

Introduction

This web-based tool helps users create dashboards for analyzing the financial condition of local governments in North Carolina. Each dashboard contains key financial indicators tracked over a five-year period for trend analysis, and if desired, a comparison to peer local governments for benchmarking. The tool is easy to use, requiring just three steps. However, users of this tool are encouraged to read the other documents on this website on *How the Indicators are Calculated*, *How to Interpret the Results*, and *How the Model was Developed*.

Step 1—Select Local Government

Step 2—Select Type of Report

Step 3—Select Peer Local Governments for Comparison

Step 1 – Select a Local Government

The user selects a local government. First, determine whether the local government is a county or municipality. After making that choice, the drop down menu contains either the counties or municipalities in North Carolina. The local governments are listed in alphabetical order.

Step 2 – Select a Type of Report

The user selects the type of report for analysis. All local governments have data to populate the first two types—governmental activities and general fund—but not all local governments have water and sewer funds or electric funds. If these latter two choices are not applicable to our desired local government, you will not be able to select them. The four report types are:

- **Governmental Activities** – The financial statements for governmental activities are reported at the government-wide level of the financial reporting model and measure economic resources on the accrual basis of accounting. They combine all governmental funds at the fund level, which measure financial resources on the modified basis of accounting, and recast them on the accrual basis. These financial statements represent a major reason for the passage of GASB (Governmental Accounting Standards Board) Statement No. 34.
- **General Fund** – The financial statements for the general fund are reported at the fund level of the financial reporting model and measure financial resources on the modified accrual basis of accounting. It accounts for all transactions of a local government not accounted for in other funds, representing the primary fund for most local governments.
- **Water and Sewer Fund** – The financial statements for the water and sewer fund, which is an enterprise fund, are reported at the fund level of the financial reporting model and measure economic resources on the accrual basis of accounting.
- **Electric Fund** – The financial statements for the electric fund, which is an enterprise fund, are reported at the fund level of the financial reporting model and measure economic resources on the accrual basis of accounting.

After selecting the report type, the user can choose to include peer local governments for benchmarking, or move to the next step. If peer comparisons are not desired, the tool moves directly to the next step of creating a dashboard or downloading the information into a data file.

The user also must select either a PDF file or a Text/CSV file. If the PDF file is selected, the dashboard is created along with tables showing the data used to calculate the indicators. If the Text/CSV file is selected, the financial data become available in a spreadsheet program, which allows the user to create customized reports.

Step 3 – Select Peer Local Governments for Comparison

Because financial condition analysis is relative, peer comparisons allow users to build external context for analysis in addition to the five-year trend data. Step 3 allows the user to select up to five (5) benchmarking peers (note that only peer local governments with five-years of data are available for selection). We offer the following four criteria for guidance when selecting peers:

- **Similar Services** – Select local governments with similar services, particularly water and sewer funds or electric funds. Even if you are looking at the general fund or governmental activities, which all local governments have, utility funds can play an important role in shaping overall finances. The peer selection tool shows whether a given government has a water sewer fund or an electric fund.
- **Similar Population** – Local governments of similar size often make good benchmarking comparisons because size can affect certain indicators. The management tool provides the population for each local government.
- **Geographic Area** – Smaller local governments may want to compare themselves against local governments of the same region as this may reflect similar economic and social conditions. Larger local governments may be unable to use the region criterion given the limited number of larger counties and municipalities in North Carolina.
- **Other Preference** – Elected officials and administrators may have other criteria for selecting benchmarking partners. For example, some local governments are destination communities, while others have high bond ratings. These possible preference criteria will require additional research by the user of this management tool.

After selecting the benchmarking peers, the user must select either a PDF file or a Text/CSV file. If the PDF file is selected, the dashboard is created along with tables showing the data used to calculate the indicators. If the Text/CSV file is selected, the financial data become available in a spreadsheet program, which allows the user to create customized reports.

Conclusion

The dashboard identifies the local government chosen for the analysis and the benchmark peers selected for comparison. The dashboard then groups the financial dimensions by resource flow (operating statement) and resource stock (balance sheet), including the financial indicators used to analyze the financial dimensions.

A bar graph is used to display the data of each financial indicator over a five-year period. Underneath each graph, the actual result of each indicator is provided for the most recent fiscal year. Each bar graph also contains a comparative line when benchmark peers have been selected for the analysis. The line represents the annual average for the benchmark peers selected; therefore, the line adjusts as the annual average changes for each fiscal year. Also underneath each graph, the actual result of the annual average benchmark is provided for the most recent fiscal year.