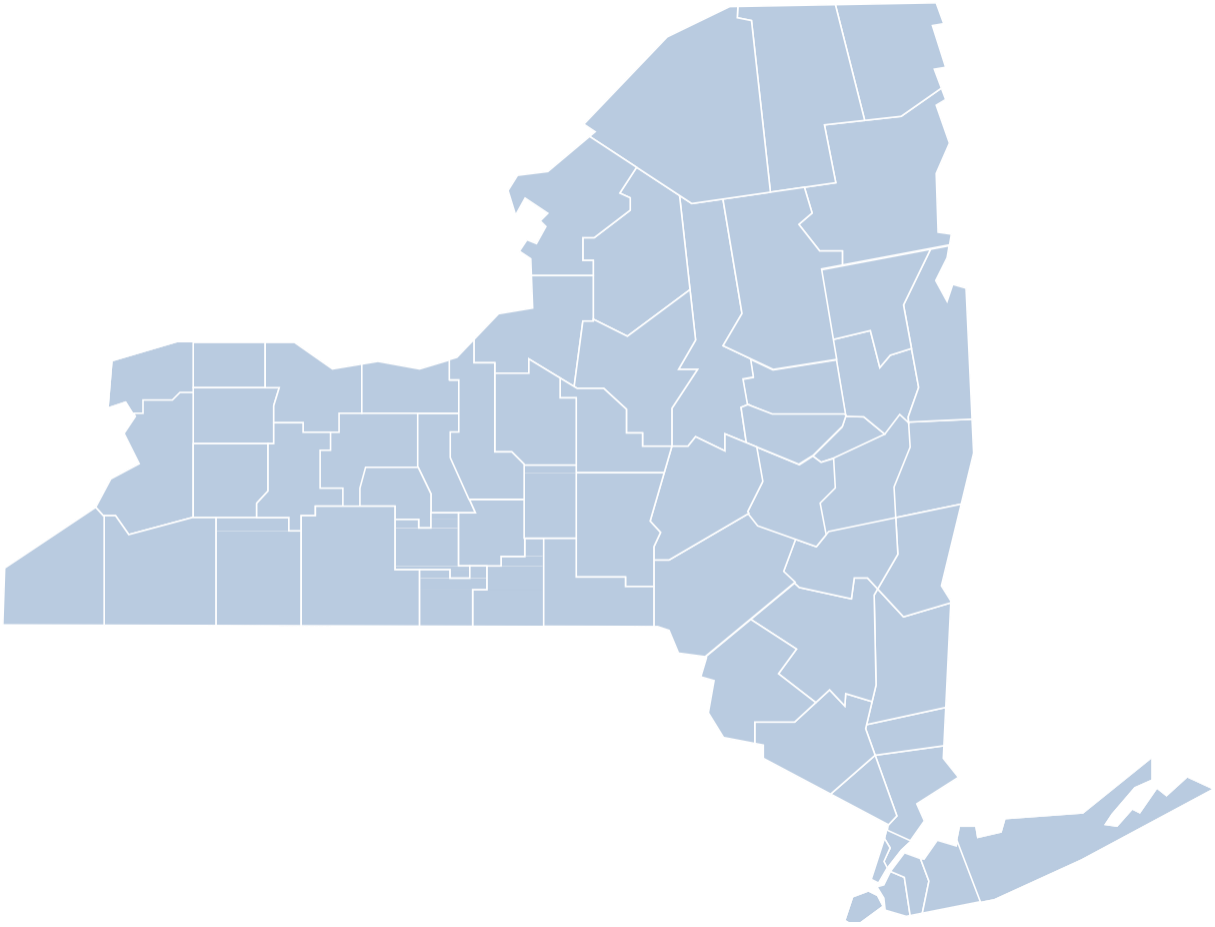
New York State Comptroller
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Fiscal Stress Monitoring System Manual

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Introduction

Local governments and school districts are on the frontline of service delivery in New York State, and their financial stability is of interest to the public at large and many specific stakeholders. The State Comptroller has a Constitutional and statutory function to examine and report on the financial affairs and condition of local governments and school districts. In conjunction with this role, the Office of the State Comptroller (OSC) developed and launched the Fiscal Stress Monitoring System (System) in 2013. In 2017, OSC implemented System enhancements, reflecting four years of operational experience as well as feedback collected during a 75-day public comment period.

Each year, the System assesses each of the State's counties, cities, towns, villages and school districts, identifying those entities experiencing notable levels of fiscal stress, as well as those showing susceptibility to fiscal stress. New York City is excluded from this analysis, due to its unique financial structure.

Through this program, OSC provides the public with objective information highlighting communities in need of timely and corrective attention. Ideally, local officials use the System analysis to pursue local actions in an orderly, transparent and inclusive manner—to minimize disruption to vital services and maximize citizen engagement. Similarly, the System allows State leaders to be better informed as to the overall fiscal climate in which these entities operate.

This manual provides a basic discussion about the System while accompanying technical appendices provide details about the methodology OSC staff utilize in performing the assessments.

System Basics

Focus: What We Measure

The System evaluates fiscal stress from a budgetary solvency perspective and provides a score to reflect the ability of a local government or school district to generate enough revenues to meet expenditures. The scope is narrow, by design.

The System does not:

- Assess how a local government or school district is being managed
- Adjust for late-breaking local developments
- Consider the impact of the local political climate

Method: How We Measure

The System is objective and applied uniformly across the State. Data to support the stress analyses come from financial information filed and certified annually by local governments and school districts with OSC. Additionally,

- The critical areas examined are based upon industry-accepted standards, and
- The System uses existing financial reporting.

The System is based on a set of specific financial indicators and environmental indicators. Financial indicators test critical areas such as fund balance levels, operating deficits, cash-on-hand, fixed costs and short-term cash-flow borrowing. The examination focuses on the major operating funds of each entity, depending on class (county, city, town, village, or school).

