

October 12, 2016

Speaker: Silvia Amparano

City of Tucson Finance Director

“City of Tucson Finance: Governmental Accounting, Municipal Debt, and Bond Issuance Process

The speaker presented topics which included governmental accounting, municipal debt, and bond process administration.

Governmental Accounting:

She spoke of how the government is different from the private sector and who uses the information and for what. There are unique characteristics of government accounting which include Measurement and Basis of Accounting. This simply means measurement focus tells you “what” and basis of accounting tells you “when”.

She described the various types of fund groups that are used in governmental accounting: Government Funds, Proprietary Funds (Enterprise Funds and Internal Service), and Fiduciary Funds.

She talked about the Comprehensive Annual Financial Report (CAFR) that the City of Tucson prepares and they are 34 years in achieving excellence. There are summary reports and detail reports included in the package.

Municipal Debt:

She talked about why the City issues debt, described a municipal bond and the types of municipal debt. The objective of issuing bonds is a way to raise money with the promise to repay it. It is usually used to fund capital projects.

She talked about the City of Tucson and their annual debt service and the issuance of debt and the impact of the City of Tucson budget.

Bond Process and Administration:

She described the key concepts regarding bonds – purchasing power, debt service, amortization, and interest rate. She provided us with an overview of the players in capital financing along with the bond process. The mayor and city council are involved in the approval process.

She described the credit quality and bond ratings and how the ratings reflect the default risk.

Bond administration involves the use of proceeds, debt service, GAAP and GASB accounting entries, and inquiry response. Also administration ensures program commitments are met and evaluates outstanding debt for refunding opportunities.

She provided us a case study involving a road bond program for road improvement and took us through the process.

She ended with a question and answer period.