


**Fiscal Stress Monitoring System:  
A Briefing for Local Governments**

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**FSMS Basics**

What We Measure

- Evaluate fiscal stress from a budgetary solvency perspective.
  - Does the local government or school district generate enough revenues to meet expenditures?
- Narrow in scope.



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**FSMS Basics**

What We (Don't) Measure

- The System does not:
  - Assess how a local government is being managed.
  - Adjust for late-breaking local developments.
  - Consider the impact of the local political climate.
  - Assess overall fiscal "health".



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## System Basics

### How We Measure

- Objective
- Utilize a set of standard calculations that are:
  - Uniformly applied
  - Relevant (ICMA)
- Based on financial data already being filed with OSC.

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## FSMS Basics

### How We Measure

- Financial Indicators
  - Evaluate budgetary solvency—the ability to generate enough revenue to meet expenses.
- Environmental Indicators
  - Capture trends that are generally outside the control of local government officials but influence revenue-raising capability and demands for service. Provides context.

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## FSMS Modifications

### System Resources

- FSMS Manual:
  - <http://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/system-manual.pdf>
- FSMS System Basics:
  - <http://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/system-basics.pdf>
- FSMS System Enhancements – Local Governments:
  - <http://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/system-enhancements-local-governments.pdf>

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## Financial Indicators

### How We Measure

| Category                         | # Indicator Calculations | Point Value |
|----------------------------------|--------------------------|-------------|
| Year-End Fund Balance            | 2                        | 50          |
| Operating Deficits               | 1                        | 10          |
| Cash Position                    | 2                        | 20          |
| Use of Short-Term Cash-Flow Debt | 2                        | 10          |
| Fixed Costs                      | 2                        | 10          |
| <b>Total</b>                     | <b>9</b>                 | <b>100</b>  |

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## Environmental Indicators

### How We Measure

- More consistent and reliable data sources.
- Easier to use and understand.
  - Detail sheet for environmental

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## Environmental Indicators

- Change in Population.
- Percent of Households with Public Assistance.
- Percent of Population Under 18 and Over 65.
- Percent Change in Home Value.
- Median Household Income.
- Unemployment Rate.
- Reliance on State and Federal Aid.

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## System Scoring

### How We Measure

- 100 points
- 2 separate scores issued – fiscal stress score and environmental stress score.
- Same naming conventions now used both fiscal and environmental:
  - Significant, Moderate, Susceptible and No Designation

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## System Scoring

### How We Measure

- Financial indicator score drives classification:
  - 65 – 100 = Significant
  - 55 – 64.9 = Moderate
  - 45 – 54.9 = Susceptible
  - 0 – 44.9 = No Designation
- Environmental indicator score (separate):
  - 65 – 100 = Significant
  - 45 – 64.9 = Moderate
  - 25 – 44.9 = Susceptible
  - 0 – 24.9 = No Designation

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## Fiscal Stress Monitoring System

### The Upcoming Release

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## Score Release Process

- Upcoming release for local governments.
  - Based on AUD 2018 fiscal year-end.
- No surprises approach – communication is key.
  - Local governments in stress – emails to CEO and CFO.
  - All local governments – emails to CEO and CFO a few days before public release.

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## Key Takeaways

- Communication
  - Be prepared - Know your details and be ready to speak to them
- Environmental indicator score is important too.
  - New detail sheet
- Focus will likely be on.....
  - Places in Stress
  - Major score changes
- Utilize our website resources.

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## Resources

The screenshot shows the 'Fiscal Stress Monitoring System' website. At the top, there is a navigation bar with 'Home', 'About Us', 'Newsroom', 'Request an Audit', and 'Find This Portal'. Below the navigation bar, there is a search bar and social media icons. The main content area features a large image of a residential street with a 'Search Now' button. Below the image, there are four columns of links: 'Lists' (Local Governments, School Districts, Search Tool), 'Tools' (Self Assessment Tool, Capital Planning Tutorial, Revenue Planning Tutorial), 'Publications' (Research Reports, Financial Condition Audits, Annual Audit Reports), and 'Help' (System Enhancements, Detailed Helpdesk & System Training and Manuals, Annual System Check).

<http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm>

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## Contact Us

- Email: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)
- Phone Number: (866) 321-8503
  - Option 4 for Data Management Unit

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## Questions and Answers

Break – Thank you for your patience while we quickly review the questions received so far.

Please continue to send any questions via the question box.

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## Thank You



**Division of Local Government and School Accountability**

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