



Taking Your First Solo Cruise

- A Map for New Finance Officials
- GFOAT Spring Conference
- April 2025

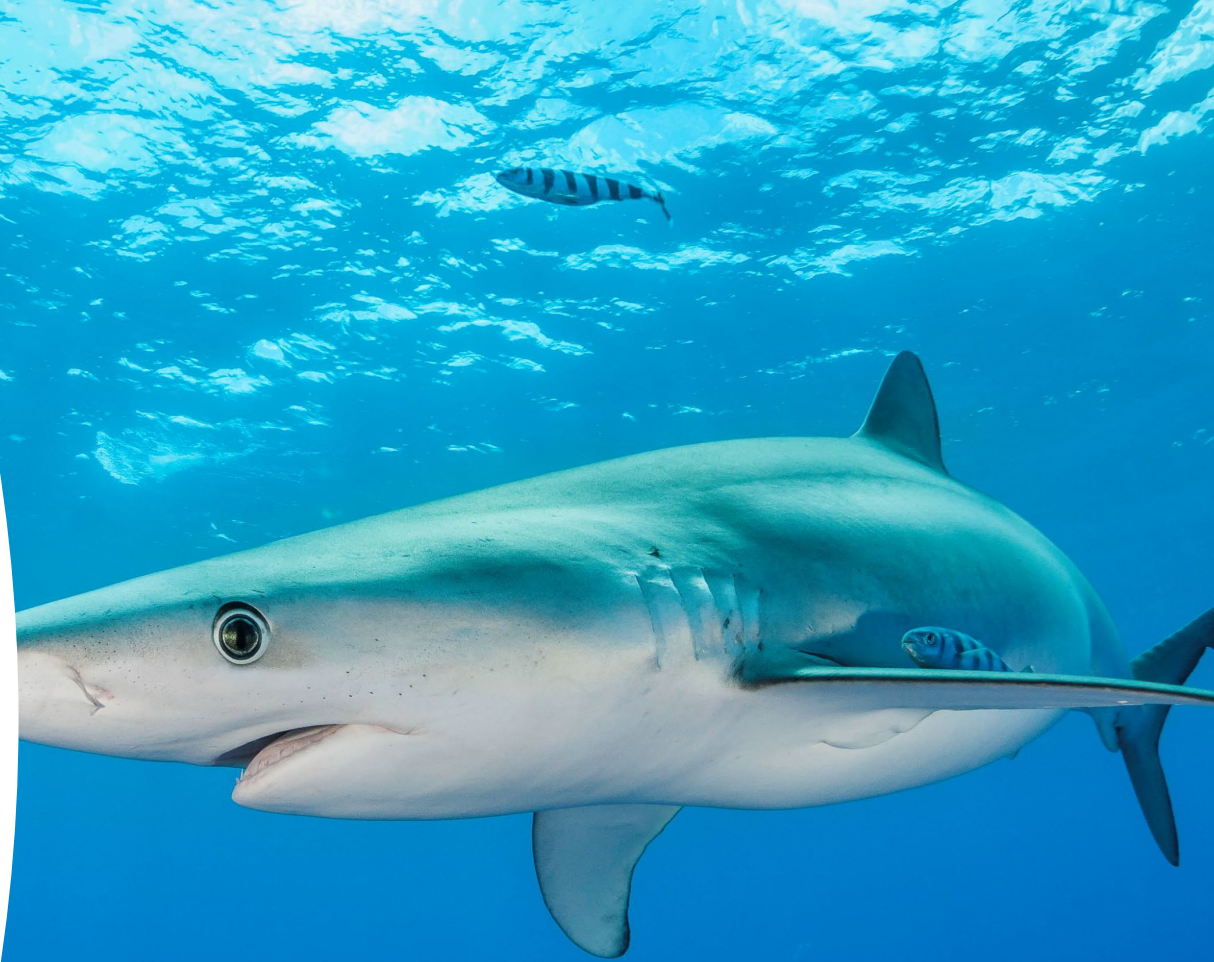
It's Your First Time Out

- Government finance is very different from the private sector
- It's normal for a finance official to take over the role with no previous government experience and limited notes on what the job entails
- This session will give a high-level overview of what to expect throughout your year