Separately, environmental indicators assess a different set of critical areas that, unlike the financial indicators, are generally outside the direct control of local leaders (e.g. tax base and population growth, reliance on state and federal revenues, poverty levels etc.). In addition to information filed with OSC, data for environmental indicators come from other Federal and State sources including the American Community Survey, U.S. Bureau of Labor Statistics, U.S. Department of Health and Human Services, the New York State Education Department and the New York State Office of Real Property Tax Services.

For school districts, System calculations are also based on a set of specific financial and environmental indicators. School financial indicators test critical areas such as fund balance levels, operating deficits, cash-on-hand and short-term cash-flow borrowing while school environmental indicators examine key areas such as poverty levels, student to teacher ratio, school budget support etc.

For general discussion purposes, Figures 1-3 provide abbreviated summaries of the financial and environmental indicators. Detailed, technical descriptions are available in Appendices A-D.

Figure 1: Financial Indicators (Local Governments & School Districts)

Critical Area	What it is	Why it Matters
Fund Balance	The accumulated surplus/ deficit since operations began	Indicates entity's ability to cover revenue shortfalls and expenditure overruns
Operating Deficits	The difference between gross revenues and gross expenditures	Shows the results of recent financial operations– did the entity have enough revenue to meet expenditures in the budget year? Can reveal structural imbalance in the budget
Cash Position	The amount of available cash at end of the year	Reveals whether an entity has enough cash-on-hand to pay its bills
Short-Term Cash-Flow Debt	Borrowing for cash- flow purposes	Borrowing to pay for normal operating costs is generally not a fiscally prudent practice
Fixed Costs (Local Governments Only)	Expenditures for personal services, employee benefits and debt service	There is less flexibility in these expenditure categories, making it difficult to adjust when resources decline

Figure 2: Environmental Indicators (Local Governments)

Critical Area	What it is	Why it Matters
Population	5-yr change in population	Provides insight into health of local economy. Affects local property values and tax base
Poverty	Households on public assistance	Provides insight about mix of services needed by the community–some of which are higher cost (e.g. healthcare, public transportation)
Age	Percent of population < 18 and > 65 (those not likely to be working full time)	
Tax Base	Percent change in home values	Reflects health of local economy and ability to raise revenue through property taxes
Income	Median Household Income	Reflects ability of a household to pay property taxes and support local economy (e.g. generate sales tax receipts)
Unemployment	Unemployment rate	
State and Federal Revenue	Reliance on state and federal aid	These revenues are not controlled locally. Significant dependence presents a revenue risk

Figure 3: Environmental Indicators (School Districts)

Critical Area	What it is	Why it Matters
Poverty	Percentage of economically disadvantaged students	Provides insights about service needs within a district
Student to Teacher Ratio	Student to teacher ratio	Reflects possible future costs for a school district (e.g. need for new buildings, additional teachers etc)
Teacher Turnover	Teacher turnover rate	
Tax Base	Percent change in property value	Reflects health of local economy and ability to raise revenues through property taxes
Budget Support	Budget vote approval percentage	Community support affects ability of district to incur anticipated expenditures
English Language Learners	Percent of students with English as a second language	Provides insights about future cost growth

Scoring

The System weighs individual indicators according to relative importance. The results of an entity's indicator calculations are evaluated on a 100-point scale, with the sum of the points yielding separate fiscal stress and environmental stress scores.

In basic terms, the more points an entity accumulates, the higher its level of stress. Those entities with the highest scores on the financial indicators are subsequently listed on the Comptroller's official fiscal stress list. As mentioned above, environmental scores provide useful information for local officials to reference as they field questions from citizens, local media and other interested parties.

Classifications

The System uses three categories of stress. They are the same for both the financial indicator and the environmental indicator results: Significant Stress, Moderate Stress and Susceptible to Stress.



In addition to those noted above, there are three additional classifications reflecting other possible scenarios:

- No Designation – for entities whose score results are below the established thresholds for one of the three stress categories. Importantly, this classification does not imply that the entity is free of all fiscal stress conditions.
- Inconclusive – for entities that did file financial data but still have significant unresolved issues associated with that data, as of the snapshot date.

- Not Filed – for entities that either did not submit their annual financial reports (each of the past three years) or did so very late (after the snapshot date)—well after the opportunity to be properly evaluated and scored has passed. This is perhaps the most troubling classification as not filing deprives citizens in these communities the full transparency they deserve from their local leaders. Entities in this category are not retroactively scored even after they submit their information.

What's a Snapshot Date?

A snapshot date is the date scores are calculated and finalized. The annual financial report (AFR) must be filed and free of material outstanding issues on this date in order for an entity to receive a Fiscal Stress Monitoring System score.

Additional information about scoring methodology can be found in Appendix F.

Timing: When We Measure

The System represents an ongoing commitment by OSC to maintain an objective and broad understanding about the fiscal challenges facing local communities in New York State.

Local governments and school districts are required to file their financial reports 60-120 days after the end of their fiscal year. OSC staff begin reviewing reports as soon as they are filed. System scores are
typically available 7-9 months after the end of the local government or school district fiscal year.

Score releases occur three times each year. Entities are assigned to a release, based on their class type and fiscal year-end date. See Figure 4.

