

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli • State Comptroller



Proposed Fiscal Stress Monitoring System

DIVISION OF LOCAL GOVERNMENT AND SCHOOL ACCOUNTABILITY

SEPTEMBER 2012

For additional copies of this report contact:

Comptroller's Press Office

110 State Street, 15th floor

Albany, New York 12236

(518) 474-4015

or email us:

localgov@osc.state.ny.us

www.osc.state.ny.us

To be removed from our mailing list:

If you would like to have your name removed from our mailing list or if your present address has changed, contact the

**Comptroller's Press Office at (518) 474-4015 or
Office of the State Comptroller,
110 State Street, 15th Floor, Albany, NY 12236.**

Date of Issue: September 2012

Table Of Contents

	Page
INTRODUCTION	3
PROPOSED FISCAL STRESS MONITORING SYSTEM	4
Overview	4
Local Government Financial Indicators	5
Local Government Environmental Indicators	7
School District Financial Indicators	9
School District Environmental Indicators	10
Internal Verification	12
ASSISTANCE PROVIDED TO LOCAL GOVERNMENTS	13
APPENDIX A Proposed Local Government Financial Indicator Calculations	14
APPENDIX B Proposed Local Government Financial Indicators Scoring	16
APPENDIX C Proposed Local Government Environmental Indicator Calculations	18
APPENDIX D Proposed Local Government Environmental Indicators Scoring	20
APPENDIX E Proposed School District Financial Indicator Calculations	22
APPENDIX F Proposed School District Financial Indicators Scoring	23
APPENDIX G Proposed School District Environmental Indicator Calculations	24
APPENDIX H Proposed School District Environmental Indicators Scoring	25
APPENDIX I Indicators Reviewed But Not Included in the Proposed System	27

Introduction

Since the onset of the economic recession in December 2007, local governments and school districts throughout the State and country faced new challenges that threatened their fiscal health. A growing number of local officials, outside researchers and other interested parties have been sounding the alarm over the financial threats to local governments. We have seen in other states, such as California, Pennsylvania and Rhode Island, where local governments have filed for bankruptcy or radically reduced or eliminated the services they provide. These challenges will continue to threaten the fiscal health of local governments and school districts as the economy continues to recover from the Great Recession.

A first step to helping local governments in New York State deal with these fiscal challenges is to identify clearly those local governments and school districts that are moving towards, or are already in, fiscal stress. Such monitoring of the fiscal health of local governments and school districts should allow for early actions to prevent these entities from ending up in severe fiscal stress. Such preventative actions should result in less cost and less disruption to vital services.

It is a constitutional and statutory function of the State Comptroller to examine into and report on the financial affairs and condition of local governments. As part of this function, we are proposing a public Fiscal Stress Monitoring System that will identify both local governments and school districts that are in fiscal stress, as well as nearing fiscal stress. It is hoped that this proposed Fiscal Stress Monitoring System will identify for local officials the need to take actions in a timely manner that change their financial trends for the better, with the least disruption and pain to the citizens we all serve.

The data for these measures will be drawn from the information local governments and school districts already submit. Therefore, this proposed system does not impose any additional reporting requirements on local governments. Before these measures are adopted, they will be shared with all local governments and school districts for their review and comment. This 60-day comment period will be announced shortly.

Proposed Fiscal Stress Monitoring System

Overview

Fiscal stress is a judgment about the financial condition of an individual entity that must take into consideration its unique circumstances, but can be generally defined as a local government's or school district's inability to generate enough revenues within its current fiscal period to meet its expenditures (budget solvency). In contrast, a fiscally healthy local government or school district is able to finance services on an ongoing basis—meaning that the local government or school district can endure short-term financial pressures (such as revenue shortfalls or unanticipated expenditures). Any attempt to identify or predict fiscal stress must realize that changes in behavior, the specific financial decisions made in a locality, or unforeseen external events, can quickly change ongoing financial trends. These local actions can change the financial health of a locality or school district suddenly, either for better or worse.

This proposed Fiscal Stress Monitoring System consists of evaluating local governments (counties, cities, towns, and villages) and school districts based on both financial and environmental indicators. The financial indicators will be calculated using financial data that is filed in annual update documents (AUDs) by each local government and in annual financial reports (ST-3s) for school districts. A score will be calculated for each financial indicator to arrive at a current overall score for each local government and school district, which will then be used to classify whether the unit is in “significant fiscal stress,” “moderate fiscal stress,” is “nearing fiscal stress,” or is “not in fiscal stress.”

