

# **LOCAL GOVERNMENTAL ENTITY EXAMPLE FINANCIAL CONDITION ASSESSMENT INDICATORS AND RELATED PROCEDURES**



**December 2015**

## TABLE OF CONTENTS

<b>PREFACE .....</b>	<b>1</b>
<b>Legal Requirements .....</b>	<b>1</b>
<b>Purpose .....</b>	<b>1</b>
<b>Financial Condition .....</b>	<b>1</b>
<b>FINANCIAL CONDITION ASSESSMENT .....</b>	<b>2</b>
<b>Financial Indicators .....</b>	<b>2</b>
<b>Data Accumulation .....</b>	<b>2</b>
<b>Benchmarks .....</b>	<b>2</b>
<b>Financial Condition Assessment Procedures.....</b>	<b>3</b>

### **APPENDICES (See Tabs)**

**Appendix A – Financial Indicators**

**Appendix B – List of Data Elements Needed for Analysis**

**Appendix C – Guide for Analysis and Follow-up of Financial Indicators**

**Appendix D – Potential Factors That Could Cause Deteriorating Financial Condition**

**Appendix E – Web Sites With Information Useful for Assessing Financial Condition**

## **PREFACE**

### **Legal Requirements**

The Legislature created the Local Government Financial Emergencies Act (Part V, Chapter 218, Florida Statutes) to, among other things, preserve and protect the fiscal solvency of local governmental entities. Section 218.503(1), Florida Statutes, describes conditions under which an entity may be considered to be in a state of financial emergency. Local governmental entities are required to notify the Governor and the Legislative Auditing Committee when one or more of the conditions have occurred or will occur if action is not taken to assist the entity. Section 218.39(5), Florida Statutes, requires that independent auditors notify local governmental entities of deteriorating financial conditions that may cause a financial emergency, as contemplated by Section 218.503(1), Florida Statutes, to occur if actions are not taken to address such conditions. Section 10.556(8), Rules of the Auditor General, requires local governmental entity audits to include the use of financial condition assessment procedures, based on the auditor's professional judgment to detect deteriorating financial conditions. Section 10.554(1)(i)5.c, Rules of the Auditor General, requires that the auditor's management letter include a statement that financial condition assessment procedures were applied and, if deteriorating financial conditions are noted, a statement to that fact including a description of the conditions that caused the auditor to reach that conclusion.

### **Purpose**

The purpose of this document is to provide example local government financial condition assessment indicators and related procedures. It was prepared based on recommendations from a task force comprised of representatives or staff of the Auditor General, Executive Office of the Governor, Department of Financial Services, Legislative Auditing Committee, and various professional organizations associated with local governmental entities or auditors of such entities. Local governmental entity auditors may incorporate the example indicators and related procedures described in this document into the methodology they deem appropriate to carry out their responsibilities pursuant to Section 218.39(5), Florida Statutes.

### **Financial Condition**

Financial condition may be defined in a variety of ways. For purposes of this document, financial condition refers to a local governmental entity's ability to meet its financial obligations and provide services that are required for the health, safety, and welfare of the community, and that its citizens desire. Financial condition assessment procedures should be designed and applied by local governmental entity auditors to identify local governmental entities experiencing deteriorating financial conditions that could result in a financial emergency. Financial condition assessment indicators and related procedures, such as those example indicators and procedures included herein, may also be used by local governmental entity officials to supplement other methods of monitoring financial condition, such as cash flow analysis and forecasting of revenues and expenditures.

# FINANCIAL CONDITION ASSESSMENT

## Financial Indicators

Financial indicators, expressed as ratios or trends, facilitate comparisons with other local governmental entities and provide an illustration of what has been occurring with an entity over a period of years. A summary of example financial indicators for preliminary financial condition assessments is included as Appendix A. These financial indicators were selected after review of numerous sources of information, including the International City Management Association's Evaluating Financial Condition, A Handbook for Local Governments; procedures and indicators developed and published by Dr. Kenneth Brown of Southwest Missouri State University; procedures and indicators used by other states (primarily North Carolina, New York and Ohio); and information from various publications issued by the Governmental Accounting Standards Board, the Florida Institute of Certified Public Accountants, and the Florida Government Finance Officer's Association. There are numerous other financial indicators that may also be used in evaluating financial condition, and professional judgment must be exercised in determining those indicators that are the most relevant and meaningful under the circumstances. **NOTE:** The financial indicators should not be used as the sole basis for making conclusions regarding the entity's financial condition. Rather, financial indicators serve as analytical tools that will identify particular circumstances requiring additional inquiry. Appendix E contains a listing of Web sites that are sources of additional information.

## Data Accumulation

Data elements necessary to compute the example financial indicators were identified and are included as Appendix B. For each data element, the source of the information is specified including the account name, funds to include, and financial statement title, as applicable. Data are collected for the most recent five years for which information is available. Data elements accumulated by the Auditor General will be made available to local governmental entities and auditors. Financial data are generally obtained from audited financial statements submitted to the Auditor General. Population data are obtained from the Bureau of Economic and Business Research, University of Florida's *Florida Estimates of Population* publication. Millage rates and taxable property values are obtained from the Florida Department of Revenue's *Florida Property Valuation and Tax Data* publication.

For some financial indicators, it is necessary to adjust amounts for inflation. The price index used by the Auditor General is the September municipal cost index published by *American City and County Magazine*, which is a weighted average of the consumer price index, producer price index for industrial commodities, and construction cost index. These indices are available on the *American City and County Magazine* or the U.S. Bureau of Labor Statistics Web sites (see Appendix E for Web site addresses).

## Benchmarks

The use of benchmarks is an essential part of assessing financial condition. Benchmarks provide a means of comparing financial indicator results for a local governmental entity to those produced for similar entities. Developing benchmarks involves determining benchmark groups (i.e., grouping similar local governmental entities together based on various financial and nonfinancial factors) and, for each benchmark group, calculating a benchmark for each financial indicator. Methodologies for calculating the benchmarks

include using a fixed benchmark value by taking the average or median of the financial indicator calculations for the benchmark group or using a range of benchmark values selected from the benchmark group. Depending on the method used to develop benchmarks, the calculations may require adjustments to produce reasonable benchmark calculations. For example, if the average is used in these calculations, it may be necessary to adjust the benchmark calculation if the financial indicator result for one or more entities within the group is significantly lower or higher than the remaining entities' financial indicator results. The adjustment would involve eliminating the significantly different financial indicator results from the benchmark calculation.

Example benchmark calculations made by the Auditor General will be made available to local governmental entities and auditors. The Auditor General determines these benchmark groups using such factors as reporting model, population or taxable property value (counties and municipalities), and function (special districts), and calculates benchmarks based on the average of the financial indicator calculations of all entities that fall within the benchmark group. Benchmarks developed by the Auditor General are based on the most recent data available to the Auditor General.