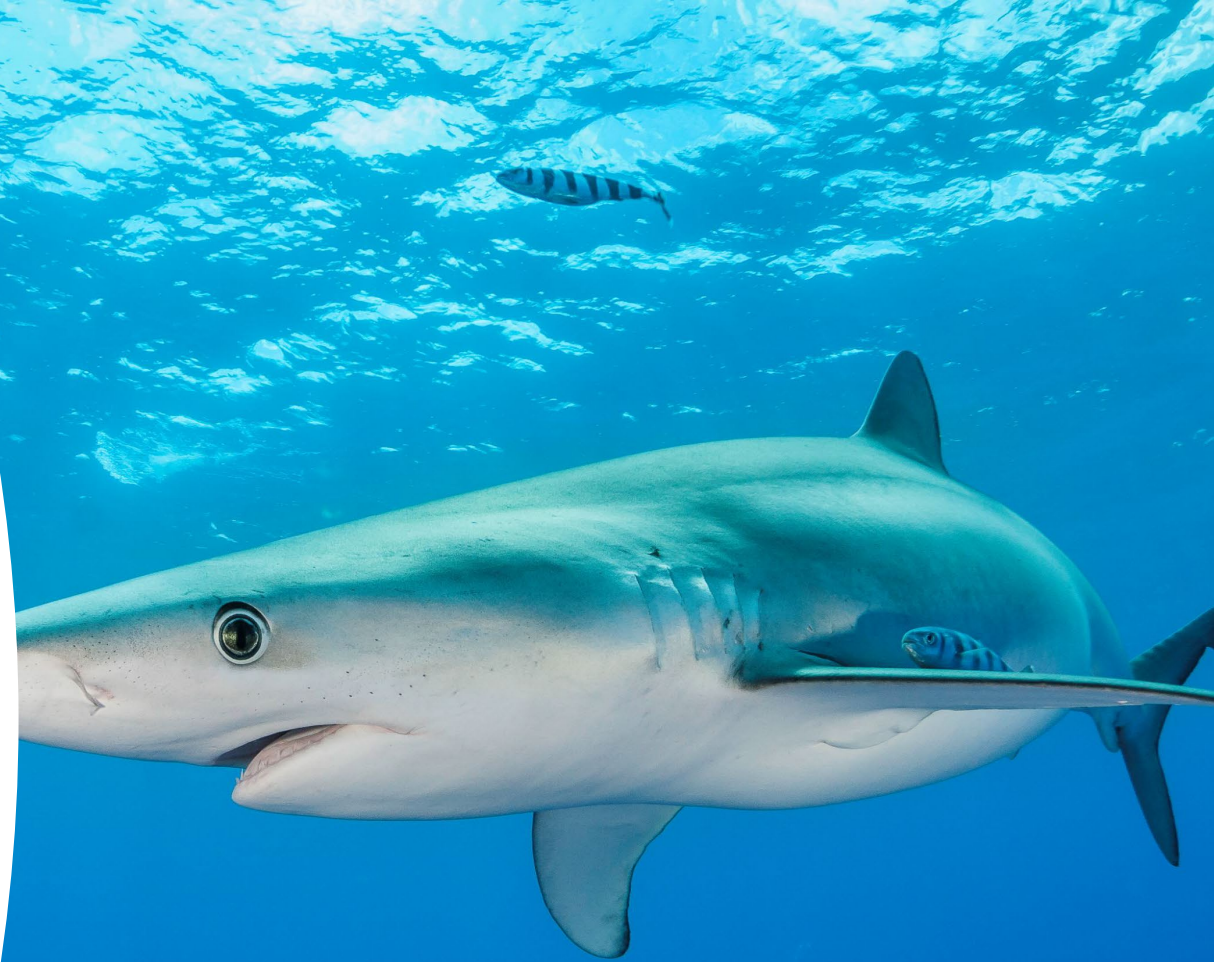
First Port of Call - Audits

- # 1 Responsibility for the finance shop
- Includes financial statements for your city, any component units and a single audit if grant spending is more than \$1 million
- Typical schedule
 - October and November – make year-end entries, review trial balance
 - December and January – external auditor reviews books and creates audit report
 - February – final audit report issued, record audit adjustments and close out year



