

Annual Surveys of State and Local Government Finances, and Census of Governments: Finance –

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 - + Methodological references (sample size, data collection, nonsampling error, editing procedures, procedures for correcting for nonresponse bias, weighting where applicable, response rates).
 - + Data users who create their own estimates based on these data are to cite the Census Bureau as the source of the original data only; suggested citation.

+ [Further References](#)

Annual Surveys of State and Local Government Finances, and Census of Governments: Finance –

Historical Aggregates of State and Local Government Finance Data – Important Notes

Database Content Description

Data on the finances of state and local governments, aggregated by state, annually from fiscal year 2004 onward, are included in this database. These data are collected via the Annual Surveys of State and Local Government Finances (ASLGF), and the Census of Governments: Finance (COG-F). The Census Bureau conducts the COG-F and the ASLGF as authorized by law: Title 13, United States Code, Sections 161 and 182, respectively. The same questions are asked in the ASLGF as in the COG-F. Both the COG-F and the ASLGF survey all 50 state governments. For the ASLGF, a sample of local governments is surveyed, while the COG-F includes all local governments and is conducted every five years.

State and local governments in the United States have financial public reporting requirements; therefore, none of the data in this database are confidential because they are based on information from public records.

Government finances include revenues (such as taxes, tolls, service charges, etc.), expenditures (spending), debt, and assets in the form of cash and security holdings. All dollar amounts are in thousands (for example, 27,730 represents an amount rounded to \$27,730,000).

All data are aggregated to the state level—local governments are not shown individually. In non-census years (years not ending in ‘2’ or ‘7’) the data shown are by “level” of government, that is, the state government, the sum of all local governments within the state, and “state and local” (finances of the state government plus the local governments, minus any transactions between the two, so as to avoid double-counting). In census years (years ending in ‘2’ and ‘7’), additional detail is provided by type of local government – county governments, municipal (city) governments, township governments, special district governments, and school district governments.

In 2001 and 2003, local government aggregates are not available at the state level because of a sample reduction in the ASLGF in those years. Data are available for each state government in those years, but local government data are aggregated to the national level only.

Definition of a Government – Units Measured

For Census Bureau statistics, a government is defined as an organized entity that, in addition to having governmental character (wielding authority, or providing services, or bearing accountability that is of a public nature), has sufficient discretion in the management of its own affairs to distinguish it as separate from the administrative structure of any other governmental unit.

To be classified as a government, any entity must possess all three of the attributes reflected in the foregoing definition: existence as an organized entity, governmental character, and substantial autonomy (both fiscal and administrative independence from other governmental units).

Local governments as defined are not branches of their respective state governments, but rather are autonomous entities, even though state governments pass laws regarding how local governments are to be established. Similarly, state governments are not to be considered branches of the federal government.

Types of local governments.

- County governments,
- Municipal (city) governments,
- Township governments,
- Special district governments (such as water districts, fire protection districts, irrigation districts, etc.), and
- Independent school district governments.

Additional detail on classifying governments may be found at http://www.census.gov/govs/go/population_of_interest.html or in the Census Bureau report, *Individual State Descriptions*, available from <http://www.census.gov/govs/pubs/title.html#Individual>.

Data by type of local government (as opposed to the aggregate of all local governments) only appear in years ending in '2' and '7,' when the Census of Governments was conducted. The other years are sample years, and the sample design does not support estimates of governments by type.

Geographic areas and governmental units – differences to be aware of.

Governmental units do not always map to a single geographic area, nor does every geographic area recognized by the Census Bureau have a government associated with it. For example:

- Connecticut and Rhode Island have no county governments, but they do have geographic areas referred to as “counties.”
- The boroughs of New York City – namely, the Bronx (Bronx County), Brooklyn (Kings County), Manhattan (New York County), Queens (Queens County), and Staten Island (Richmond County) – do not meet the Census Bureau’s criteria for being classified as governments in their own right, because they lack substantial autonomy. Instead, they are treated as part of the City of New York in the Census Bureau’s government finance statistics.
- Many cities are consolidated with their surrounding county area, and are treated as city governments in Census Bureau government finance statistics.
- For further examples, see the report *Individual State Descriptions*, available at <http://www.census.gov/govs/pubs/title.html#Individual>.

