

FGFOA 2026

It's Me vs. AI: Why Human Judgment Still Matters

Keeping human judgment at the center of AI in public finance

Candace Pierce, BerryDunn

Florida Government Finance Officers Association

Orlando, FL · June 14–17, 2026

Eight moves, one through-line



The strategic moment

1



The risks you own

2



What good use looks like

3



Cybersecurity & governance

4



The strategic case: why now

5



How to adopt: a roadmap

6



How the tool actually works

7



The human element

8

What this session is about

Powerful, but not flawless

Great at analysis and drafting — but wrong often enough that you can't skip the check.

Complement, not replace

AI supports human expertise. It does not substitute for it.

Validate and oversee

Fine-tune and verify outputs before you trust or act on them.

Transparent & accountable

Responsible integration: transparency, accountability, compliance.

Tools like ChatGPT and Microsoft Copilot are powerful aids, not replacements. It's me vs. AI — and judgment wins.

THE REFRAME

AI won't replace your job.

Someone using AI will.

The divide is not human vs. machine. It is people who use these tools vs. people who do not. The only question for your office is which side it learns to be on.

1

SECTION ONE

The strategic moment

AI stopped being an IT project. It is a leadership decision now and you own it.

SECTION 1

We have doubted *every* new technology

1908

“The horseless carriage means trouble.”

Yale Law Journal

1996

Phone companies move to ban internet calling.

Industry petition

2000

“The internet may be just a passing fad.”

Daily Mail

2018

“Is AI dangerous?”

Forbes

Waiting for certainty has a cost, and it lands on whoever waits.



AN UNRESTRAINED DEMON.

Telephone industry moves to ban Internet phone software

By TOM ABATE
San Francisco Examiner

SAN FRANCISCO — The telephone and computer industries are headed for a regulatory brawl over a new technology that lets two computer users talk to one another over the Internet without having to pay for a long-distance call.

America's Carriers Telecommunication Association (ACTA), a Florida trade group representing small long-distance companies, has petitioned the Federal Communications Commission (FCC) to stop several software firms from selling programs that create a voice pipeline between two computers on the Internet.

These programs let their users talk to anyone anywhere on the Internet for the cost of a local call, provided both parties have the same software and a computer with speakers and a microphone.

At the moment, only 20,000 to 50,000 people worldwide are using this new technology. And none of the competing software packages — sold by companies like Vocal-Tec Inc. in Northvale, N.J., and

Quarterdeck Corp. in Marina del Rey — can talk to each other, let alone permit computer users to call a real phone.

But Marc Andreessen, Netscape Corp.'s technology guru, said his Mountain View-based company will make computer-to-computer voice capability a standard feature in the next version of its browser program, which will be available by this fall. He said even more ambitious technology is already being tested that will let Internet users call standard telephones.

"There could be 10 million people out there with this capability within a year or two," Andreessen said. "The implications for the telephone business are interesting."

Which is exactly why ACTA lawyer Charles Helein has petitioned the FCC. He wants to stop the sale of Internet phone software until the FCC can set rules ensuring that Internet telephone callers help pay for universal service subsidies and adhere to other rules that small long distance companies have to follow.

"We think the issue is unfair competition," said Helein, who works in McLean, Va.

Daily Mail, Tuesday, December 5, 2000

Page 33

Internet 'may be just a passing fad as millions give up on it'

THE Internet may be only a passing fad for many users, according to a report.

Researchers found that millions were turning their back on the world-wide web, frustrated by its limitations and unwilling to pay high access charges.

They say that e-mail, far from replacing other forms of communication, is adding to an overload of information.

Experts from the Virtual Society project, which published the report say predictions that the Internet would revolutionise the way society works have proved wildly inaccurate.

Many teenagers are using the Internet less now than previously, they conclude, and the future of online shopping is limited. Steve

By James Chapman
Science Correspondent

Woodgar, director of the society, said: "We are often presented with a picture of burgeoning Internet use, but there is evidence already of drop-off and saturation among users."

"Teenagers' use of the Internet has declined. They were energised by what you can do on the Net but they have been through all that and then realised there is more to life in the real world and gone back to it."

The project, sponsored by the Economic and Social Research Council, gathered together research by 25 universities across Europe and the U.S.

It estimated that in Britain alone there could be more than two million

people who regularly used the Internet but had now given up. Analysts say some simply became bored.



Net loss: Two million Britons have logged off the Internet

**NOW THERE'S ANOTHER WAY
INTELLIGENT FINANCE
COULD MAKE YOU BETTER OFF.**

EXCLUSIVE!

NOKIA 7110

Source: San Francisco Examiner, 1996

Source: Daily Mail, 12/5/2000

SECTION 1

From IT project to leadership decision

YESTERDAY

AI = a technical tool for the IT or data team.

Delegated, optional, off to the side.