Figure 4

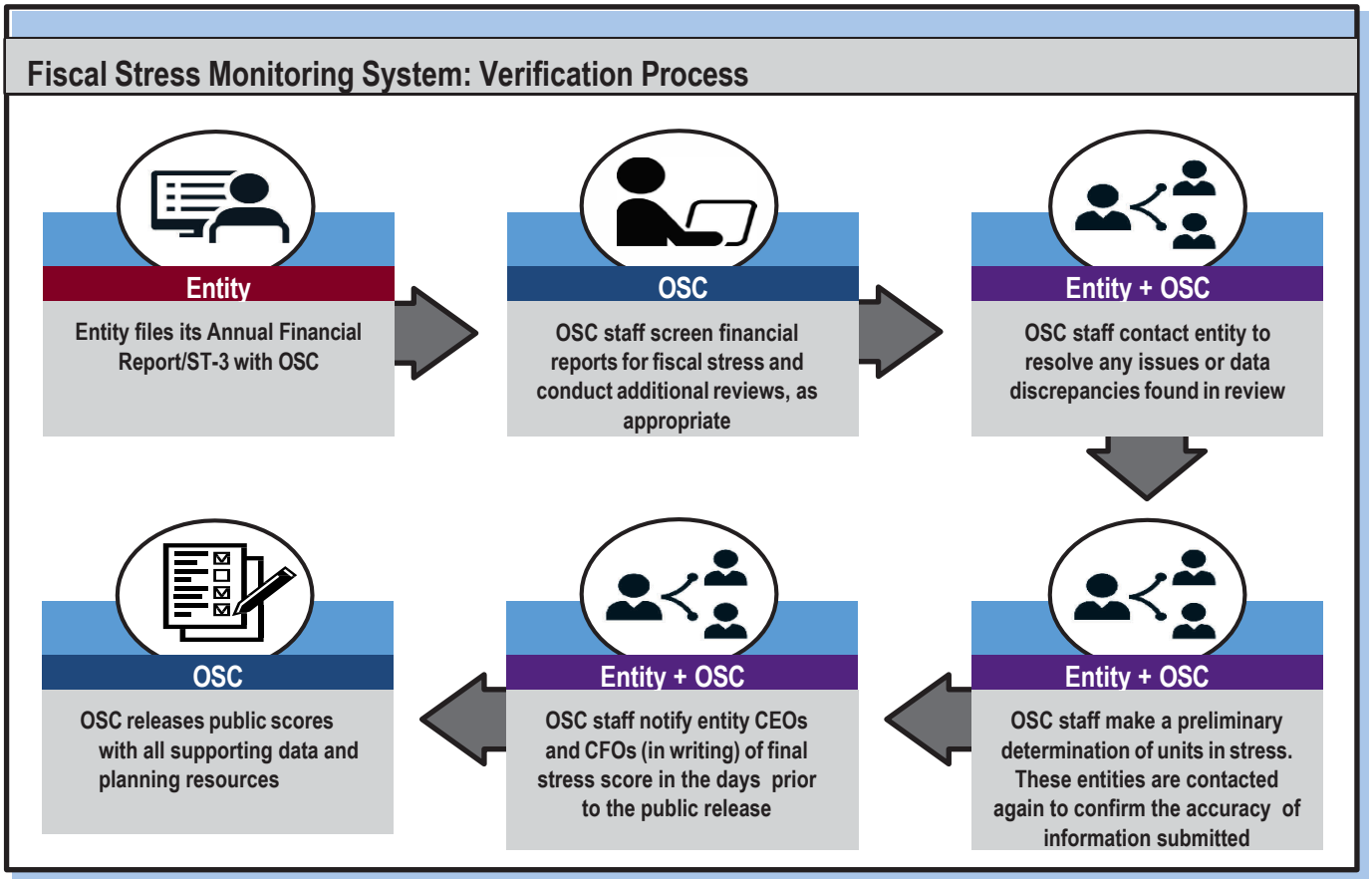
Release Type	Fiscal Year(s) Ending	Timing of Release
Schools	June 30	1st Quarter
Non-Calendar Year Local Governments: Some cities (including Big 4) and most villages	February 28 March 31 May 31 June 30 July 31	2nd Quarter
Calendar Year Local Governments: All counties and towns, most cities and a few villages	December 31	3rd Quarter

Since entities continue to be scored on an annual basis, the System allows users to track stress condition trends over time and get a realistic sense about where an individual community might be headed.

Verification Process

As OSC receives annual financial reports, Division staff perform a standardized review and follow-up with the local government or school officials, as necessary. A subset of specific data elements are then used in the fiscal stress calculations to preliminarily determine whether or not a unit might be in one of the stress categories. Once these entities are identified, additional contact and follow-up is made to review this information and resolve any data issues (e.g. data errors or inconsistencies). The entire process may involve multiple phone and email communications and often results in adjustments being submitted by individual entities. The process concludes with an official notification by OSC to the local government and school district officials, just prior to the public release of scores. This lengthy and rigorous review ensures that there are no surprises at the local level when the scores are announced. Figure 5 depicts the general process.

Figure 5



OSC also supports a range of helpful resources that go hand-in-hand with our fiscal stress monitoring function. Resources include a self-assessment tool, multiyear and capital planning guidance and the latest research reports. These tools are easy to use and publicly available on the OSC website.