### **Financial Condition Assessment Procedures**

The local governmental entity's auditor is responsible for assessing financial condition, and the methodology used is a matter of professional judgment. The following procedures provide guidance on using the data accumulated by the Auditor General:

1. Determine financial indicators to be used for preliminary financial condition assessments as deemed appropriate by the auditor. Appendix A includes example indicators that have been found to be useful by auditors and managers.
2. Obtain prior years' data elements and financial indicator calculations from the Auditor General and other sources as deemed appropriate by the auditor. Compile current year data elements and financial indicator calculations from the entity's records.
3. Determine comparable entities and develop appropriate benchmarks using the data elements provided by the Auditor General and other information as deemed appropriate by the auditor. **NOTE:** The Auditor General-provided benchmarks include unadjusted and adjusted benchmark groupings.
4. Using the financial indicator results and benchmarks, perform a preliminary assessment of the entity's financial condition. The methodology used to accomplish this is left to the professional judgment of the auditor; however, it is suggested that the methodology include, the evaluation of each of the selected financial indicators on its own over a period of five years or as many years as data is available (trend analysis) and a comparison of the results for the selected financial indicator with those produced for similar local governmental entities (i.e., benchmarks).
5. If the auditor's use of the selected financial indicators discloses apparent deteriorating financial conditions, the auditor should review the data elements, financial indicator calculations, and benchmarks for reasonableness.
  - a. Data elements - Presumably, the auditor will take appropriate steps to ensure the proper reporting of data elements for the current fiscal year; however, the auditor should also determine whether data elements were properly reported on

the financial statements for prior fiscal years. For example, fund balance or net assets may not have been properly classified or transactions related to restricted revenues may have been improperly reported in the general fund rather than in the special revenue fund. If improperly reported data elements are disclosed, the auditor should consider whether the financial indicator calculations need adjustment.

- b. Financial indicators – The auditor should recheck the accuracy and completeness of financial indicator calculations. The auditor should also determine whether there are mitigating factors that are causing inappropriate trends in the financial indicators (for example, a change in accounting practice or misclassification of account balances or transactions) or other factors that would neutralize what, at first glance, appears to be a favorable or unfavorable trend. In addition, the auditor should consider the implementation of GASB Statement 67, which replaced “Funded Ratio” with “Fiduciary Net Position as a Percentage of Total Pension Liability”.
  - c. Benchmarks - The auditor should consider whether the benchmarks used to do the preliminary assessment need further refinement. For example, additional factors such as form of government (i.e., charter versus noncharter), regional location (e.g., coastal versus inland), services provided, or revenue types may be useful in refining comparable entities to be included in a benchmark group. Also, the auditor should consider whether the methodology used to calculate the benchmarks needs revision.
6. When the auditor is confident that the indicator calculations are accurate and complete, and the preliminary assessment discloses apparent deteriorating financial conditions, the auditor should subject the financial indicator/trend analysis results to further analysis. Appendix C provides suggested analysis for the example financial indicators. (Much of the information included in Appendix C was obtained from the International City Management Association’s Evaluating Financial Condition, A Handbook for Local Governments.) **NOTE:** The financial indicators should not be used as the sole basis for making conclusions regarding the entity’s financial condition. Rather, financial indicators serve as analytical tools that will identify particular circumstances requiring additional inquiry.
  7. If the auditor determines that an entity is experiencing deteriorating financial conditions, the auditor is required to include recommendations for improving financial condition in the management letter in accordance with Chapter 10.550, Rules of the Auditor General. To assist in developing such recommendations, a listing of potential factors that could cause deteriorating financial conditions is included as Appendix D.

**APPENDIX A FINANCIAL INDICATORS**

	<b>INDICATOR</b>	<b>APPLICABILITY</b>	<b>WARNING TREND</b>	<b>FORMULA **</b>
1	Change in Net Position / Beginning Net Position	Government Wide Statement of Activities (Governmental Activities)	The percent change in net position indicates how the government's position changed during the year (positive or negative) as a result of resource flow.	1/2
2	Unassigned and Assigned Fund Balance + Unrestricted Net Position (Constant \$)	Unassigned and Assigned Fund Balance & Unrestricted Net Position from all funds combined (except Special Revenue Fund)	Declining results may indicate that the local government could have difficulty maintaining a stable tax and revenue structure or adequate level of services. Deficits may indicate a financial emergency.	(7+8+9+19)/38
3	Unassigned and Assigned Fund Balance / Total Expenditures	General fund and Governmental funds separately	Percentages decreasing over time may indicate unstructured budgets that could lead to future budgetary problems for the local government even if the current fund balance is positive.	7/14 & (7+8+9)/15
4	Cash & Investments / Current Liabilities	General fund, Governmental Funds, and Proprietary funds separately	Percentages decreasing over time may indicate that the local government has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs.	3/5 & 4/6 & 17/18
5	Cash & Investments/ Total Expenditures or Total Operating Expenses divided by 12	Governmental funds and Proprietary funds separately	Percentages decreasing over time may indicate that the local government has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs.	4/(15/12) & 17/(22/12)
6	Current Liabilities/ Total Revenues or Total Operating Revenues	Governmental funds and Proprietary funds separately	Increasing results may indicate liquidity problems, deficit spending, or both.	6/12 & 18/21
7	Long-Term Debt (Constant \$)/ Population	Governmental funds	Results increasing over time may indicate that the local government has a decreasing level of flexibility in how resources are allocated or decreasing ability to pay its long-term debt.	(10/38)/36
8	Excess of Revenues Over (Under) Expenditures/ Total Revenues	Governmental funds	Decreasing surpluses or increasing deficits may indicate that current revenues are not supporting current expenditures.	16/12
9	Operating Income(Loss)/ Total Operating Revenues	Proprietary funds	Decreasing income or increasing losses may indicate that current revenues are not supporting current expenses.	23/21
10	Intergovernmental Revenues/ Total Revenues or Total Operating Revenues	Governmental funds and Proprietary funds separately	Percentages increasing over time indicate a greater risk assumed by the local government due to increased dependence on outside revenues.	11/12 & 20/21
11	Unassigned and Assigned Fund Balances or Unrestricted Net Position / Total Revenues or Total Operating Revenues	Governmental funds and Proprietary funds separately	Decreasing results may indicate a reduction in the local government's ability to withstand financial emergencies or its ability to fund capital purchases without having to borrow.	(7+8+9)/12 & 19/21
12	Total Revenues (Constant \$)/ Population	Governmental funds	Decreasing results indicate that the local government may be unable to maintain existing service levels with current revenue sources.	(12/38)/36
13	Debt Service/ Total Expenditures	General, Special Revenue, and Debt Service funds only - Annual debt service payments	Percentages increasing over time may indicate declining flexibility the local government has to respond to economic changes.	13/15
14	Total Expenditures (Constant \$)/ Population	Governmental funds	Increasing results may indicate that the cost of providing services is outstripping the local government's ability to pay (i.e., the local government may be unable to maintain services at current levels).	(15/38)/36

