



Office of the NEW YORK STATE

**COMPTROLLER**

# **Fiscal Stress Monitoring System Results for Municipalities: Four Year Review, 2013 - 2016**

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New York State Comptroller  
**THOMAS P. DiNAPOLI**

SEPTEMBER 2017

# Overview

The Fiscal Stress Monitoring System (FSMS) created by the Office of the State Comptroller (OSC) annually assesses fiscal stress in local governments and school districts. (For more information, see Appendix A: The Fiscal Stress Monitoring System.)

This report is being published in conjunction with OSC's release of fiscal year end (FYE) 2016 scores for municipalities operating on a calendar-year basis. This includes the 57 counties outside of New York City, all 932 towns in the State, 44 cities and 10 villages – a total of 1,043 municipalities. Earlier this year, OSC released FYE 2016

scores for another 17 cities and 535 villages that operate on a fiscal year that does not coincide with the calendar year.<sup>1</sup> This report examines and summarizes notable trends in the fiscal scores of all 1,595 New York counties, cities, towns and villages regardless of their fiscal year end dates, for the period 2013 through 2016.<sup>2</sup>

Figure 1				
All Counties, Cities, Towns and Villages				
Fiscal Stress Designation, Fiscal Years Ending in 2013 through 2016				
	2013	2014	2015	2016
Significant Fiscal Stress	14	18	11	4
Moderate Fiscal Stress	12	17	18	18
Susceptible to Fiscal Stress	24	34	30	16
<b>Total with Stress Designation</b>	<b>50</b>	<b>69</b>	<b>59</b>	<b>38</b>
No Designation	1423	1403	1410	1419
Not Filed or Inconclusive	122	123	126	138
<b>Total</b>	<b>1595</b>	<b>1595</b>	<b>1595</b>	<b>1595</b>

Source: Office of the State Comptroller (OSC). Does not include any of the villages that dissolved during this period: Keeseville, Bridgewater, Lyons and Prospect.

- Fewer local governments showed signs of fiscal stress in 2016 than in any prior year since FSMS was introduced in 2013. Of those scored, 38 local governments (2.6 percent) are experiencing some level of fiscal stress. Four are in significant fiscal stress, 18 in moderate fiscal stress and 16 are susceptible to fiscal stress. (See Figure 1.)
- The number of local governments that either failed to file or filed inconclusive data has increased each year, from 122 in 2013 to 138 in 2016. Thus, 8.7 percent of local governments did not receive a score for this fiscal year. This figure includes 46 municipalities that did not file financial data in time to receive a FSMS score for any of the four years.
- During the 2013 through 2016 fiscal years, 117 municipalities have been on the stress list at least once; about half of these were on the list only one time.
- Eleven municipalities have been in a stress category for all four years.
- From 2015 to 2016, eight municipalities moved into a stress designation, while 27 municipalities moved out – an overall improvement.

# Findings for 2016

Most local governments (over 97 percent of those that filed) are not in a stress category. It is important to note that a “no designation” rating does not imply a complete absence of fiscal stress. Even a non-designated municipality may score relatively high on one or more individual indicators. Local officials should review their FSMS results carefully, including performance on each indicator, to identify potential risks.