https://www.osc.state.ny.us/local-government/fiscal-monitoring

Category	Indicator	Scoring	Fiscal Year End	Data Required and Calculations	Possible Points
Year End Fund Balance	1 Assigned and Unassigned Fund Balance	**General Fund** 25 Points for values ≤ 0% 18.75 Points for values > 0% But ≤ 3.33% 12.50 Points for values > 3.33% But ≤ 6.67% 6.25 Points for values > 6.67% But ≤ 10% 0 Points for values > 10%	Current Year	**Data Required** Assigned and Unassigned Fund Balance (codes 915 & 917) Gross Expenditures **Calculation** Assigned and Unassigned Fund Balance ÷ Gross Expenditures	25.00
	2 Total Fund Balance	**General Fund** 25 Points for values ≤ 0% 18.75 Points for values > 0% But ≤ 10% 12.50 Points for values > 10% But ≤ 15% 6.25 Points for values > 15% But ≤ 20% 0 Points for values > 20%	Current Year	**Data Required** Total Fund Balance (code 8029) Gross Expenditures **Calculation** Total Fund Balance ÷ Gross Expenditures	25.00
Operating Deficits	3 Operating Deficit	**Combined Funds** 10 Points for values = Deficit < 0% in 3/3 Last Fiscal Years 6.67 Points for values = Deficit < 0% in 2/3 Last Fiscal Years 3.33 Points for values = Deficit < 0% in 1/3 Last Fiscal Years 0 Points for values = Deficit < 0% in 0/3 Last Fiscal Years	2 Years Prior	**Data Required** Gross Revenues Gross Expenditures **Calculation** (Gross Revenues - Gross Expenditures) ÷ Gross Expenditures	10.00
			Prior Year	**Data Required** Gross Revenues Gross Expenditures **Calculation** (Gross Revenues - Gross Expenditures) ÷ Gross Expenditures	
			Current Year	**Data Required** Gross Revenues Gross Expenditures **Calculation** (Gross Revenues - Gross Expenditures) ÷ Gross Expenditures	
Cash Position	4 Cash Ratio	**Combined Funds** 10 Points for values ≤ 50% 6.67 Points for values > 50% But ≤ 75% 3.33 Points for values > 75% But ≤ 100% 0 Points for values > 100%	Current Year	**Data Required** Cash and Investments (codes 200-223,450,451) Net Current Liability (codes 600-626, 631-637 & 639-668 less codes 280,290,295) **Calculation** Cash and Investments ÷ Net Current Liability	10.00
	5 Cash % of Monthly Expenditures	**Combined Funds (Cities & Counties)** 10 Points for values ≤ 50% 6.67 Points for values > 50% But ≤ 100% 3.33 Points for values > 100% But ≤ 150% 0 Points for values > 150% **Combined Funds (Villages & Towns)** 10 Points for values ≤ 33.33% 6.67 Points for values > 33.33% But ≤ 66.67% 3.33 Points for values > 66.67% But ≤ 100% 0 Points for values > 100%	Current Year	**Data Required** Cash and Investments (codes 200, 201, 450, 451) Average Monthly Gross Expenditures (Gross Expenditures ÷ 12) **Calculation** Cash and Investments ÷ Average Monthly Gross Expenditures	10.00
Use of Short-Term Cash-Flow Debt	6 Short-Term Cash-Flow Debt Issuance	**All Funds** 5 Points for values > 15% 3.33 Points for values > 5% But ≤ 15% 1.67 Points for values > 0% But ≤ 5% 0 Points for values = 0%	Current Year	**Data Required** Short-Term Cash-Flow Debt Issued (Revenue Anticipation Notes, Tax Anticipation Notes, Budget Notes, and Deficiency Notes) Total Revenues (General Fund Only) **Calculation** Short-Term Debt Issued ÷ Total Revenues (General Fund Only)	5.00

Category	Indicator	Scoring	Fiscal Year End	Data Required and Calculations	Possible Points
Use of Short-Term Cash-Flow Debt	7 Short-Term Cash-Flow Debt Issuance Trend	**All Funds** 5 Points for values = Issuance In Each of Last Three Years 3.33 Points for values = Issuance In Each of Last Two Years 1.67 Points for values = Issuance In Current Year 0 Points for values = No Issuance In Current Year	2 Years Prior	**Data Required** Short-Term Cash-Flow Debt Issued (Revenue Anticipation Notes, Tax Anticipation Notes, Budget Notes, and Deficiency Notes)	5.00
			Prior Year	**Data Required** Short-Term Cash-Flow Debt Issued (Revenue Anticipation Notes, Tax Anticipation Notes, Budget Notes, and Deficiency Notes)	
			Current Year	**Data Required** Short-Term Cash-Flow Debt Issued (Revenue Anticipation Notes, Tax Anticipation Notes, Budget Notes, and Deficiency Notes)	
Fixed Costs	8 Personal Services and Employee Benefits	**All Funds (Except Capital Projects)** 5 Points for values = Last Three Fiscal Year Average ≥ 75% 3.33 Points for values = Last Three Fiscal Year Average ≥ 70% But < 75% 1.67 Points for values = Last Three Fiscal Year Average ≥ 65% But < 70% 0 Points for values = Last Three Fiscal Year Average < 65%	2 Years Prior	**Data Required** Personal Services and Employee Benefits Total Revenues **Calculation** Personal Services and Employee Benefits ÷ Total Revenues	5.00
			Prior Year	**Data Required** Personal Services and Employee Benefits Total Revenues **Calculation** Personal Services and Employee Benefits ÷ Total Revenues	
			Current Year	**Data Required** Personal Services and Employee Benefits Total Revenues **Calculation** Personal Services and Employee Benefits ÷ Total Revenues	
				Calculation (Average) 3 Year Average (Personal Services and Employee Benefits ÷ Total Revenues)	
	9 Debt Service % Revenue	**All Funds (Except Capital Projects)** 5 Points for values = Last Three Fiscal Year Average ≥ 20% 3.33 Points for values = Last Three Fiscal Year Average ≥ 15% But < 20% 1.67 Points for values = Last Three Fiscal Year Average ≥ 10% But < 15% 0 Points for values = Last Three Fiscal Year Average < 10%	2 Years Prior	**Data Required** Debt Service Expenditures - Current Refunding Bond Proceeds (code 5792) Total Revenues **Calculation** Debt Service ÷ Total Revenues	5.00
			Prior Year	**Data Required** Debt Service Expenditures - Current Refunding Bond Proceeds (code 5792) Total Revenues **Calculation** Debt Service ÷ Total Revenues	
			Current Year	**Data Required** Debt Service Expenditures - Current Refunding Bond Proceeds (code 5792) Total Revenues **Calculation** Debt Service ÷ Total Revenues	
				Calculation (Average) 3 Year Average (Debt Service ÷ Total Revenues)	
				Total[1]:	**100.0**