**APPENDIX A FINANCIAL INDICATORS**

	<i>INDICATOR</i>	<i>APPLICABILITY</i>	<i>WARNING TREND</i>	<i>FORMULA **</i>
15	(Accumulated Depreciation / Capital Assets)	Governmental type activities and Proprietary type activities seperately	This is the percentage of assets depreciated. A increasing trend suggests that a local government is not systematically investing in its capital assets which may indicate increasing deferred replacement or maintaince costs.	(27/26) & (29/28)
16	Pension Plan Ratio*	FRS, General Government, Fire, Police, and Combined defined benefit plans	Ideally the Plan Fiduciary Net Position as a Percentage of Total Penion Liability ratio should be increasing over time. Decreasing trend may indicate an increasing burden on the tax base and/or poor plan management.	30, 31, 32, 33
17	OPEB Funded Ratio		Ideally the funding ratio should be increasing over time. Decreasing trend may indicate an increasing burden on the tax base and poor plan management. Entities that use the pay-as-you-go method will see increasingly greater cost in the future compared with those that fund the plan	34
18	Millage Rate	Self-explanatory	Millage rates approaching the statutory limit may indicate that the local government has a reduced ability to raise additional funds when needed.	37

\*\* Formula elements are specified in Appendix B

\* With the implementation of GASB 67, the calculation of "Plan Fiduciary Net Position as a Percentage of Total Penion Liability" replaced "Funded Ratio".

APPENDIX B

LIST OF DATA ELEMENTS NEEDED FOR ANALYSIS

Data Element	Account Name(s)/Line Item Title		Funds/Activities to Include	Financial Statement Title/Other Source		Indicator #
	Change in Net Position			Government Wide Statement of Activities		
1	Change in Net Position		Government	Government Wide Statement of Activities		1
2	Beginning Net Position		Government	Government Wide Statement of Activities		1
3	Cash and Investments		General fund	Balance Sheet - Governmental Funds		4
4	Cash and Investments		Governmental funds	Balance Sheet - Governmental Funds		4, 5
5	Current Liabilities		General fund	Balance Sheet - Governmental Funds		4
6	Current Liabilities		Governmental funds	Balance Sheet - Governmental Funds		4, 6
7	Unassigned and Assigned Fund Balance		General Fund	Balance Sheet - Governmental Funds		2, 3, 11
8	Unassigned and Assigned Fund Balance		Debt Service Fund	Balance Sheet - Governmental Funds		2, 3, 11
9	Unassigned and Assigned Fund Balance		Capital Projects Fund	Balance Sheet - Governmental Funds		2, 3, 11
10	Long-Term Debt		Governmental funds	Notes to the Financial Statements		7
11	Intergovernmental Revenues		Governmental funds	Statement of Revenues, Expenditures and Changes in Fund Balance		10
12	Total Revenues		Governmental funds	Statement of Revenues, Expenditures, and Changes in Fund Balance		6, 8, 10, 11, 12
13	Debt Service		General, Special Revenue & Debt Service funds	Statement of Revenues, Expenditures and Changes in Fund Balance		13
14	Total Expenditures		General Fund	Statement of Revenues, Expenditures and Changes in Fund Balance		3
15	Total Expenditures		Governmental funds	Statement of Revenues, Expenditures and Changes in Fund Balance		3, 5, 13
16	Excess of Revenues Over (Under) Expenditures		Governmental funds	Statement of Revenues, Expenditures and Changes in Fund Balance		8
17	Cash and Investments		Proprietary funds	Statement of Net Position - Proprietary Funds		4, 5
18	Current Liabilities		Proprietary funds	Statement of Net Position - Proprietary Funds		4, 6
19	Unrestricted Net Position		Proprietary funds	Statement of Net Position - Proprietary Funds		2, 11
20	Intergovernmental Revenues		Proprietary funds	Statement of Revenues, Expenses, and Changes in Net Position		10
21	Total Operating Revenues		Proprietary funds	Statement of Revenues, Expenses, and Changes in Net Position		6, 9, 10, 11
22	Total Operating Expenses		Proprietary funds	Statement of Revenues, Expenses, and Changes in Net Position		5

	Operating Income (Loss)	Operating Income (Loss)	Proprietary funds	Statement of Revenues, Expenses, and Changes in Net Position	9
23	Operating Income (Loss)				
24	Total All Revenues	Total All Revenues			6, 8, 10, 11
25	Total All Expenditures/Expenses	Total All Expenditures/Expenses			3, 5, 13, 14
26	Capital Assets	Total Capital Assets, Depreciable	Governmental Type Activities	Notes to the Financial Statements	15
27	Accumulated Depreciation	Accumulated Depreciation	Governmental Type Activities	Notes to the Financial Statements	15
28	Capital Assets	Total Capital Assets, Depreciable	Business Type Activities	Notes to the Financial Statements	15
29	Accumulated Depreciation	Accumulated Depreciation	Business Type Activities	Notes to the Financial Statements	15
30	Pension Plan Ratio (General) *			Required Supplementary Information (Pension)	16
31	Pension Plan Ratio (Fire) *			Required Supplementary Information (Pension)	16
32	Pension Plan Ratio (Police) *			Required Supplementary Information (Pension)	16
33	Pension Plan Ratio (Combined Police/Fire) *			Required Supplementary Information (Pension)	16
34	OPEB Funded Ratio			Required Supplementary Information or Notes to the Financial Statements (OPEB)	17
35	Taxable Property Value			Department of Revenue	(A)
36	Population			Bureau of Economic and Business Research	7, 12, 14
37	Millage Rate			Department of Revenue	18
38	Price Index			September Municipal Cost Index from American City and County Magazine	7, 12, 14 (B)

(A) - This information is not used in financial indicator calculations and is provided as additional information for analytical purposes.

(B) - The price index is calculated annually using the earliest year as the base year.

\* With the implementation of GASB 67, the calculation of "Plan Fiduciary Net Position as a Percentage of Total Pension Liability" replaced "Funded Ratio".

**APPENDIX C**

**GUIDE FOR ANALYSIS AND FOLLOW-UP OF FINANCIAL INDICATORS**

Financial Indicator 1

<b>Ratio/Trend:</b>	Change in Net Position
	Beginning Net Position

**Applicable Statements:** Governmental Type Activities reported on the Statement of Activities

**Warning Trend:** Decreasing results over time indicate the government’s financial position is weaker as a result of resource flow.

**Suggested Analysis When Warning Trend is Observed:**

1. Identify the causes of why this is happening? Due to borrowing from the past (spending down assets) and/or borrowing for the future (increasing liabilities)?
2. Evaluate the change in each line item on the governmental activities column of the government-wide statement of activities to identify the major reasons for the overall change in financial condition.
3. Has a change in accounting principal caused the reduction?

## Financial Indicator 2

<b>Ratio/Trend:</b>	Unassigned and Assigned Fund Balance + Unrestricted Net Position (Constant \$)
---------------------	---

**Applicable Funds:** All governmental funds except special revenue funds and all proprietary funds

**Warning Trend:** Declining results may indicate that the entity could have difficulty maintaining a stable tax and revenue structure and/or adequate level of services. Deficits may indicate a financial emergency.

