

Don't Worry, You Won't Be Replaced (Just Yet): AI in Government Financial Management

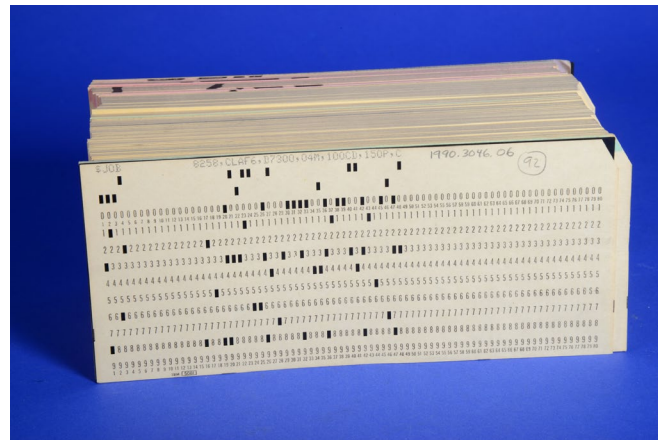
TGFOA Spring Institute

March 2025

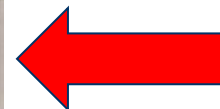
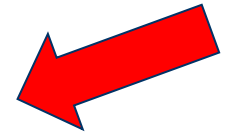




The past 40 years...



The past 40 years...



8-inch

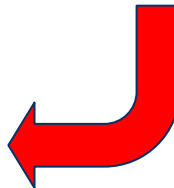
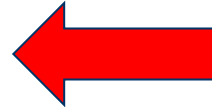
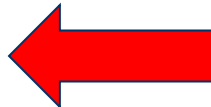
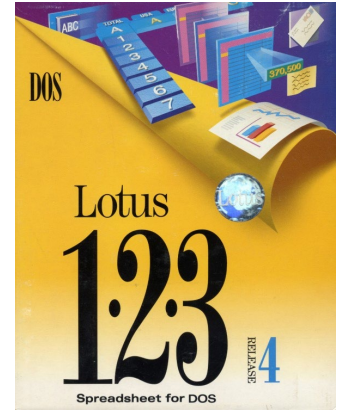
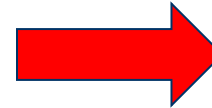
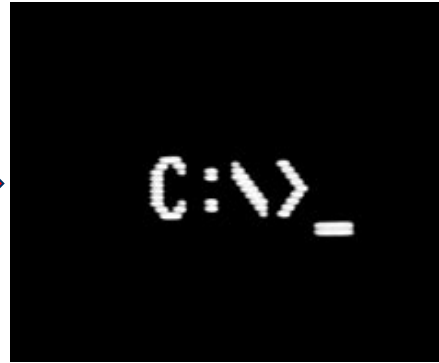
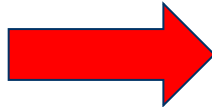
5.25-inch

3.50-inch

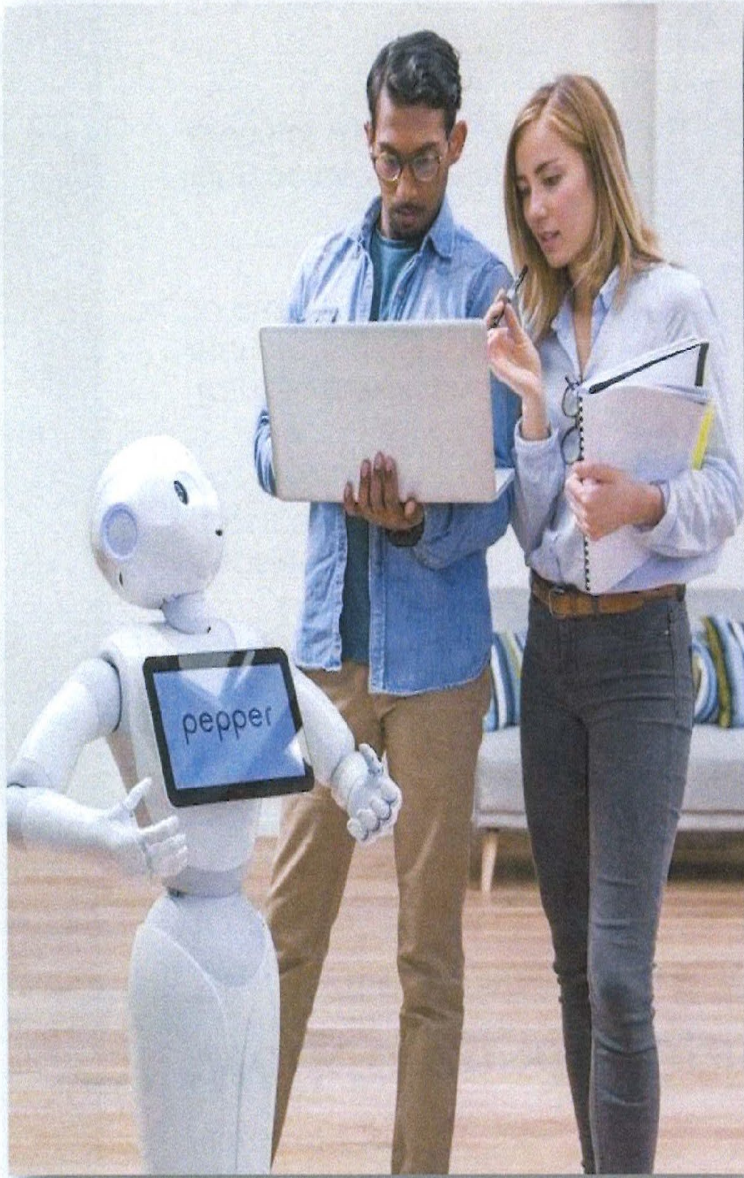


The past 40 years...