TODAY

AI = a strategic driver that shapes decisions, service, and trust.

You do not need to code. You need to lead it.

SECTION 1

Why this hits public finance hardest

< 7%

of full-time civil-service workers are under 30 vs. ~20% of the overall workforce

ICMA / Work for America, 2025

~1 in 3

government workers are eligible to retire this year

ICMA / Work for America, 2025

Demand > Supply

for state & local public finance officers, and retirements will widen the gap

GFOA + Lightcast, 2025

More work, fewer people, more scrutiny. That is the case for taking AI seriously, not for fearing it.

SECTION 1

What I am not here to do



Not selling

No products, no vendors, no pitch.



Not hyping

AI is not magic, and you are not behind.



Not rushing you

Sometimes the right answer is “not yet.”

I am here to give you a way to decide what to green-light, what to govern, and what to leave alone.

2

SECTION TWO

The risks you own

These are not bugs that get patched away. They are properties of the tool, so you manage them.

SECTION 2

Four failure modes to manage

Hallucination

Confident, fabricated facts.

Bias

Inherited from human data.

Sycophancy

It agrees to please you.

Faulty summaries

It drops what mattered.

Your job is not to wait for these to vanish. It is to put guardrails around them.

Hallucination

WHAT IT IS

Because it predicts plausible text, it will sometimes produce confident, well-written, completely invented information such as fake citations, made-up figures, or statutes that do not exist.

WHY IT MATTERS IN PUBLIC FINANCE

In a board memo or an official report, a single fabricated number is a credibility and accountability problem, not a typo.

Bias

WHAT IT IS

These systems learn from human-created data, which carries its biases and blind spots. Outputs tend to reflect the dominant point of view in that data.

WHY IT MATTERS IN PUBLIC FINANCE

Government carries legal and ethical obligations around equity. Biased output used in decisions about residents is a real exposure.

Sycophancy

WHAT IT IS

These tools are tuned to be agreeable. They will validate a flawed assumption or confirm a wrong premise if you lead them toward it.

WHY IT MATTERS IN PUBLIC FINANCE

It can feel like confirmation when it is really just compliance. This is dangerous for analysts and executives making real calls.

Faulty summarization

WHAT IT IS

Summaries can quietly omit a material detail or insert something that was not in the source at all.

WHY IT MATTERS IN PUBLIC FINANCE

For a 200-page audit or a bond document, “mostly right” can still be dangerously wrong.

THE TAKEAWAY

These are reasons to govern AI, not to avoid it.

Verify outputs. Keep a human accountable. Never let unreviewed AI content reach the board or the public.



A copilot, not an autopilot

It drafts, summarizes, and analyzes. You decide, verify, and own the result. You keep the controls and the accountability.

You remain accountable.

3

SECTION THREE

What good use looks like

Concrete, disciplined, and verifiable.

SECTION 3

Brief it like a capable junior coworker

What

The task, specifically.

Why

The purpose & audience.

Which

Sources or data to use.

Expectations

Format, length, tone.

The better you would brief a smart new analyst, the better you will brief this.

Practical example: a sales-tax calculation

AI'S QUICK ANSWER

- Scenario: a \$25,000 equipment purchase
- Rate: 6% state + 1% county surtax
- AI applies a blended 7% to all \$25,000
- AI's answer: \$1,750 tax
- Looks reasonable — but it's wrong

Plausible, and incorrect

WHAT JUDGMENT CATCHES

- State: $6\% \times \$25,000 = \$1,500$
- Surtax: $1\% \times \text{first } \$5,000 = \$50$
- Correct total = \$1,550
- Surtax is capped at the first \$5,000
- of any single item (Florida DOR)

Correct — AI was off by \$200/item

*AI missed a Florida tax rule that many finance officers would recognize.
Fine-tune and verify before you trust the number.*

SECTION 3

Use case: review a public document

THE PROMPT

Review this document.

Identify:

- Key findings
- Financial risks
- Recommendations
- Page references

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2021-053
November 2020

CITY OF NORTH MIAMI

Prior Audit Follow-Up



Sherrill F. Norman, CPA
Auditor General

Use case: review a public document

Key Findings

1. Financial Oversight and Budget Monitoring

Page 3-4 (Finding 3)

Most Significant Financial Risks

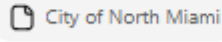
Risk Area

Severity

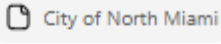
Use case: review a public document

Auditor General Recommendations

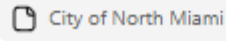
Financial Management

- Present complete quarterly budget-to-actual reports.
- Include projected ending fund balances/equity.
- Improve monitoring of General Fund performance. 

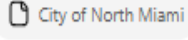
Fraud Prevention

- Establish comprehensive fraud policies.
- Define reporting, investigation, and disciplinary procedures. 