**Suggested Analysis When Warning Trend is Observed:**

1. Are unassigned and assigned fund balances/unrestricted net position dropping lower than is considered desirable? Can they be rebuilt?
2. Are unassigned and assigned fund balances/unrestricted net position being used to subsidize operating deficits?
3. Consider whether the entity established a fund balance policy and whether or not the entity complied with such policies.
4. Are reserves being used for purposes other than those for which they were originally set aside?
5. Is the decline in unassigned and assigned fund balances/unrestricted net position due to overestimating revenues?
6. Is the decline in unassigned and assigned fund balances due to over-expending budgeted amounts?
7. Has a change in accounting principles caused the reduction?
8. Was a fund or major segment of the entity that was accounted and reported as a governmental fund changed to an enterprise fund (or vice versa)?
9. Has the entity reduced excessive fund balances/net position by a planned appropriation of fund balances/net position?

### Financial Indicator 3

<b>Ratio/Trend:</b>	Unassigned and Assigned Fund Balance
	Total Expenditures

**Applicable Funds:** General fund and total general fund expenditures (3GF) and all governmental funds for total expenditures and all governmental funds except special revenue funds for unassigned and assigned fund balance separately (3G).

**Warning Trend:** Percentages decreasing over time may indicate unstructured budgets that could lead to future budgetary problems for the local government even if the current fund balance is positive.

**Suggested Analysis When Warning Trend is Observed:**

1. Are unassigned and assigned fund balances dropping lower than is considered desirable? Can they be rebuilt?
2. Are unassigned and assigned fund balances being used to subsidize operating deficits?
3. Consider whether the entity established a fund balance policy and whether or not the entity complied with such policies.
4. Are reserves being used for purposes other than those they were originally set aside for?
5. Is the decline in unassigned and assigned fund balances due to overestimating revenues?
6. Is the decline in unassigned and assigned fund balances due to over-expending budgeted amounts?
7. Has a change in accounting principles caused the reduction?
8. Has the entity reduced excessive fund balances by a planned appropriation of fund balances?
9. Are per capita expenditures rising faster than per capita revenues? (see indicators 12 and 14) Is this straining the entity's ability to pay? Are fund balances and reserves being used to balance the budget?
10. Are per capita expenditures rising faster than personal income or business activity? Is this straining citizens' and businesses' ability to pay taxes?
11. Can expenditures be reduced by any of the following means:
  - Consolidating support services to achieve economies of scale
  - Cross-training personnel to avoid duplicating functions and reduce idle time
  - Contracting services or replacing full-time technical staff with consultants or service bureaus. (Note: services should be contracted out only after a thorough analysis has determined contracting out to be the less costly option. In some cases, the entity can still provide services at a lower cost than any private contractor could.)
  - Using more advanced management controls, information systems, or technologies
  - Transferring functions to other levels of government
  - Eliminating programs that are no longer important

- Pooling funds with other jurisdictions for self-insuring, investing idle funds, etc.
- Entering into mutual aid, service, or cooperative purchasing agreements with other jurisdictions

12. Note: Analysis of per capita expenditures should focus first on total expenditures and then on changes in individual expenditure categories. Expenditures can be evaluated based on fund (e.g., general fund, special revenue fund, etc.), function (e.g., police, fire), or organizational unit (e.g., personnel, public works). Expenditure categories that are increasing faster than total expenditures may be a good starting point for additional analysis.

## Financial Indicator 4

<b>Ratio/Trend:</b>	Cash & Investments
	Current Liabilities

**Applicable Funds:** General fund (4GF), governmental funds (4G), and proprietary funds (4P) separately.

**Warning Trend:** Percentages decreasing over time may indicate that the local government has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs.

### **Suggested Analysis When Warning Trend is Observed:**

1. Are current expenditures higher than can be supported by current revenues?
2. Is there an efficient system in place for generating bills for money owed to the entity?
3. Are bills collected promptly? Is there a good system for identifying overdue accounts?
4. Are reimbursements for grant expenditures and other intergovernmental payments requested and paid promptly?
5. Does the entity's reporting system show monthly cash availability?
6. Are cash needs anticipated early enough to acquire the cash?
7. Are projected expenditures and revenues routinely compared? Can large expenditures be scheduled to coincide with revenue flows?
8. Did the entity's investment policies change?
9. If this trend is accompanied by an increase in receivables in locally-generated revenue accounts (taxes, user charges), the interest rate charged for delinquent payments may be too low to encourage prompt payment, a downturn in the local economy may have affected the ability of one or more large taxpayers or service users to pay their bills, or the entity may not be foreclosing on delinquent taxpayers. One procedure would be to review the tax and user charge receivable accounts' histories to see if further analysis may be necessary.
10. If this trend is accompanied by an increase in receivables from other governmental entities (e.g., State), the problem may be that the other entity is delaying payments for some reason (e.g., the local governmental entity is not timely filing reimbursement claims but is accruing the receivable). Contact the local government to determine if the problem is local or external.
11. If this trend is accompanied by a decrease in intergovernmental revenues (see data element #11), the problem may be a decrease in State aid or that the local governmental entity is not filing its claims timely (this assumes that the entity is not recording the revenue/receivable until the claim is filed, even at year-end). In the former instance, the reviewer may be aware of the change in law or can determine this through a telephone call. In the second instance, the late filing may be a new problem or an old problem that is getting worse. A detailed analysis of intergovernmental revenues would

narrow the search in determining which intergovernmental revenues are being affected.

12. This trend may be caused by an operating deficit. Such a deficit could be caused by the use of fund balance/net position to fund operations of the affected fund or another fund. The reviewer should examine the budget to actual statements and/or operating transfers reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Revenues, Expenses, and Changes in Net Position to determine if this is the case and possibly call the entity to determine if the current budget continues this practice and the consequences of the current budget on available surplus. An operating deficit could also be unplanned. In such a case, the reviewer could contact the entity/auditor to determine the reasons for the unplanned operating deficit.

## Financial Indicator 5

<b>Ratio/Trend:</b>	Cash & Investments	Cash & Investments
	Total Expenditures/12	Total Operating Expenses/12

**Applicable Funds:** Governmental funds (5G) Proprietary funds (5P)

**Warning Trend:** Percentages decreasing over time may indicate that the local government has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs.

### **Suggested Analysis When Warning Trend is Observed:**

1. Are current expenditures higher than can be supported by current revenues?
2. Is there an efficient system in place for generating bills for money owed to the entity?
3. Are bills collected promptly? Is there a good system for identifying overdue accounts?
4. Are reimbursements for grant expenditures and other intergovernmental payments requested and paid promptly?
5. Does the entity's reporting system show monthly cash availability?
6. Are cash needs anticipated early enough to acquire the cash?
7. Are projected expenditures and revenues routinely compared? Can large expenditures be scheduled to coincide with revenue flows?
8. Did the entity's investment policies change?
9. If this trend is accompanied by an increase in receivables in locally-generated revenue accounts (taxes, user charges), the interest rate charged for delinquent payments may be too low to encourage prompt payment, a downturn in the local economy may have affected the ability of one or more large taxpayers or service users to pay their bills, or the entity may not be foreclosing on delinquent taxpayers. One procedure would be to review the tax and user charge receivable accounts' histories to see if further analysis may be necessary.
10. If this trend is accompanied by an increase in receivables from other governmental entities (e.g., State), the problem may be that the other entity is delaying payments for some reason (e.g., the local governmental entity is not timely filing reimbursement claims but is accruing the receivable). Contact the local government to determine if the problem is local or external.
11. If this trend is accompanied by a decrease in intergovernmental revenues (see data element #11), the problem may be a decrease in State aid or that the local governmental entity is not filing its claims timely (this assumes that the entity is not recording the revenue/receivable until the claim is filed, even at year-end). In the former instance, the reviewer may be aware of the change in law or can determine this through a telephone call. In the second instance, the late filing may be a new problem or an old problem that is getting worse. A detailed analysis of intergovernmental revenues would narrow the search in determining which intergovernmental revenues are being affected.
12. This trend may be caused by an operating deficit. Such a deficit could be caused by the use of fund balance/net position to fund operations of the

