Appendix A. A Dashboard for a Hypothetical City

Capital City Dashboard

Evaluation of Financial Condition, June 30, 2008

Overview of Funds (optional)

Interpretation of Financial Dimensions and Indicators

Discussion of Policy Implications (optional)

Summary of Financial Condition

Capital City is a pseudonym for a North Carolina municipality. The benchmark-group data are hypothetical.

Assessment of Financial Condition at the Government-Wide Level

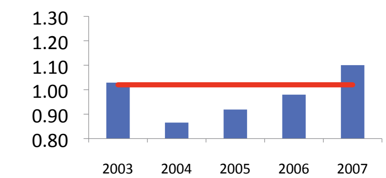
Key: Capital City *Benchmark Group*

Governmental Activities

Resource Flow

Interperiod Equity

Total margin ratio

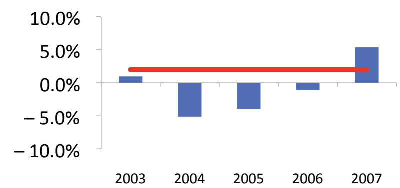


Capital City = 1.10, Benchmark = 1.02

Interperiod equity measures whether a local government lived within its financial means. The total margin ratio is calculated as total financial resources divided by total financial obligations.

Financial Performance

Percentage change in net assets

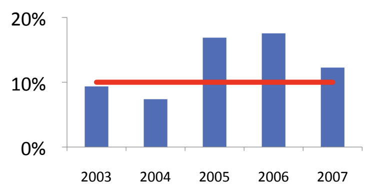


Capital City = 5.4%, Benchmark = 2.0%

Financial performance shows how much a government's financial position improved or deteriorated as a result of resource flow. The percentage change in net assets is calculated as the change in net assets divided by net assets, beginning.

Self-Sufficiency

Charge-to-expense ratio

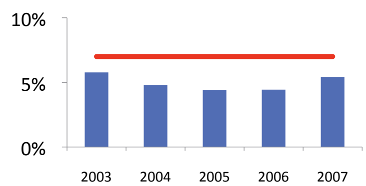


Capital City = 12.3%, Benchmark = 10.0%

Self-sufficiency addresses the extent to which service charges covered total expenses. The charge-to-expense ratio is calculated as charges for services divided by total expenses.

Financing Obligation

Debt service ratio



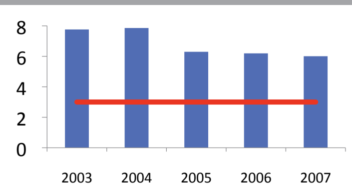
Capital City = 5.4%, Benchmark = 7.0%

Financing obligation addresses service flexibility, or the amount of total expenses committed to annual debt service. The debt service ratio is calculated as annual debt service divided by total expenses.

Resource Stock

Liquidity

Quick ratio

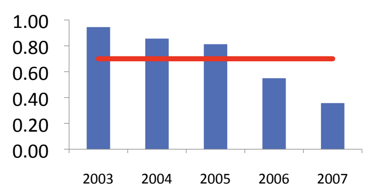


Capital City = 6.01, Benchmark = 3.00

Liquidity measures a government's ability to meet its short-term obligations. The quick ratio is calculated as cash and investments divided by current liabilities.

Solvency

Net assets ratio

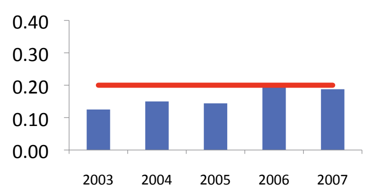


Capital City = 0.36, Benchmark = 0.70

Solvency measures a government's ability to meet long-term obligations. The net assets ratio is calculated as unrestricted net assets divided by total liabilities.