The environmental indicators will be calculated using an array of sources, including data from the United States Census Bureau, the New York State Department of Labor, and the New York State Education Department, as well as financial data that is filed in AUDs. A score will be calculated for each environmental indicator to arrive at a current overall score for each local government and school district, which will be used to notate the units with negative environmental conditions. Specifically, units that have negative environmental conditions will be notated with plus signs from worst to best: “+++,” “++,” and “+.” Units that are deemed to not have negative environmental conditions will not receive a notation.

Once a local government or school district is evaluated based on both financial and environmental indicators, it will result in the unit having a financial indicator classification and an environmental indicator notation. For example, a local government that receives the worst overall score from both the financial and environmental indicators would be classified as in “significant fiscal stress +++.” Additionally, a unit that is classified as in “significant fiscal stress +++” will be considered worse than a unit that is classified as just in “significant fiscal stress” with no plus sign notations because, in addition to having a negative financial condition, the unit also has worse environmental conditions.

Local Government Financial Indicators

The proposed Fiscal Stress Monitoring System for local governments consists of nine financial indicators within five categories, outlined in the table below, including the calculation and the purpose for each of the financial indicators. An in-depth explanation of each of the proposed financial indicator calculations has been included in Appendix A.

Local Government Financial Indicators			
Category	Financial Indicator	Calculation	Purpose
Year-End Fund Balance	Assigned and Unassigned Fund Balance	$(\text{Assigned} + \text{Unassigned Fund Balance}) / \text{Gross Expenditures}$	To identify the amount of fund balance that is being used to fund operations and/or that is available to provide a cushion for revenue shortfalls or expenditure overruns.
	Total Fund Balance	$\text{Total Fund Balance} / \text{Gross Expenditures}$	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.
Operating Deficits	Operating Deficit	$(\text{Gross Revenues} - \text{Gross Expenditures}) / \text{Gross Expenditures}$	To identify local governments that are realizing operating deficits.
Cash Position	Cash Ratio	$(\text{Cash} + \text{Investments}) / \text{Current Liabilities}$	To identify the ability of the local government to liquidate current liabilities.
	Cash % of Monthly Expenditures	$(\text{Cash} + \text{Investments}) / (\text{Gross Expenditures} / 12 \text{ Months})$	To identify the ability of the local government to fund the ensuing fiscal year's operations from available cash.
Use of Short-Term Debt	Short-Term Debt Issuance	$(\text{Revenue Anticipation Notes} + \text{Tax Anticipation Notes} + \text{Budget Notes}) / \text{Total Revenues}$	To identify the amount of short-term debt that is issued to meet obligations (cash-flow).
	Short-Term Debt Issuance Trend	Short-Term Debt Issued	To identify the trend in the issuance of short-term debt.
Fixed Costs	Personal Services and Employee Benefits % Revenues	$(\text{Personal Services Expenditures} + \text{Employee Benefits Expenditures}) / \text{Total Revenues}$	To identify the amount that revenues are restricted to be used for salaries and benefits.
	Debt Service % Revenues	$\text{Debt Service Expenditures} / \text{Total Revenues}$	To identify the amount that revenues are restricted to be used for debt service expenditures.

Year-End Fund Balance – The level of a local government’s year-end fund balance can affect its ability to deal with revenue shortfalls and expenditure overruns (emergency situations). A negative or low level of fund balance can affect the local government’s ability to provide services at current levels. In addition, since fund balance is the accumulated results of the local government’s financial operations over time, it is a strong measure of financial condition and is not unduly affected by short-term circumstances. Two financial indicators were chosen in this category to evaluate the local government’s assigned and unassigned fund balance level, and its total fund balance (difference being reserves).

Operating Deficits – Annual operating results are a good measure of the local government’s recent financial operations and the direction that its finances are headed. Local governments that have multiple years of operating deficits or a significant operating deficit in one fiscal year can face financial hardship. Additionally, multiple years of operating deficits are a reliable sign that the local government’s budget is not structurally balanced - that its current revenues are not sufficient to support current expenditures. One financial indicator was selected in this category to evaluate the trend of operating deficits and determine whether the local government realized a significant operating deficit in the most recently completed fiscal year.