affected fund or another fund. The reviewer should examine the budget to actual statements and/or operating transfers reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Revenues, Expenses, and Changes in Net Position to determine if this is the case and possibly call the entity to determine if the current budget continues this practice and the consequences of the current budget on available surplus. An operating deficit could also be unplanned. In such a case, the reviewer could contact the entity/auditor to determine the reasons for the unplanned operating deficit.

## Financial Indicator 6

<b>Ratio/Trend:</b>	Current Liabilities	Current Liabilities
	Total Revenues	Total Operating Revenues

**Applicable Funds:** Governmental funds (6G) Proprietary funds (6P)

**Warning Trend:** Increasing results may indicate liquidity problems, deficit spending, or both.

**Suggested Analysis When Warning Trend is Observed:**

If the negative trend is accompanied by a significant amount of short-term debt:

1. Is short-term debt being used to fund an operating deficit?
2. Are accounts receivable that may be securing short-term debt valid and currently collectible?
3. Is the increase in current liabilities due to short-term borrowings where the revenue will not be recognized until the next year (i.e., revenue anticipation notes)?
4. Are accounts payable being postponed to cope with revenue shortfalls or overexpenditures?

If the negative trend is accompanied by cash concerns:

5. Are techniques for collecting accounts receivable effective? Are there procedures for prompt recognition and collection of money owed to the government?
6. Are techniques for managing and projecting cash flow accurate and efficient?
7. Are current liabilities increasing because routine payments are being deferred to stabilize a cash flow problem?

If the negative trend is accompanied by an increase in accounts payable:

8. Are accounts payable being postponed to cope with revenue shortfalls or overexpenditures?
9. Have changes in accounting principles resulted in the accrual of more current liabilities?

## Financial Indicator 7

<b>Ratio/Trend:</b>	Long-term Debt (Constant \$)
	Population

**Applicable Funds:** Governmental funds

**Warning Trend:** Percentages increasing over time may indicate that the local government has a decreasing level of flexibility in how resources are allocated or decreasing ability to pay its long-term debt.

**Suggested Analysis When Warning Trend is Observed:**

1. Are debt service expenditures taking a greater proportion of total expenditures? See indicator #13 – debt service/total expenditures.
2. Are services formerly financed by current revenues now being financed by debt proceeds? Determine the items for which new debt is being issued and determine if these items were formerly financed through operating revenues (e.g., equipment purchases).

## Financial Indicator 8

<b>Ratio/Trend:</b>	<b>Excess of Revenues Over (Under) Expenditures</b>
	<b>Total Revenues</b>

**Applicable Funds:** Governmental funds

**Warning Trend:** Decreasing surpluses and/or increasing deficits may indicate that current revenues are not supporting current expenditures.

**Suggested Analysis When Warning Trend is Observed:**

If the entity has operating deficits:

1. Was the reduction/deficit anticipated during budget preparation? Is it expected to continue in future years? Will surpluses or other sources of funding be available?
2. Is the deficit being funded by borrowing from surpluses in other funds? Can these other funds afford the loan without creating problems later?
3. Was the deficit due to revenue shortfalls?
4. Was the deficit caused by expenditure overruns? Were these due to inaccurate expenditure estimates at budget time or to ineffective expenditure controls during the fiscal year?
5. Was the deficit caused by an emergency or unexpected event? Are sufficient reserves left for future emergencies or unexpected events?

## Financial Indicator 9

<b>Ratio/Trend:</b>	Operating Income (Loss)
	Total Operating Revenues

**Applicable Funds:** Proprietary funds

**Warning Trend:** Decreasing income and/or increasing losses may indicate that current revenues are not supporting current expenses.

**Suggested Analysis When Warning Trend is Observed:**

If the entity has operating losses:

1. Was the reduction/loss anticipated by the entity? Is it expected to continue in future years? Will surpluses or other sources of funding be available?
2. Is the loss being funded by borrowing from surpluses in other funds? Can these other funds afford the loan without creating problems later?
3. Was the loss due to revenue shortfalls?
4. Was the loss caused by expense overruns? Were these due to inaccurate expense estimates or to ineffective expense controls during the fiscal year?
5. Was the loss caused by an emergency? Are sufficient reserves left for future emergencies?

## Financial Indicator 10

<b>Ratio/Trend:</b>	Intergovernmental Revenues	Intergovernmental Revenues
	Total Revenues	Total Operating Revenues

**Applicable Funds:** Governmental funds (G) Proprietary funds (P)

**Warning Trend:** Percentages increasing over time indicate a greater risk assumed by the local government due to increased dependence on outside revenues.

**Suggested Analysis When Warning Trend is Observed:**

1. Does the entity depend on intergovernmental revenues to fund ongoing, basic services? Do they have contingency plans in the event that those revenues are significantly reduced or discontinued?
2. Have fixed-term or one-time grants for special programs been received? Will the entity be able to continue the special programs when such grants end?
3. Are matching funds for intergovernmental revenues increasing as a percentage of operating expenditures? What is the entity's dollar commitment in matching funds, additional reporting requirements, or unreimbursed overhead costs? Have these costs been anticipated, budgeted and recorded?
4. Are intergovernmental revenues authorized by ongoing agreements? Do the agreements suggest that the revenues will continue, and at what level?
5. What are the entity's budgetary policies related to State shared revenues? Does the entity accept State-supplied estimates at face value or review them for reasonableness in light of current/projected economic conditions?

## Financial Indicator 11

<b>Ratio/Trend:</b>	Unassigned and Assigned Fund Balances	Unrestricted Net Position
	Total Revenues	Total Operating Revenues

**Applicable Funds:** Governmental funds (G) Proprietary funds (P)

**Warning Trend:** Decreasing results may indicate a reduction in the local government's ability to withstand financial emergencies and/or its ability to fund capital purchases without having to borrow.

**Suggested Analysis When Warning Trend is Observed:**

1. Are fund balances/net position dropping lower than is considered desirable?  
Can they be rebuilt?
2. Are fund balances/net position being used to subsidize operating deficits?
3. Are reserves being used for purposes other than those they were originally set aside for?
4. Were decreases in unassigned and assigned fund balances/unrestricted net position "planned" by the entity, such as for capital outlay purposes?