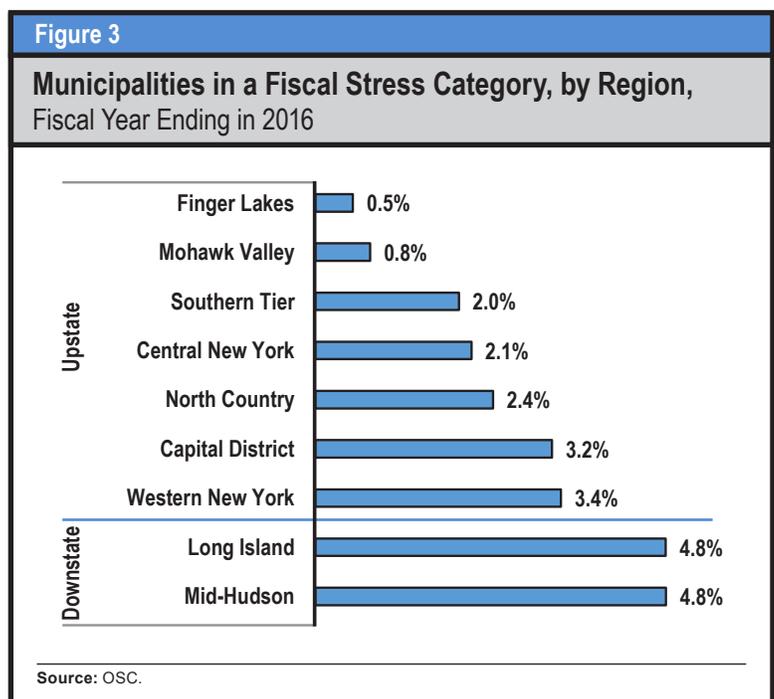
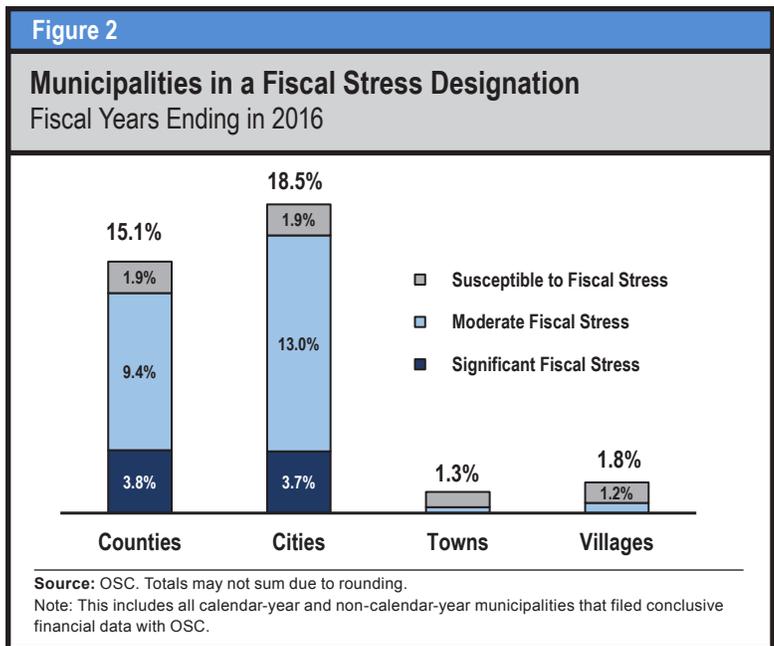
## Class

In 2016, as in previous years, counties and cities were much more likely than towns and villages to be designated as fiscally stressed. About 19 percent of cities and 15 percent of counties (compared to 1.3 percent of towns and 1.8 percent of villages) were found to be in some level of stress. Indeed, all four of the municipalities in significant stress were counties or cities. (See Figure 2.)

## Region

Fiscal stress varies by region. Thirty-seven percent of all municipalities in a fiscal stress category were downstate. In the Long Island Region, 4.8 percent of all scored municipalities were in a fiscal stress category, as were 4.8 percent of Mid-Hudson municipalities. (See Figure 3.)

The Western New York and Capital District Regions had the highest rates of fiscal stress outside the downstate area, at 3.4 and 3.2 percent, respectively. The Finger Lakes Region, with Monroe County the only entity designated, had the lowest percentage of local governments in a fiscal stress category.