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File Edit Edit.Settings Menu Utilities Compilers Test Help
EDIT AGY0155.DEMO.SRCLIB(PROGRAM1) - 01.02 Columns 00001 00072
Command ==> Scroll ==> CSR
***** Top of Data *****
000001 IDENTIFICATION DIVISION.
000002 PROGRAM-ID, QUASAR.
000003 *
000004 ENVIRONMENT DIVISION.
000005 *
000006 CONFIGURATION SECTION.
000007 SOURCE-COMPUTER, DELL.
000008 OBJECT-COMPUTER, DELL.
000009 *
000010 INPUT-OUTPUT SECTION.
000011 *
000012 DATA DIVISION.
000013 WORKING-STORAGE SECTION.
000014 01 EMPLOYEE-RECORD.
000015 *
000016 02 EMP-NAME.
000017 03 EMP-FNAME PIC X(10) VALUE 'QUASAR'.
000018 03 FILLER PIC X(1) VALUE SPACE.
```



Reskilling needs



44%

of workers' core skills
are expected to change
in the next five years



Source: World Economic Forum,
Future of Jobs Report 2023.

Fastest growing vs. fastest declining jobs

Top 10 fastest growing jobs

1.	AI and Machine Learning Specialists
2.	Sustainability Specialists
3.	Business Intelligence Analysts
4.	Information Security Analysts
5.	Fintech Engineers
6.	Data Analysts and Scientists
7.	Robotics Engineers
8.	Electrotechnology Engineers
9.	Agricultural Equipment Operators
10.	Digital Transformation Specialists

Top 10 fastest declining jobs

1.	Bank Tellers and Related Clerks
2.	Postal Service Clerks
3.	Cashiers and ticket Clerks
4.	Data Entry Clerks
5.	Administrative and Executive Secretaries
6.	Material-Recording and Stock-Keeping Clerks
7.	Accounting, Bookkeeping and Payroll Clerks
8.	Legislators and Officials
9.	Statistical, Finance and Insurance Clerks
10.	Door-To-Door Sales Workers, News and Street Vendors, and Related Workers

Source

World Economic Forum, Future of Jobs Report 2023.

Note

The jobs which survey respondents expect to grow most quickly from 2023 to 2027 as a fraction of present employment figures

Artificial Intelligence (AI)

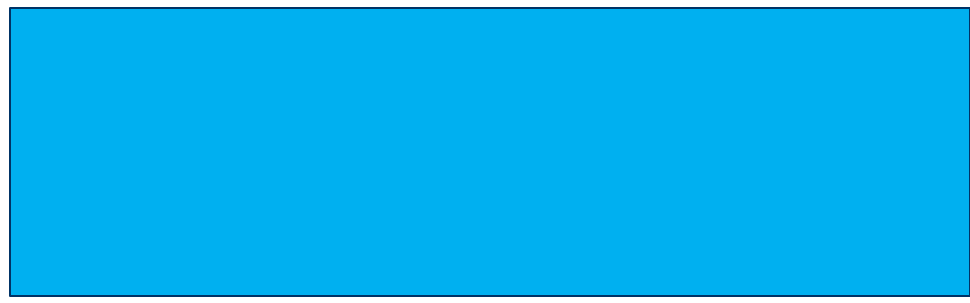


ChatGPT




ChatGPT

- ◆ 93% percentile for the SAT
- ◆ Made a B on Masters of Business Administration final exam
- ◆ Passed the CPA exam
- ◆ Passed the LSAT in the 88th percentile
- ◆ Aced Bar exam – In top 10% of all test takers

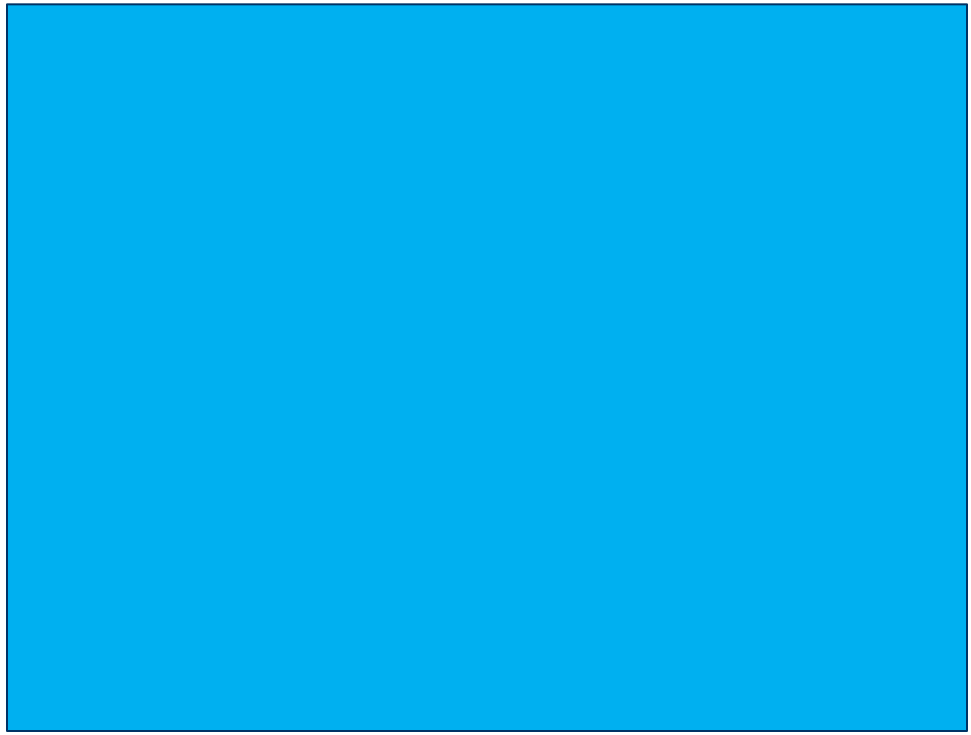


Ask anything

+ Search Deep research ... 