Types of local government not present in every state.

Data by type of local government (as opposed to the sum of all local governments) are only available in census years (ending in '2' and '7'). Even given the additional detail in the Census of Governments years, there are some instances in which state and local government data are not presented:

- County governments: present in 48 states (not CT or RI)
- Township governments: present in 20 states: CT, IL, IN, KS, ME, MA, MI, MN, MO, NE, NH, NJ, NY, ND, OH, PA, RI, SD, VT, WI
- Independent school district governments: present in 46 states (not AK, HI, MD, or NC)

- State governments: the District of Columbia (DC) is not included since it is not a state. It is classified as a municipality for Census Bureau statistics on governments, though for many of the Census Bureau’s demographic statistics it is included as a state-equivalent.

Subordinate (dependent) agencies included with their “parent” governments.

The Census Bureau endeavors to measure all public sector activity without omission or duplication. Public sector activity is sometimes performed by entities that do not meet the criteria of being their own governments, but rather are considered to be “dependent” or subordinate to another “parent” government. For example, state universities are usually considered to be part of the state government, and the finances of those universities are included with the finances of the state government. Similarly, there are many local authorities (such as economic development authorities) whose finances may be included with its parent city, county, or township, if those authorities do not have sufficient autonomy to meet the Census Bureau’s criteria for being classified as their own government. Because the Census Bureau includes these entities, called “dependent” agencies, the Census Bureau’s finance data may not match financial reports published by state or local governments if those governments do not include the dependent agencies. For further information, see the report *Individual State Descriptions*, available at <http://www.census.gov/govs/pubs/title.html#Individual>.

Data for offices or governmental departments not available.

The Census of Governments: Finance and the Annual Surveys of State and Local Government Finances are intended to capture financial activity in the public sector without omission or duplication. These programs focus on the governmental unit as a whole, and on compiling and presenting their activities using standard classifications in order to facilitate comparison over time and across jurisdictions. The internal administrative organization of state and local governments, therefore, is beyond the scope of these programs.

Analyzing the Data – Concepts and Caveats

- **Regarding Government Finances**

- **Dollars in thousands.**

For example, 27,730 represents an amount rounded to \$27,730,000.

- **Dollars not adjusted for inflation.**

In this database the dollar amounts are not inflation-adjusted. There are multiple indices one might use to adjust dollar amounts for inflation. The prices of all goods and services do not increase at the same rate, and there is considerable geographic variation in those prices. The choice of a price index depends on the intended comparison to be made.

- **Zero may mean zero dollars, or not applicable, or the data category is not presented.**

Data by type of local government (county, municipality, township, special district, or school district) are only presented in years ending in ‘2’ or ‘7’ (years in which the Census of Governments was conducted), and thus these columns display zeroes in the remaining years.

In 2001 and 2003, the sample design only supported the display of local government aggregates to the national level, not the state level, and thus the columns “State and Local,” “Local,” and the specific types of local governments display zeroes in those years.

Certain types of governments are not present in every state; for example, Connecticut and Rhode Island have no county governments, and 30 states do not have township governments.

Certain types of financial categories are not applicable to every state; for example, the state government of Alaska imposes no individual income tax, and many states do not have state-owned liquor stores. As a result, a zero is shown for “individual income tax” or for “liquor store revenue” in those examples.

- **Data categorized by functions (types of public services), not programs or funds.**

Government finances in this database are shown with regard to the type of revenue, or purpose of expenditure, as opposed to the name of the particular program or fund. Therefore, the finance data are more comparable across jurisdictions than they would be otherwise.

For instance, a program may provide funding for both health and education. In such a case, the Census Bureau staff compile the amounts according to their purpose – money spent on health would be classified under “health,” money for elementary-secondary education under its own category, and so on. Moreover, the dollar amounts from different programs that serve similar purposes would be classified together. For instance, if two different programs provide funding for highways, the amount in the “highways” category would include both of those programs.

