**Project Guidance.**

In this assignment, you are acting as a new budget analyst who is working to become knowledgeable about the current state of the community you are working in. You may choose any community to analyze in the US, though I recommend you choose a large city as they will tend to have budgets online that you can analyze as well as other information you will need to find. You may need to pull their budgets, audits (if available), Census information, Ballotpedia, and information from other sources.

Answer the following questions in essay format – **do not** – turn in a copy of this assignment with answers written in under each bullet point. I will return it to you ungraded. Instead, use these points as a guide, a checklist, and seek to answer as many of them as possible in 7-10 pages. Remember to include an introduction and conclusion.

Final note – you may not be able to find all of the information I have noted below. Do your best, use your professional judgement.

1. General Approach
2. Review the current economic, political, and social environment in which the city operates.
3. Identify and assess the impact of key factors (industry, education of populace, extreme weather, etc.) likely to affect the city's economic, political, and social environment in the future e.g., the next five years.
4. Assess the city’s status as revealed in its comprehensive annual financial report (taking into account the city’s reporting practices and policies).
5. Forecast the city’s fiscal status for the next five years taking into account the previously identified environmental changes and the city’s likely response to them.

II. Current state of, and trends in, the government’s operating environment.

1. Population
2. Age of population
3. Income Level
4. Educational and skill level
5. Other relevant demographic factors

B. Economic environment

1. Wealth and income of citizenry (eg., per capita net worth and income)
2. Major industries (and stability).
3. Unemployment rates
4. Average property values
5. Sales tax rates/base
6. Stability of revenues

C. Political Climate

1. Formal structure of government (City-manager? County commission?)
2. Extent of political competition
3. Competence of government officials
4. Overall citizen satisfaction with the expectations of government
5. “Liberal” or “conservative” citizen view as to role of government
6. Relations with state government and other local governments (e.g., those of surrounding and overlapping entities)

D. Social conditions

1. Crime rates
2. Other measures of social well-being

III. Changes likely to affect the government’s operating environment and its finances

1. Demographics and geographical boundaries
   1. State of infrastructure (use <https://www.infrastructurereportcard.org/> as needed)
      1. Highways and streets
      2. Utilities
   2. Political climate (e.g., pro- or anti-growth; pro- anti-business)
   3. Special districts (likely several, list at least 2)
   4. Social changes (e.g., changes in family structure, resulting in need for more government facilities to provide care for elderly). Peruse newspapers online.
   5. Commerce and industry
      1. Major employers (including stability and likelihood of relocating)
      2. Impact on revenues (e.g., property taxes) and expenditures (e.g., infrastructure improvements)

IV. Insight into city’s financial position, as revealed by accounting and reporting practices

1. Overall quality of disclosure (available online?)
2. Auditor’s opinion, if available
3. Budget-related and accounting-related practices
   1. One-shot additions to revenues or reductions in expenditures
   2. Unusual budget-balancing transactions (e.g., interfund transfers)
   3. Use of off-the-balance-sheet debt (e.g., leases, long-term contracts) and of revenue debt.
   4. Use of short-term debt to cover temporary cash shortages

V. Calculating and interpreting financial and economic indicators

1. Fiscal capacity and effort
   1. Per capita revenues from own sources/median family income
   2. Revenue from own sources/total appraised value of property
   3. Total sales subject to tax/total retail sales
   4. Sales and property tax rates
2. Trends in fund balance
3. Trends in mix of revenues and expenditures and reasons for trends
4. Trends in stability of revenues
   1. Total revenues/total expenditures
   2. Intergovernmental revenues/total operating revenues
   3. Property tax revenues/total operating revenues
   4. Restricted revenues/total operating revenues
   5. One-time revenues/total operating revenues
   6. Uncollected property taxes
5. Trends in spending patterns
   1. Number of employees per capita
   2. Non-Discretionary expenditures/total expenditures
   3. Percentage breakdown of total expenditures by function
6. Trends in liquidity
   1. Adequacy of fund balance-unreserved fund balance/operating revenues
   2. Adequacy of working capital-cash, short-term investments, and receivables/current liabilities
7. Trends in burden of debt
   1. Debt margin
   2. Debt service as a percentage of total general fund and debt service expenditures
   3. Debt per capita
   4. Debt as a percentage of taxable property
   5. Maturity structure
8. Trends in pension and other postemployment benefits
   1. Unfunded actuarial accrued liabilities
      1. Pension assets compared to actuarial liabilities
      2. Unfunded liabilities compared to values of property, annual payroll
   2. Percent of annual pension costs actually contributed
9. Bond ratings
10. Trends in amounts of new borrowing
11. Overlapping debt
12. Trends in capital expenditures
    1. By type
    2. By geographic area
    3. Reasons behind trends
    4. Commitments and planned expenditures per the capital improvements plan

VI. Fiscal forecasts

1. Overview of how trends and exogenous variables will affect key fiscal indicators in the next five years (taking into account how city will likely respond to them)
2. Pro forma financial statements of general and other key funds