Fiscal Stress Monitoring System

School District Scores: Year Two

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Welcome

From State Comptroller
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Fiscal Stress Monitoring System

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Fiscal Stress Monitoring System

- Roadmap
  - Brief overview of the System
    - What? Why? How?
      - Concept, impetus, design
  - Year two score release: what to expect
    - Process
    - Being prepared
  - Preliminary findings
  - Q & A

Fiscal Stress Monitoring System

- Early warning
- Objective
- Utilize existing data
- Industry standards
- Public-facing
- Long-term
  - comparable over time
  - consistently applied

Fiscal Stress Monitoring System

- Troubling trends
  - Revenues, expenditures, balance sheets
- Growing public demand/interest/concern
- Need for long-term planning
- Transparency
- Critical conversations

System Design

- Internal and external resources
  - In-house expertise
  - ICMA
  - Research of existing programs in other states
- Manageable number of indicators
  - Weighted
  - Individually scored
- Multi-disciplinary team approach
- Public comment period

System Design

- System is specific in purpose
- Fiscal stress continuum
  - Stress ——— Health
- Full disclosure – all data released
- Value, over time
- Considers fiscal AND environmental factors – separate and distinct

System Design

- **Fiscal Indicators**
  - Evaluate budgetary solvency—the ability to generate enough revenue to meet expenses
- **Environmental Indicators**
  - Capture trends that influence revenue-raising capability and demands for service but that are largely outside local officials' control.

School Financial Indicators

- Year-end fund balances (50%)
  - unassigned and total fund balance
- Operating deficit/surplus (20%)
  - history
- Cash position (20%)
  - Relative to monthly expenditures, last completed fiscal year
- Use of short-term debt for cash flow (10%)
  - Amount, frequency

School Environmental Indicators

- Change in property value
- Change in enrollment
- Budget vote defeats
- Graduation rates
- Free/reduced price lunch

System Scoring

1 Fiscal Score

1 Environmental Score

Significant

Moderate

Susceptible

No Designation

Not Filed

Data Inconclusive for FSMS

SUMMARY

- Fiscal handled separately from environmental
- Multiple calculations per indicator
- 21 & 18 point scale
- Weighted scoring
- Accumulation of total points drives classifications
- Thorough screening process

Score Release

Process

External Communication

- Release will occur in coming weeks
- All units – whether in a stress category or not, will be notified of their final score (via email) prior to publication of the lists
- No surprises approach – communication throughout process is key
  - Coordination with Agency's Intergovernmental Affairs team

External Communication

- Notifications
  - Timing, manner, recipients
  - Letter process (Letter 1 & Letter 2)
- Providing access to detailed information
  - Secure link provided just prior to release
  - No surprises

Key Takeaways

Key Takeaways

- Two years…not yet a trend
- Focus likely to be on major score changes (20 pts or more)
- Focus will also be on places that moved into different classifications
- Know your details and be prepared to speak to them

Key Takeaways

- Don't forget about the environmental factors
- System is not intended to be punitive
- OSC is NOT assessing district management
- Timing - situation may have changed
- Communicate within your own organization
- Utilize our website resources and encourage others to do so

Preliminary Findings

Common Themes

2013 Findings

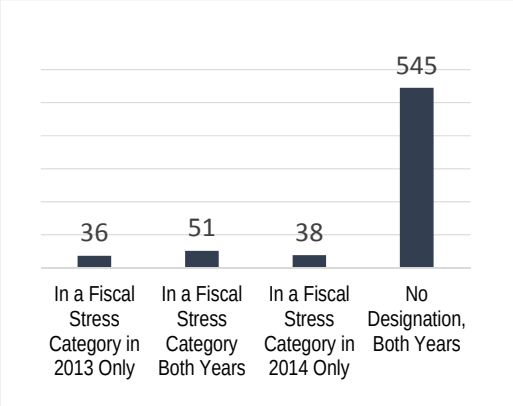
- FYE 2013 local governments:

  14 in significant, 12 in moderate and 24 susceptible
- FYE 2013 schools:

