

**ACT FAST**  
 Avoid Crisis Tomorrow with Fiscal Awareness Strategies for Today

**Fiscal Stress Monitoring:  
 Year Two – Interpreting Your  
 New Score**

**Comptroller DiNapoli's Fiscal Stress Initiative**

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**Agenda**

- ▶ Why Focus on Fiscal Stress?
- ▶ Recap: Fiscal Stress System Basics
- ▶ System Results
- ▶ Year Two - What to Expect
- ▶ Communication Plan
- ▶ Management Tools & Resources

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## Why Focus on Fiscal Stress?

- ▶ Impact of the recession
  - Personal Income, Property Values
- ▶ Pace of economic recovery
- ▶ Heightened public awareness
- ▶ Story in the data
  - Revenues, Spending, Balance Sheets
- ▶ Tax cap/freeze reality

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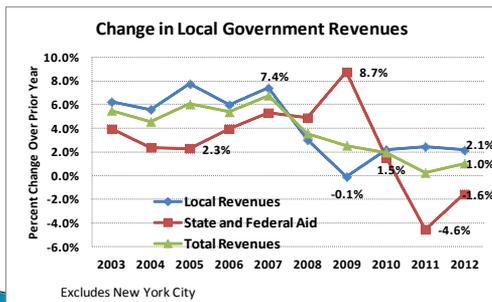
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## Local Government Revenue Trends




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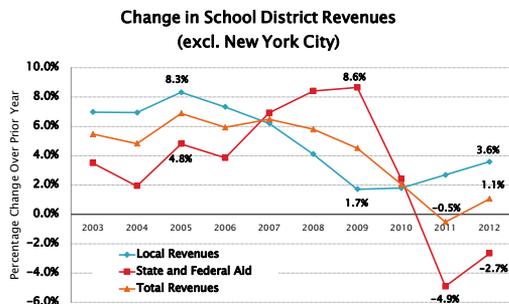
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## School District Revenue Trends




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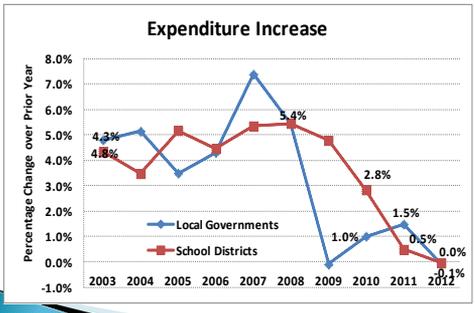
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# Local Expenditure Trends




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# Fiscal Stress Monitoring System The Basics

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# Financial Indicators

Category	Financial Indicator	Purpose
1. Year-End Fund Balance	1. Assigned and Unassigned Fund Balance	To identify the amount of fund balance that is available in the general, special revenue, and/or enterprise funds to provide a cushion for revenue shortfalls or expenditure overruns.
	2. Total Fund Balance	To identify the amount of fund balance that is available to be used to fund operations, provide a cushion for revenue shortfalls or expenditure overruns, and/or is reserved for specific future purposes.
2. Operating Deficits	3. Operating Deficit	To identify local governments that are incurring operating deficits.
3. Cash Position	4. Cash Ratio	To identify the ability of the local government to liquidate current liabilities.
	5. Cash % of Monthly Expenditures	To identify the ability of the local government to fund the ensuing fiscal year's operations from available cash.
4. Use of Short-Term Debt	6. Short-Term Debt Issuance	To identify the amount of short-term debt that is issued to meet obligations (cash flow).
	7. Short-Term Debt Issuance Trend	To identify the trend in the issuance of short-term debt.
5. Fixed Costs	8. Employee Benefits % Revenues	salaries and benefits.
	9. Debt Service % Revenues	To identify the amount that revenues are restricted to be used to debt service expenditures.

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## Environmental Indicators

### Local Governments

▶ 14 Indicators

▶ 8 Categories




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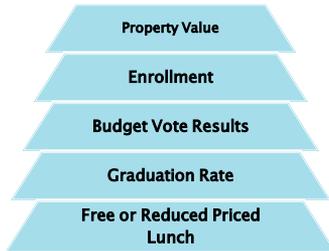
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## Environmental Indicators

### School Districts

▶ 6 Indicators

▶ 5 Categories




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## Scoring

▶ **Fiscal Stress Categories:** Municipalities

- Significant Fiscal Stress (>=65% of Points)
- Moderate Fiscal Stress (>=55% of Points)
- Susceptible to Fiscal Stress (>=45% of Points)
- No Designation (<45% of Points)

- Data Inconclusive for FSMS
- Have Not Filed

Schools

- (>=65% SDs)
- (>=45% SDs)
- (>=25% SDs)
- (<25% SDs)

▶ **Environmental Stress Categories:**

- ### Municipalities (>=50% of Points)
- ## Municipalities (>=40% of Points)
- # Municipalities (>=30% of Points)
- No Designation (<30% of Points)

Schools

- (>=60%)
- (>=45%)
- (>=30%)
- (<30%)

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## The Results

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## Results

- ▶ To date, approximately 2,300 local governments reviewed
  
- ▶ 142 in some level of fiscal stress
  - 16 out of 57 counties
  - 5 out of 61 cities
  - 18 out of 932 towns
  - 16 out of 551 villages
  - 87 out of 674 school districts.