## Financial Indicator 12

Ratio/Trend:	Total Revenues (Constant \$)
	Population

**Applicable Funds:** Governmental funds

**Warning Trend:** Decreasing results indicate that the local government may be unable to maintain existing service levels with current revenue sources.

### **Suggested Analysis When Warning Trend is Observed:**

1. Is the community experiencing general economic decline? Is the decline a temporary or continuing trend?
2. Is the decline related to changes in population, such as a decrease in population groups that historically generated the portions of revenue?
3. Is the decline due to problems inherent in the revenue structure, such as overdependence on inelastic revenues (revenues that are not affected by general economic changes such as license fees or user charges) during a period of inflation?
4. Are State or local restrictions (such as tax limitations) preventing the community from instituting the appropriate taxes, fees, or charges?
5. Can revenues be increased by any of the following measures?
  - Revising revenue collection procedures
  - Reducing tax delinquencies
  - Instituting or increasing service charges, fines and penalties, license and permit fees
  - Instituting or increasing charges for use of facilities, equipment, or personnel
  - Updating property assessments
  - Establishing special assessment districts
  - Investing a greater proportion of idle cash
  - Selling surplus property or equipment (Note: dependency on this revenue source should be avoided)
  - Securing special-purpose or grant funding from public or private agencies (Note: dependency on this revenue source should be avoided)

## Financial Indicator 13

<b>Ratio/Trend:</b>	Debt Service
	Total Expenditures

**Applicable Funds:** Governmental funds

**Warning Trend:** Percentages increasing over time may indicate declining flexibility the local government has to respond to economic changes.

**Suggested Analysis When Warning Trend is Observed:**

1. Is the increase caused by an increase in long-term or short-term debt?
2. Is the increase due to increases in the interest rate rather than to increases in principal? Can the government improve its credit rating to reduce interest rates in the future?
3. Can debt issued at a relatively high interest rate be refinanced at an appreciably lower rate to reduce the annual amount of debt service?
4. What are the projected debt service requirements over the next ten years? Will they increase or decrease dramatically at any point?
5. Is the increase caused by a decline in expenditures arising from cost-cutting, program reallocation to proprietary funds, etc.?

## Financial Indicator 14

<b>Ratio/Trend:</b>	<b>Total Expenditures (Constant \$)</b>
	<b>Population</b>

**Applicable Funds:** Governmental funds

**Warning Trend:** Increasing results may indicate that the cost of providing services is outstripping the local government's ability to pay (i.e., the local government may be unable to maintain services at current levels).

### **Suggested Analysis When Warning Trend is Observed:**

1. Is the increase caused by increased levels of existing services or by the addition of new services? Are there increased revenues to pay for these increased services? Can user charges be instituted or increased to pay for these services? If not, can/should services be reduced or eliminated?
2. If the increase cannot be explained by the addition of new services, is personnel productivity or service efficiency declining? Can changes in management practices or technology deal with this?
3. Is the increase linked to an increase in fixed costs, or is it due to increases in programs that can be cut back at the discretion of the municipality?
4. Is the increase due to an increase in externally funded programs that are now fully funded and will be for their duration, or is it due to externally funded programs for which only seed money has been supplied, and for which the local governmental entity will have to assume future funding responsibility? In the second case, how will these programs be funded in the future?
5. Is the increase due to an increase in mandated services? Can the level of government that mandates the services provide funding?
6. Is the increase due to construction of capital facilities that were funded by debt, meaning that the expenditure burden will be spread out over many years? Will the debt service plus operating costs of the new facilities strain future budgets?
7. Are per capita expenditures rising faster than per capita revenues? (see indicator 12) Is this straining the entity's ability to pay? Are fund balances and reserves being used to balance the budget?
8. Are per capita expenditures rising faster than personal income or business activity? Is this straining citizens' and businesses' ability to pay taxes?
9. Is the increase due to a declining population base? Was the population decline due to physical census vs. perpetual statistical methods used in the interim? Should the need for or level of given programs be reevaluated?
10. Can expenditures be reduced by any of the following means:
  - Consolidating support services to achieve economies of scale
  - Cross-training personnel to avoid duplicating functions and reduce idle time
  - Contracting services or replacing full-time technical staff with consultants or service bureaus. (Note: services should be contracted out only after a thorough analysis has determined contracting out to be the less costly option. In some cases, the

entity can still provide services at a lower cost than any private contractor could.)

- Using more advanced management controls, information systems, or technologies
- Transferring functions to other levels of government
- Eliminating programs that are no longer important
- Pooling funds with other jurisdictions for self-insuring, investing idle funds, etc.
- Entering into mutual aid, service, or cooperative purchasing agreements with other jurisdictions

Note: Analysis of per capita expenditures should focus first on total expenditures and then on changes in individual expenditure categories. Expenditures can be evaluated based on fund (e.g., general fund, special revenue fund, etc.), function (e.g., police, fire), or organizational unit (e.g., personnel, public works). Expenditure categories that are increasing at a faster rate than total expenditures may be a good starting point for additional analysis.

## Financial Indicator 15

<b>Ratio/Trend:</b>		Accumulated Depreciation
		Depreciable Capital Assets

**Applicable Statements:** Governmental and Business-type activities (separately) from the capital asset note to the financial statements.

**Warning Trend:** An increasing trend suggests that a local government is not systematically investing in its capital assets which may indicate increasing deferred replacement or maintenance costs.

**Suggested Analysis When Warning Trend is Observed:**

1. Consider capitalization policies and how differences in policies between entities could impact the indicator.
2. Is the need for capital outlay being deferred? Is this leaving the local government with worn or obsolete equipment?
3. Has there been a change in depreciation methods?
4. Consider the effects of any errors in capitalizing assets or in calculating depreciation.
5. Can improved maintenance extend the efficiency and life of the equipment?
6. Consider the potential for a large future obligation created by a maintenance and replacement backlog. If so, is there a plan for funding in place?
7. Is there a schedule that shows the cost and timing of future maintenance and replacement needs for all government assets? Are operating cost also taken into consideration?
8. Consider the effects on business and residential property values.

## Financial Indicators 16 and 17

<b>Ratio/Trend:</b>	Pension Plan Fiduciary Net Position as a Percentage of Total Pension Liability <sup>1</sup> Ratio OPEB Funded Ratio
---------------------	--

**Applicable Statements:** Required Supplementary Information and Defined benefit pension plan notes and OPEB notes. Defined benefit pension plans addressed separately for general employees (16G), police (16P), fire (16F), and combined plans (16C).

**Warning Trend:** A declining trend suggests that a local government may not be adequately funding their pension and OPEB plans, which may indicate an increasing burden on the tax base.

**Suggested Analysis When Warning Trend is Observed:**

1. Consider differences in actuarial assumptions and methodologies. Preliminary results for this indicator may be due to these differences.
2. Pay-as-you-go plans are unfunded and should be considered a negative factor when comparing to funded plans.
3. Is the pension and/or OPEB liability increasing? If so, how fast are they growing and how much is unfunded?
4. Are contributions, plan assets, and investment earnings keeping pace with the growth in benefits?
5. Are the costs of future health insurance premiums for retirees a significant future obligation for the local government?
6. Consider, if applicable, any net pension obligation and/or OPEB obligation reported.
7. Is there a history of underfunding the Annual Required Contribution (ARC)?
8. Have recent changes in pension plan benefits or actuarial assumptions increased unfunded pension liability?
9. Can employee contributions be increased or future benefits reduced?