Cash Position – Another way to evaluate fiscal health is whether an entity has enough cash to pay its bills on time. A local government with a low level of cash and short-term investments may not be able to pay its current obligations (insolvency). The two financial indicators in this category evaluate the local government’s ability to liquidate current liabilities and its ability to fund the ensuing fiscal year’s operations from available cash.

Use of Short-Term Debt – Local governments in fiscal stress are more likely to have to issue short-term debt in order to meet obligations. Increasing reliance on the issuance of short-term debt indicates that the local government has cash-flow issues that are not being resolved. The two financial indicators in this category evaluate the amount of short-term debt that was issued in the last fiscal year and the trend in the issuance of short-term debt.

Fixed Costs – This category was selected because the level of a local government’s fixed costs determines the local government’s flexibility with responding to economic changes. A local government with a high level of fixed costs has more difficulty adjusting service levels if resources decline. These two financial indicators determine the amount that revenues are restricted to be used for personal services and employee benefits, and for debt service (both are of a fixed nature).

When calculating the financial indicators for local governments, the general fund and combined funds will be used for indicators one and two, the combined funds for indicators three through five, and all funds (combined funds plus generally the debt service fund) for indicators six through nine. The specific funds that will be used for each class of local government are outlined in the table below.

Class	General Fund	Combined Funds
Cities	General Fund	General, All Water, and All Sewer Funds
Counties	General Fund	General, County Road, Road Machinery, Water, Sewer, and All Enterprise Funds
Villages	General Fund	General, All Water, and All Sewer Funds
Towns	General Town-Wide and Highway Town-Wide Funds	General Town-Wide, General Part-Town, Highway Town-Wide, Highway Part-Town, All Water, and All Sewer Funds

A score will be calculated for each of the nine financial indicators to arrive at a current overall score for each local government. An explanation of the proposed scoring of each financial indicator and the proposed overall scoring has been included in Appendix B.

Local Government Environmental Indicators

Fourteen environmental indicators¹ are proposed for evaluating local governments, which are outlined in the table below, including the calculation and the purpose for each of the environmental indicators. An in-depth explanation of each of the proposed environmental indicator calculations has been included in Appendix C.

Local Government Environmental Indicators			
Category	Environmental Indicator	Calculation	Purpose
Population	Change In Population 1990 to 2010	$\frac{(\text{Total Population 2000 Census} - \text{Total Population 1990 Census}) / \text{Total Population 1990 Census} + (\text{Total Population 2010 Census} - \text{Total Population 2000 Census}) / \text{Total Population 2000 Census}}{2}$	To identify local governments where total population has declined over the last two decades or significantly declined over the last decade.
Age	Change In Median Age of Population 2000 to 2010	$\frac{(\text{Median Age of Population 2010 Census} - \text{Median Age of Population 2000 Census}) / \text{Median Age of Population 2000 Census}}$	To identify local governments where the median age of their residents has increased.
	Median Age of Population 2010	Median Age of Population 2010 Census	To identify the median age of the residents of a local government.
Poverty	Child Poverty Rate 2010	Child Poverty Rate 2010 Census	To identify the child poverty rate of the local government.
	Change In Child Poverty Rate 2000 to 2010	$\frac{\text{Child Poverty Rate 2010 Census} - \text{Child Poverty Rate 2000 Census}}{\text{Child Poverty Rate 2000 Census}}$	To identify local governments where the child poverty rate has increased.
Property Value	Change In Property Value	$\frac{(\text{Full Value Most Current Fiscal Year} - \text{Full Value Prior Fiscal Year}) / \text{Full Value Prior Fiscal Year}}$	To identify local governments where property values have declined.
	Property Value Per Capita	$\frac{\text{Full Value Most Current Fiscal Year}}{\text{Total Population 2010 Census}}$	To identify the property wealth of the local government.
Employment Base	Change In Unemployment Rate	$\frac{\text{Unemployment Rate 2011} - \text{Unemployment Rate 2010}}{\text{Unemployment Rate 2010}}$	To identify local governments where the unemployment rate has increased.
	Unemployment Rate	Unemployment Rate 2011	To identify the unemployment rate of the local government.
	Change In Total Jobs In County	$\frac{\text{Total Jobs In County 2011} - \text{Total Jobs In County 2010}}{\text{Total Jobs In County 2010}}$	To identify local governments that are within counties in which the total jobs in the county have declined.
Intergovernmental Revenues	Reliance on State and Federal Aid	$\frac{\text{State and Federal Aid Current Fiscal Year}}{\text{Total Revenues Current Fiscal Year}}$	To identify the dependence of the local government on State and Federal funding.
	Change in State and Federal Aid	$\frac{(\text{State and Federal Aid Current Fiscal Year} - \text{State and Federal Aid Prior Fiscal Year}) / \text{State and Federal Aid Prior Fiscal Year}}$	To identify local governments where State and Federal Aid revenues have declined.
Constitutional Tax Limit	Constitutional Tax Limit Exhausted	$\frac{\text{Tax Levy}}{\text{Tax Limit}}$	To determine the extent to which a city or village has exhausted its tax limit.
Sales Tax Revenues	Change in Local Sales Tax Receipts	$\frac{(\text{Local Sales Tax Receipts Most Current 12 Months} - \text{Local Sales Tax Receipts Prior 12 Months}) / \text{Local Sales Tax Receipts Prior 12 Months}}$	To identify counties where local sales tax receipts have declined.