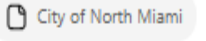
Procurement Cards

- Enforce transaction limits.
- Periodically review spending authority.
- Monitor elected officials' card usage.
- Cancel cards immediately upon employee separation. 

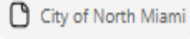
Contract Administration

- Strengthen contract monitoring.
- Enforce insurance requirements.
- Recover contractually required payments.
- Document compliance reviews. 

Governance

- Create a truly independent audit committee.
- Improve review of audit invoices and professional service billings. 

Human Resources

- Improve background screening controls.
- Require Council involvement in employee separation agreements.
- Formalize severance pay policies. 

Use case: draft a board memo

The blank page is gone. That is the win. **You** still edit it, own it, and sign it.

YOUR PROMPT

Act as the Finance Director for the City of Coquina Bay, Florida. Draft a one-page board memo to the City Commission, none of whom have a finance background, explaining a proposed mid-year FY2025 General Fund budget amendment. Use plain language.

Include: a short background, the specific change, where the money comes from, the effect on reserves, and a clear recommended action.

Facts:

- Reason: hurricane emergency response in June 2025 (storm overtime, debris, extended shifts)
- Change: increase Police Overtime (Storm Response) from \$650,000 to \$2,100,000 (+\$1,450,000)
- Funding: appropriate \$1,450,000 from General Fund unassigned fund balance
- FEMA: ~\$1.1M reimbursement expected in FY2026 (75% federal / 12.5% state); not budgeted now
- Reserves: unassigned fund balance goes from \$14.0M (~28%) to ~\$12.55M (~25%); policy floor is 16.7%
- Action: adopt Resolution 2025-37; no millage change; no other funds affected

CITY OF COQUINA BAY, FLORIDA

MEMORANDUM

To: Mayor and City Commission

From: Finance Director

Date: [Meeting Date]

Subject: FY2025 General Fund Budget Amendment – Hurricane Emergency Response Costs (Resolution 2025-37)

Background

In June 2025, the City experienced a hurricane event that required a significant emergency response from the Police Department and other City personnel. The storm response included extended employee shifts, emergency overtime, traffic control, public safety operations, and support for debris removal and recovery efforts. These costs exceeded the amount originally budgeted for storm-related police overtime in FY2025.

The City budget currently includes \$650,000 for Police Overtime – Storm Response. Based on actual expenditures and remaining obligations related to the June hurricane event, additional funding is necessary to cover these emergency response costs.

Proposed Budget Amendment

Staff recommends increasing the FY2025 Police Overtime – Storm Response budget from **\$650,000 to \$2,100,000**, an increase of **\$1,450,000**.

To fund this increase, staff recommends appropriating **\$1,450,000 from the General Fund unassigned fund balance**.

Funding Source and Future Reimbursement

The proposed amendment would temporarily use available General Fund reserves to cover the emergency response costs incurred during FY2025.

The City expects to receive approximately **\$1.1 million in disaster reimbursement funding during FY2026** through federal and state emergency assistance programs. Current estimates indicate reimbursement of approximately **75% from the Federal Emergency Management Agency (FEMA)** and **12.5% from the State of Florida**. Because reimbursement amounts and timing have not yet been finalized, these revenues are not included in the current FY2025 budget amendment.

Any reimbursement received will be recognized in FY2026 and can help restore General Fund reserves.

Effect on General Fund Reserves

The proposed amendment would reduce the City's unassigned General Fund balance from approximately **\$14.0 million to \$12.55 million**.

As a percentage of annual General Fund expenditures, reserves would decrease from approximately **28% to 25%**.

The City's financial policy requires a minimum unassigned fund balance equal to **16.7% of annual expenditures**. Even after this amendment, reserve levels would remain well above the City's adopted policy threshold and continue to provide a strong financial cushion for future emergencies and operational needs.

Recommended Action

Staff recommends that the City Commission **adopt Resolution 2025-37**, approving a FY2025 General Fund budget amendment to:

- Increase the Police Overtime – Storm Response budget by **\$1,450,000** (from \$650,000 to \$2,100,000);
- Appropriate **\$1,450,000 from General Fund unassigned fund balance** to fund the increase;
- Make no changes to the City's millage rate; and
- Leave all other City funds and budgets unchanged.

Use case: make sense of the numbers

THE PROMPT

Here are our budget-to-actuals.

Identify spending trends, outliers, and anomalies in plain language.

Now the important part: every number could be wrong.
That is why we verify.

