

## 2008 State Government Finances Methodology

The U.S. Census Bureau sponsors and conducts this Census of State Governments as authorized by [Title 13, United States Code](#), Section 161 and 182.

This recurring survey primarily deals with the finances of the state governments and is also a supplement of the Annual Survey of State and Local Government Finances. The survey covers the fifty state governments as well as all dependent state-level governmental entities.

This survey methodology contains information on the data collected for fiscal year 2008.

### Population of Interest

The data cover the 50 state governments only. No local government data are included and should not be interpreted as state-area data (state government plus local government finances combined).

The state government finance data presented by the U.S. Census Bureau may differ from data published by state governments because the Census Bureau may be using a different definition of which organizations are covered under the term, "state government."

For the purpose of Census Bureau statistics, the term "state government" refers not only to the executive, legislative, and judicial branches of a given state, but it also includes agencies, institutions, commissions, and public authorities that operate separately or somewhat autonomously from the central state government but where the state government maintains administrative or fiscal control over their activities.

For further information on the definition and organization of government from 2008, see Chapter 1 of the 2006 [Government Finance and Employment Classification Manual](#) and the [2007 Census of Governments](#).

### Content of the Survey

The Annual Survey of State Government Finances provides a comprehensive summary of the annual survey findings for all state governments, as well as data for individual states. The tables contain detail of revenue by type, expenditure by object and function, indebtedness by term at end of fiscal year, and cash and security holdings.

#### Revenues:

Revenues comprise all money received by a government from external sources (that is, originating from "outside the government"). Statistics on state government finance include measurement of revenues by type (e.g., sales taxes, income taxes, intergovernmental revenues). For states that operate video lottery terminals, total income includes net revenue from the video lottery. Revenue does not include money a government has borrowed, although profits from the sale of cash and securities as well as proceeds from the sale of fixed assets are classified as revenues. For further information on Revenues, see Chapter 4 of the 2006

## [Government Finance and Employment Classification Manual.](#)

### Expenditures:

Expenditures comprise all amounts of money paid out by a government during its fiscal year, with some exceptions. Statistics on state government finance include measurement of expenditures by character (e.g., current operations, capital outlay, intergovernmental expenditures, and so on) and function (e.g., education, health, public welfare, natural resources, and so on). Expenditure does not include a government's payment of its debt, or purchases of investment securities, loans it has granted, agency or private trust transactions, nor correcting transactions. For further information on Expenditures, see Chapter 5 of the 2006 [Government Finance and Employment Classification Manual](#).

### Indebtedness:

Statistics on state government finance include measurement of indebtedness (including both public debt for unspecified purposes and public debt for private purposes). Indebtedness also includes all interest-bearing obligations (both short-term and long-term) incurred in the name of the government and its dependent agencies. For short-term debt, statistics reflect amounts at the beginning and end of the government fiscal year only. For long-term debt, debt outstanding is measured at the beginning and at the close of the fiscal year, and all debt issued and retired transactions are measured, regardless of when they occurred during the fiscal year. For further information on Indebtedness, see Chapter 6 of the 2006 [Government Finance and Employment Classification Manual](#).

### Cash and Securities:

Cash and Securities comprise assets that are held by a government in the form of cash, and investment securities. Statistics on state government finance include measurement of cash and security holdings (including both public and private securities). This includes cash on hand, demand or time deposits, savings accounts, government and private securities (bonds, notes, mortgages, corporate stocks, etc), and loans and other credit paper held by government loan and investment funds. This category covers cash and security holdings of all accounting funds of a government other than intragovernmental service, agency, and private trust funds. The value of cash and securities is reported as of the last day of the government's fiscal year. For further information on Cash and Securities, see Chapter 7 of the 2006 [Government Finance and Employment Classification Manual](#).

### Additional information:

Although state government financial statistics are developed from administrative records provided to the Census Bureau, in some instances the amount of detail available in these records is inadequate for the Census Bureau's classification methodology. As a result we conduct a special mailing to obtain additional details from state agencies and the insurance trust systems (e.g., workers compensation funds and other insurance trusts). These additional data are collected via two questionnaires (viz., [F-13 and F-25](#)).

As a part of the Public Employee Retirement Survey, we collect and process data on the

state government public employee retirement systems. These data are then merged with general statistics on state government finances to provide complete statistics on state government finances that are presented here. Information on state government public employee-retirement systems are collected via the [F-12 form](#), when we do not receive a form, Census Bureau employees compile the data from retirement system financial statements.

The Census Bureau presents the government finances data in terms of uniform categories. Financial items of the same kind are merged. For example, expenditure amounts for a similar purpose are combined, regardless of the number of government funds involved. To view the most common aggregate finance categories that are used in tables and special tabulations, see Chapter 13 of the 2006 [Government Finance and Employment Classification Manual](#), entitled "Methodology for Summary Tabulations".

## Limitations to Data

The financial data are limited to coverage of state governments and provide no measure of local government finances.

Use caution in attempting to draw conclusions from direct comparisons of financial amounts for individual state governments. Some states directly administer activities that elsewhere are undertaken by local governments, with or without state fiscal aid. The share of government sector financial totals contributed by a state government, therefore, differs materially from one state to another. Financial amounts presented are statistical in nature and do not represent an accounting statement. Consequently, the Census Bureau statistics on government finance cannot be used as financial statements, or to measure a government's fiscal condition. For instance, the difference between a government's total revenue and total expenditure cannot be construed to be a 'surplus' or 'deficit'. There are several reasons why these survey data are not suitable for measuring the financial condition of a government, any of its sectors, or any of its dependent agencies:

- The Census Bureau intentionally excludes several important accounting measures from its statistics. One example involves public employee retirement systems, which exclude measures of future liability, future revenue streams, and all related measures of future solvency (such as the potential amount of unfunded liabilities). These cannot be calculated from Census Bureau statistics.
- The Census Bureau program develops these data to measure the economic activity of state (and local) governments in general. The definitions used in Census Bureau statistics about governments can vary considerably from definitions applied in standard accounting reports.
- Definitional differences can include those of coverage (what constitutes a government entity), functional activity, financial transaction (revenue, expenditure, indebtedness, and asset), or measurement (cash versus accrual accounting, or asset valuation procedures).
- Census Bureau data include the operations of dependent agencies whose finances are reported outside those of the parent government.