Likewise, dollar amounts are classified according to the function performed rather than fund. To illustrate, one government may have a public health program funded entirely from its general fund, while another government may have a similar program funded entirely out of a federal trust fund. Regardless of the fund, the dollar amounts for the two governments’ public health programs would be classified in the same functional category.

This classification method has the advantage of making clear how much money is being spent on different types of services, and does so on a consistent basis nationally, regardless of how the governments themselves label the spending; however, it obscures the finances of any single program or fund (such as a government’s “general fund”). Revenues, debts, and assets in the form of cash and security holdings are similarly compiled according to the Census Bureau’s classification scheme. Brief definitions on each of the categories are included in this database. For technical details see the [Government Finance and Employment Classification Manual](#).

- **State and local data may be less than “state” plus “local” -- intergovernmental transactions.**

To avoid double-counting money that is transferred between the state government and the local governments, the “state and local” data reflect the state amount plus the local amount minus any intergovernmental transactions. Expenditure categories labeled as “direct” expenditure, and revenue categories “from own sources” do not include intergovernmental transactions.

- **Statistical snapshot, not a budget statement nor evidence of solvency.**

Tempting though it may be to subtract expenditures from revenue to estimate “surplus” or “debt,” that computation is not accurate because the data do not represent the obligations of each program over its entire life cycle; instead, the data are a statistical “snapshot” of one fiscal year.

As an example, assume a town wants to renovate a public park, and that to finance the project, it borrows \$100,000 at an interest rate of 5 percent per year (\$5,000 per year), to be paid back in equal installments over 10 years, after the project is completed, by collecting user fees.

In this example, the Census Bureau's data would show an expenditure of \$100,000 for that town in the first year, since the money would be recorded as a debt issuance. The Census Bureau's data for the town that year would reflect an expenditure without accompanying revenue. Continuing the example, however, in years 2 through 11, assume the town receives \$15,000 per year in park fees. The town pays \$5,000 in interest on the original loan (which is 5 percent of the original \$100,000 loan), leaving an apparent "surplus" of \$10,000. That "surplus" actually is one-tenth the principal of the original loan. Thus, over the lifetime of the project—one year to build and ten to repay—the town would pay out \$150,000 (principal plus interest), but it would receive \$150,000 in park fees, for a net balance of \$0. The Census Bureau's data, meanwhile, would reflect a seeming "imbalance" in the town's finances because each year of data shows only the transactions that took place within that year.

In this example, the details of the project are fully known. However, it could be misleading if a data user were merely to subtract expenditures from revenues for a single fiscal year, without knowing anything else about the planned and current undertakings of the governments in question, or without sophisticated analysis and clarity about the assumptions involved in that analysis.

- **Per capita statistics not accurate measures of burden or benefit.**

Because states greatly vary by population size, it is understandable to want to control for that size variation when analyzing government finances. Moreover, the desire to scale dollar figures down to a smaller and more immediately-appreciable scale is equally understandable. However, data users are cautioned not to assume that taxes per capita is an accurate measure of tax burden; similarly, data users are cautioned not to assume that expenditures per capita accurately reflect benefits to the resident population. Many types of revenues are borne by people other than the residents of the state (or local jurisdiction).

For example, the state government of Florida derives a large share (nearly 83 percent in 2012) of its taxes from sales and gross receipts taxes (according to the Census of Governments: Finance – Survey of State Government Tax Collections). Because Florida is a popular tourist destination, one should not assume that the entire tax burden was borne by Florida residents. A similar logic applies to other states. The Alaska state government receives a large share (approximately 82 percent in 2012) of its tax revenue from severance taxes (taxes on the extraction of natural resources, such as oil). The state government of Delaware derived nearly 30 percent of its tax revenue in 2012 from corporation license taxes and other occupation and business license taxes (from corporations and businesses whose operations may not take place entirely within the state of Delaware).

A similar logic holds for expenditures. Consider an urban area that receives many commuters from other jurisdictions, such as those who work in a different state from their residence. The government in the urban area would need to provide services to benefit non-resident commuters, such as road infrastructure, public transit, water supply, sewerage, electric power supply, police protection, and other services. The expenditure data, therefore, cannot be assumed to be targeted exclusively to residents of one jurisdiction only.

