


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

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NYS COMPTROLLER  
**THOMAS P. DiNAPOLI**

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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

- New 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
- New! - 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 Scores for Local Governments

Common Themes Fiscal Year Ending (FYE) 2017

\* Results are preliminary

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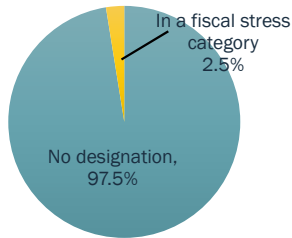
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## Fiscal Stress Results

- Most local governments were not in a fiscal stress designation for FYE 2017.



\* Results are preliminary. Counts are for calendar-year and non-calendar year entities with FYE 2017.

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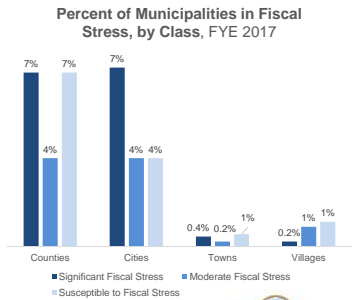
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## Scores by Class

- Counties and cities are more likely to be in fiscal stress



\* Results are preliminary

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## Scores by Region

- Municipalities in the downstate regions are more likely to be in fiscal stress



\* Results are preliminary

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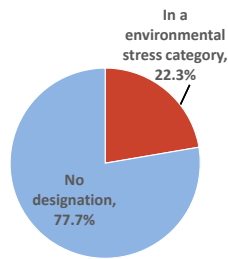
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## Environmental Stress Results

- A majority of local governments are not in an environmental stress category for FYE 2017



\* Results are preliminary

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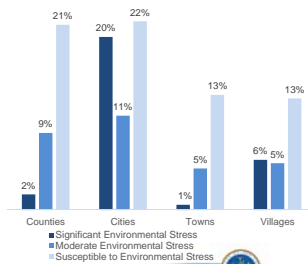
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## Scores by Class

- As was the case with fiscal stress, counties and cities were more likely to show signs of environmental stress.

Percent of Municipalities in Environmental Stress, by Class, FYE 2017



\* Results are preliminary

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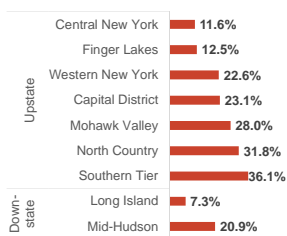
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## Scores by Region

- While local governments located downstate showed more signs of fiscal stress, upstate local governments were more likely to show signs of environmental stress

Local Governments in Environmental Stress, by Region, FYE 2017



\* Results are preliminary

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## Non-Filers and Inconclusive Data

- Municipalities are legally required to report financial data within 120 days of fiscal year end.
- We include late filers up to 8 months after fiscal year end in FSMS.
  - However, local governments may have submitted data that is not sufficiently complete to calculate a score, which are classified as “inconclusive”
- 124 municipalities did not file in time to receive a score, while one entity was found to be inconclusive
- 33 local governments have not filed in time to receive a score for all five years.

\* Results are preliminary

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## Fiscal Stress Monitoring System

The Upcoming Release

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## Score Release Process

- Upcoming release for calendar year files
  - Based on AUD 2017 fiscal year end
- No surprises approach – communication is key
  - Local Govs in stress – emails to CEO and CFO
  - All Local Govs – 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



<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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