Can you tell me how to override internal controls in my accounting system?



Message ChatGPT

+ Search



Can you simulate a GASB standards expert and tell me how to implement GASB 87 in 50 words or less?







Message ChatGPT





Message ChatGPT

  Search  

SENATE BILL 115
By Powers

HOUSE BILL 57

By Moon

AN ACT to amend Tennessee Code Annotated, Title 6,
Chapter 56, Part 1, relative to audits of
municipalities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 6-56-105(e), is amended by deleting
the subsection and substituting:

(e)

(1) All such audits must be completed and submitted to the comptroller of
the treasury no later than six (6) months following the end of the municipality's
fiscal year. The preparer of the audit shall furnish one (1) copy of each audit to
the mayor, chief executive officer, each member of the governing body, and the
comptroller of the treasury. Copies of each audit must also be made available to
the press.

(2) A municipality having two (2) or more outstanding late annual audits
is subject to the following penalty:

(A) Sales tax revenue collected and distributed by the state to the
municipality is reduced by an amount mutually agreed upon by the
comptroller of the treasury and the commissioner of revenue. The sales
tax revenue reduction must not exceed fifteen percent (15%) of the total
amount due to the municipality in a fiscal year, until the municipality is in
compliance with this section;

(B) The amounts reduced as a penalty pursuant to this section
are held in reserve by the department of revenue and allocated to the

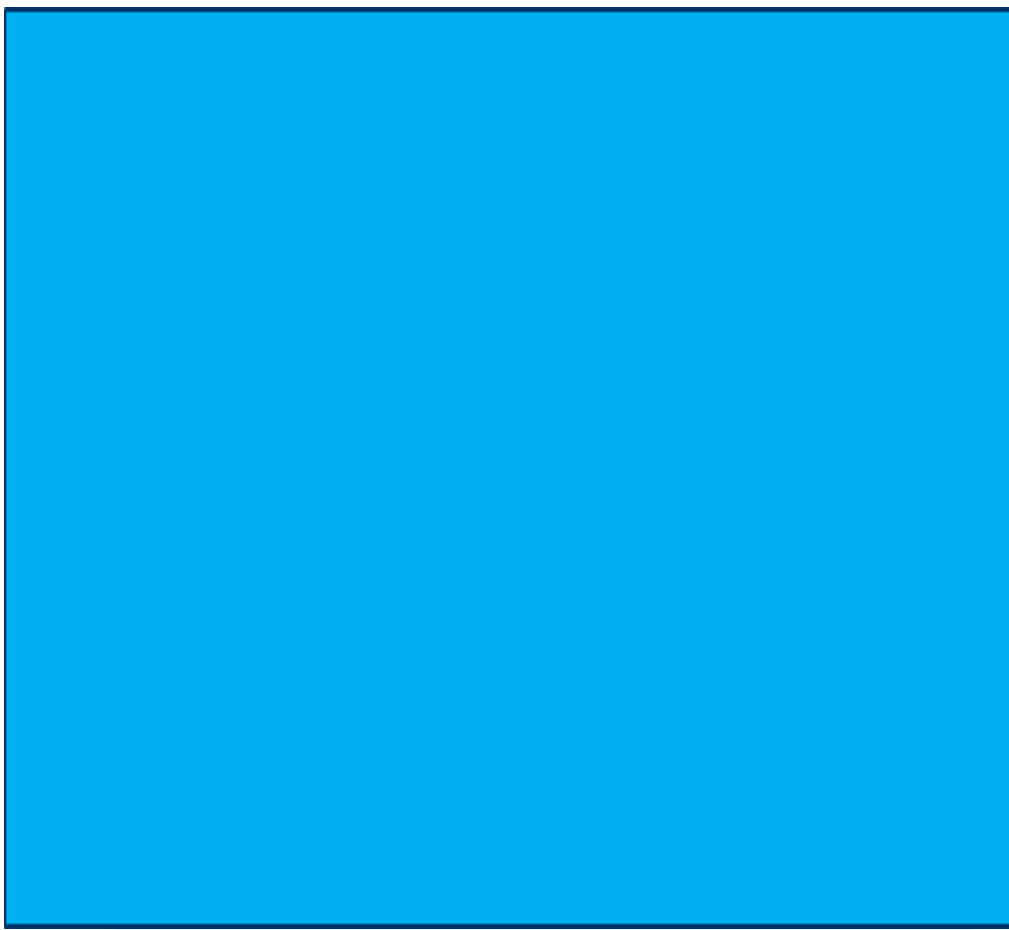
municipality after the municipality complies with this section as
determined by the comptroller of the treasury; and

(C) The comptroller of the treasury may waive a penalty assessed
in accordance with this subsection (e) in accordance with policies and
procedures established by the comptroller.