---

<sup>1</sup> The effects on the trend due to the implementation of GASB 67 should be considered, particularly the calculation of "Plan Fiduciary Net Position as a Percentage of Total Pension Liability", which replaced "Funded Ratio."

## Financial Indicator 18

<b>Ratio/Trend:</b>	<b>Millage Rate</b>
---------------------	---------------------

**Ratio/Trend:** Millage Rate

**Applicable Funds:** N/A

**Warning Trend:** Millage rates approaching the statutory limit may indicate that the local government has a reduced ability to raise additional funds when needed.

**Suggested Analysis When Warning Trend is Observed:**

1. Are State or local restrictions (such as tax limitations) preventing the community from instituting the appropriate taxes, fees, or charges? Is the entity's millage rate approaching the statutory maximum?

**POTENTIAL FACTORS THAT COULD CAUSE DETERIORATING  
FINANCIAL CONDITION**

**Local Factors**

- I. Lack of Timely, Accurate, and Usable Financial Information
  - A. Annual Financial Reports
  - B. Audit Reports
  - C. Budgets
  - D. Accounting Records
  - E. Interim Financial Reports
  - F. Performance Indicators
  - G. Information on Cost of Goods/Services

Note: Each of the above may be a cause of fiscal stress if one or more of the following conditions exist:

- 1. They are not prepared.
- 2. They are not accurate.
- 3. They are not timely.
- 4. They are not given to the appropriate personnel.
- 5. They are not in a useable format.

- II. Lack of Knowledge
  - A. Time
  - B. Interest
  - C. Education
  - D. Training
  - E. Ability (Physical or other)
  - F. Access to Information (Accounting updates, financial management guide, law books, etc.)

- III. Lack of Management Action, Oversight, Planning, and Continuity
  - A. Lack of Management Action – Management is aware of fiscal stress but fails to act.
  - B. Management Policies and Procedures – Management fails to adopt or adopts incomplete policies and procedures (e.g., internal controls, budgetary controls, investment, procurement, etc.). This includes the failure to periodically review, ensure compliance with, or to designate responsibilities for policies and procedures.
  - C. Lack of an Adequate Information Technology System – Decision makers do not receive the information needed or do not receive it in a timely fashion.
  - D. Lack of Long-term Capital Asset Planning – This includes failure to adequately plan for maintenance of, and future replacement or renovation of, capital assets. Evidence of this could include the following:
    - 1. Lack of multi-year operating budget
    - 2. Lack of capital outlay plan
    - 3. Deferred maintenance
  - E. Lack of Cash Management System

- F. Frequent Turnover of Key Employees/Officials
- G. Lack of Cost Controls (e.g., lack of purchase orders, budgetary controls, etc.)
- H. Overlapping Services (e.g., Police)
- I. Increasing Levels of Unfunded Obligations – This includes the failure to ensure that future financing sources will be sufficient to cover future debt service requirements.

## **Environmental Factors**

- IV. Unfavorable Economic Conditions
  - A. Inflation
  - B. Decreasing Economic Activity (e.g., Retail Sales)
  - C. Downsizing of Industries
  - D. Lack of Business Diversity
  - E. Business Failure Rate
  - F. Unemployment
  - G. Failure to Create Jobs
  - H. Increase in the Number of Abandoned Properties
  - I. Household Vacancy Rates
  - J. Increase in Unpaid Taxes
  - K. Level or Decreasing Real Property Assessments
  - L. Overlapping Tax Burden
  
- V. Unfavorable Population Trends
  - A. Significant Increase/Decrease in Population
  - B. Change/Fluctuation in Age of Population
  - C. Decrease in Per Capita Personal Income
  - D. Decrease in Household Income
  - E. Increase in Demand for Social Services
  - F. Increase in Crime Rate
  
- VI. Lack of Local Control Over Spending or Income

### **Spending**

- A. Natural Disasters
- B. Essential Services:
  - 1. Police
  - 2. Fire
- C. State and Federal Mandates
- D. Binding Arbitration
- E. Litigation
- F. Increase in Health Care Costs
- G. Long-term Contracts

### **Income**

- H. Cuts in State and Federal Assistance
- I. Cuts in Other Intergovernmental Revenues
- J. Debt and Tax Limits
- K. Increase in Exempt Properties
- L. Reliance on Outside Income
- M. Dropping Real Property Tax Assessments

## APPENDIX E

### WEB SITES WITH INFORMATION USEFUL FOR ASSESSING FINANCIAL CONDITION

#### STATE OF FLORIDA

**Auditor General:** [www.myflorida.com/audgen/](http://www.myflorida.com/audgen/) This site includes financial condition assessment procedures and Auditor General rules and guidelines.

**Florida Department of Economic Opportunity:**

<http://www.floridajobs.org/labor-market-information/about-labor-market-information/our-mission>

Labor Market Statistics Center includes: (1) Employment and Wages - current employment, projections, and wages by industry and occupation, occupational profiles, and career information, (2) Labor Force - labor force, employment, unemployment, and unemployment rates, (3) Economic Indicators - Florida Price Level Index, Consumer Price Index, income, and unemployment claims data, and (4) Population - age, race, gender, income, veteran's status, and education information.

**Florida Association of Counties:** [www.fl-counties.com/](http://www.fl-counties.com/) Has tables and schedules of county tax rates, legislative summary with hotlinks to the Legislature, map of counties with links to their web sites.

**Florida Department of Education:**

<http://www.fldoe.org/accountability/data-sys/edu-info-accountability-services/pk-12-public-school-data-pubs-reports/index.shtml> Compiles data of graduation/dropout rates, student skills and competency testing, and teacher salaries and degree levels.

**Florida Department of Revenue:** <http://dor.myflorida.com/dor/> This is a handy site for finding information about sales taxes, ad valorem taxes, and proposed administrative rules.

**Florida Government Finance Officers Association (FGFOA):** [www.fgfoa.org](http://www.fgfoa.org) The Florida Government Finance Officers Association (FGFOA) was founded in 1937 and serves more than 2,800 professionals from state, county and city governments, school districts, colleges and universities, special districts, and private firms.

**Florida League of Cities:** [www.floridaleagueofcities.com](http://www.floridaleagueofcities.com) Has links to all member cities in Florida. This site contains, among other things, a link to municipal codes and legislation affecting Florida cities.

**Hillsborough County Community Statistics:**

<http://www.hillsboroughcounty.org/index.aspx?NID=861> A gathering of economic and social statistics from numerous sources highlighting Hillsborough County in comparison to the State and Nation. Data, graphs, and short narrative analyses are provided. Also includes links to other sources of data.

**Local Government Financial Information Handbook:**

<http://edr.state.fl.us/Content/local-government/reports/index.cfm>

The Local Government Financial Information Handbook, published by the Office of Economic and Demographic Research (EDR), is considered by many to be a useful resource for local government revenue estimating. The entire handbook is downloadable.