# Environmental Indicators

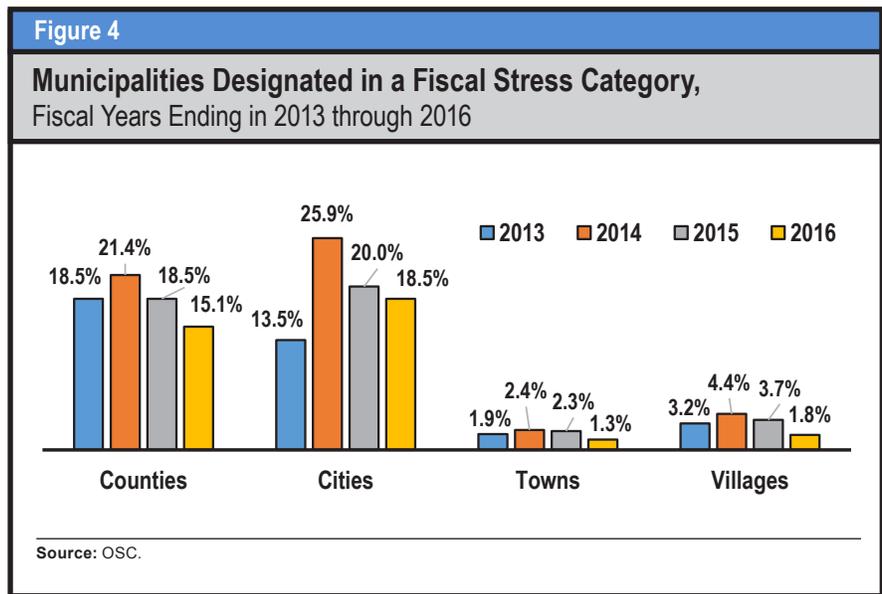
Social, economic and demographic factors (referred to as “environmental indicators” in the FSMS) often impact local government finances. The FSMS uses 14 environmental indicators to calculate an environmental stress score. These indicators help highlight some of the systemic challenges that distinctively impact individual communities – many of which are outside of local government officials’ control. These can provide important context for the fiscal stress score results. (See Appendix A: The Fiscal Stress Monitoring System.)

Environmentally stressed local governments were found to be more likely to be in fiscal stress. Of the 241 local governments experiencing environmental stress in 2016, 5.8 percent (14 entities) were found to be in some level of fiscal stress. In contrast, out of 1,216 municipalities without an environmental stress designation, only 2.0 percent (24 entities), were in a fiscal stress category.<sup>3</sup>

## Trends in FSMS Scores, 2013 through 2016

The number of municipalities in a fiscal stress category has fluctuated over the period. Starting with 50 local governments (3.4 percent of those that filed) in 2013, stress designations peaked at 69 (4.7 percent of filers) in 2014. The drop from 59 in 2015 to 38 in 2016 was particularly steep, with decreases across all municipal classes. (See Figures 1 and 4.)

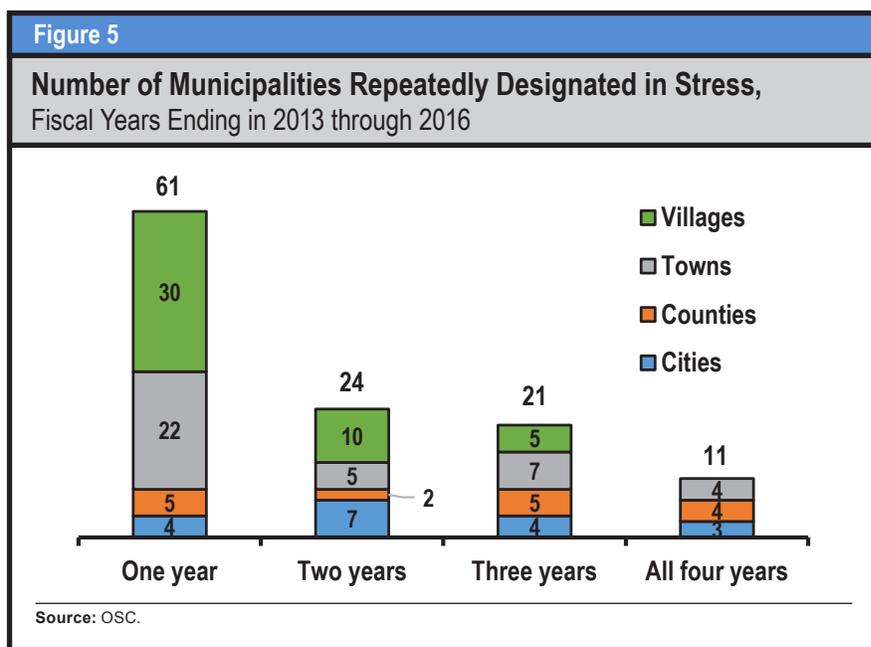
Counties and cities, which have had the highest incidence of stress designation throughout the four years, also saw the highest peaks. Over a quarter of all cities in 2014 were designated in stress, and more than one-fifth of counties were as well. The shares of stressed governments in both classes have since dropped fairly dramatically, although they remain high compared to towns and villages.