- **Fiscal years not standardized to a single 12-month period; analyzing historical events.**
Governments throughout the United States do not all use the same dates for starting and ending their financial documentation for a given year. The fiscal year start and end dates often vary across states, and sometimes even within the same state. How, then, does the Census Bureau produce aggregate data for a single fiscal year when state and local governments use different reference periods in their financial reports?

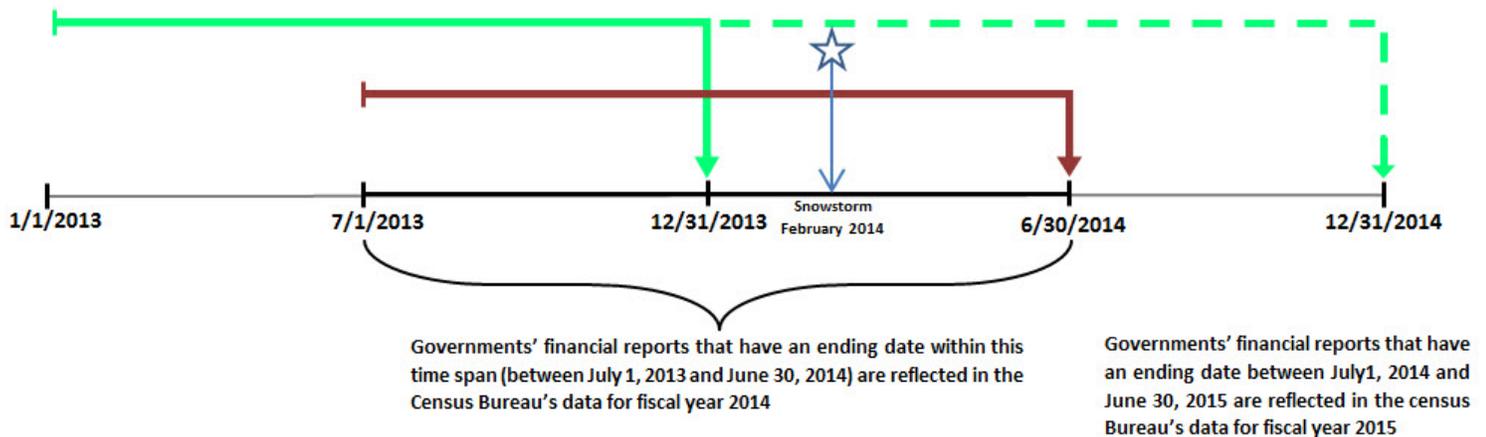
Using reported data, the Census Bureau cannot determine exactly which month each dollar was collected or spent because governments compile their financial reports on a yearly basis, not a daily or monthly basis. Therefore, in presenting estimates based primarily on reported data, the Census Bureau does not standardize government finances into a single 12-month period. Instead, the Census Bureau groups together the financial reports according to the *ending date* of the government's fiscal year.

All financial reports whose fiscal year ends between July 1 of year A, and June 30 of year A+1, are treated in Census Bureau statistics as Fiscal Year (FY) A+1. For instance, all financial reports where the fiscal year ends between July 1, 2013, and June 30, 2014, are compiled into the Census Bureau's data for FY 2014, with a few exceptions. That means data users who try to analyze the effects of a single historical event, such as a natural disaster, may not find the initial financial effects in the same year for all governments of the area affected.

Illustration of Fiscal Years and the Census Bureau's Reference Period

State and local Governments do not all use the same reporting period when documenting their finances. To provide data for a single fiscal year, the Census Bureau groups financial reports together by their ending dates, using a reference period of July 1 to June 30. Consequently, the fiscal responses to a single historical event are sometimes reflected in the Census Bureau's data in different years for different governments, depending on the date of the event and the fiscal year ending dates of the governments being compared. Data users are therefore encouraged to use at least two years of data when analyzing discrete events.