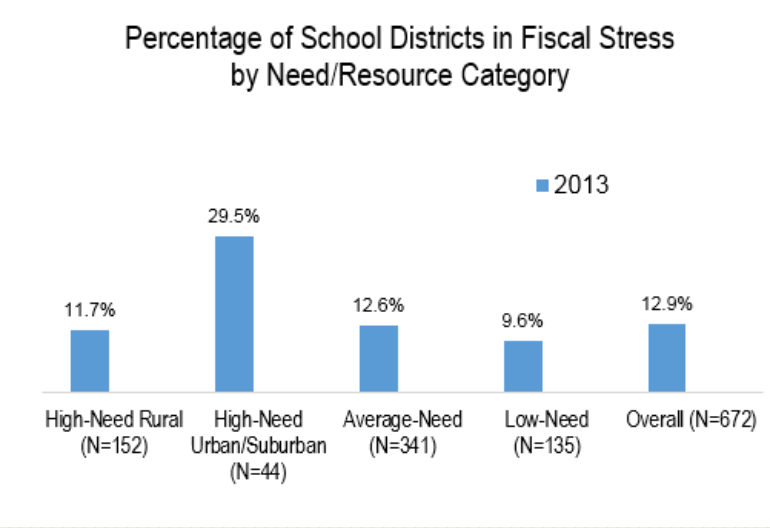
  12 districts in significant, 23 in moderate and 52 susceptible

Common Themes

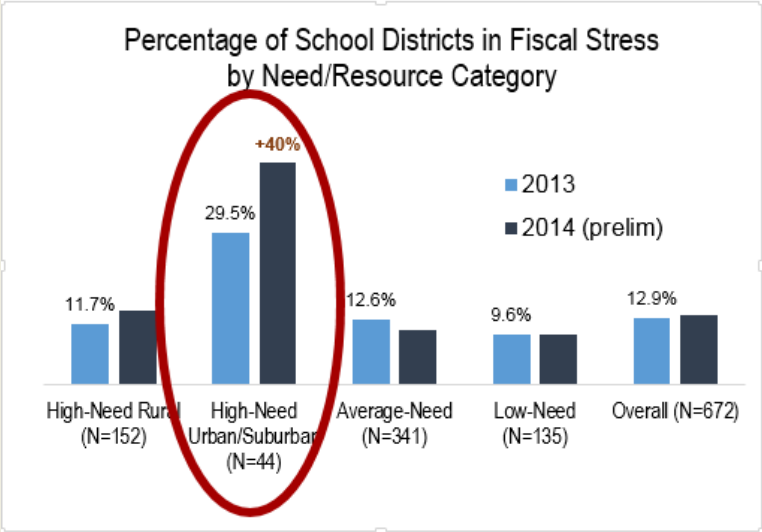
- More than four out of five districts have not been placed one of the fiscal stress categories
  - (81 percent)
- 8 percent were in a fiscal stress category in both 2013 and 2014



Common Themes



Common Themes

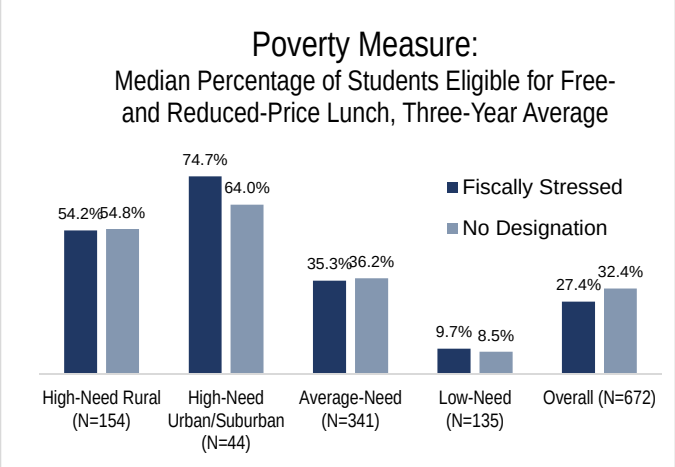


Common Themes

- Highlights from the environmental indicators
  - Increased voter support for school budgets regardless of need resource categories and fiscal stress status
  - Low-need districts are experiencing shrinking property tax bases (declines in taxable full value). This is largely a downstate phenomenon.
  - High-need urban/suburban districts tend to have higher poverty and lower graduation rates than other districts, and in high-need urban/suburban districts in fiscal stress these effects are more pronounced.