Additionally, as a result of Statement 34 of the Governmental Accounting Standards Board (GASB) the non-government security categories of corporate bonds and corporate stocks are reported at fair market value. Thus any unrealized gains or losses can impact the overall revenues of Census Bureau statistics for a particular government unit. As such users should consider market variations when examining revenues and assets.

For further information regarding the statistical nature of these data please consult [Chapter 3: The Foundation for Government Financial Statistics; Government Finance and Employment Classification Manual – 2006](#).

The statistics reflect state government fiscal years that end on June 30, except for four states with other ending dates: Alabama and Michigan (September 30), New York (March 31), and Texas (August 31).

For further information on what is measured and how data are classified please consult the 2006 [Government Finance and Employment Classification Manual](#).

## Data Collection

Data collected for the Annual Survey of State Government Finances are public record and are not confidential, as authorized by [Title 13, United States Code](#), Section 9.

The following are important dates in the data collection process for fiscal year 2008:

October 2008	Initial mail-out requesting source materials
January 2009	Non-response follow-up begins
September – November 2009	Completion of data compilation and editing

Most of the data in this report were gathered by a mail canvass of appropriate state government offices that are directly involved with state finances. The fifty state governments provide most of the data from central accounting systems for all or most of their agencies. In many cases, this is performed electronically, using data files provided by the government. Data for other state-level entities, such as state institutions, commissions, component units, public authorities, and other state-level dependent government organizations were obtained from financial records of those individual entities. U.S. Census Bureau employees compile statistics on state government indebtedness and cash and security holdings from state governments' Comprehensive Annual Financial Reports (CAFRs) and the financial statements of their dependent entities.

Supplemental information may also be collected through the F-13 or F-25 [survey forms](#). Statistics on state government public employee retirement systems are collected and processed by the [Public Employee-Retirement Survey](#). Statistics on state government tax collections are collected by the [State Government Tax Collections Survey](#). These data are then merged with general statistics on state government finances to provide complete statistics on state government finances that are presented here.

## Data Processing

### Editing:

Editing is a process that tries to ensure the accuracy, completeness, and consistency of survey data. Efforts are made at all phases of collection, processing, and tabulation to minimize reporting, keying, and processing errors.

Fifty state governments provide the Census Bureau with administrative records from their central accounting system. These administrative records are unique to each state as each state is legally organized differently from every other state and as such each state has a unique organizational and accounting structure. It is the responsibility of Census Bureau employees to classify the different accounting and organizational structures into uniform functional categories so that entities with different methods of government accounting can be presented on a comparable basis. The administrative records represent the core or central, state government and are limited to revenues and expenditures. Census Bureau employees compile statistics on state government revenues and expenditures from these administrative records, according to the Census Bureau's classification methodology as outlined in the 2006 [Government Finance and Employment Classification Manual](#).

### Imputation:

Although every effort is made to obtain financial information from all state government entities, financial statements may not be available at the time the Census Bureau closes the processing, or governmental entities may not respond to our requests. As a result we use the unadjusted prior year data for these supplemental units until a response can be obtained. As such the data are subject to revisions each year. For those items where we do not have enough detail to separate a single activity into two or more functional categories we develop an allocation for these items based on that state's prior years' information.

### Tabulation:

After the data were edited and imputed, the survey data was aggregated to yield the viewable and downloadable files that are available on the website.

To view the most common aggregate finance categories that are used in tables and special tabulations, see Chapter 13 of the Government Finance and Employment Classification Manual, entitled [Methodology for Summary Tabulations](#).

### Revisions to Prior Years:

The State Government Finance Survey released data for the fiscal year 2008 on December 1, 2009. Users should note that this release does not include revisions to prior year's data. Since the State Government Finance Survey is part of the State and Local Government Finance Survey any revisions to prior years state data will be released in conjunction with the state and local data. Accordingly, revisions to FY 2006 and 2007 will be released after the dissemination of the 2008 State and Local Government Finances scheduled for the summer of 2010. In the meantime, users of the state government statistics should use caution when making year-to-

year comparisons for the period between 2006 and 2008.

## **Survey Quality**

### Sampling Error:

These data are not subject to sampling error because this is a complete enumeration of all 50 state governments.

### Nonsampling Error:

Despite efforts made in all phases of collection, processing, and tabulation to minimize errors, the survey is subject to non-sampling errors such as the inability to obtain data for every variable for all units, inaccuracies in classification, mistakes in keying and coding, and coverage errors.

While the data records are ultimately from state government sources, the classification of finances among the different categories is entirely the responsibility of the Census Bureau. Therefore, classification might not reflect the actual classification or presentation as requested by the various state government respondents.

### Response Rate:

The overall unit response rate for the Annual Survey of State Government Finances was 100 percent. All of the 50 state governments responded to the survey's request for administrative records, the core source materials for these statistics. Unit response rates are measured based on the response of the central government to Census Bureau data requests. Although some state-level dependent entities may not have responded to the Census Bureau's request for financial statements, they are all part of a single unit of measure (i.e., the state government).