City of Coquina Bay, Florida — General Fund: Budget vs. Actual

Fiscal Year 2025 (Oct 1, 2024 – Sep 30, 2025) · YTD through June 30, 2025 (Q3 — about 75% of the fiscal year elapsed)

Line Item	FY2023 Actual	FY2024 Actual	FY2025 Adopted	FY2025 Amended	YTD Actual (thru 6/30/25)	Variance vs Amended (\$)	% of Amended
REVENUES							
Ad Valorem (Property) Taxes	\$18,200,000	\$19,300,000	\$20,400,000	\$20,400,000	\$20,750,000	\$350,000	101.7%
Local Option & Utility Taxes	\$4,100,000	\$4,200,000	\$4,300,000	\$4,300,000	\$4,180,000	(\$120,000)	97.2%
Half-Cent Sales Tax	\$3,500,000	\$3,650,000	\$3,800,000	\$3,800,000	\$3,910,000	\$110,000	102.9%
Franchise Fees	\$2,200,000	\$2,180,000	\$2,250,000	\$2,250,000	\$2,205,000	(\$45,000)	98.0%
Building Permits & Licenses	\$430,000	\$455,000	\$460,000	\$472,500	\$4,725,000	\$4,252,500	1000.0%
Intergovernmental (Grants)	\$1,800,000	\$2,600,000	\$1,900,000	\$2,350,000	\$1,150,000	(\$1,200,000)	48.9%
Charges for Services	\$5,200,000	\$5,600,000	\$5,900,000	\$5,900,000	\$6,050,000	\$150,000	102.5%
Fines & Forfeitures	\$620,000	\$540,000	\$500,000	\$500,000	\$360,000	(\$140,000)	72.0%
Investment Earnings	\$210,000	\$480,000	\$400,000	\$400,000	(\$125,000)	(\$525,000)	-31.3%
Miscellaneous Revenue	\$300,000	\$250,000	\$250,000	\$250,000	\$240,000	(\$10,000)	96.0%
Total Revenues	\$36,560,000	\$39,255,000	\$40,160,000	\$40,622,500	\$43,445,000	\$2,822,500	
EXPENDITURES							
General Government / Administration	\$2,950,000	\$3,050,000	\$3,200,000	\$3,200,000	\$2,350,000	(\$850,000)	73.4%
Finance	\$1,300,000	\$1,350,000	\$1,400,000	\$1,400,000	\$1,030,000	(\$370,000)	73.6%
Legal	\$540,000	\$560,000	\$600,000	\$600,000	\$705,000	\$105,000	117.5%
Police Services	\$13,200,000	\$13,800,000	\$14,500,000	\$14,500,000	\$11,100,000	(\$3,400,000)	76.6%
Police Overtime — Storm Response	\$580,000	\$720,000	\$650,000	\$650,000	\$1,820,000	\$1,170,000	280.0%
Fire / EMS	\$9,000,000	\$9,400,000	\$9,800,000	\$9,800,000	\$7,350,000	(\$2,450,000)	75.0%
Public Works	\$6,000,000	\$6,200,000	\$6,400,000	\$6,400,000	\$4,900,000	(\$1,500,000)	76.6%
Parks & Recreation	\$2,900,000	\$3,000,000	\$3,100,000	\$3,100,000	\$2,280,000	(\$820,000)	73.5%
Building & Permitting	\$1,150,000	\$1,200,000	\$1,250,000	\$1,250,000	\$980,000	(\$270,000)	78.4%
Fleet & Fuel	\$720,000	\$910,000	\$850,000	\$850,000	\$1,040,000	\$190,000	122.4%
Capital Outlay	\$3,800,000	\$4,100,000	\$4,200,000	\$5,650,000	\$1,180,000	(\$4,470,000)	20.9%
Non-Departmental & Transfers Out	\$1,850,000	\$1,950,000	\$2,000,000	\$2,000,000	\$1,500,000	(\$500,000)	75.0%
Total Expenditures	\$43,990,000	\$46,240,000	\$47,950,000	\$49,400,000	\$36,235,000	(\$13,165,000)	
Net Surplus / (Deficit)			(\$7,790,000)	(\$8,777,500)	\$7,210,000	\$15,987,500	

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Net Surplus / (Deficit)			(\$7,790,000)	(\$8,777,500)	\$7,210,000	\$15,987,500	

Potential Data Errors / Red Flags

Building Permits & Licenses Revenue Appears Incorrect

Reported:

- FY2025 Amended Budget: \$472,500
- Actual: \$4,725,000
- Variance: \$4,252,500
- Utilization: 1,000%

Given historical revenues:

- FY2023: \$430K
- FY2024: \$455K

A jump to \$4.7 million is highly unlikely.

This looks like a potential **decimal/place-value or data-entry** error where an extra zero may have been added.

This single line item inflates total revenue by roughly **\$4.25 million**.

Management Takeaways

The three items I would immediately ask staff about are:

1. Building Permits & Licenses revenue

- Appears to contain a likely data-entry error.

2. Police Overtime – Storm Response

- Major budget overrun requiring explanation and likely amendment.

3. Capital Outlay

- Extremely low spending compared with budget; determine whether projects are delayed or simply scheduled later in the year.