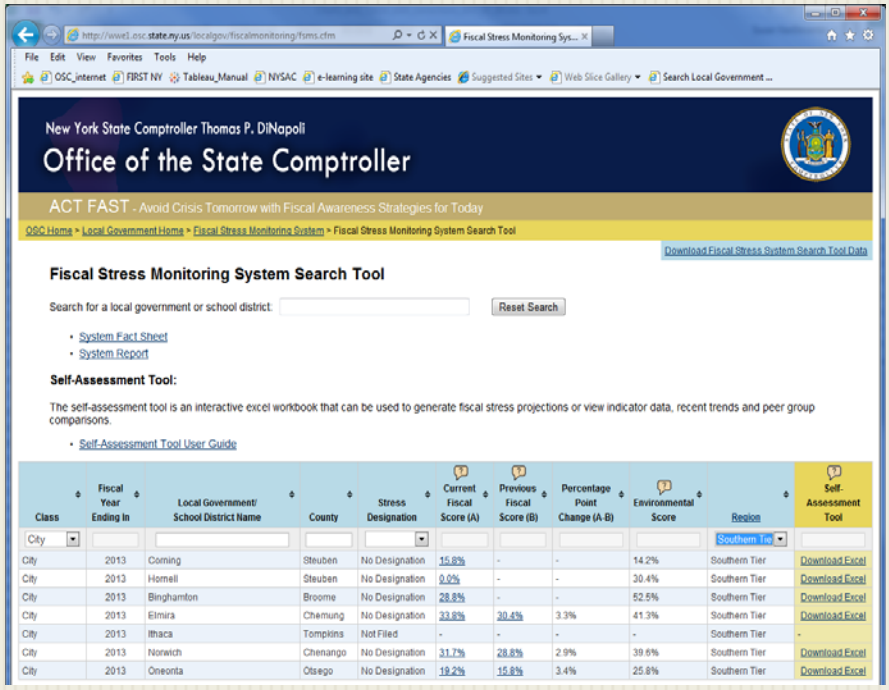
Common Themes

- High-need urban/suburban districts have higher child poverty than other districts and those in fiscal stress have the highest levels of poverty (median using a three-year moving average)



Resources

www.osc.state.ny.us/localgov/fiscalmonitoring



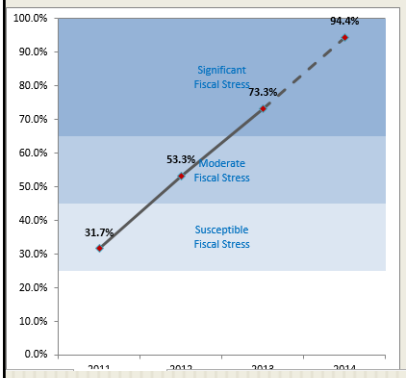
Class	Fiscal Year Ending In	Local Government/ School District Name	County	Stress Designation	Current Fiscal Score (A)	Previous Fiscal Score (B)	Percentage Point Change (A-B)	Environmental Score	Region	Self-Assessment Tool
City									Southern Tier	
City	2013	Corning	Steuben	No Designation	15.8%	-	-	14.2%	Southern Tier	Download Excel
City	2013	Hornell	Steuben	No Designation	0.0%	-	-	30.4%	Southern Tier	Download Excel
City	2013	Binghamton	Broome	No Designation	28.8%	-	-	52.5%	Southern Tier	Download Excel
City	2013	Elmira	Chemung	No Designation	33.8%	30.4%	3.3%	41.3%	Southern Tier	Download Excel
City	2013	Ithaca	Tompkins	Not Filed	-	-	-	-	Southern Tier	-
City	2013	Norwich	Chenango	No Designation	31.7%	28.8%	2.9%	39.6%	Southern Tier	Download Excel
City	2013	Oneonta	Otsego	No Designation	19.2%	15.8%	3.4%	25.8%	Southern Tier	Download Excel

1. Summary | 2. Projection Worksheet | 3. Graphs | 4. Comparison | 5. Detail

Sample School District
777777777777

Fiscal Stress Summary

	% Score	
2011	31.7%	
2012	53.3%	
2013	73.3%	
2014	94.4%	based on 3 year trend **



Indicator Scoring Summary

Fiscal Indicators

		Value 2012	Value 2013	Score 2012	Score 2013
1	Assigned/Unassigned FB (General Fund)	-0.3%	0.2%	3	3
2	Total FB/Unassigned FB (General Fund)	15.2%	6.4%	0	1
3	Deficit / Gross Expenditures (General Funds	-5.7%	-8.1%	3	3
4	Cash Ratio (Cash/Current Liability)	212.8%	72.6%	0	2
5	Cash % of Monthly Exp	202.3%	69.7%	0	1
6	Short-Term Debt Issuance (Debt/Revenues)	11.5%	18.8%	2	3
7	Short-Term Debt Trend (consecutive debt or BN in last year)	3	3	3	3