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## Recent Findings: Calendar Year Units 2012 FSMS Scores

12/31 FY Local Governments		
	Number of Entities	Percentage
Significant Fiscal Stress	12	1.2%
Moderate Fiscal Stress	10	1.0%
Susceptible to Fiscal Stress	18	1.7%
No Designation	961	92.1%
Did Not File	40	3.8%
Under Review	2	0.2%
<b>Total</b>	<b>1043</b>	<b>100%</b>

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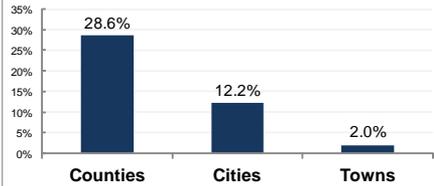
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## Class Breakout

Percentage of Calendar Year-Based Local Governments in Fiscal Stress (2012 Fiscal Stress Designations)



One village with a fiscal year ending in 12/31 is also designated in Significant Fiscal Stress.

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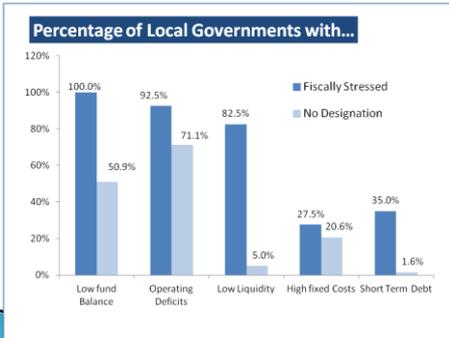
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## Common Themes: Calendar Year Units




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## Recent Findings: School Districts 2013 FSMS

School Districts by Fiscal Stress Designation (2013)		
	Number	Percentage
Significant Fiscal Stress	12	1.8%
Moderate Fiscal Stress	23	3.4%
Susceptible to Fiscal Stress	52	7.7%
No Designation	587	87.1%
<b>Total</b>	<b>674</b>	<b>100.0%</b>

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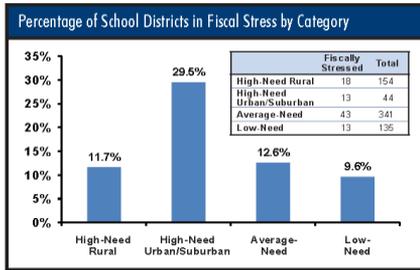
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## Category Breakout




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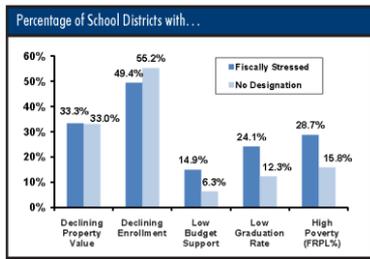
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## Common Themes: School Districts




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## Recent Findings: Villages

2013 FSMS

**Villages by Fiscal Stress Designation - 2013**  
(Excludes villages with a fiscal year ending in July or December)

	Number of Villages	Percentage
Significant Fiscal Stress	4	0.7%
Moderate Fiscal Stress	4	0.7%
Susceptible to Fiscal Stress	7	1.3%
No Designation	467	87.3%
Did Not File/Inconclusive	51	9.5%
Dissolved	2	0.4%
<b>Total</b>	<b>535</b>	<b>100%</b>

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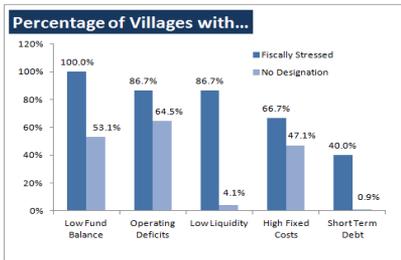
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## Common Themes: Villages



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## What to Expect in Year Two

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## Actual Score

- ▶ Focus on the cumulative fiscal score and proximity to the categories of fiscal stress
- ▶ Pay attention to the individual indicator calculations and know where you are receiving points – even if your local government is not in a stress category
- ▶ Environmental scores are important even though they do not determine placement in a fiscal stress category

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## Change in Score

- ▶ There will be changes in score
  - Be prepared to explain why
  - Know your own data
- ▶ Outliers or those with significant changes – will be scrutinized
- ▶ Preliminary findings suggest...
- ▶ Trend..are we there yet?

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## Will Your Decisions Have an Impact?

- ▶ Problems that have developed over the long-term require solutions that can take more than a year to have an impact
- ▶ Last year's scores came out well into the fiscal year therefore it may have been difficult for municipalities to take immediate corrective action

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## What's Next

- ▶ Upcoming Release
- ▶ Communications Plan
- ▶ Press Inquiries
- ▶ Benefits of the System

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## Tools & Resources

### Website Enhancements

- Fiscal Stress Website
  - Data, Lists, Quick Reference Guide, FAQs etc.

### Interactive Self-Help Suite

- Self-Assessment Tool
- Capital Planning Template
- Multiyear Planning Template



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## Tools & Resources

### Policy Research

- ▶ Snapshots
  - Revenue Challenges
- ▶ Summary Reports
  - Common Themes
- ▶ Fiscal profiles



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## Self-Assessment Tool

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# ACT FAST

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### Questions?



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