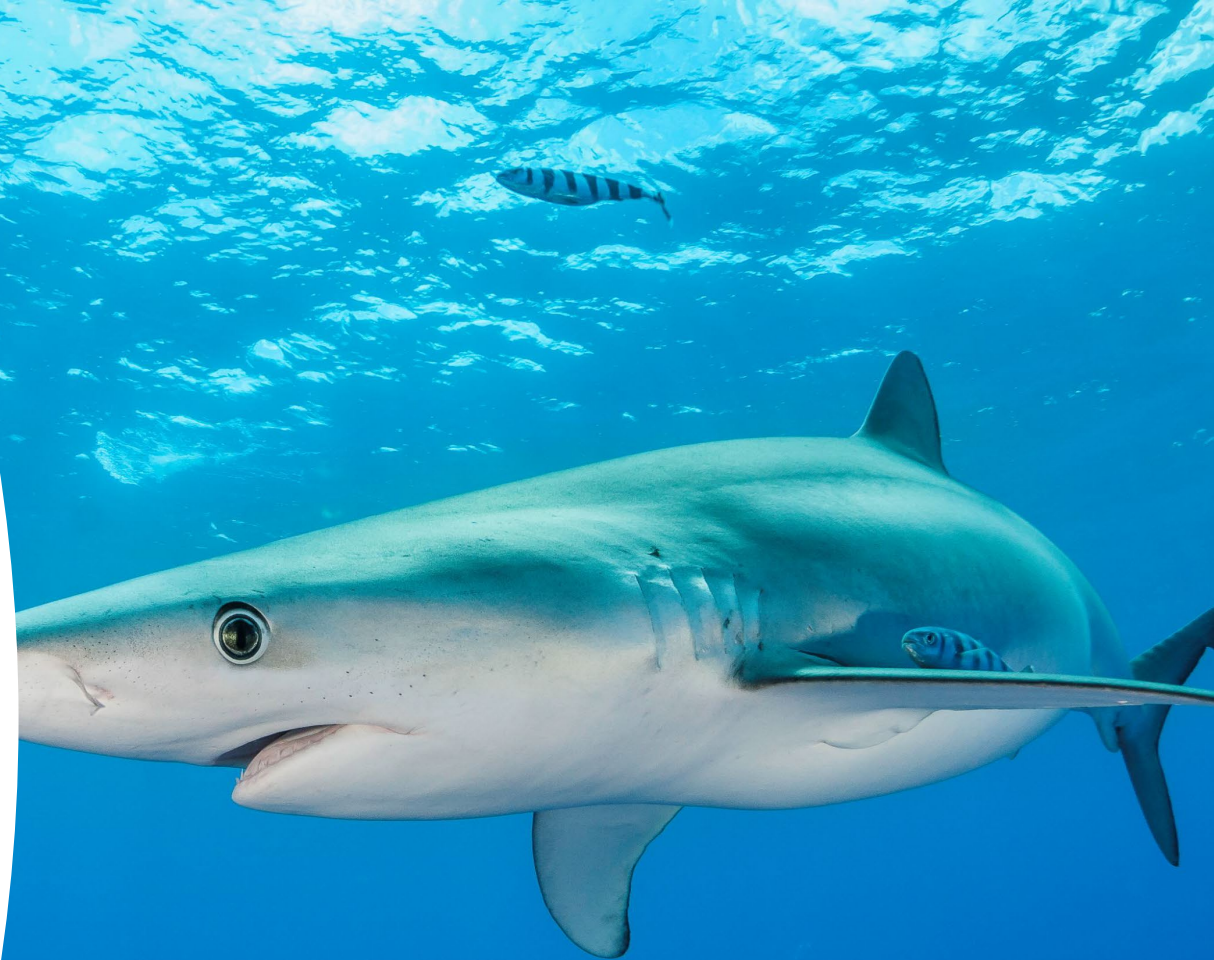
Hazards of the Sea - Audits

- State law requires an audit to be completed within 180 days of your fiscal year-end
 - Failure to issue can result in material weakness or significant deficiency findings
 - Can impact future grants, bond ratings and public trust
- Audits cannot be completed if bank reconciliations are not caught up
- Not meeting auditor deadlines can delay your audit