	General Fund	Combined Funds[2]
Cities:	A	A, FX, G, ES, EW (Big 4 Cities Include Dependent School's A)
Counties:	A	A, D, DM, FX, G, All Enterprise Funds
Villages:	A	A, FX, G, ES, EW
Towns:	A, DA	A, B, DA, DB, FX, G, SS, SW, ES, EW

Gross Revenues = Revenues and Other Sources
Total Revenues = Revenues
Gross Expenditures = Expenditures and Other Uses

Point Range (Out of 100 total pts)
Significant Fiscal Stress 65 - 100
Moderate Fiscal Stress 55 - 64.9
Susceptible Fiscal Stress 45 - 54.9
No Designation 0 - 44.9

[1] Indicator points are rounded to two decimal places. Total points are rounded to one decimal place.
[2] See the **Accounting and Reporting Manual** for more information about the use of funds in local governments.

Category	Indicator	Scoring	Fiscal Year End	Data Required and Calculations	Possible Points
Year End Fund Balance	1 Unassigned Fund Balance	**General Fund** 25 Points for values ≤ 1% 16.67 Points for values > 1% But ≤ 2% 8.33 Points for values > 2% But ≤ 3% 0 Points for values > 3%	Current Year	**Data Required** Unassigned Fund Balance (codes 916 & 917) Gross Expenditures **Calculation** Unassigned Fund Balance ÷ Gross Expenditures	25.00
	2 Total Fund Balance	**General Fund** 25 Points for values ≤ 0% 16.67 Points for values > 0% But ≤ 5% 8.33 Points for values > 5% But ≤ 10% 0 Points for values > 10%	Current Year	**Data Required** Total Fund Balance (code 8029) Gross Expenditures **Calculation** Total Fund Balance (code 8029) ÷ Gross Expenditures	25.00
Operating Deficits	3 Operating Deficit	**General Fund** 20 Points for values = Deficits ≤ -1% in 3/3 of the Last Fiscal Years 13.33 Points for values = Deficits ≤ -1% in 2/3 of the Last Fiscal Years 6.67 Points for values = Deficit ≤ -1% in 1/3 Last Fiscal Years 0 Points for values = Deficit ≤ -1% in 0/3 Last Fiscal Years	2 Years Prior	**Data Required** Gross Revenues Gross Expenditures **Calculation** (Gross Revenues - Gross Expenditures) ÷ Gross Expenditures	20.00
			Prior Year	**Data Required** Gross Revenues Gross Expenditures **Calculation** (Gross Revenues - Gross Expenditures) ÷ Gross Expenditures	
			Current Year	**Data Required** Gross Revenues Gross Expenditures **Calculation** (Gross Revenues - Gross Expenditures) ÷ Gross Expenditures	
Cash Position	4 Cash Ratio	**General Fund** 10 Points for values ≤ 50% 6.67 Points for values > 50% But ≤ 75% 3.33 Points for values > 75% But ≤ 100% 0 Points for values > 100%	Current Year	**Data Required** Cash and Investments (codes 200-223, 450, 451) Net Current Liability (codes 600-626 & 631-668) **Calculation** Cash and Investments ÷ Net Current Liability	10.00
	5 Cash % of Monthly Expenditures	**General Fund** 10 Points for values ≤ 33.33% 6.67 Points for values > 33.33% But ≤ 66.67% 3.33 Points for values > 66.67% But ≤ 100% 0 Points for values > 100%	Current Year	**Data Required** Cash and Investments (codes 200, 201, 450, 451) Average Monthly Gross Expenditures (Gross Expenditures ÷ 12) **Calculation** Cash and Investments ÷ Average Monthly Gross Expenditures	10.00
Reliance on Short-Term Cash-Flow Debt	6 Short-Term Cash-Flow Debt Reliance	**All Funds** 10 Points = Change in Cash-Flow Debt Issued is ≥ 10% or Current Year Cash-Flow Debt Issued and No Prior Year Issuance 6.67 Points = Change in Cash-Flow Debt Issued is ≥ 6.67% But < 10% 3.33 Points = Change in Cash-Flow Debt Issued is ≥ 3.33% But < 6.67% 0 Points = Change in Cash-Flow Debt Issued is < 3.33% or No Current Year Issuance	Prior Year	**Data Required** Short-Term Cash-Flow Debt Issued (Revenue Anticipation Notes, Tax Anticipation Notes, Budget Notes, and Deficiency Notes)	10.00
			Current Year	**Data Required** Short-Term Cash-Flow Debt Issued (Revenue Anticipation Notes, Tax Anticipation Notes, Budget Notes, and Deficiency Notes)	
				Calculation (Current Year Short-Term Cash-Flow Debt Issued - Prior Year Short-Term Cash-Flow Debt Issued) ÷ Prior Year Short-Term Cash-Flow Debt Issued	
				Total[1]:	**100.0**

Gross Revenues = General Fund's Revenues and Other Sources (Transfer Activity)
Gross Expenditures = General Fund's Expenditures and Other Uses (Transfer Activity) - 9950.9 (Transfers to Capital Project's Fund)

[1]Indicator points are rounded to two decimal places. Total points are rounded to one decimal place.