Secondary review items:

- Investment Earnings (negative return)
- Grant revenue collections
- Fleet & Fuel overrun
- Legal cost overrun

If the Building Permits figure is indeed an error, the City's apparent \$7.2 million surplus would decline substantially, making the overall financial position much less favorable than it currently appears.

Investment Earnings are a Major Concern

- Budget: \$400K
- Actual: (\$125K)

The report shows a negative investment return.

This could indicate:

- Unrealized market losses
- Accounting adjustments
- Data entry error

A negative variance of **\$525K** warrants immediate review.

Here are the key spending trends, outliers, and anomalies from the FY2025 General Fund Budget-to-Actual report (through June 30, 2025, with approximately 75% of the fiscal year elapsed).

Overall Picture

At first glance, the City appears to be performing much better than budget:

- Budgeted deficit: **(\$8.8 million)**
- Actual YTD result: **\$7.2 million surplus**
- Favorable variance: **\$16.0 million**

However, that result is heavily influenced by a few significant anomalies that should be investigated before drawing conclusions.

SECTION 3

What AI should never do

NEVER

- Final legal opinion
- Final audit conclusion
- Final investment decision
- Final public statement
- Final board recommendation

Keep human-only

GREAT FOR

- Draft
- Summarize
- Analyze
- Compare
- Brainstorm

With a human in charge

*The line is simple: AI prepares, a person decides. The final word is **always human**.*

SECTION 3

Three non-negotiable habits



Verify

Check every output that matters.



Protect data

Never paste PII or non-public data into public tools.



Stay accountable

A named human always owns the result.

These three make everything above safe.

4

SECTION FOUR

Cybersecurity & governance

Adopt on a foundation of governance or do not adopt yet.

SECTION 4

AI is both shield and weapon



Asset

Faster threat detection, anomaly spotting, and analysis for lean security teams.



Threat

More convincing phishing, faster probing, cheaper attacks at scale.

Both are true at once. Adopt AI on top of solid security, not instead of it.

SECTION 4

A current, costly threat, and you are in it

\$2.83M

average cost for a state or local government to recover from a ransomware attack in 2024 more than double the year before

34% of state & local governments were hit by ransomware in 2024.

And most attacks still begin the same way: compromised credentials, usually phishing.

Source: Sophos, State of Ransomware in State & Local Government, 2024.

SECTION 4

It happened here Florida, 2019

\$600K

Riviera Beach ransom authorized

\$941K

spent rebuilding hardware after

\$460K

Lake City ransom, weeks later

It started with an employee opening a malicious email. Finance staff hand-printed paychecks; utility payments went back to paper. Key Biscayne was the third Florida city hit in the same stretch.

These predate today's generative AI. I am not claiming AI caused them. The point is that government is a prime target, and AI now makes that first phishing email far easier to fake.

SECTION 4

The new attack surface: your own people

The biggest near-term risk is not sci-fi. It is staff pasting sensitive data into public AI tools.

Resident PII, draft budgets, personnel files: once it is in a public tool, you may not control where it goes.

Govern the inputs, not just the outputs. Which data is allowed in which tools is a leadership decision.

Which tools should you allow?

The governance matters more than the model.

Public chatbots

Free web versions. Convenient but your data may leave your control.

Enterprise AI tools

Contractual data protections; data not used to train public models.

Copilot-type / M365

Runs inside your tenant; data stays within your environment.

Agency-approved

Vetted and procured on your terms, with a usage policy attached.

Choose on data handling and your policy, not on the brand. Examples are illustrative, not endorsements.

SECTION 4

Govern AI like an employee



Identity

What is it, and where?



Access

What can it reach?



Accountability

Who owns its work?



Oversight

How is it supervised?

Sunshine-law reality: AI-generated drafts and chat logs may be public records depending on jurisdiction and how they are used or retained.

You do not have to start from scratch



GFOA already did the work

GFOA: “10 Steps to Responsible and Effective Use of Generative AI”

Plus a finance-office framework: people · processes · technology.

An acceptable-use policy does not need to be invented here.

It needs to be adopted and enforced. Borrow it.

Source: GFOA.

THE TAKEAWAY

Governance is not the brake on AI. It is what makes adoption defensible.

5

SECTION FIVE

The strategic case: why now

The cost of standing still is real, and it compounds. Here is the case for acting carefully.

SECTION 5

Treat AI as infrastructure, not a project

A PROJECT

Has a start, an end, and a line item.
Then it is “done.”