¹ All 14 environmental indicators will not be used to evaluate each class of local government. Appendix D contains a table outlining the environmental indicators that will be used to evaluate each class of local government.

Population – The change in population can provide insight into the health of the local economy and can pose challenges to a local government’s finances. Declining population in a local government may affect property values and the associated tax base, which affects a local government’s revenues. Additionally, despite the fact that population is declining, local government officials are often unable to cut the associated costs, since many expenditures, including debt service, personal services, and employee benefits, are fixed in the short term.

Age – The age of the population provides important insight into the service needs within a community. A local government with an increasing median age or an already high median age may require additional services (i.e., public transportation and healthcare), resulting in additional expenditures. The two indicators in this category are the current median age of the population and the trend in the age (whether the population is trending older or younger).

Poverty – The level of poverty within a local government provides important insight into the service needs within a community. The two indicators in this category are the current poverty rates - as measured by child poverty rates - and the trend in the level of child poverty.

Property Value – Property value is a useful sign of the health of the local economy and also may affect one of the local government’s major revenue sources (real property taxes). A local government with declining property values needs to increase its tax rate(s) in order to raise the same amount of real property tax revenues. The two indicators in this category evaluate the current property wealth and the trend in a local government’s property value.

Employment Base – The level of unemployment and change in available jobs provides information on the economic activity of an area and also may affect a local government’s revenues. A local government with an increasing unemployment rate, high unemployment rate, and/or declining available jobs indicates that its residents are experiencing reductions in personal income. Therefore, the residents’ ability to support the local economy is diminished. This may result in a significant decline in the local government’s revenues that are based on economic activity (i.e., sales tax receipts). The three indicators in this category determine the current unemployment rate, the trend in the unemployment rate and the trend in the total jobs in the county in which the local government is located.

Intergovernmental Revenues – The extent to which a local government’s operations are supported by intergovernmental revenues from State and Federal sources can pose challenges to a local government’s finances. A local government with a large dependence on State and Federal funding can have a greater revenue risk (vulnerability to reductions of such revenues) because the local government does not control most intergovernmental revenues. The two indicators in this category evaluate the local government’s current level of dependence on intergovernmental revenues and whether this dependence is growing or declining.

Constitutional Tax Limit – This category is applied to cities and villages only. The extent to which a city or village has exhausted its constitutional tax limit reduces its financing

options. A city or village that has exhausted a significant amount of its constitutional tax limit loses flexibility in its revenue structure and may not be able to sustain the current level of services provided to its residents.

Sales Tax Revenues – This category is applied to counties only. The change in sales tax revenues can provide insight into the health of the local economy and can pose challenges to a county’s finances. A county with declining sales tax revenues will need to generate additional revenues to sustain the current level of services provided to its residents. This will vary according to the significance of sales tax revenues as a portion of the total revenues realized by a county.

A score will be calculated for each of the applicable environmental indicators to arrive at an overall score for each local government. An explanation of the proposed scoring of each environmental indicator and the proposed overall scoring has been included in Appendix D.

School District Financial Indicators

The proposed financial indicators for schools are slightly different than for local governments. Seven financial indicators within four categories were developed for evaluating school districts, which are outlined in the table below. An in-depth explanation of each of the proposed financial indicator calculations has been included in Appendix E.