Leverage

Debt-to-assets ratio

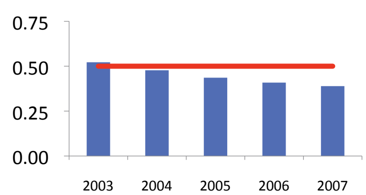


Capital City = 0.19, Benchmark = 0.20

Leverage measures the extent to which total assets are financed with long-term debt. The debt-to-assets ratio is calculated as long-term debt divided by total assets.

Capital

Capital-assets condition ratio



Capital City = 0.39, Benchmark = 0.50

Capital is the condition of capital assets as defined by their remaining useful life. The capital-assets condition ratio is calculated as accumulated depreciation divided by capital assets being depreciated. The result is then subtracted from 1.0.

Assessment of Financial Condition for the Enterprise Fund

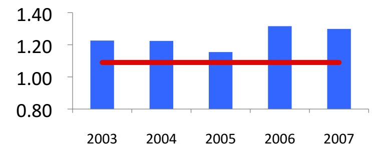
Key: Capital City *Benchmark Group*

<u>Water and Sewer Fund</u>

Resource Flow

Interperiod Equity

Total margin ratio

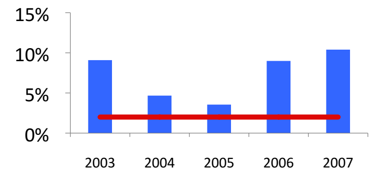


Capital City = 1.30, Benchmark = 1.09

Interperiod equity measures whether a local government lived within its financial means. The total margin ratio is calculated as total financial resources divided by total financial obligations.

Financial Performance

Percentage change in net assets

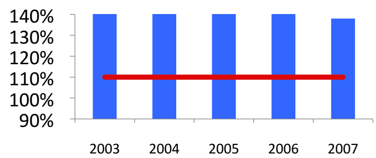


Capital City = 10.4%, Benchmark = 2.0%

Financial performance shows how much a government's financial position improved or deteriorated as a result of resource flow. The percentage change in net assets is calculated as the change in net assets divided by net assets, beginning.

Self-Sufficiency

Charge-to-expense ratio

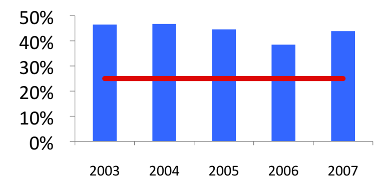


Capital City = 138.0%, Benchmark = 110.0%

Self-sufficiency addresses the extent to which service charges covered total expenses. The charge-to-expense ratio is calculated as charges for services divided by total expenses.

Financing Obligation

Debt service ratio



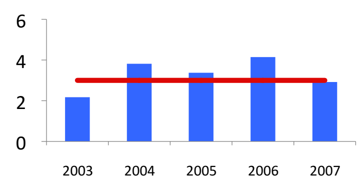
Capital City = 44%, Benchmark = 25%

Financing obligation addresses service flexibility, or the amount of total expenses committed to annual debt service. The debt service ratio is calculated as annual debt service divided by total expenses.

Resource Stock

Liquidity

Quick ratio

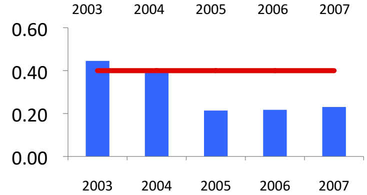


Capital City = 2.92, Benchmark = 3.00

Liquidity measures a government's ability to meet its short-term obligations. The quick ratio is calculated as cash and investments divided by current liabilities.

Solvency

Net assets ratio

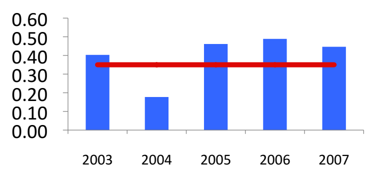


Capital City = 0.23, Benchmark = 0.40

Solvency measures a government's ability to meet long-term obligations. The net assets ratio is calculated as unrestricted net assets divided by total liabilities.