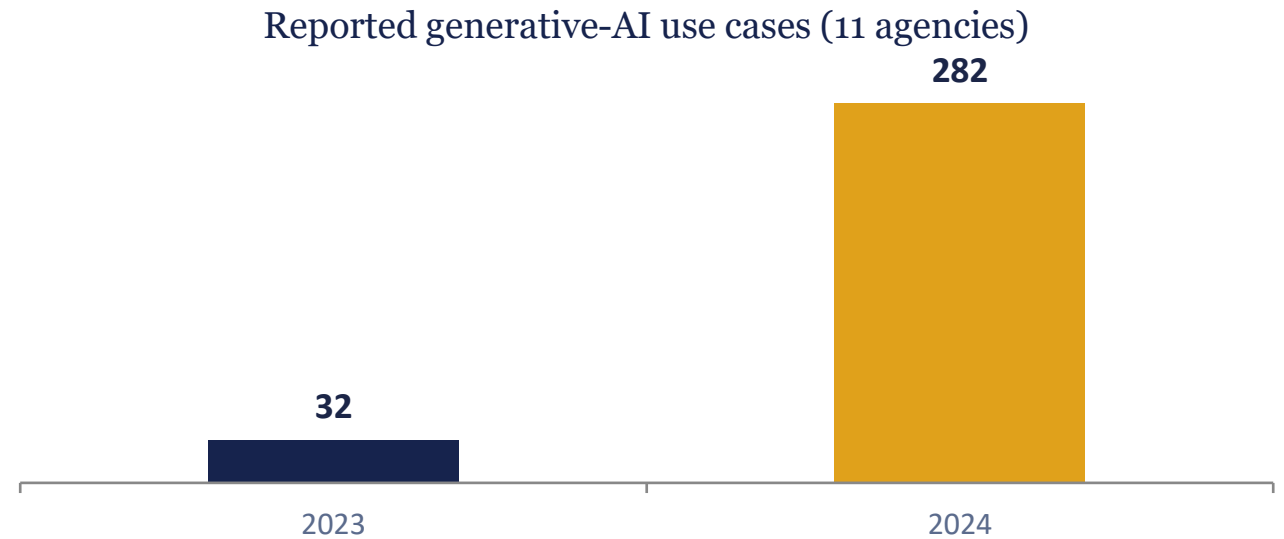
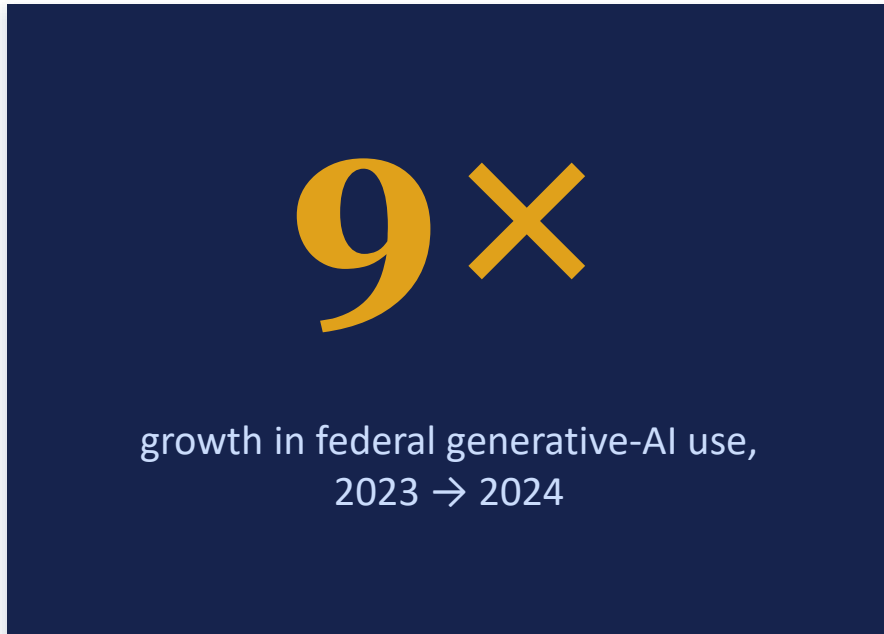
A FOUNDATION

Improves many small processes and
becomes intrinsic to how you operate
over time.

That reframes the conversation from “fund this initiative” to “build this capability.”