In the illustration below, Government 1 (shown in green) uses a fiscal year that ends on December 31 of each year, while Government 2 (shown in brown) ends its fiscal year on June 30. Any expenditures related to a snowstorm that occurs in February 2014 would be reflected in the Census Bureau's 2014 data for Government 2. However, in the 2015 data for Government 1, as shown by the green dashed line, Government 1's expenditures for the storm would be included in its financial reporting ending on December 31, 2014 – which falls in the Census Bureau's reference period for 2015.



There are three general exceptions to the fiscal year definition: the federal government and the District of Columbia; the state governments of Alabama, Michigan, and Texas; and local school systems in Alabama, Nebraska, Texas, and Washington (where the fiscal year coincides with the start of the traditional school year). For these governments only, the fiscal year moves beyond the June 30 cutoff, so that fiscal year 2014 statistics cover the years ending on August 31, 2014 (Texas state government, and school systems in Nebraska, Texas, and Washington) and September 30, 2014 (federal government, the District of Columbia, state government and school systems in Alabama, and Michigan state government).

- **Possible differences between Census Bureau classifications and state or local governments' agency classifications.**

The Census Bureau sometimes will classify an agency as a "subordinate agency" or "dependent agency," meaning it is part of another "parent" government, if the agency provides a public service but lacks either fiscal autonomy or administrative autonomy from the parent government. The parent government, however, may not include some of the finances for that agency in its financial reports (debt, for instance), and may not recognize all of the agency's financial obligations as belonging to the parent government. In cases of such discrepancies between governments' financial reports and Census Bureau data, it is important to recognize that the Census Bureau's data are intended to provide a complete reflection of public sector activity, without omission or duplication. A distinction between local government data and Census Bureau data, therefore, need not imply either dataset is incorrect.

- **Comparability of activities across jurisdictions, types of government.**

A particular service may not necessarily be provided by only one type of government within a state or local jurisdiction. Different types of local governments may overlap their jurisdictions (for example, in 11 states, township and municipal governments overlap). Furthermore, the array of services provided by one type of government in one state may not be provided by that government type in all states. For instance, in Maryland public elementary-secondary education is administered by the county governments, but in Connecticut and Rhode Island there are no county governments at all. If one were to compare local spending on education, using the city governments of New York and Chicago, one would find billions of dollars spent by the New York City government but none by the city government of Chicago. The seeming disparity arises because public education in the Chicago area (unlike New York City) is provided by school districts, not the city government. Therefore, if the intent is to analyze all local provision of a given service, it would be wise to focus not only on a single type of government (such as cities or counties), but instead to examine finances from all government types. For further explanation, see the report *Individual State Descriptions*, available from <http://www.census.gov/govs/pubs/title.html#Individual>

- **Comparability of financial activity classifications over time.**

Census Bureau staff have made every effort to ensure that the fields in this database are as historically consistent as possible. Nevertheless, it is wise to note the Census Bureau implemented significant changes to its classification system for statistics on government finances

effective with FY 2005 data. A discussion of the classification revisions to FY 2005 data may be found in Appendix 1 of the 2006 edition of the [Government Finance and Employment Classification Manual](#). Additionally, a user guide to government finance data is available in Excel format upon request from govs.cms.inquiry@census.gov.

- **Market value vs. book value of insurance trust revenue and assets; insurance trust revenue may be negative.**

Beginning with 2002 data, the Census Bureau changed the definition of insurance trust revenues and assets (cash and security holdings) from “book value” to “market value,” meaning that insurance trust revenue reflects unrealized gains and losses, and not solely money received as payment into the government insurance trust system. The insurance trust revenue data since 2002 are therefore more volatile than in previous years, as a result. Furthermore, it is possible for insurance trust revenues to be negative, because the market values are affected by changes in capital markets. For further information see the 2006 edition of the [Government Finance and Employment Classification Manual](#).

- **Revisions to most current data; consistency with other Census Bureau releases on government finances.**

The Census Bureau releases government finance data on a preliminary basis first, with revisions and final data in subsequent years. The state and local government finance data are released after the data on public elementary-secondary education finances, on public employee pension systems, and on state government finance data, all of which are used as input for creating the state and local finance data. As a result, the most recent state and local data may not be the same as statistics previously released from its component surveys due to differences in the data collection and revision cycle.

