

FINANCIAL CONDITION ASSESSMENTS

FREQUENTLY ASKED QUESTIONS

1. Why can't I find financial condition assessment data for some local governmental entities on the Auditor General Web site?

The Auditor General uses a cut-off date for entities to be included on the Web site. For example, the updated information for entities covering the 2020 through 2024 fiscal years included all entities for which a 2023 fiscal year audit report was received as of October 31, 2025.

2. Why am I having trouble navigating through the Auditor General Web site? When I click on a link, it doesn't always take me to where I want to go or I get an error message that says the page cannot be found.

The problem is likely your version of Adobe Acrobat Reader. To navigate the Web site, a version of 7.0 or higher is necessary. The Web site has a link to Adobe's Web site where you can download (for free) a more current version.

Unexplained delays in accessing information from the Web site have been occasionally noted by auditors or local governments. If you wait one to two hours before trying again to access the information, you can usually obtain what you need.

3. What should I do if financial condition assessment data on the Auditor General Web site does not appear to be correct?

The financial condition assessment data is compiled by the Auditor General from audited financial statements submitted to the Auditor General and other sources. Users of the data are responsible for reviewing the data for reasonableness; however, the Auditor General will assist you in determining the reasons for any data that appears questionable. If you cannot determine how numbers are calculated or you find an error, contact our office at (850) 412-2881 or through e-mail at flaudgen_localgovt@aud.state.fl.us.

4. How should I perform a preliminary financial condition assessment using the financial condition data located on the Auditor General Web site?

First, refer to the Local Governmental Entity Example Financial Condition Assessment Indicators and Related Procedures, and related appendices, published on the Auditor General Web site. Users of the financial condition assessment data located on the Auditor General Web site, in performing a preliminary financial condition assessment, should use an appropriate method to evaluate the financial indicator results, and may opt to incorporate the Example Financial Condition Assessment Methodology (see link to these procedures located within the last step of the instructions document) into the methodology deemed appropriate by the auditor.

5. In rating financial indicators using the document provided in the Web site, the terms favorable, unfavorable, and inconclusive are used. Where are these terms defined?

Use of the above terms is explained in Appendix A to the Example Financial Condition Assessment Methodology.

6. Why doesn't the formula for Financial Indicator 2, Unassigned/Assigned Fund Balance and Unrestricted Net Position, include unassigned/assigned fund balance for Special Revenue funds?

Special Revenue funds by definition (see Department of Financial Services' Uniform Accounting System Manual) are used to account for the proceeds of specific revenues sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. Therefore, the fund balance in a Special Revenue fund is nonspendable, restricted, or committed and is excluded from the calculation.

7. Where does the Auditor General obtain the price index information and how is it calculated?

The price index used by the Auditor General is the Municipal Cost Index (MCI). The index amount is obtained from *Smart Cities Dive - American City and County Magazine's* Web site (see Web site address on Appendix E to the Local Governmental Entity Example Financial Condition Assessment Indicators and Related Procedures). Each year the base year used is the earliest of the five-year period to be assessed. For example, as shown below, 2021 was used as the base year, the MCI index was 284, and the value used was 1.000.

Year	MCI Index	Calculation	Calculated Index	Value Used
2021	284	Set to 100	100.0	1.000
2022	310	$\frac{100 \times 310}{284}$	109.2	1.092
2023	314	$\frac{109.2 \times 314}{310}$	110.6	1.106
2024	317	$\frac{110.6 \times 317}{314}$	111.7	1.117
2025	326	$\frac{111.7 \times 326}{317}$	114.9	1.149

Source: International City Management Association's publication, Evaluating Financial Condition, A Handbook for Local Governments.

8. How do I report the results of the financial condition assessment procedures applied?

Pursuant to Section 10.554(1)(i)5.b., Rules of the Auditor General, auditors are required to report that financial condition assessment procedures were applied and note any deteriorating financial conditions in the management letter. If audit findings are reported in the auditor's report on compliance and internal controls or in the management letter that describe the deteriorating financial conditions, you can refer the reader to those findings. Findings regarding deteriorating financial conditions must be prepared in accordance with Section 10.557(4)(b), Rules of the Auditor General. Accordingly, the finding should describe what factors contributed to the deteriorating financial condition and include recommendations addressing such factors. Additionally, if deteriorating financial conditions are noted and the entity has met one or more of the conditions specified in Section 218.503(1), Florida Statutes, the auditor

must indicate whether the financial emergency condition(s) met were a result of deteriorating financial conditions (see Section 10.554(1)(i)5.b.2, Rules of the Auditor General.)

9. What does the Auditor General do with the financial condition assessments included in the audit reports?

Pursuant to Section 11.45(7)(f), Florida Statutes, the Auditor General is required to annually compile and transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee a summary of significant findings and financial trends identified in audit reports. The Auditor General performs preliminary financial condition assessments of local governmental entities that submit audit reports pursuant to Section 218.39, Florida Statutes. For entities that show signs of deteriorating financial conditions based on the results of these assessments, and for which the audit report discloses no deteriorating financial conditions, the auditor may be contacted requesting clarification as to what financial condition assessment procedures were used.