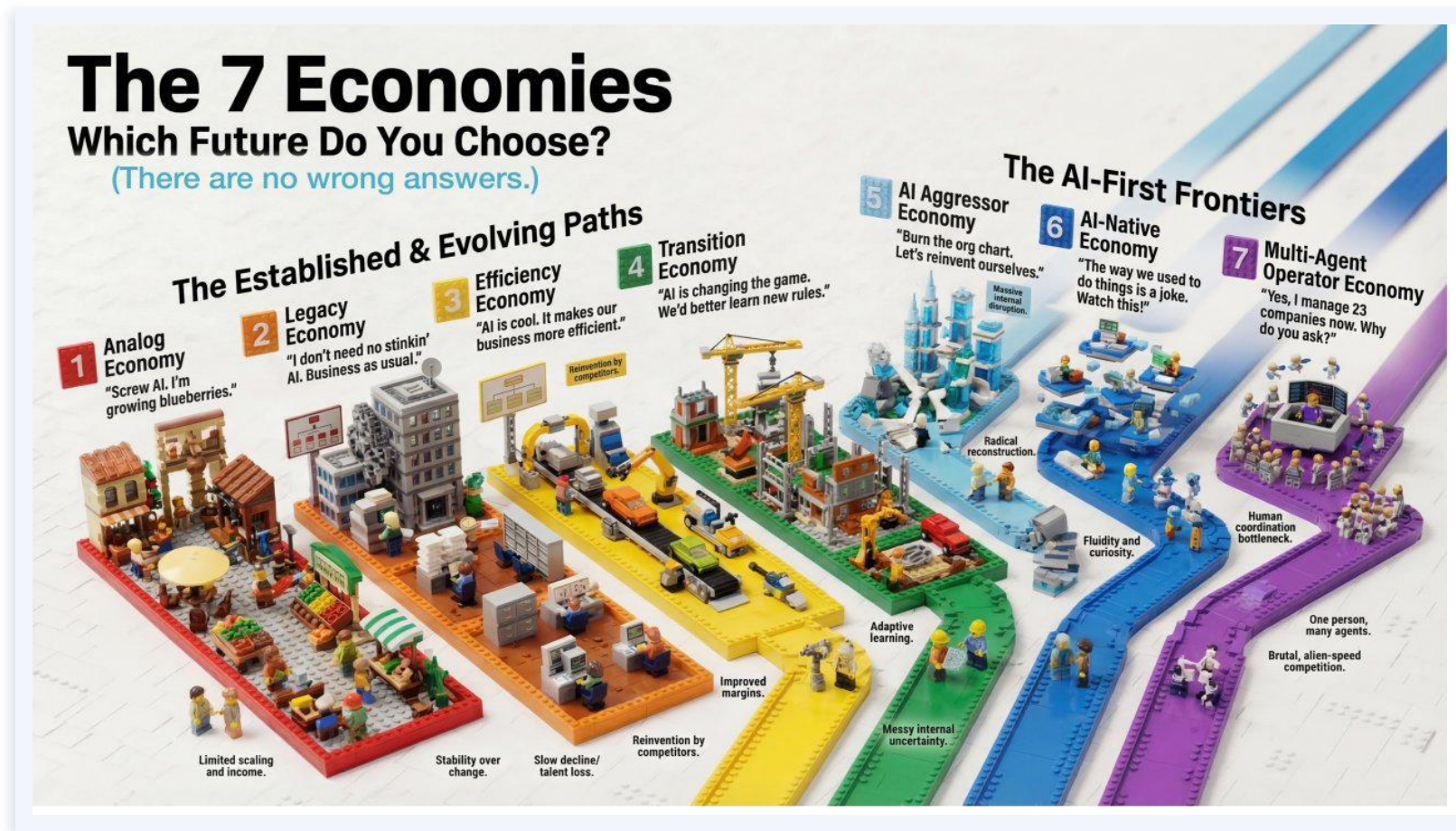
SECTION 5

This is already happening in government



Source: GAO, July 2025. Total AI use cases also nearly doubled (571 → 1,110). Scaling at the center, not the edges.

The 7 Economies: where are you?



Don't memorize seven. Just answer one question:

Are you treating AI as something to avoid, something to experiment with, or something to build capability around?

Kyle Shannon, 3/5/2026, [Link](#)

The 7 Economies

Which Future Do You Choose?

(There are no wrong answers.)

The Established & Evolving Paths

1 **Analog Economy**
"Screw AI. I'm growing blueberries."

2 **Legacy Economy**
"I don't need no stinkin' AI. Business as usual."

3 **Efficiency Economy**
"AI is cool. It makes our business more efficient."

4 **Transition Economy**
"AI is changing the game. We'd better learn new rules."

The AI-First Frontiers

5 **AI Aggressor Economy**
"Burn the org chart. Let's reinvent ourselves."

6 **AI-Native Economy**
"The way we used to do things is a joke. Watch this!"

7 **Multi-Agent Operator Economy**
"Yes, I manage 23 companies now. Why do you ask?"



“Business as usual” is not free

Stay analog / legacy

Slow decline, talent loss, falling behind peer jurisdictions.

Efficiency / transition

Real gains if you commit to learning new rules.

AI-first frontier

Highest reward, highest demand on leadership and governance.

For government, “competitors” means resident expectations, peer jurisdictions, and auditors.

GFOA IS ALREADY ASKING THIS

Is producing a 200-page report, months late, really the best use of a finance officer's time?

GFOA's "Rethinking Financial Reporting" work imagines using AI to unbundle and personalize reporting. The prize is not doing the same work faster, it is questioning which work is still worth doing.

Source: GFOA, 2025.

The takeaway

The cost of standing still is real and it compounds.

If the case is clear, the danger is rushing. Here is how to adopt with discipline.