Environmental Indicators

		Value	Score
1	Change in Property Value	-5.3%	3
2	Change in Enrollment	0.8%	0
3	Trend in First Budget Vote being Defeated	0	0
4	Change in Approval % first budget vote	-0.7%	0
5	Graduation Rate (Most Recent Year)	87%	0
6	Free or Reduced Priced Lunch %	50.1%	0
			#

1. Summary | 2. Projection Worksheet | 3. Graphs | 4. Comparison | 5. Detail

Name: Sample School District
MuniCode: 777777777777
County: Suffolk

Fiscal Year End 30-Jun
Year Last Filed 2013

Enter data here and scroll down to see the projected fiscal stress level for the current fiscal year.

	Fiscal Stress Financial Indicator Components	Most Recent Three Fiscal Years Filed 2011	2012	2013	Projection: Current Fiscal Year End 2014
Unassigned	Unassigned (code 917) Fund Balance: **General Fund only**	1,909,688.00	(430,225.00)	317,003.00	555,000.00
Total Fund Balance	Total Fund Balance: **General Fund only**	28,883,355.00	20,987,604.00	9,262,718.00	10,930,007.24
Expenditures	Gross Expenditures (this includes transfers out): **General Fund only**	130,397,097.00	137,935,616.00	144,796,204.00	159,275,824.40
Revenues	Gross Revenues (this includes transfers in): **General Fund only**	128,554,073.00	130,039,865.00	133,071,319.00	146,378,450.90
	Total Revenues (do not include transfers in): **General Fund**	128,372,413.00	130,039,865.00	133,071,319.00	146,378,450.90
Cash and Investments	Cash and Investments A (codes 200 to 223, 450 and 451): **General Fund**	28,967,580.00	23,249,955.00	8,416,077.00	9,257,684.70
	Cash and Investments B (codes 200, 201, 450 and 451): **General Fund**	28,967,095.00	23,249,520.00	8,415,642.00	9,257,206.20
Current Liabilities	Current Liabilities (codes 600 to 626, 631 to 668): **General Fund**	8,876,355.00	10,923,752.00	11,596,323.00	12,755,955.30
Taxes Receivable	Taxes Receivable (codes 280,290, and 295): **General Fund**	0.00	0.00	0.00	0.00
Debt Related	Short Term Debt Issued during the year (Revenue Anticipation Notes, Tax Anticipation Notes, and Budget Notes only): **All Funds**	12,000,000.00	15,000,000.00	25,000,000.00	27,500,000.00
	Budget Note issued during fiscal year: **All Funds**	No	No	No	No

	Fiscal Stress Financial Indicators	2011	2012	2013	2014
Indicator # 1	Assigned and Unassigned Fund Balance as a percentage (%) of Expenditures	2	3	3	3
Indicator # 2	Total Fund Balance as a percentage (%) of Expenditures	0	0	1	1
Indicator # 3	Operating Deficits	1	3	3	3
Indicator # 4	Cash Ratio - Cash and Investments as a percentage of current liabilities	0	0	2	2
Indicator # 5	Cash as a Percentage of Monthly Expenditures	0	0	1	1
Indicator # 6	Short-term debt issuance as a percentage (%) of Revenues	2	2	3	3
Indicator # 7	Number of years of short term debt was issued or BN in last year	3	3	3	3

Total Raw Score	8	11	16	16
Total Weighted Average Score	6.65	11.20	15.40	15.40
Percentage of Total Score	31.7%	53.3%	73.3%	73.3%
Score Classification	Susceptible Fiscal Stress	Moderate Fiscal Stress	Significant Fiscal Stress	Significant Fiscal Stress

Revenue and Expenditure Definitions		Point Range	Percent Range (out of 21 max pts)
Gross Revenues = Revenues and Other Sources	ignificant Fiscal Stress	13.65 - 21	65 - 100%
Total Revenues = Revenues	Moderate Fiscal Stress	9.45 - 13.64	45 - 64.9%
Gross Expenditures = Expenditures and Other Uses	sceptible Fiscal Stress	5.25 - 9.44	25 - 44.9%
Total Expenditures = Expenditures	No Designation	0 - 5.24	0 - 24.9%

