

10:30 a.m.

12:30- 2:00 p.m.

6:00 p.m.

**BUSINESS SESSION
OUTSIDE DEMONSTRATIONS
BANQUET/DANCE**

Wallace J. Robertson, Fire Chief of York County, will preside over the 52nd Annual Conference of the State Fire Chiefs Association of Virginia. The Conference Planning Committee has put forth a great deal of effort to make the conference enjoyable and informative. James Kelly of Fire Services Training has once again worked with the committee to arrange an excellent education program. For further information contact Margaret A. Nichols, (804) 649-8471.

Henrico on the Right Track

The County of Henrico's Comprehensive Annual Financial Report for the last fiscal year has just been awarded a Certificate of Conformance in financial reporting by The Municipal Finance Officers Association. The County received confirmation of this highly prestigious award from MFOA last month. It is Henrico's first receipt of the Certificate of Conformance award.

To be awarded a certificate, a government must publish an easily readable and efficiently organized comprehensive annual financial report which conforms to MFOA's standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Henrico County Manager Frank A. Faison said a word of praise is in order for Deputy County Manager for Finance and Administration George Supensky and Deputy Finance Director Dennis Kerns for their labors over the last three years in completely overhauling Henrico's financial systems.

Henrico was also cited in the April, 1982 issue of *Business Week*. An article entitled "Where the Recession Really Hurts" focused on the effects of the recession on localities. It named Henrico County as one community that has been able to "ride out the recession in style" due to the diversity of their local industrial and commercial base, while local governments elsewhere had been battered by the recession and unemployment.

Faison likes to think that the good fortune of Henrico County has partly been a result of a progressive local government creating the kind of environment that attracts and then keeps business and industry in the community. He commented, "If the *Business Week* article and MFOA award can be considered good indicators, we must be on the right track."

VML Annual Conference

Mark your calendar for September 19-21, 1982 for the Virginia Municipal League Annual Conference at The Pavilion in Virginia Beach.

Registration information will appear in the August issue of VIRGINIA TOWN & CITY.

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A Policymaker's Responsibility For The Municipal Audit Process

By William J. Reynolds

The accountability requirements of federal revenue sharing and other federal grant programs, increased public demand for fuller and better authenticated disclosure and, lamentably, several glaring examples of municipal fiscal mismanagement, all combine to make it important for local officials to fully understand the audit process, which is one of your most effective ways of ensuring the fiscal well being of your locality.

There are several types of audits. The most common is the financial audit, which reviews the municipality's financial statements to determine their "fairness" (which means the reliability of their data). An opinion attesting to the fairness of the financial statements is fundamental in such an audit.

Closely allied to, and generally part of, a financial audit is a compliance audit. This tests an organization's compliance with the legal requirements governing its financial practices. A performance audit examines the management systems of the municipality and tests how well they attain their objectives.

Assuming that you may be held personally liable for the city's fiscal health and that you recognize the potential value of an audit in discharging this liability, where and how do you start?

Begin by asking yourself the following five questions. (We will focus on the financial audit. If you comprehend it, mastery of the other audit forms will follow.)

(1) Does your municipality have an annual audit? The costs of the audit may be recouped in improved financial management, reduced borrowing costs and fewer sleepless nights.

(2) Is the audit conducted by an independent auditor? This may be a private individual or firm under contract, a state agency or a municipal official elected for the purpose.

(3) Is the auditor qualified to do municipal work? This is important, since municipal accounting practices and legal requirements are substantially different from those in

the private sector.

(4) Does your auditor prepare your financial statements? If so, you may have a conflict of interest, for the auditor is, in effect, being asked to give an opinion on his or her own statements rather than the city staff's financial statements.

(5) Is the audit report directed to the policymakers? It should be, for it is a report of management's stewardship and an evaluation of your decisions.

One way to ensure fulfillment of the audit process is to organize an audit committee comprised of several policymakers. An audit committee should select a qualified independent auditor, define the scope of the audit, assess problems and weigh recommendations as they are being identified and interpret both the audit report and its financial statements to other policymakers. By working closely with the auditor and its finance staff, the committee pierces the veil of mystery surrounding the accountant's and auditor's presentations and gains a working knowledge of the management and financial condition of the municipality.