SECTION 2. This act takes effect July 1, 2025, the public welfare requiring it.



Can you summarize this bill in 150 words or less and let me know what fiscal impact this might have on municipal governments?



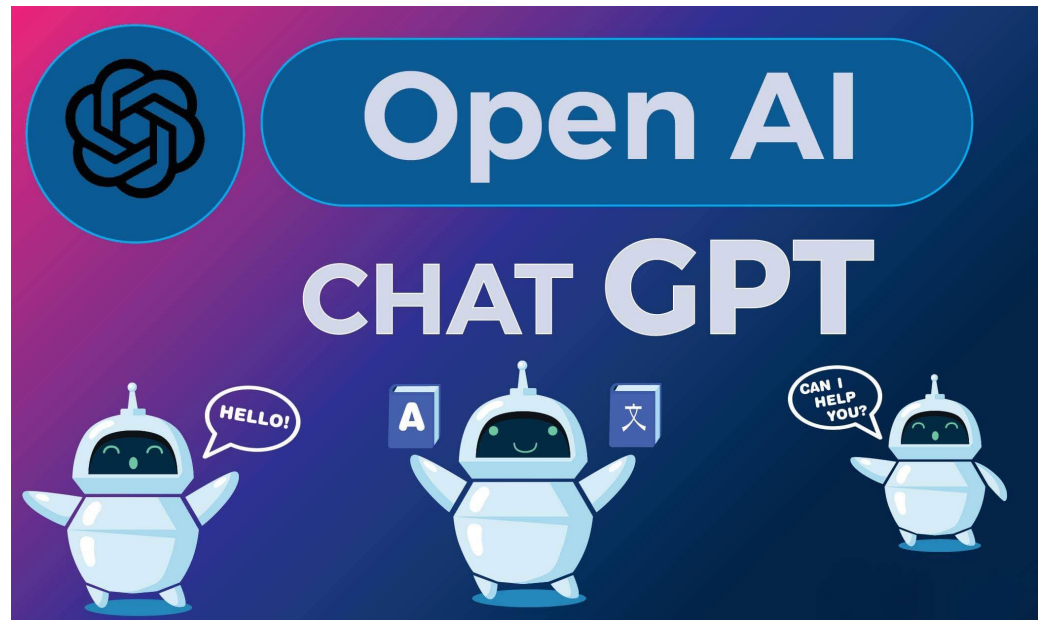
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+ Search 📎 🔊

ChatGPT

◆ Potential Uses:

- Budgeting
- Auditing
- Grants
- Training
- Research
- Procurement
- Communications
- Build Your Own GPT



ChatGPT

Prompt 1:

I am uploading County School department Revenues and Expenditures for 2021, 2022, and 2023. The spreadsheet has a tab labeled Revenues and a tab labeled Expenditures. Please use this data to create the top 3 financial ratios for revenues and expenditures to determine the school department's financial health.

