Financial Aspects of Economic Condition

- Common-size ratios
- Financial position
- Liquidity & Solvency
- Fiscal capacity
- Risk & exposure
- Other
Other Factors

- Pension and risk pool disclosures
  - Actuarial value of pension fund assets ÷ unfunded actuarial accrued liability
  - Unfunded actuarial accrued liability ÷ covered payroll
  - Actuarial pension contribution ÷ actuarially required contribution
## Schedule of Funding Progress

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets (a)</th>
<th>Actuarial Accrued Liability (AAL) – Entry Age (b)</th>
<th>Unfunded AAL (UAAL) (b – a)</th>
<th>Funded Ratio (a/b)</th>
<th>Covered Payroll (c)</th>
<th>UAAL as a Percentage of Covered Payroll ((b – a) / c)</th>
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<tr>
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<td>$21,367</td>
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<tr>
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<td>62,817</td>
<td>3,555</td>
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Includes a ratio of the degree to which the pension plan is funded.
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Indicates magnitude of unfunded liability by comparing it with annual payroll.
Other Factors

- Other sources of financial information
  - Budget documents
  - Official statements and bond prospectuses
  - News releases and articles
  - Websites (Census Bureau; state auditors and comptrollers)
Nonfinancial Aspects of Economic Condition

- Performance measures
- Demographic & socioeconomic information
- Physical capacity
- Management capability
- Willingness—management & voter
Other Factors: Additional Ratios

- Employees ÷ population
- Teachers (or administrative staff) ÷ student enrollment
- Unfunded pension liability ÷ assessed value (or revenues, personal income)
- Maintenance and repair expenses ÷ capital assets
- Capital expenditures ÷ capital assets
- Depreciation expense ÷ capital assets
- Accumulated depreciation ÷ capital assets
## Comparisons: Building a Reference Group

<table>
<thead>
<tr>
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<th>(a) Local City</th>
<th>(b) Average of 10 Cities</th>
<th>(a) ÷ (b) Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt per $100 of assessed property value</td>
<td>$4.60</td>
<td>$5.26</td>
<td>0.875</td>
</tr>
<tr>
<td>Debt per $1,000 of personal income</td>
<td>$22.55</td>
<td>$27.19</td>
<td>0.829</td>
</tr>
<tr>
<td>Debt per capita</td>
<td>$2,006</td>
<td>$2,435</td>
<td>0.824</td>
</tr>
<tr>
<td>Property tax revenues ÷ assessed property value</td>
<td>$1.44</td>
<td>$1.17</td>
<td>1.231</td>
</tr>
<tr>
<td>Taxes per capita</td>
<td>$772</td>
<td>$706</td>
<td>1.093</td>
</tr>
</tbody>
</table>
Comparisons: Building a Reference Group

Local City
Index of Comparison with 10-City Average
Debt per $100 of Assessed Property Value
Fiscal Years 1997-2001

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>0.912</td>
</tr>
<tr>
<td>1998</td>
<td>0.885</td>
</tr>
<tr>
<td>1999</td>
<td>0.891</td>
</tr>
<tr>
<td>2000</td>
<td>0.882</td>
</tr>
<tr>
<td>2001</td>
<td>0.875</td>
</tr>
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</table>
Economic Condition Analysis: Moving Forward

GASB Economic Condition Reporting project

- Revision of Statistical Section of the CAFR—final standard expected May 2004
- Developing a basic set of ratios
Resources for Financial Statement Users
Statement 34 Section of the GASB Website

Information about
GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments

Statement 34 Resources for Governments and Citizens

- Training Sessions and Seminars
- Resources On Line
- Articles and Publications on Statement 34
  - Articles and Publications Related to Capital Asset Reporting—NEW
- Electronic Discussion Groups and Chat Rooms
- Early Implementers of Statement 34

Order Statement 34

NEW—GASB Exposure Draft, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus—an amendment of Statements No. 21 and No. 34
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• Advanced, intranet-based system for managing technical inquiries put in operation in 2001

• On-line submission form

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