Point Range (Out of 100 total pts)
Significant Fiscal Stress 65 - 100
Moderate Fiscal Stress 45 - 64.9
Susceptible Fiscal Stress 25 - 44.9
No Designation 0 - 24.9

Category	Indicator	Scoring	Year	Data Required and Calculations	Possible Points
Population	1 Change in Population	10 Points for values < -5% 6.67 Points for values < -2.5% But ≥ -5% 3.33 Points for values < 0% But ≥ -2.5% 0 Points for values ≥ 0%	6 Years Prior	**Data Required** Population	10.00
			Prior Year	**Data Required** Population	
				Calculation (Prior Year Population Estimate - 6 Years Prior Population Estimate) ÷ 6 Years Prior Population	
Poverty	2 Percent of Households with Public Assistance	20 Points for values > 30% 13.33 Point for values > 25% But ≤ 30% 6.67 Points for values > 20% But ≤ 25% 0 Points for values ≤ 20%	Prior Year	**Data Required** Households with Public Assistance Total Number of Households	20.00
				Calculation Households with Public Assistance ÷ Total Number of Households	
Age	3 Percent of Population Under 18 & Over 65	10 Points for values > 50% 6.67 Points for values > 47.5% But ≤ 50% 3.33 Points for values > 45% But ≤ 47.5% 0 Points for values ≤ 45%	Prior Year	**Data Required** Percent of Population Under 18 Percent of Population 65 and Over	10.00
				Calculation Percent of Population Under 18 + Percent of Population 65 and Over	
Tax Base	4 Percent Change in Home Value	20 Points for values < 0% 13.33 Points for values < 50% of Consumer Price Index Calculation 6.67 Points for values < Consumer Price Index Calculation 0 Points for values ≥ Consumer Price Index Calculation	6 Years Prior	**Data Required** Median Value of Owner Occupied Housing Housing Consumer Price Index	20.00
			Prior Year	**Data Required** Median Value of Owner Occupied Housing Housing Consumer Price Index	
				Calculation (Property Value) (Prior Year Median Home Value - 6 Years Prior Median Home Value) ÷ 6 Years Prior Median Home Value **Calculation (Consumer Price Index)** (Prior Year Consumer Price Index - 6 Years Prior Consumer Price Index) ÷ 6 Years Prior Consumer Price Index	
Income	5 Median Household Income	10 Points for values < 150% x Federal Poverty Line (FPL) 6.67 Points for values < 175% x FPL But ≥ 150% x FPL 3.33 Points for values < 200% x FPL But ≥ 175% x FPL 0 Points for values ≥ 200% x FPL	Prior Year	**Data Required** Median Household Income Federal Poverty Line (Family of 3)	10.00
Unemployment	6 Unemployment Rate	10 Points for values > 12% 6.67 Points for values > 10% But ≤ 12% 3.33 Points for values > 8% But ≤ 10% 0 Points for values ≤ 8%	Prior Year	**Data Required** Unemployment Rate	10.00
State and Federal Aid	7 Reliance on State and Federal Aid	20 Points for values > 30% 13.33 Points for values > 20% But ≤ 30% 6.67 Points for values > 15% But ≤ 20% 0 Points for values ≤ 15%	2 Years Prior	**Data Required** State and Federal Revenues (codes 3000-4999) - (codes 3960 & 4960) Total Revenues (All Funds Except Capital Projects)	20.00
				Calculation State and Federal Revenues ÷ Total Revenues	
			Prior Year	State and Federal Revenues (codes 3000-4999) - (codes 3960 & 4960) Total Revenues (All Funds Except Capital Projects)	
				Calculation State and Federal Revenues ÷ Total Revenues	
			Current Year	State and Federal Revenues (codes 3000-4999) - (codes 3960 & 4960) Total Revenues (All Funds Except Capital Projects)	
				Calculation State and Federal Revenues ÷ Total Revenues	
				Calculation (Average) 3 Year Average (State and Federal Revenues ÷ Total Revenues)	
				Total[1]:	**100.0**

[1]Indicator points are rounded to two decimal places. Total points are rounded to one decimal place.

Point Range (Out of 100 total pts)
Significant Environmental Stress 50 - 100
Moderate Environmental Stress 40 - 49.9
Susceptible Environmental Stress 30 - 39.9
No Designation 0 - 29.9

Category	Indicator	Scoring	Year	Data Required and Calculations	Possible Points
Poverty	1 Percentage of Economically Disadvantaged students	25 Points for values ≥ 75% 16.67 Points for values ≥ 65% But < 75% 8.33 Points for values ≥ 55% But < 65% 0 Points for values < 55%	Prior Year	**Data Required** Percentage of Economically Disadvantaged Students	25.00
Student to Teacher Ratio	2 Student to Teacher Ratio	15 Points for values ≥ 15 10 Points for values ≥ 13 But < 15 5 Points for values ≥ 12 But < 13 0 Points for values < 12	Prior Year	**Data Required** Student to Teacher Ratio	15.00
Teacher Turnover	3 Turnover Rate of All Teachers	15 Points for values ≥ 18% 10 Points for values ≥ 14% But < 18% 5 Points for values ≥ 10% But < 14% 0 Points for values < 10%	Prior Year	**Data Required** Turnover Rate of All Teachers	15.00
Tax Base	4 Percent Change in Property Value	15 Points for values ≤ -4% 10 Points for values ≤ -2% But > -4% 5 Points for values ≤ -1% But > -2% 0 Points for values > -1%	5 Years Prior	**Data Required** Property Full Value	15.00
			4 Years Prior	**Data Required** Property Full Value **Calculation** (Property Full Value - Prior Year Property Full Value) ÷ Prior Year Property Full Value	
			3 Years Prior	**Data Required** Property Full Value **Calculation** (Property Full Value - Prior Year Property Full Value) ÷ Prior Year Property Full Value	
			2 Years Prior	**Data Required** Property Full Value **Calculation** (Property Full Value - Prior Year Property Full Value) ÷ Prior Year Property Full Value	
			Prior Year	**Data Required** Property Full Value **Calculation** (Property Full Value - Prior Year Property Full Value) ÷ Prior Year Property Full Value	
				Calculation (Average) 4 Year Average (Property Full Value - Prior Year Property Full Value) ÷ Prior Year Property Full Value)	
Budget Support	5 Budget Vote Approval Percent	15 Points for values ≤ 60% 10 Points for values ≤ 65% But > 60% 5 Points for values ≤ 70% But > 65% 0 Points for values > 70%	Current Year	**Data Required** Budget Vote Approval Percent	15.00
English Language Learners	6 Percent of English Language Learners	15 Points for values ≥ 9% 10 Points for values ≥ 5% But < 9% 5 Points for values ≥ 3% But < 5% 0 Points for values < 3%	Prior Year	**Data Required** Percent of English Language Learners	15.00
				Total[1]:	**100.0**

[1]Indicator points are rounded to two decimal places. Total points are rounded to one decimal place.