- **Geography and other considerations; making appropriate comparisons.**

When comparing the government finances of different jurisdictions, please consider as many factors as possible that may affect the data being used in the comparison. An ideal comparison would hold “all other things being equal” but in reality they rarely are equal – government finances may be affected by actions, events, or circumstances separate from what one intends to compare.

For instance, consider a research project comparing highway expenditures across states in an attempt to find out which states are the most committed to improving their highway systems. Snow removal, and repairs to road damage caused by freezing and thawing, represent highway maintenance costs to snow-belt states that are not incurred as often by sun-belt states. If the researcher were to use highway spending amounts as evidence of states’ commitment toward improving their highway systems, but ignored the effects of climate when analyzing the expenditures, he or she would risk mischaracterizing the reasons for states’ commitments to their spending levels for highways.

Consider, also, a researcher who is interested in comparing state expenditures on natural resources. In this dataset, “natural resources” includes irrigation, drainage, flood control, forestry

and fire protection, soil and water conservation, and various other services. Two states with different climates may therefore exhibit different spending levels even if their government officials and their constituents held similar positions regarding environmental policy. The definition of “natural resources” in this dataset becomes especially important to consider when analyzing revenues and expenditures over a time span that includes a natural disaster. Federal disaster assistance would be included as revenue. However, state and local governments would likely need to spend more than usual in response to unusually large natural disasters.

In the examples above, geography and climate were factors that affected the government finance data but were outside of the researchers’ intended comparisons. Whenever possible, when making a comparison it is wise to consider not only how the Census Bureau measures the variable one is interested in, but also any factors that may compete with the idea being investigated.

- **Regarding Statistical Methods**

- **Which data are / are not based on samples; sample reduction in 2001 and 2003.**
Data for years ending in ‘2’ and ‘7’ are based on a census of all local governments as well as state governments, and are not subject to sampling error (but they may be subject to nonsampling error: see reference below). Other years are based on all state governments and a sample of local governments. In 2001 and 2003, the sample was reduced to yield estimates of local government aggregates at the national level only. All 50 state governments are included every year.
- **Measures of statistical precision (coefficients of variation).**
Coefficients of variation (CVs) for sample years after 1992 are included in the Excel tables online at <http://www.census.gov/govs/local/>. Generally, the smaller the CV, the more precise the estimate.
- **Methodological references (sample size, data collection, nonsampling error, editing procedures, procedures for correcting for nonresponse bias, weighting where applicable, response rates).**
Documentation of the methodology for the 2011 estimates (“2011 Annual Survey of Local Government Finances Methodology”) are available online in PDF format, at http://www2.census.gov/govs/local/2011_local_finance_methodology.pdf
Detailed methodological documentation is available for 2006 onward from at http://www.census.gov/govs/local/historical_data.html, in PDF format.
A summary of methods for the most recently available survey year may be found under “How the Data Are Collected” at http://www.census.gov//govs/local/how_data_collected.html
- **Data users who create their own estimates based on these data are to cite the Census Bureau as the source of the original data only; suggested citation.**
Suggested citation: U.S. Census Bureau, Annual Surveys of State and Local Government Finances, and Census of Governments: Finance, (years).

Further References

- On the definition and classification of governments: [Individual State Descriptions](#)
- On the definition and classification of government finances: [Government Finance and Employment Classification Manual](#)
- On collection methods, statistical methodology, and measures of statistical precision:
 - [2011 Annual Survey of Local Government Finances Methodology](#) [PDF, 34 kb] and the
 - [State & Local Government Finance](#) website.
 - A summary of methods for the most recently available survey year may be found under “[How the Data Are Collected.](#)”
- Technical questions about specific data items or how the data were collected and processed: govs.finstaff@census.gov, or 1-800-242-4523
- Questions about accessing, understanding, and using the data: govs.cms.inquiry@census.gov, or 1-800-242-2184

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