Leverage

Debt-to-assets ratio

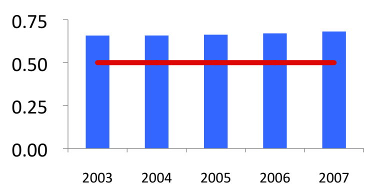


Capital City = 0.45, Benchmark = 0.35

Leverage measures the extent to which total assets are financed with long-term debt. The debt-to-assets ratio is calculated as long-term debt divided by total assets.

Capital

Capital-assets condition ratio



Capital City = 0.68, Benchmark = 0.50

Capital is the condition of capital assets as defined by their remaining useful life. The capital-assets condition ratio is calculated as accumulated depreciation divided by capital assets being depreciated. The result is then subtracted from 1.0.

Assessment of Financial Condition for the General Fund

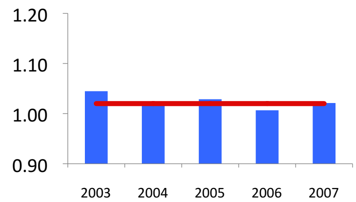
Key: Capital City ■ Benchmark Group ▬

General Fund

Resource Flow

Service Obligation

Operations ratio

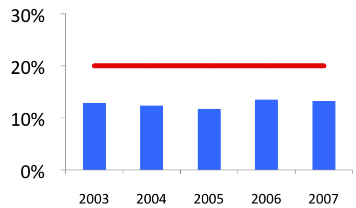


Capital City = 1.02, Benchmark = 1.02

Service obligation measures whether a government's annual revenues were sufficient to pay for annual operations. The operations ratio is calculated as total revenues divided by total expenditures (plus transfers to the debt service fund).

Dependency

Intergovernmental ratio

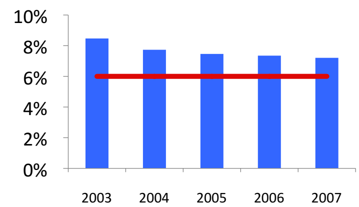


Capital City = 13.2%, Benchmark = 20.0%

Dependency measures the extent to which a government relies on other governments for resources. The intergovernmental ratio is calculated as total intergovernmental revenue divided by total revenue.

Financing Obligation

Debt service ratio



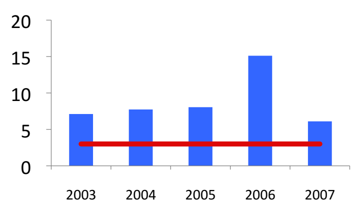
Capital City = 7.2%, Benchmark = 6.0%

Financing obligation addresses service flexibility, or the amount of total expenses committed to annual debt service. The debt service ratio is calculated as debt service divided by total expenditures (plus transfers to the debt service fund).

Resource Stock

Liquidity

Quick ratio

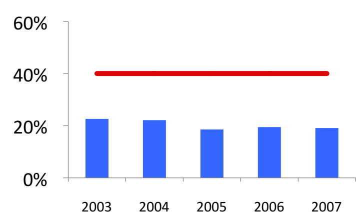


Capital City = 6.10, Benchmark = 3.00

Liquidity measures a government's ability to meet its short-term obligations. The quick ratio is calculated as cash and investments divided by current liabilities.

Solvency

Fund balance as percentage of expenditures

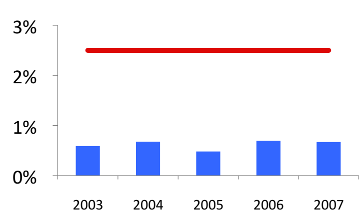


Capital City = 19.1%, Benchmark = 40.0%

Solvency measures a government's ability to meet long-term obligations. Fund balance as a percentage of expenditures is calculated as available fund balance divided by expenditures plus transfers out.

Leverage

Debt as percentage of assessed value



Capital City = 0.7%, Benchmark = 2.5%

Leverage measures the extent to which a government relies on tax-supported debt. Debt as a percentage of assessed value is calculated as tax-supported, long-term debt divided by assessed value.