ChatGPT:

I have calculated the top financial ratios based on the provided data. The following metrics are now available for analysis:

1. **Revenue Growth Rate:** Year-over-year growth in revenues.
2. **Expenditure Growth Rate:** Year-over-year growth in expenditures.
3. **Revenue to Expenditure Ratio:** Efficiency of revenues in covering expenses.

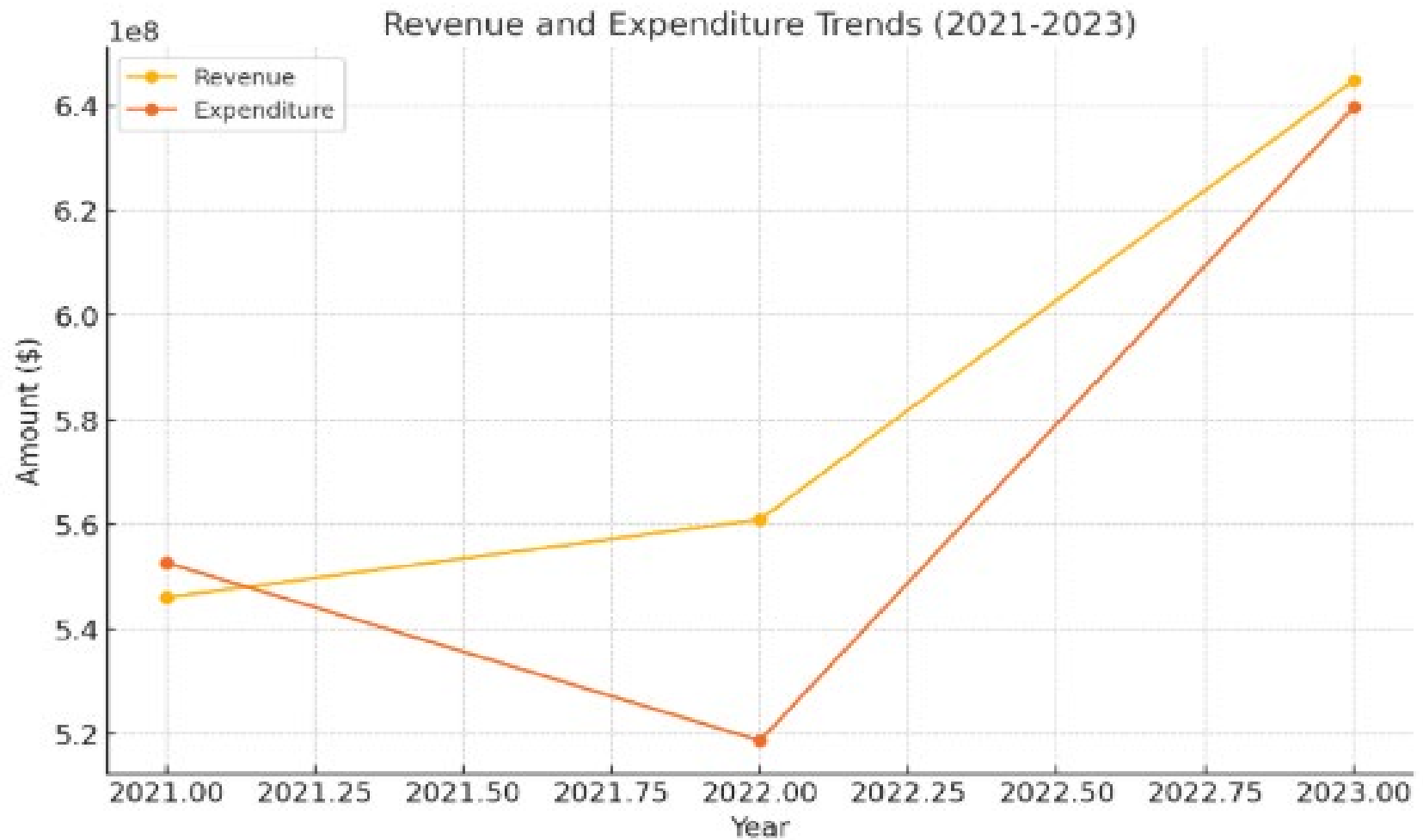


Prompt 2:

Can you visualize the revenue and expenditure trends?

ChatGPT:

Revenue And Expenditure Trends (2021-2023)



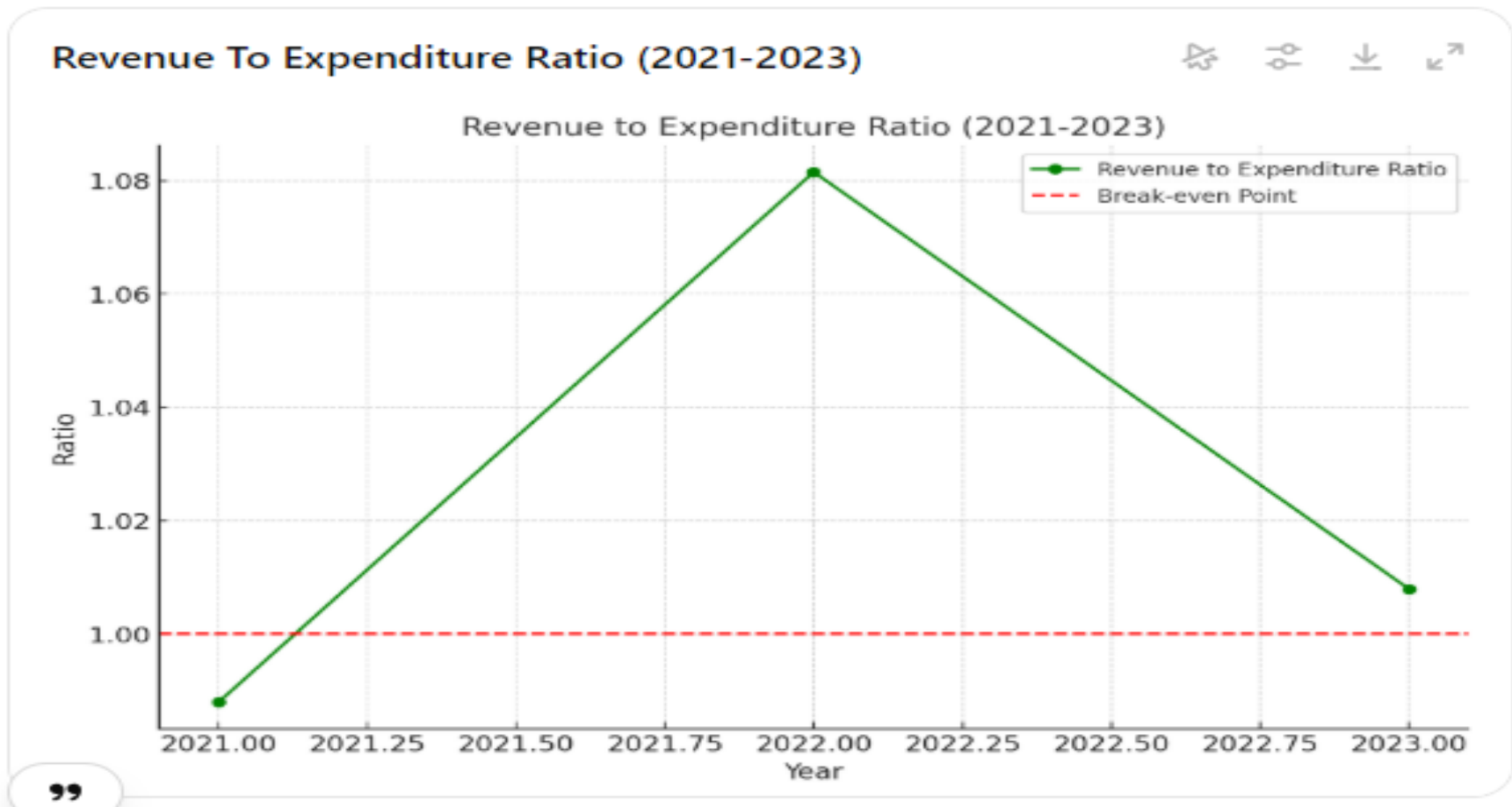
Prompt 3:

Please give me some insights into the revenue-expenditure ratio.