## Persistent Stress

In total, 117 municipalities have been on the stress list at some point over the past four years.<sup>4</sup> Of those, 61 have only been on the list once. (See Figure 5.)

A smaller number of local governments, however, have experienced chronic fiscal stress during the period, including 11 that remained in a fiscal stress category for all four years. These persistently stressed municipalities include four counties, three cities, and four towns. (See Figure 6.)



- Monroe County has been in significant fiscal stress for all four years.
- Both the City of Fulton and Suffolk County have been in moderate stress throughout the period.
- Between 2015 and 2016, three of these municipalities have had their scores improve, dropping to a lower stress designation (Franklin County and the towns of Parish and Colonie). The City of Glen Cove moved back into a higher stress category in 2016.

**Figure 6**  
**Municipalities in Fiscal Stress for Four Years, Fiscal Years Ending in 2013 through 2016**

Municipality	Economic Development Region	Fiscal Stress Designation			
		2013	2014	2015	2016
County of Broome	Southern Tier	Moderate	Significant	Significant	Significant
County of Franklin	North Country	Significant	Significant	Significant	Moderate
County of Monroe	Finger Lakes	Significant	Significant	Significant	Significant
County of Suffolk	Long Island	Moderate	Moderate	Moderate	Moderate
City of Fulton	Central New York	Moderate	Moderate	Moderate	Moderate
City of Glen Cove	Long Island	Moderate	Significant	Susceptible	Moderate
City of Poughkeepsie	Mid-Hudson	Significant	Moderate	Moderate	Moderate
Town of Cherry Valley	Southern Tier	Moderate	Significant	Moderate	Moderate
Town of Colonie	Capital District	Moderate	Moderate	Moderate	Susceptible
Town of German Flatts	Mohawk Valley	Significant	Moderate	Susceptible	Susceptible
Town of Parish	Central New York	Susceptible	Significant	Significant	Moderate

Source: OSC.

## Non-Filers and Inconclusive Data

In 2016, more municipalities failed to file data with OSC in time to receive a score than in prior years.<sup>5</sup> In addition, Rockland and Columbia counties filed data that was inconclusive for determining a fiscal stress score. The percentage of municipalities that did not file (or filed data deemed inconclusive) increased from 7.6 percent in 2013 to 8.7 percent in 2016.

- Notably, 46 local governments have not filed financial data in time to receive a FSMS score in any of the reporting years. These persistent non-filers include the Cities of Amsterdam and Gloversville, as well as 27 towns and 17 villages.<sup>6</sup> (See Appendix B for a list of persistent non-filing municipalities.)
- Seven of the municipalities that did not file or had inconclusive data in 2016 showed stress in at least one of the three prior years. One of these is Rockland County, which had been designated in significant stress from 2013 through 2015.

## Changes in Designation

In 2016, only eight local governments were newly classified as in stress compared with the prior year. (See Figure 7.) Three of these (St. Lawrence County, the City of Long Beach and the Town of Saugerties) had previously been classified as in stress for 2013 and/or 2014.

For this period, 27 local governments moved out of a fiscal stress category into the “no designation” category. In addition, two municipalities that had been in stress in 2015 did not receive scores for 2016. In addition to Rockland County, mentioned above, the Village of Amityville – which had been designated susceptible to stress in 2015 – failed to file in 2016.

**Figure 7**

**Fiscal Stress Designation Changes, Fiscal Years Ending in 2013 through 2016**

	2013 to 2014	2014 to 2015	2015 to 2016
<b>Total Into Stress</b>	<b>41</b>	<b>21</b>	<b>8</b>
No Designation to Stress Designation	30	18	6
Not Filed to Stress	11	3	2
<b>Total Out of Stress</b>	<b>22</b>	<b>31</b>	<b>29</b>
Stress Designation to No Designation	20	28	27
Stress Designation to Not Filed	2	3	2

Source: OSC. For purposes of this table, "Not Filed" includes inconclusive data.