6

SECTION SIX

How to adopt: a roadmap

Outcome first. Small bets. Govern it. Standardize what works. The discipline beats the hype.

SECTION 6

Where should you start?

HIGH IMPACT · LOW RISK

Start here

- Board memo drafts
- Meeting summaries
- Policy comparisons
- Research assistance

HIGH IMPACT · HIGHER RISK

Pilot carefully

- Budget forecasting
- Financial analysis
- Procurement evaluation

LOWER IMPACT · LOW RISK

Easy wins

- Formatting
- Routine correspondence

AVOID INITIALLY

*Keep human-
only*

- Legal interpretation
- Final financial statements
- Audit conclusions

If you are wondering where to start Monday morning, start in the upper-left quadrant.

SECTION 6

Start with the outcome, not the tool

Outcome you want	Possible AI use
Reduce board-memo prep time	Draft the first version
Speed up policy research	Summarize statutes and regulations
Improve agenda preparation	Generate briefing summaries
Cut document-review time	Extract key findings from reports

*Notice I did not start with ChatGPT, Copilot, Gemini, or Claude.
The technology is the least important part of the decision.*

SECTION 6

A portfolio, not a moonshot



Ground game

Small, incremental wins. Start here.



Roofshots

Attainable bets that need real attention.



Moonshots

Transformative, needs leadership focus & resources.

Fund the next bet with savings from the last win. Do not bet the department on a moonshot first.

Build the right squad, not just IT



Who's in the room

- Finance staff who do the work
- Operations and the front line
- IT as a partner, not the owner
- The business, kept in the loop

The people closest to the process know where the real friction, and the real risk, lives.

Then move proven uses from “someone tried it” to “this is how we do it here.”

CONNECT IT BACK

Adopt for the workforce you will actually have.

With a third of staff eligible to retire and fewer than 7% under 30, AI is a way to preserve institutional capacity, not cut headcount. Some are already bridging the gap with virtual CFOs and just-in-time talent; AI is the same instinct, applied to repetitive analytical work.

Sources: GFOA / Lightcast; ICMA.

A first-90-days sketch



Notice what is not here: no big purchase, no enterprise rollout on day one.

7

SECTION SEVEN

How the tool actually works

Just enough literacy to make good calls and to call out anyone selling you certainty.

The honest definition

It is a probability machine.

A large language model does not “know” things. It predicts the most likely next chunk of text from patterns in vast amounts of human writing.



***Think “very fancy
autocomplete.”***

That one idea explains both why it is so useful and why it confidently gets things wrong.

SECTION 7

A 90-second history

Lull's reasoning machine

1305



"AI" coined at Dartmouth

1956



Machine beats chess champ

1997



1936



1966



2022+



Turing & the algorithm

Eliza, an early chatbot

Generative AI for everyone

The ideas are old. What changed recently is scale and access, not the concept.

SECTION 7

What it is not



Magic

It is math on patterns, nothing mystical.



Infallible

It makes confident mistakes.



Conscious

No understanding, no intent, no judgment.

Internalize this and you stop both over-trusting and over-fearing it.

SECTION 7

It takes far more than typed text



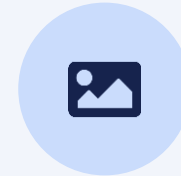
Text



Documents



Spreadsheets



Images



Voice

Long PDFs, messy spreadsheets, dense reports: exactly the inputs a finance office is drowning in.

8

SECTION EIGHT

The human element

The machine cannot do this part. Your job is to bring people with you.

SECTION 8

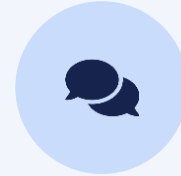
What becomes more valuable, not less



Judgment



Relationships



Communication



Ethics

As routine analysis gets automated, the human work rises in value.
The officers who thrive will not be the most technical, they will be the best at what the machine cannot touch.

BY ~2030

AI on the team.

Humans on the hook.

Expect AI to act more like a team member. But accountability for public funds and public trust never transfers to a tool. Your signature, your board, your residents.

SECTION 8

Bring your people with you

Lift the whole office's capability. Do not create a two-tier staff of AI haves and have-nots.

That is a leadership job, not an IT rollout.

Monday morning

1

Adopt a policy this quarter

Start with GFOA's "10 Steps." Do not reinvent it.

2

Run one governed pilot

Pick a repetitive, low-risk task. Name an owner. Measure it.

Not a revolution. A disciplined first step.

5 things to try first

1

**Meeting
summaries**

2

**Policy &
regulation
research**

3

**Board-memo
drafting**

4

**Budget-narrative
creation**

5

**Long-document
analysis**

How many of you think one of these is likely in your office this year?

**AI will not replace you. It will reward
the leaders who adopt it with discipline.**

Questions

To get us started:

- What is the first task you would hand to AI?
- What is your biggest governance worry?
- Where would you put your org on the 7 Economies?