Avoiding Hazards - Audits

- Audit work doesn't have to be just at year-end
 - Debt entries can be made when the final debt payment is made (usually August 15)
 - Capital spending can be monitored throughout the year and fixed assets added when spending is complete
- Bank reconciliations should be completed monthly
 - Best practice – within one week of month-end for smaller communities
 - Combine bank accounts to reduce complexity
- Discuss audit schedule with your auditor ahead of time



Second Port of Call – After the Audit

- Typical schedule
 - January through March
- Post audit on website and update any financial transparency data based on year-end numbers
- File reports with the Texas Comptroller for hotel occupancy taxes, eminent domain, debt and economic development corporations



Hazards of the Sea – After the Audit

- Audits typically get posted to the website, but other data is often overlooked
 - Bad or outdated data harms your credibility
- Reminders for Comptroller reports are often sent to the city administrator and the mayor, so failure to file will let them know that you missed a deadline too



Avoiding Hazards – After the Audit

- Depending on how robust your financial page is, review your website several times per year to make sure it is updated
- Coordinate with key players such as the city attorney and EDC director to make sure that all Comptroller reports are filed timely and efforts aren't duplicated



Third Port of Call – Debt Obligations

- Typical schedule
 - February and March, again in August
- Debt service is usually structured for twice a year payments, most commonly in February and August
 - First payment is typically principal and interest and the second payment is typically interest only
- If you have publicly traded debt outstanding, you will also have continuing disclosure obligations through the Municipal Securities Rulemaking Board
 - Typical deadline is March 31 of each year



Hazards of the Sea – Debt Obligations

- Missing or being late on a date payment is considered a default and will impact your bond rating for years
- Not filing continuing disclosure documents may impact your bond rating and you will have to disclose non-compliance for years



Avoiding Hazards – Debt Obligations

- Make sure that you know when your debt obligation payments are made
 - Make calendar reminders several days in advance
 - Note that most debt payments require you to make payment a few days ahead of the actual due date
- Work with your financial advisor or continuing disclosure firm to make sure that your disclosures are filed on time
 - Completing your audit on schedule is a key driver for this



Fourth Port of Call – Unclaimed Property

- Typical schedule
 - April through June
- Unclaimed property is caused when customers, vendors or employees don't cash their checks
- After certain time frames for each type of property, amounts \$100 and up must be sent to the Texas Comptroller's office for safekeeping



Hazards of the Sea – Unclaimed Property

- Many communities are not aware of this requirement or don't have a formal program to work unclaimed property
- Not cleaning up old outstanding checks adds more complexity to bank reconciliations



Avoiding Hazards – Unclaimed Property

- Review the requirements in the Texas Property Code, Chapter 76, for more detail as well as the Comptroller's website
- Consider requiring employees to be paid via direct deposit
- Stay on top of uncashed vendor payments and have a staff member call them to remind them to deposit their checks



Fifth Port of Call – Budgets

- Typical Schedule
 - June through September
- Processes vary by community – can be a year-round process
- Budgets really get traction when summer hits as you start getting an understanding of taxable values, potential tax rates and departmental spending requests



Hazards of the Sea – Budgets

- Increases in property tax revenues are limited without an election
- Narrow amount of time to finalize budget, make all required filings and adopt the budget between July 25 (day tax values are due) and September 30
- Your own Charter or Code of Ordinances may have additional requirements for adoption



Avoiding Hazards – Budgets

- Review the requirements for budget and tax rate adoption very carefully
 - Texas Comptroller’s web page on Truth in Taxation is an excellent resource describing the process
 - Carefully review your Charter or Code of Ordinances for any local nuances
- Work with your Appraisal District and County Tax Office to understand what reports you will be given and when
- Review tax rate calculations carefully



The Voyage is Worth It

- Government service is very rewarding
- Although it seems like you'll always be busy, there are opportunities for down time
- Plan ahead to ensure that you make the most of your journey



Your Questions