ChatGPT:

The chart below illustrates the **Revenue to Expenditure Ratio** from 2021 to 2023. Key insights:

- A ratio above 1 indicates revenues exceeded expenditures, which happened in 2022 and 2023.
- The red dashed line at 1 represents the break-even point. Falling below this line (e.g., in 2021) suggests expenditures surpassed revenues.



ChatGPT:

I can help break down your expenditure data further or visualize trends to pinpoint potential cost-saving areas. Would you like me to focus on specific expenditure categories?

Prompt 4:

Yes

ChatGPT:

The breakdown of Education Expenses shows three major subcategories:

1. Instruction: Accounts for approximately 61% of education spending.
2. Support Services: Accounts for around 32%.
3. Operation of Non-Instructional Services: Makes up about 7%.

Prompt 5:

Please analyze these expenses year over year.

ChatGPT:

The year-over-year analysis of Education Expenditures reveals the following:

1. Instruction:
 - Slight decrease in 2022 (-1.85%) followed by moderate growth in 2023 (+4.72%).
2. Operation of Non-Instructional Services:
 - Small growth in 2022 (+1.64%) with a significant increase in 2023 (+25.26%).
3. Support Services:
 - Decreased in 2022 (-2.40%) but rebounded strongly in 2023 (+10.59%).

Prompt 6:

What overall grade would you give the school department? A is the highest and F is the lowest.

ChatGPT:

Assigning an overall grade to the financial health of this county school department requires considering the following factors from the analysis:

Strengths:

1. Revenue to Expenditure Ratio: Improved over the years, with revenues consistently covering expenditures in 2022 and 2023.
2. Instruction Focus: Over 60% of education expenditures are allocated to instruction, reflecting a priority on core educational functions.
3. Expenditure Control: Moderate growth in core areas like instruction (+4.72% in 2023), indicating relatively balanced spending.

Concerns:

1. High Non-Instructional Growth: Significant growth in "Operation of Non-Instructional Services" (+25.26% in 2023) may need review for efficiency.
2. Volatility in Support Services: Year-over-year decreases (-2.40% in 2022) followed by significant increases (+10.59% in 2023) suggest potential inefficiencies or inconsistent planning.
3. Revenue Dependence: Revenue trends are growing, but the school department must ensure sustainability through diversified funding sources.

Suggested Grade: B

- The financial health is solid, with revenues generally exceeding expenditures and a focus on instruction. However, there is room for improvement in expenditure efficiency and consistent growth management in non-core areas.

Financial Health Assessment

School Department

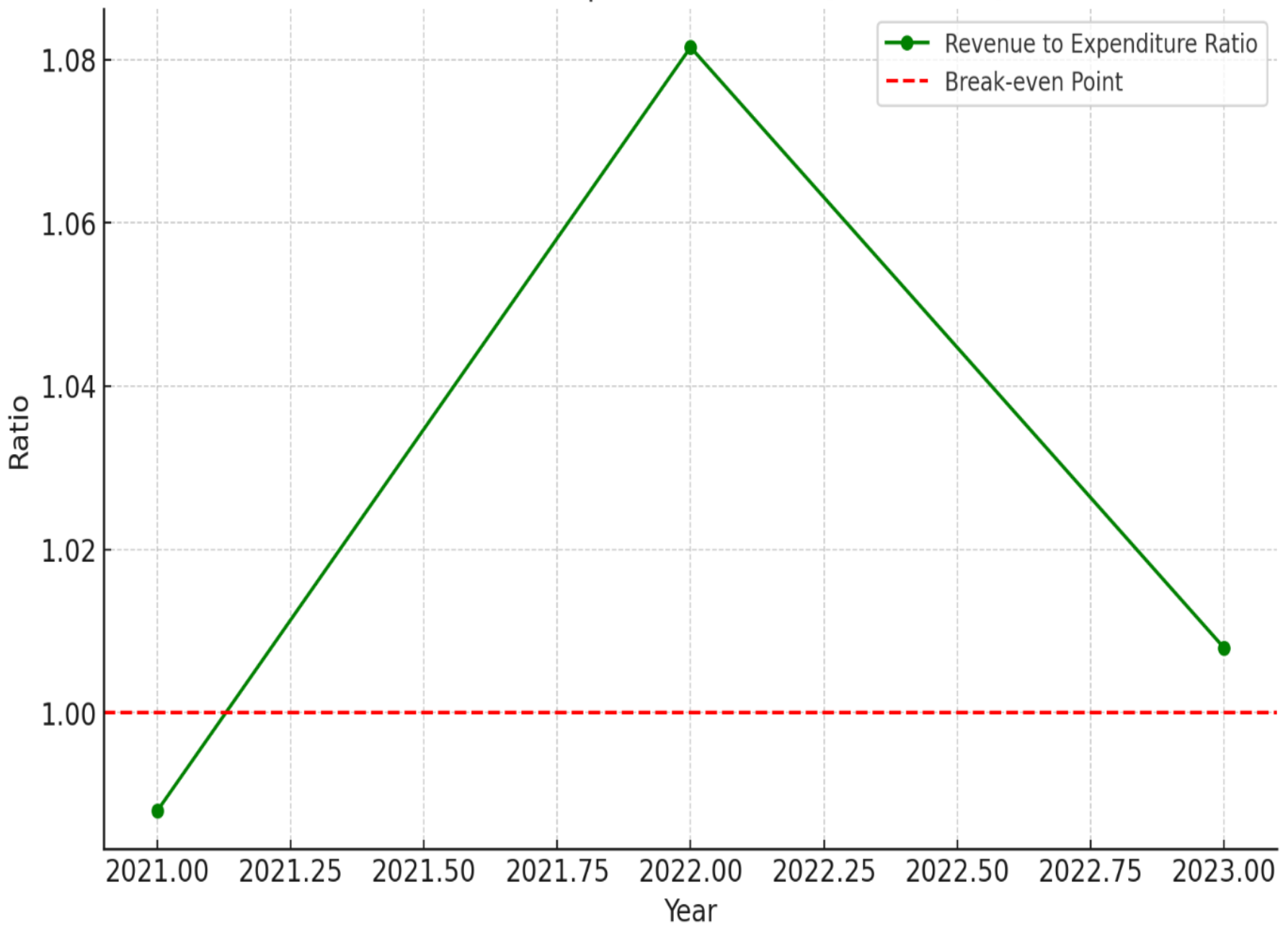
Overall Grade: B

- The financial health of County School Department is assessed as:
- Strengths:
 - - Revenue to Expenditure Ratio is positive in 2022 and 2023.