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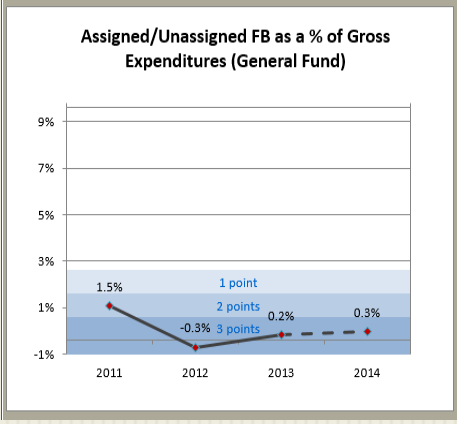
Indicators 1 and 2 (Fund Balance) | Indicator 3 (Surplus/Deficit) | Indicator 4 and 5 (Cash) | Indicator 6 and 7 (Debt) | Return to Top

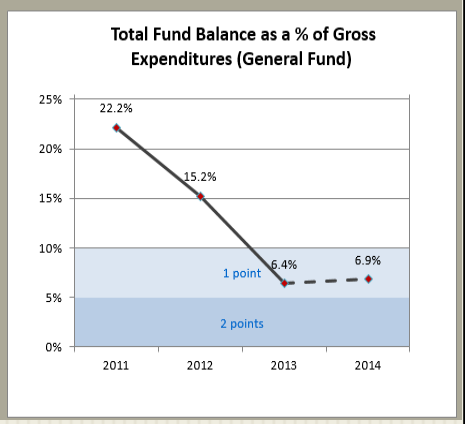
Sample School District

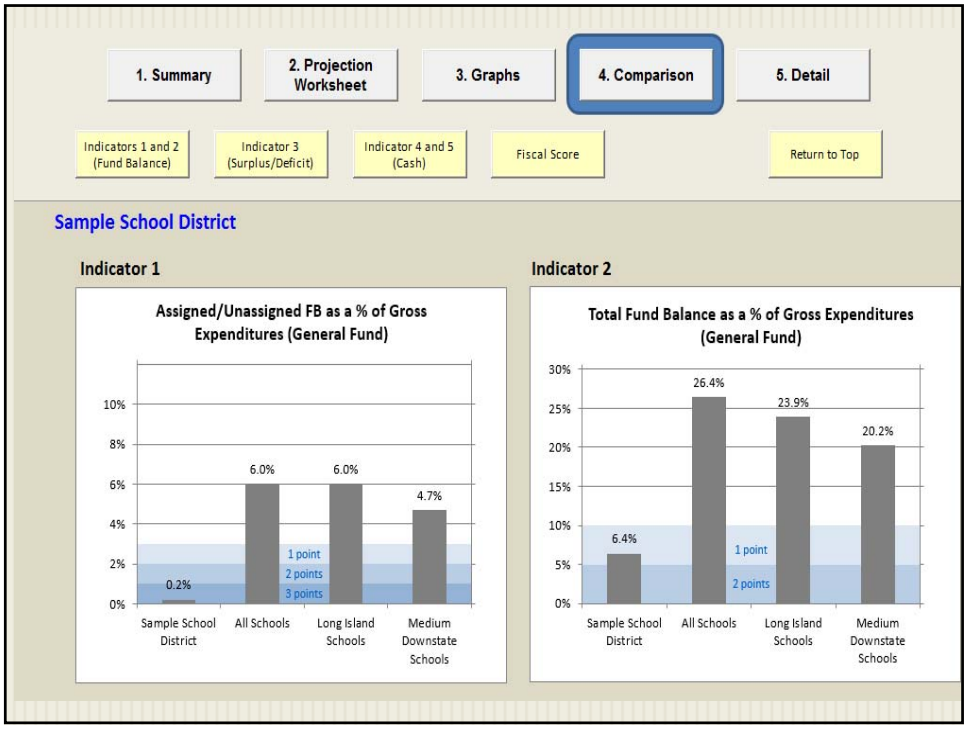
Projected data for 2014 is based on Projection Worksheet

Indicator 1



Indicator 2





Please send us your questions

2 Minute Break

Question & Answer Session

Website and Contact Information

- Website: www.osc.state.ny.us/localgov/fiscalmonitoring
- Email: localgov@osc.state.ny.us
- Phone Number: (866) 321-8503 Option 4