Point Range (Out of 100 total pts)
Significant Environmental Stress 60 - 100
Moderate Environmental Stress 45 - 59.9
Susceptible Environmental Stress 30 - 44.9
No Designation 0 - 29.9

Appendix E

System Indicators

Why They Are Important

The following discussion provides information on the Fiscal Stress Monitoring System indicators. System analyses are focused on the funds that typically account for the majority of financial activity in an entity, considering that there are inherent differences in the types of services for which an entity is responsible. For more details on this and the specific indicator calculations, see Appendices A-D.

Local Government Financial Indicators (Source: Annual Financial Reports)

Year-End Fund Balance (Indicators 1 & 2: Assigned and Unassigned Fund Balance, Total Fund Balance)
Since fund balance is the accumulated result of financial operations over time, it is an important measure of financial condition. The level of year-end fund balance affects the ability to deal with revenue shortfalls and expenditure overruns. A negative or low level of fund balance can adversely impact expected services.

Operating Deficits (Indicator 3)
Annual operating results are a measure of recent financial operations and the direction that finances are headed. Local governments that have multiple years of operating deficits can face financial hardship. This suggests that a budget is not structurally balanced − recurring revenues are insufficient to support recurring expenditures.

Cash Position (Indicators 4 & 5: Cash Ratio, Cash as Percent of Monthly Expenditures)
Another method of evaluating fiscal stress is to determine whether an entity has enough cash on hand to pay its bills. These indicators evaluate the ability to liquidate current liabilities as well as fund the ensuing fiscal year's operations. Low levels of cash and short-term investments may lead to difficulty in paying normal operating costs.

Use of Short-Term Cash-Flow Debt (Indicators 6 & 7: Short-Term Cash-Flow Debt Issuance, Short-Term Cash-Flow Debt Trend)
These indicators reflect borrowing for cash flow purposes, to pay for normal operating costs. They evaluate the amount of short-term cash-flow debt that was issued in the last fiscal year as well as the trend, considering the prior three-year period. The recurring issuance of short-term cash-flow debt indicates cash-flow issues that are worsening and may not be a fiscally prudent practice.

Fixed Costs (Indicators 8 & 9: Personal Services and Employee Benefits, Debt Services as a Percent of Revenue)
These indicators evaluate the amount of revenues used for personal services and employee benefits, and debt service. The level of fixed costs affects flexibility in responding to economic changes. High fixed costs reduce the ability of a local government to make necessary expenditure adjustments if resources decline.

Appendix E

Local Government Environmental Indicators

Population (Indicator 1: Change in Population)
Changes in population can provide insight into the health of the local economy. A declining population in a community may adversely affect property values, the associated tax base, and ultimately, a local government's revenues. Additionally, local officials are often unable to make corresponding cuts (in the short-term) to fixed costs such as debt service, personal services, employee benefits, etc. (Source: U.S. Census)

Poverty (Indicator 2: Percent of Households with Public Assistance)
The level of poverty within a local government provides important insight into the service needs within the community. A high number of households receiving public assistance could require the local government to provide a different mix/level of services. (Source: American Community Survey (ACS))

Age (Indicator 3: Percent of Population Under 18 and Over 65)
The age of the population provides important insight into the service needs within the community. A local government with a high percentage of non-working age residents may require additional services (e.g., public transportation and healthcare). (Source: ACS)

Tax Base (Indicator 4: Percent Change in Home Value)
Property value is a useful gauge of the health of a local economy. A decline in this area may adversely affect real property taxes, a major revenue source for local governments. (Source: ACS, United States Bureau of Labor Statistics)

Income (Indicator 5: Median Household Income)
Income levels indicate the ability of households to pay property taxes and support the local economy (e.g., generate sales tax receipts). Communities with lower incomes may require additional support services which can lead to additional expenditures. (Source: ACS and United States Department of Health and Human Services)

Unemployment (Indicator 6: Unemployment Rate)
The level of unemployment provides information on the economic strength of an area and may affect a local government's revenues. A high unemployment rate indicates that a local government's residents may have less income. Therefore, residents' ability to support the local economy is diminished, which may also reduce the level of local revenues that are sensitive to changes in economic activity (e.g., sales tax receipts). (Source: ACS)

State and Federal Aid (Indicator 7: Reliance on State and Federal Aid)
State and federal aid can be an important part of the local government revenue mix. Because funding levels are largely outside the direct control of local officials, those local governments with a high dependence on State and federal aid are more vulnerable to reductions in these revenues. (Source: Annual Financial Report)

Appendix E

School District Financial Indicators (Source: ST-3)

Year-End Fund Balance (Indicators 1 & 2: Unassigned Fund Balance, Total Fund Balance)
Since fund balance is the accumulated result of financial operations over time, it is an important measure of financial condition. The level of year-end fund balance affects the ability to deal with revenue shortfalls and expenditure overruns. A negative or low level of fund balance can adversely impact expected services.