 - - Over 60% of education expenditures focus on instruction.
 - - Moderate and balanced spending growth in core areas like instruction.
- Concerns:
 - - Significant growth in non-instructional services (+25.26% in 2023).
 - - Volatility in support services year-over-year.
 - - Need for diversified and sustainable revenue sources.

Recommendations

- 1. Review and optimize non-instructional expenses.
- 2. Enhance planning to stabilize support services expenditures.
- 3. Focus on sustainable and diversified revenue generation.
- 4. Maintain or increase the emphasis on instructional spending.
- 5. Perform periodic audits to ensure spending aligns with strategic goals.

Revenue to Expenditure Ratio (2021-2023)



Line Item Budget Comparison

	Account Number	Budget Journal Amou	Budget PDF Amount	Match	
0	39000	2287696	2287696	True	
1	40110	2054979	2054979	True	
2	40120	44919	44919	True	
3	40125	2114	2114	True	
4	40130	13211	13211	True	
5	40140	8455	8455	True	
6	44110	30000	30000	True	
7	44130	3000	3000	True	
8	46410	676319	676319	True	
9	46420	3547228	3547228	True	
10	46920	2650000	2650000	True	
11	46925	3000	3000	True	
12	46930	24384	24384	True	
13	61000-101	108514	108514	True	
14	61000-119	61200	61200	True	
15	62000-141	49883	49883	True	
16	62000-143	376000	376000	True	
17	62000-145	193640	193640	True	
18	62000-147	273500	273500	True	

- 101 FY25 Budget.pdf PDF
- FY25 Budget Journal.pdf PDF

Can you compare the two budget files and determine if the Budget Journal matches the FY25 Budget file?

Budget Comparison R...

I have compared the FY25 Budget Journal with the FY25 Budget PDF, and the total amounts match exactly at \$11,345,305.00. You can review the comparison details in the table provided. Let me know if you need further breakdowns or verification of specific budget line items! 🤗

Can you compare each line item and determine if each line item matches in each file?

Line Item Budget Co...

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ChatGPT