Financial and compliance audits are usually done simultaneously. Although compliance audits are intended to ensure the city's compliance with certain federal, state and local laws, they can also be used for a specific program or department. In this case, specific program requirements—beyond those covered in a general compliance audit—are checked.

Performance audits are separate from financial and compliance audits and can focus either on the entire municipal organization or on a single department or program. They review how efficiently the city or department uses its resources, how effectively goals and objectives are achieved and how well the results achieved relate to organizational and community goals.

In conclusion, by understanding the municipal audit process, local officials can better manage their locality's finances while gaining a working knowledge of an important municipal task.

Resources

Local Government Auditing—A Manual for Public Officials, edited

About the Author

William J. Reynolds is controller and finance director of the Town of Greenwich, Conn.

by Peter Rousmaniere, is a recent publication available through the Council on Municipal Performance, 84 Fifth Avenue, New York, New York 10011, for \$14.95. Funded under a HUD grant, this manual provides a comprehensive treatment of the subject in an easily understood fashion.

The major national accounting firms publish handbooks and guidelines for local government officials on the selection of auditors and the conduct of municipal audits. These are generally available at no charge.

Institutes For Municipal Officials

The Virginia Municipal League will cosponsor two Institutes for Municipal Officials in July.

The first institute will be held in Charlottesville on July 7-9 and the second will be held in Blacksburg on July 14-16. Also sponsoring the workshops are the Virginia Tech Extension Division and the Institute of Government of the University of Virginia.

What can new councilmembers expect during their first term on council? This will be one of the topics for the institutes. Also, an overview of the legal status, powers and functions of municipalities in Virginia with an emphasis on municipal government will be discussed.

Understanding the role of the councilmember, the difference between policy and administration, conducting effective staff meetings and the relationship with the manager and staff will be a session topic.

A good part of the institutes will be spent on finance. Attendees will hear about trends in municipal revenues and expenditures and will be given an overview of the budget document—what it is, how to read it and how to use it. Participants will also get a hands-on session of budget development by working through the budgeting process.

Other topics covered in the Institutes for Municipal Officials will be freedom of information, land use, interlocal relations, planning and zoning, law enforcement, cable TV, council and schools and animal control.

The registration fee of \$80 includes the cost of instruction, handouts, two receptions, one banquet, two luncheons and refreshments during breaks.

If your locality has not received information about the Institutes, please contact the Virginia Municipal League, 804/649-8471.

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Calendar

Local Government Media Conference, Friday, June 11, 1982, Ramada Inn, Charlottesville. The conference will focus on the Freedom of Information Act. Attorney General Gerald Baliles is the guest speaker. Contact Charlotte Kingery, 804/649-8471.

The **VML Policy Committees** meetings begin in June. They are as follows: Community and Economic Development, Friday, June 11; Effective Government, Wednesday, June 16; Environmental Quality, Wednesday, June 9; Transportation, Thursday, June 24; Public Safety, Thursday, June 3; and Human Development, Thursday, June 17. All meetings are held in the VML Conference Room at 1:30 p.m.

Funding Education & Risk Management Workshop, June 16-18, Ramada Inn-Mariner, Virginia Beach. Sponsored by the Virginia Committee for Professional Development and staffed by the Office of Local Government Management Relations, call Felicia Monk (804/225-2144) for information.

The **Institutes For Municipal Officials** will be held July 8-9 in Charlottesville and July 15-16 in Blacksburg.

Fire Service Workshop, June 25, 1982, Virginia Beach. Contact Workshops, Public Technology, Inc., 1301 Pennsylvania Avenue, N.W., Washington, D.C. 20004, (202) 626-2441.

State Fire Chiefs Association of Virginia, July 14-18, 1982, Hilton Inn, Springfield. Contact Margaret Nichols, 804/649-8471.

Virginia Association of Chiefs of Police, August 22-25, 1982, Marriott Inn, Blacksburg. Contact Margaret Nichols, 804/649-8471.

Virginia Municipal League Annual Conference, September 19-21, The Pavilion, Virginia Beach.

International City Management Association, October 17-21, Louisville, Kentucky.

Virginia Building Officials Association, October 10-13, 1982, Sheraton Inn, Harrisonburg. Contact Margaret Nichols, 804/649-8471.

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