Operating Deficits (Indicator 3)
Annual operating results are a measure of recent financial operations and the direction that finances are headed. School districts that have multiple years of operating deficits can face financial hardship. This suggests that a budget is not structurally balanced − recurring revenues are insufficient to support recurring expenditures.

Cash Position (Indicators 4 & 5: Cash Ratio, Cash as a Percent of Monthly Expenditures)
Another method of evaluating fiscal stress is to determine whether an entity has enough cash on hand to pay its bills. These indicators evaluate the ability to liquidate current liabilities and as well as fund the ensuing fiscal year's operations. A low level of cash and short-term investments may lead to difficulty paying normal operating costs.

Reliance on Short-Term Cash-Flow Debt (Indicator 6)
This indicator reflects borrowing for cash-flow purposes, to pay for normal operating costs. An increasing reliance on this type of borrowing suggests cash-flow problems that are worsening and may not be a fiscally prudent practice.

School District Environmental Indicators

Poverty (Indicator 1: Percentage of Economically Disadvantaged Students)
The level of poverty within a school district provides important insight into the service needs within a district. Districts with a high number of economically disadvantaged students may need to provide a different mix/ level of support services. (Source: New York State Education Department's School Report Card (SRC))

Student to Teacher Ratio (Indicator 2: Student to Teacher Ratio)
A district's student to teacher ratio is a measure of demand for services and provides insight into future costs for a school district. A high student to teacher ratio can require districts to hire more teachers, build new buildings, etc. (Source: New York State Education Department)

Teacher Turnover (Indicator 3: Turnover Rate of All Teachers)
Teacher turnover is a measure of workforce stability in a school district and provides insight into future costs of a district, in the near term. A high teacher turnover rate can lead to increases in personnel expenditures. (Source: SRC)

Tax Base (Indicator 4: Percent Change in Property Value)
Property value is a useful gauge of local economy health. A decline in this area may adversely affect real property taxes, a major revenue source for school districts. (Source: New York State Office of Real Property and Property Tax Services (ORPTS))

Budget Support (Indicator 5: Budget Vote Approval Percent)
The level of community support for a school district's budget directly affects the school district's ability to pay normal operating costs. Additionally, because of the tax cap, the level of community support for a school district's budget directly affect the district's ability to raise real property taxes. (Source: New York State Education Department)

English-Language Learners (Indicator 6: Percent of English Language Learners)
The number of students with English as a secondary language provides insight into the school district's resource requirements. A high number of English-language learners can lead to increases in personnel expenditures. (Source: SRC)

Appendix F

Points and Scoring Methodology

The System weighs individual indicators according to their relative importance. An entity's performance on each of these indicators is evaluated on a 100-point scale, with the sum of the points yielding the overall fiscal stress and environmental stress score.

The tables below relate to local governments. They summarize: (1) maximum points assigned to each category and (2) how total points correspond to the System designations:

Local Governments

Local Government Financial Categories	Number of Indicators	Maximum Points (100)
Year-End Fund Balance	2	50 (25 per indicator)
Operating Deficits	1	10
Cash Position	2	20 (10 per indicator)
Use of Short-Term Cash-Flow Debt	2	10 (5 per indicator)
Fixed Costs	2	10 (5 per indicator)

Local Government Environmental Categories (1 indicator each)	Maximum Points (100)
Population	10
Poverty	20
Age	10
Tax Base	20
Income	10
Unemployment	10
State and Federal Aid	20

Local Government Fiscal Stress Designations	Total Accumulated Points
Significant Fiscal Stress	65-100
Moderate Fiscal Stress	55-64.9
Susceptible to Fiscal Stress	45-54.9
No Designation	0-44.9

Local Government Environmental Stress Designations	Total Accumulated Points
Significant Environmental Stress	50-100
Moderate Environmental Stress	40-49.9
Susceptible to Environmental Stress	30-39.9
No Designation	0-29.9

Notes: Scores for the Big 4 cities of Buffalo, Rochester, Syracuse and Yonkers incorporate the finances of the dependent school districts.
Total points are rounded to the first decimal place.

Appendix F

The tables below relate to school districts. They summarize: (1) maximum points assigned to each category and (2) how total points correspond to the System designations:

School Districts

School District Financial Categories	Number of Indicators	Maximum Points (100)
Year-End Fund Balance	2	50 (25 per indicator)
Operating Deficits	1	20
Cash Position	2	20 (10 per indicator)
Reliance on Short-Term Cash-Flow Debt	1	10

School District Environmental Categories (1 indicator each)	Maximum Points (100)
Poverty	25
Student to Teacher Ratio	15
Teacher Turnover	15
Tax Base	15
Budget Support	15
English-Language Learners	15

School District Fiscal Stress Designations	Total Accumulated Points
Significant Fiscal Stress	65-100
Moderate Fiscal Stress	45-64.9
Susceptible to Fiscal Stress	25-44.9
No Designation	0-24.9

School District Environmental Stress Designations	Total Accumulated Points
Significant Environmental Stress	60-100
Moderate Environmental Stress	45-59.9
Susceptible to Environmental Stress	30-44.9
No Designation	0-29.9

Total points are rounded to the first decimal place.

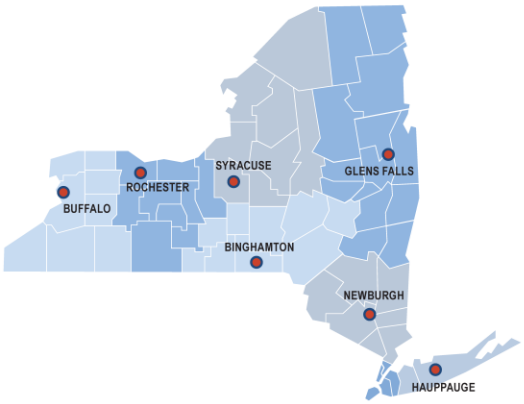
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