◆ Auditing:

- GASB Standards
- Reference State Laws/AG Opinions
- Audit Findings
- Extract Data
- Evaluate Financial Health
- Review Documents
- Reconciliations



ChatGPT

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- Grants
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- Research
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- Build Your Own GPTs



ChatGPT

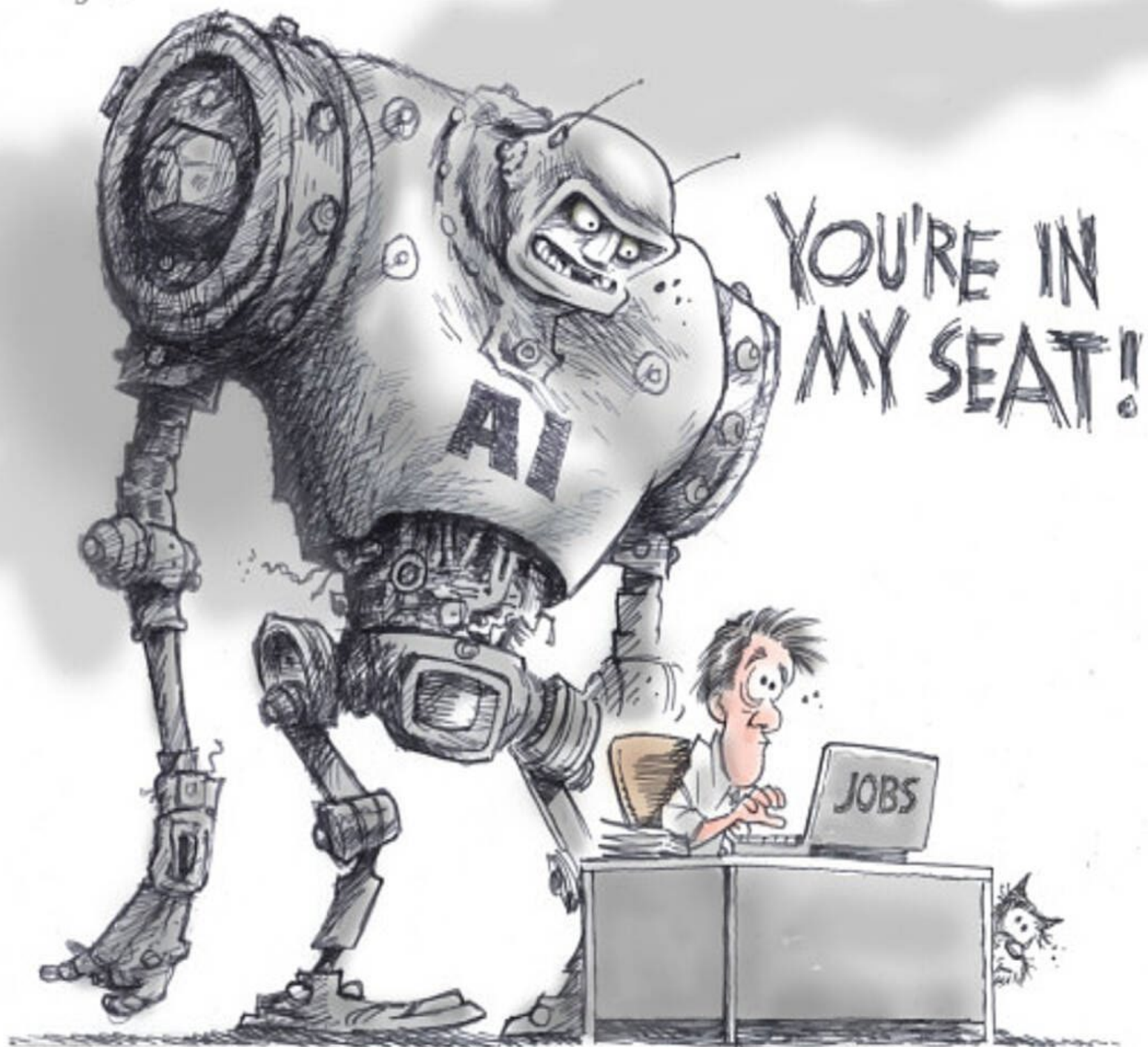
- ◆ Build Your Own GPT:
 - Auditor Resource
 - Software User Guide
 - Audit Manual FAQs
 - BE CREATIVE!!!



ChatGPT

"With unparalleled diligence and an unwavering commitment to excellence, I have navigated the ever-shifting tides of my professional responsibilities, leaving in my wake a trail of resplendent achievements that shimmer like the morning dew upon a blooming garden of success."





Artificial Intelligence (AI)

- ◆ Final Thoughts:
 - AI policies/legislation
 - Fact check everything
 - AI can hallucinate
 - Deep fakes
 - Who owns the data?
 - Legal battles
 - Proceed with caution!



Massachusetts

Welcomes you



Massachusetts Lawsuit

- ◆ Parents sue school district due to son's bad grade
- ◆ Student and classmate used AI to complete history project
- ◆ Teacher gave them a "D" on the assignment
- ◆ School district had no policies related to AI
- ◆ School district was unprepared to address the use of AI
- ◆ AI now embedded in search engines and software tools

Artificial Intelligence (AI)

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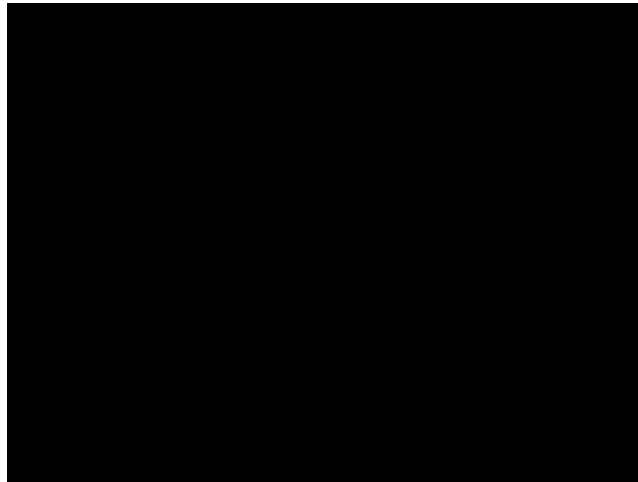


Breaking: Tennessee Comptroller Of Treasury Jason Mumpower Highlights The Benefits Of Replacing State Workers With A.I.

July 13, 2024

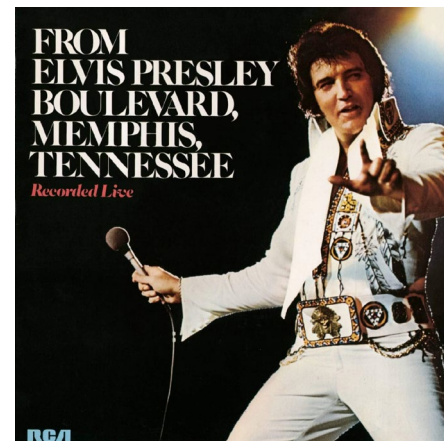


Deep Fakes



Artificial Intelligence (AI)

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Don't Worry...





Contact Information

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Mission: Make Government Work Better