# Conclusion

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Although broad trends give a sense of overall fiscal stress statewide, each municipality is individually responsible for ensuring its own budget solvency. The 11 municipalities that have been persistently in stress are of particular concern; officials should review, monitor and evaluate their financial situations carefully.

The early warning nature of the FSMS means municipalities can use the System's indicators and scores as another way to shed light on how budgeting decisions affect fund balances, cash flow and other factors, all of which impact a local government's ability to meet its financial obligations.

Once alerted to the existence of stress or potential for stress, local governments can take action, such as implementing a robust multiyear financial planning process. Multiyear planning is often particularly useful, since there is no quick fix for fiscal stress. The State's Financial Restructuring Board for Local Governments has funding available to help eligible municipalities that have elected to engage in multiyear planning with the assistance of an external advisor.<sup>7</sup> OSC also provides a wealth of information and guidance on this topic for local officials, as well as many other tools to help local governments avoid or reduce fiscal stress, including live and online training, printed materials and experienced staff at regional offices around the State.

Finally, all municipalities should strive to submit complete, timely and accurate financial reports to OSC. Doing so promotes transparency and better informs the public and other stakeholders about their local government's financial condition – knowledge which is critical for making sound budgeting and operating decisions.

# Notes

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- <sup>1</sup> The FSMS excludes New York City. The years cited refer to the fiscal year ending in that year, which may include a part of the previous calendar year. This report covers all counties, towns, villages, and the remaining 61 cities, regardless of whether their fiscal year is the same as the calendar year. The FSMS scores school districts separately. For more information, see [www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm](http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm).
- <sup>2</sup> Unless otherwise described, this report refers to the annual totals for calendar-year and non-calendar-year municipalities that filed conclusive financial data with OSC (i.e., totals do not include municipalities that did not file or those that are designated inconclusive). Three coterminous town-villages report only as villages, and therefore would also appear here as non-filing towns.
- <sup>3</sup> For more information on the environmental stress categories and scoring, see OSC, *Fiscal Stress Monitoring System*: [www.osc.state.ny.us/localgov/pubs/fiscalmonitoring/pdf/fiscalstressmonitoring.pdf](http://www.osc.state.ny.us/localgov/pubs/fiscalmonitoring/pdf/fiscalstressmonitoring.pdf).
- <sup>4</sup> Of the 1,357 municipalities that filed conclusive data in all four years, 117 (8.6 percent) have been designated for fiscal stress at least once.
- <sup>5</sup> Local governments have up to 120 days (which includes extensions granted at OSC's discretion) after the close of their fiscal year to file their annual financial reports with OSC; this information is the foundation of FSMS scores. (See General Municipal Law, Section 30(5).) OSC also scores local governments that file late (within eight months after the end of the fiscal year). In some instances, local governments filing within this eight-month window provided data that was not complete enough to enable OSC to calculate a fiscal stress score. These filings are classified as "inconclusive" at the time of the FSMS score assignment.
- <sup>6</sup> The 27 towns do not include two coterminous town-villages (Scarsdale and East Rochester) that reported only as villages in 2016. The coterminous Mount Kisco did not file as either a town or a village.
- <sup>7</sup> For more information, see [www.frb.ny.gov/about/062016/ResNo2016-14\\_ApproveMulti-YearFP.pdf](http://www.frb.ny.gov/about/062016/ResNo2016-14_ApproveMulti-YearFP.pdf) and [www.dos.ny.gov/lg/](http://www.dos.ny.gov/lg/).

# Appendix A: The Fiscal Stress Monitoring System

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## Financial Indicators

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The Office of the State Comptroller (OSC) uses the Fiscal Stress Monitoring System (FSMS) to calculate and publish fiscal stress scores for all municipalities (counties, cities, towns and villages) and school districts in the State. This score measures each local government's ability to maintain budget solvency, using only annual financial data it already reports to OSC. Municipalities may fall into one of three fiscal stress categories based on their score: significant fiscal stress, moderate fiscal stress and susceptible to fiscal stress. By alerting local officials and citizens to areas of concern as soon as FSMS flags them, the System is intended to help entities avert larger financial crises.