**Office of Economic and Demographic Research (EDR), Florida Legislature:** <http://edr.state.fl.us>

The Office is a research arm of the Legislature principally concerned with forecasting economic and social trends that affect policy making, revenues, and appropriations. EDR publishes all of the official economic, demographic, revenue, and agency workload forecasts that are developed by Consensus Estimating Conferences. EDR, through a contract with the University of Florida, arranges for annual estimates of population of each city and county in Florida, which provide the basis for revenue sharing programs.

**State of Florida:** [www.myflorida.com/](http://www.myflorida.com/) A central site with links to numerous individual state departments, agencies, and commissions.

**State of Florida Local Governments:**

<http://www.myfloridacfo.com/Division/AA/LocalGovernments/default.htm> this is a site within the Florida Department of Financial Services' web site. You can download the revenues and expenditures of any Florida local government as reported on the entity's Annual Financial Report. It also has the Uniform Accounting System Manual.

**University of Florida, Bureau of Economic and Business Research (BEBR):** [www.bebr.ufl.edu](http://www.bebr.ufl.edu) A research center of the College of Business. BEBR publishes Florida county and municipal population estimates, building permit data, sales data, and various data compendia for Florida. BEBR also produces the annual Florida Long-term Economic Forecast.

**FEDERAL**

**Bureau of Economic Analysis (BEA):** [www.bea.gov](http://www.bea.gov) A statistical office of the U.S. Department of Commerce. BEA maintains the National Income and Product Accounts which estimate the total economic output or Gross Domestic Product (GDP) of the U.S. BEA compiles and releases personal income data and employment data for states and local areas as well as nationally ([www.bea.gov/regional/reis/](http://www.bea.gov/regional/reis/)). BEA also produces a regional input-output economic model called RIMS II ([www.bea.gov/regional/rims/](http://www.bea.gov/regional/rims/)).

**Bureau of Labor Statistics (BLS):** <http://stats.bls.gov/> Primary statistical office of the U.S. Department of Labor. BLS publishes monthly estimates of unemployment, employment, wages ([bls.gov/bls/proghome.htm](http://bls.gov/bls/proghome.htm)), inflation ([bls.gov/cpi](http://bls.gov/cpi)), and employment costs ([bls.gov/ncs/ect/](http://bls.gov/ncs/ect/)).

**Environmental Protection Agency (EPA):** [www.epa.gov](http://www.epa.gov) EPA's mission is "to protect human health and the environment." EPA gathers various data on environmental topics such as drinking water and air quality, both of which are available at a local level.

**Federal Deposit Insurance Corporation (FDIC):** [www.fdic.gov](http://www.fdic.gov) Charged with maintaining the stability of public confidence in the U.S. financial system by promoting sound banking practices. The FDIC insures individual bank deposits and manages bank failures. FDIC compiles financial data including Summary of Deposits data showing local bank deposits by institution.

**Federal Reserve System (The Fed):** [www.federalreserve.gov](http://www.federalreserve.gov) The central bank of the U.S. The Fed manages the monetary policy of the U.S. and regulates the banking system. In pursuit of these mandates, the Fed collects and produces financial data on topics such as interest rates ([www.federalreserve.gov/releases/H15/data.htm](http://www.federalreserve.gov/releases/H15/data.htm)), consumer credit and commercial bank assets and liabilities. The Fed also produces data on industrial production and capacity utilization.

**FedStats:** <http://fedstats.sites.usa.gov/> A listing of web sites of Federal agencies producing statistics of interest to the public. The site is maintained by the Federal Interagency Council on Statistical Policy.

**International Trade Administration (ITA):** <http://www.trade.gov/> An office of the U.S. Department of Commerce, ITA compiles data and conducts research on international and domestic trade and investment issues. Trade data by Metropolitan Statistical Area are available.

**United States Census Bureau:** [www.census.gov](http://www.census.gov) Conducts the 10-year census and other numerous surveys, estimates, and projections. Topics include:

Population [www.census.gov/popest/estimates.html](http://www.census.gov/popest/estimates.html)

Income [www.census.gov/hhes/www/income/income.html](http://www.census.gov/hhes/www/income/income.html)

Poverty [www.census.gov/hhes/www/poverty/poverty.html](http://www.census.gov/hhes/www/poverty/poverty.html)

Housing [www.census.gov/hhes/www/housing.html](http://www.census.gov/hhes/www/housing.html)

Construction [www.census.gov/construction/nrc/](http://www.census.gov/construction/nrc/)

## OTHER

**American City and County Magazine:** [www.americancityandcounty.com](http://www.americancityandcounty.com) This magazine provides readers with news, government trends, policy alternatives, and operational solutions. The magazine also publishes the municipal cost index (MCI), which is a combination of the consumer price index (CPI), producer price index (PPI), and the construction cost index (CCI). All of these indices are found within the "MCI Archive" site feature.

**Government Accounting Standards Board (GASB):** [www.gasb.org](http://www.gasb.org) The GASB establishes and improves standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports. Site includes links to financial condition reporting information.

**Government Finance Officers Association (GFOA):** [www.gfoa.org](http://www.gfoa.org) GFOA is the professional association of state/provincial and local finance officers in the United States and Canada, and has served the public finance profession since 1906.

**International City/County Management Association (ICMA):** [www.icma.org](http://www.icma.org) ICMA is a professional and educational organization representing appointed managers and administrators in local government.

**National Association for Business Economics (NABE):** [www.nabe.com](http://www.nabe.com) NABE is a prominent professional organization of business economists and others using business economics at work. NABE produces a quarterly economic *Outlook* forecast ([www.nabe.com/surveys](http://www.nabe.com/surveys)).

**National Association of Realtors (NAR):** [www.realtor.org/](http://www.realtor.org/) NAR produces national, state, and metropolitan housing data. Data compiled include median housing prices, existing home sales, and a housing affordability index.

**National Bureau of Economic Research, Inc.:** [www.nber.org](http://www.nber.org) A private research organization whose Business Cycle Dating Committee determines the official peak and trough of the economic or business cycle.

**The Conference Board:** [www.conference-board.org](http://www.conference-board.org) A private research organization producing the Consumer Confidence Index and the Composite Index of Leading Economic Indicators (as well as indices for Lagging and Coincident Indicators). The economic indicators indices are contracted to the Conference board by the U.S. Department of Commerce, Bureau of Economic Analysis.

**The Dismal Scientist:** [www.dismal.com](http://www.dismal.com) A private economic indicator and analysis web site owned by Dismal Sciences, Inc., an economic research consultancy located in West Chester, PA. Dismal Scientist provides national, state, metropolitan, and international economic data and analysis in one web site. Its coverage is extensive both topically and geographically.

**The International Budget Partnership (IBP):** <http://internationalbudget.org/> The IBP of the Center on Budget and Policy Priorities assists non-governmental organizations and researchers in analyzing and improving budget policies and decision-making processes. The role of independent budget analysis is growing around the world as researchers try to increase public access to budget information and debates. The site also has some great links to other budget sites.