

APPENDIX A FINANCIAL INDICATORS

	INDICATOR	APPLICABILITY	WARNING TREND	FORMULA **
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	Current 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	Current 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	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

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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 Statements 67 and 68, the calculation of "Plan Fiduciary Net Position as a Percentage of Total Penion Liability" replaced "Funded Ratio".