## Environmental Indicators

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In addition to the financial indicator scores, the System measures other factors that may pose challenges to the fiscal health of a municipality. For example, stagnant or declining property values affect how much property tax a municipality can receive without an increase in its tax rate. An aging population may require additional governmental services, while a declining population will leave fewer people to shoulder fixed costs, such as debt service and employee salaries and benefits. The 14 environmental indicators include measures of poverty, the property tax base, unemployment, State aid and certain other demographic and resource-related measures.

## Appendix B: Persistent Non-Filers

<b>Municipalities That Have Not Filed Financial Data in Time for a Fiscal Stress Score in All Four Years, Fiscal Years Ending in 2013 through 2016</b>		
<b>Municipality</b>	<b>Economic Development Region</b>	<b>County</b>
City of Amsterdam	Mohawk Valley	Montgomery
City of Gloversville	Mohawk Valley	Fulton
Town of Baldwin	Southern Tier	Chemung
Town of Bridgewater	Mohawk Valley	Oneida
Town of Broadalbin	Mohawk Valley	Fulton
Town of Caroga	Mohawk Valley	Fulton
Town of Carroll	Western New York	Chautauqua
Town of Davenport	Southern Tier	Delaware
Town of Dresden	Capital District	Washington
Town of East Otto	Western New York	Cattaraugus
Town of Ephratah	Mohawk Valley	Fulton
Town of Exeter	Southern Tier	Otsego
Town of Florence	Mohawk Valley	Oneida
Town of Frankfort	Mohawk Valley	Herkimer
Town of Franklin	Southern Tier	Delaware
Town of Fremont	Mid-Hudson	Sullivan
Town of Fremont	Southern Tier	Steuben
Town of Inlet	Mohawk Valley	Hamilton
Town of Long Lake	Mohawk Valley	Hamilton
Town of Malone	North Country	Franklin
Town of Mayfield	Mohawk Valley	Fulton
Town of Milford	Southern Tier	Otsego
Town of Morehouse	Mohawk Valley	Hamilton
Town of New Hudson	Western New York	Allegany

## Appendix B: Persistent Non-Filers

Municipalities That Have Not Filed Financial Data in Time for a Fiscal Stress Score in All Four Years, Fiscal Years Ending in 2013 through 2016		
Municipality	Economic Development Region	County
Town of Pharsalia	Southern Tier	Chenango
Town of Plainfield	Southern Tier	Otsego
Town of Seneca	Finger Lakes	Ontario
Town of Stratford	Mohawk Valley	Fulton
Town of White Creek	Capital District	Washington
Village of Babylon	Long Island	Suffolk
Village of Bainbridge	Southern Tier	Chenango
Village of Ballston Spa	Capital District	Saratoga
Village of Buchanan	Mid-Hudson	Westchester
Village of Canton	North Country	St. Lawrence
Village of Clayville	Mohawk Valley	Oneida
Village of Delhi	Southern Tier	Delaware
Village of Fabius	Central New York	Onondaga
Village of Lawrence	Long Island	Nassau
Village of Medina	Finger Lakes	Orleans
Village of Millport	Southern Tier	Chemung
Village of Mount Kisco	Mid-Hudson	Westchester
Village of Owego	Southern Tier	Tioga
Village of Pulaski	Central New York	Oswego
Village of Sherman	Western New York	Chautauqua
Village of Walton	Southern Tier	Delaware
Village of West Winfield	Mohawk Valley	Herkimer

**Source:** OSC.  
 Note: This list does not include two coterminous town-villages (Scarsdale and East Rochester) that reported only as villages in 2016. The coterminous Mount Kisco, listed here as a village, did not file as either a town or a village.

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## Contact

Office of the New York State Comptroller  
Division of Local Government and School Accountability

110 State Street, 12th floor  
Albany, NY 12236

Tel: (518) 474-4037

Fax: (518) 486-6479

or email us: [localgov@osc.state.ny.us](mailto:localgov@osc.state.ny.us)

[www.osc.state.ny.us/localgov/index.htm](http://www.osc.state.ny.us/localgov/index.htm)



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