

**1SUPPORTING STATEMENT**  
**U.S. Department of Commerce**  
**U.S. Census Bureau**  
**State and Local**  
**Government Finance Forms**  
**OMB Control No. 0607-0585**

Part B. Collection of Information Employing Statistical Methods

1. Universe and Respondent Selection

For our annual survey, we use a sample of 10,857 non-school local governments selected with probability proportional to size in order to estimate data for governments other than school districts<sup>1</sup>. For 2011, the sample distribution for non-school local governments will be as given in Table 5 supplemented with samples of births each year.

<b>Table 5. Sample and Universe Counts of Non-Education Local Governments</b>		
<b>Type of Government</b>	<b>Sample (For Fiscal Year 2011 Survey)</b>	<b>2007 Universe</b>
Counties	1,781	3,034
Municipalities	3,507	19,508
Townships	1,066	16,553
Special Districts	4,503	37,866
Total	10,857	76,961

The sample of 10,857 non-school governments for the 2011 and 2013 annual surveys are a state-by-type of government sample selected from the universe of the 2007 Census of Governments. For our public employee-retirement systems, Forms F-11, and F-12, we will use a sample of 4,004 state and local retirement systems selected with probability proportional to size in order to

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<sup>1</sup> Elementary and secondary school system finance data are collected under authority of a separate submission; see OMB clearance 0607-0700, expiration date 07/31/2012. The elementary and secondary education finance data collection is a joint undertaking of the National Center for Education Statistics and the Census Bureau. The survey coverage for this annual activity is the universe of elementary and secondary education systems. This coverage allows both agencies to fulfill their missions. For years in which we conduct a Census of Governments, such as 2007, we use the universe data. For years in which we are conducting a sample survey, such as 2011 and 2013, we use the universe for independent school systems. For dependent school systems – those that are not a separate government, but which we classify as part of a general purpose government – we use the government units chosen in the non-school local government sample.

produce state area estimates at the state and local level. This sample is supplemented each year with a sample of births.

<b>Table 6. Sample and Universe Counts of Public Employee-Retirement Systems</b>		
<b>Level of Government</b>	<b>Sample for Fiscal Year 2011 Survey</b>	<b>Universe</b>
State Systems	223	223
Local Systems	1,579	3,781

The unit response rates for the 2008 1Annual Survey of Local Government Finances, our most recent completed survey, were:

1. for county governments 92.7%;
2. for cities 92.0%;
3. For township governments 92.3%; and
4. for special district governments 78.1%.

The overall response rate for the 2009 1Annual Survey of Public-Employee Retirement Systems was 90.5%. The weighted response rate was 96.7%.

## 2. Procedures for Collecting Information

### Sampling

The annual finance survey for the local governments for the 2011 and 2013 surveys will use a state-by-type of government sample drawn from the 2007 Census of Governments. The initial certainty criteria are as follows:

- i) All county governments with a 2007 population of 100,000 or more;
- ii) All cities with a 2007 population of 75,000 or more;
- iii) All townships with a 2007 population of 50,000 or more;
- iv) All special districts that satisfy any of the following conditions:
  - It has a 2007 full-time equivalent employment of 1000 or more;
  - It has a function code designating it as providing mortgage credit, electric power, gas supply, or public mass transit services.
  - It has either a minimum of \$30 million dollar long-term debt outstanding or a minimum of \$20 million dollar in total revenue or total expenditure.

Non-certainty units are selected as follows:

We define the size variable for the sample selection. The size variable for the finance survey is the maximum of total expenditure, or long-term debt. Excluding all certainties, we group

remaining government units by the unit size variable. If the size variable is zero, then they belong to the no activity stratum. Otherwise, they belong to the stratified probability proportional (PPS) universe. A PPS sample is conducted by state and government types. For some townships and special districts, we further applied a modified cut-off sample methodology when the stratum meets some conditions such as 1) total stratum sample size is more than 40; and 2) sample sizes in the size-based strata are more than 18.

Between sample redesigns, we supplement the sample with a sample of births. We take general purpose governments births to the sample. For special district births, we apply a systematic sample method by function code and state with a sample rate of 1 in 25.

The annual state and local public employee retirement systems for 2011 and 2013 will use a state area by level (state-local) sample drawn from the 2007 Census of Governments. The initial certainty criteria are as follows:

- 1) All state government retirement systems;
- 2) Local systems with total holdings and investments of \$50 million or more;
- 3) Local retirement systems of Finance Jacket Units (very large general purpose governments).
- 4) Local systems with total earnings on investments greater than \$8 million, or total benefits paid and withdrawals greater than \$15 million.

The methodology was changed to select parent level governments rather than individual plans. Non-certainty units are selected for the sample based on a probability proportional to size, where the size variable for the retirement survey is total holdings and investments. A final sample of 799 individual retirement plans was selected, of which 223 were state plans.

#### Estimation Procedure

The survey calculations will employ a model adaptive method to estimate aggregated level such as general sales, selective sales, liquor stores revenue, current operation, capital outlay, education, health, highways, and so on, and then apply an indirect synthetic estimation method to project the total for detailed viewable and downloadable variables. Retirement Survey estimates use a simple design-based unbiased estimator, the Horvitz-Thompson.

#### Degree of Accuracy

**State Area Estimates of Local Government Totals.** For state area estimates of only local government totals, the finance sample is designed to produce totals with a relative standard error of three percent or less or five percent or less on the following 11 major financial items:

Three percent or less:

- Long-term debt outstanding
- Total revenue
- Total expenditure
- Criminal justice expenditure

Five percent or less:

- Education expenditure
- Highways expenditure
- Health expenditure
- Housing expenditure
- Total capital outlay expenditure
- Utilities expenditure
- Welfare expenditure

**State Area Estimates of State and Local Government Totals.** With the addition of state government data to the local government information, the finance sample for survey generally yields state area estimates with a relative standard error of one percent or less on total revenue and total expenditures and under two percent for long-term debt outstanding.

**State Area Estimates of State and Local Retirement Systems.** For state area estimates of state and local retirement systems, the sample is designed to produce totals with a relative standard error of three percent or less on total cash and security holdings of public employee retirement systems.

#### Unusual Problems

None.

#### Use of Periodic Data Collection Cycles

These data are critical components for calculating the National Income and Product Accounts, which require a minimum of annual data.

#### 3. Methods to Maximize Response

We use several methods and resources to maximize response in the collection of government finance data, including: follow-up mailings; telephoning nonrespondents; central data collection agreements; and Internet data collection.

#### 4. Tests of Procedures or Methods

The Census Bureau conducted formal testing for its local government finance program in 2004 and implemented the results in subsequent survey years. Most recently the Census Bureau has conducted a record keeping practices study to examine the financial activity of state and local governments. In addition, cognitive interviews will be conducted of local governments and retirement systems this summer.

## 5. Contacts for Statistical Aspects and Data Collection

Yang Cheng (301-763-3287) Chief, Program Research Branch, Governments Division, monitored the statistical aspects of the sample design. Jeff Barnett (301-763-2787), Chief, Local Government Finance and Statistics Branch, Governments Division, is available to answer any data collection questions.

### List of Attachments

- (1) Cover Letter
- (2) Forms F-5, F-11, F-12, F-12(S), F-13, F-25, F-28, F-29, F-32, F-42
- (3) Planned form changes for 2012 F-11, F-12, and F-12(S)
- (4) Bureau of Economic Analysis Federal Notice Response Letter

