Note: The following ratios are calculated using the Governmental Activities and Business Type Activities Funds from the Locality's Balance Sheet (Statement of Net Position) and Income Statement (Statement of Net Activities)

Ratio #	Financial Indicator Ratio	Description/Interpretation	Notes
1	Cash and Cash Equivalents + Investments - Current Liabilities (Includes any applicable Cash Overdraft)/ Charges for Services + General Revenues	This ratio measures the sufficiency of unrestricted reserves relative to the Locality's normal revenue (non-grant revenue). By comparing the Locality's unrestricted liquid assets (net of current liabilities) to their normal revenue, we can see to what extent the locality can make up revenue shortfalls with unrestricted reserves.	
2	Cash and Cash Equivalents + Investments/ Current Liabilities (Includes any applicable Cash Overdraft)	This ratio measures the sufficiency of unrestricted reserves relative to the Locality's current liabilities. By comparing the Locality's unrestricted liquid assets to current liabilities, we can see their ability to pay current liabilities without needing additional revenue to pay these bills.	The industry standard is often cited as 2.0 (200%) or higher; that is the organization would have $2 dollars in cash for every $1 on current liability.
3	Cash and Cash Equivalents+ Investments/ Total (Current and Noncurrent) Liabilities	This ratio measures the sufficiency of unrestricted reserves relative to the Locality's total liabilities. By comparing the Locality's unrestricted liquid assets to total liabilities, we can see their ability to pay total liabilities without needing additional revenue.	A higher ratio suggests that a locality can meet its obligations.
4	Charges for Services + Operating Grants & Contributions + Capital Grants & Contributions + General Revenues + Cash and Cash Equivalents + Investments/ Total Expenses + Current Liabilities (Includes any applicable Cash Overdraft)	This ratio measures the Locality's ability to meet its obligations in the following year. By comparing these figures, we can determine to what extent the locality will be able to cover the following year's obligations without changes to revenue or expenses.	This ratio has a natural benchmark of 1.0 (100%) or higher.
5	Net Position Unrestricted/ Total Expenses	This ratio measures the sufficiency of unrestricted reserves relative to the Locality's expenses. By comparing the Locality's unrestricted net position to their expenses, we can see to what extent the locality can fund expenses from unrestricted reserves in the event of a revenue shortfall.	
6	Total Assets/Total Liabilities	This ratio measures the degree to which a Locality's assets are being financed with debt (short term and long-term).	

Note: The following ratios are calculated using only the General Fund (GF) activity from the Locality's Balance Sheet (Governmental Funds) and Income Statement (Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance)

Ratio #	Financial Indicator Ratio	Description/Interpretation	Notes
7	Cash and Cash Equivalents + Investments (includes Unrestricted and Restricted)/ Total Current and Noncurrent Liabilities	This ratio measures the sufficiency of reserves relative to the locality's GF liabilities. By comparing the locality's liquid assets in the GF to GF liabilities, we can see their ability to pay GF liabilities without needing additional revenue.	
8	Total Expenditures/ Total Liabilities	The ratio measures how well the locality is paying its bills in the GF. The higher liabilities are relative to the expenditures, the more likely the locality has past due bills.	
9	Fund Balance Unassigned/ Total Expenditures	This ratio measures the sufficiency of unrestricted reserves relative to the locality's GF expenditures. By comparing the locality's unassigned fund balance to their GF expenditures, we can see to what extent the locality can fund GF expenditures from unrestricted reserves in the event of a revenue shortfall.	
10	Total Fund Balance/ Total Revenues	This ratio measures the sufficiency of reserves relative to the Locality's GF revenue. By comparing the locality's reserves to their GF revenue, we can see to what extent the locality can make up revenue shortfalls with reserves.	

Additional Ratios to Consider

Financial Indicator Ratio	Description/Interpretation	Notes
Government Wide Statement: Change in Net Position (Ending - Beginning)/ Net Position Beginning	Financial Performance shows the magnitude of how the Locality's financial position improved or deteriorated as a result of resource flow. The percent change in net position is used to analyze this. The percent change in net position provides the magnitude of how the beginning "resource" level changed as a result of resource flow during the fiscal year.	The change should be positive rather than negative.
General Fund Statement of Revenues, Expenditures and Changes in Fund Balance: Debt Service Principle and Interest/Total Expenditures	Financing obligation addresses service flexibility or the amount of expenditures committed to annual debt service.	One professional organization uses a benchmark of not exceeding 10 percent, while bond rating agencies have cited a benchmark of not exceeding 20 percent.
General Fund Statement of Revenues, Expenditures and Changes in Fund Balance: Total Revenues/ Total Expenditures	The Service Obligation (Operations Ratio) measures whether or not a locality's annual revenues were sufficient to pay for annual operations.	This ratio has a natural benchmark of 1.0 or higher.