School District Financial Indicators			
Category	Financial Indicator	Calculation	Purpose
Year-End Fund Balance	Assigned and Unassigned Fund Balance	$(\text{Assigned Fund Balance} + \text{Unassigned Fund Balance}) / \text{Gross Expenditures}$	To identify the amount of fund balance that is being used to fund operations and/or that is available to provide a cushion for revenue shortfalls or expenditure overruns.
	Total Fund Balance	$\text{Total Fund Balance} / \text{Gross Expenditures}$	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.
Operating Deficits	Operating Deficit	$(\text{Gross Revenues} - \text{Gross Expenditures}) / \text{Gross Expenditures}$	To identify school districts that are realizing operating deficits.
Cash Position	Cash Ratio	$(\text{Cash} + \text{Investments}) / \text{Current Liabilities}$	To identify the ability of the school district to liquidate current liabilities.
	Cash % of Monthly Expenditures	$(\text{Cash} + \text{Investments}) / (\text{Gross Expenditures} / 12 \text{ Months})$	To identify the ability of the school district to fund the ensuing fiscal year's operations from available cash.
Use of Short-Term Debt	Short-Term Debt Issuance	$(\text{Revenue Anticipation Notes} + \text{Tax Anticipation Notes} + \text{Budget Notes}) / \text{Total Revenues}$	To identify the amount of short-term debt that was issued to meet obligations (cash-flow).
	Short-Term Debt Issuance Trend	Short-Term Debt Issued	To identify the trend in the issuance of short-term debt.

Year-End Fund Balance – The level of a school district’s year-end fund balance can affect its ability to deal with revenue shortfalls and expenditure overruns (emergency situations). A negative or low level of fund balance can affect the school district’s ability to provide services at current levels. In addition, since fund balance is the accumulated results of the school district’s financial operations over time, it is a strong measure of financial condition and is not unduly affected by short-term circumstances. Two financial indicators were chosen in this category to evaluate the school district’s assigned and unassigned fund balance level, and its total fund balance (difference being reserves).

Operating Deficits – Annual operating results are a good measure of the recent financial operations and the direction that a school district’s finances are headed. School districts that have multiple years of operating deficits or a significant operating deficit in one fiscal year can face financial hardship. Additionally, multiple years of operating deficits are a reliable sign that a school district’s budget is not structurally balanced - that its current revenues are not sufficient to support current expenditures. One financial indicator was selected in this category to evaluate the trend of operating deficits and determine whether the school district realized a significant operating deficit in the most recently completed fiscal year.

Cash Position – Another way to evaluate fiscal health is whether an entity has enough cash to pay its bills on time. A school district with a low level of cash and short-term investments may not be able to pay its current obligations (insolvency). The two financial indicators in this category evaluate the ability to liquidate current liabilities and the ability to fund the ensuing fiscal year’s operations from available cash.

Use of Short-Term Debt – School districts in fiscal stress are more likely to have to issue short-term debt in order to meet obligations. A school district that increasingly relies on the issuance of short-term debt indicates that the school district has cash-flow issues that are not being resolved. The two financial indicators in this category evaluate the amount of short-term debt that was issued in the last fiscal year as well as the trend in the issuance of short-term debt.

When calculating the financial indicators for school districts, only the general fund will be used. A score will be calculated for each of the seven financial indicators to arrive at a current overall score for each school district. An explanation of the proposed scoring of each financial indicator and the proposed overall scoring has been included in Appendix F.

School District Environmental Indicators

Six environmental indicators are proposed for evaluating school districts, which are outlined in the following table. An in-depth explanation of each of the proposed environmental indicator calculations has been included in Appendix G.

School District Environmental Indicators			
Category	Environmental Indicator	Calculation	Purpose
Property Value	Change in Property Value	$(\text{Full Value Most Current Fiscal Year} - \text{Full Value Prior Fiscal Year}) / \text{Full Value Prior Fiscal Year}$	To identify school districts where property values have declined.
Enrollment	Change in Enrollment	$(\text{Enrollment Most Current Fiscal Year} - \text{Enrollment Prior Fiscal Year}) / \text{Enrollment Prior Fiscal Year}$	To identify school districts where enrollment has declined.
Budget Votes	Budget Vote Defeats First Budget Vote Trend	Budget Vote Defeated First Vote	To identify school districts where their budget was defeated during the first vote multiple times.
	Change in Approval % First Budget Vote	$\text{Approval \% First Budget Vote Most Current Fiscal Year} - \text{Approval \% First Budget Vote Prior Fiscal Year}$	To identify school districts where the approval percentage of their budget during the first budget vote has declined.
Graduation Rate	Graduation Rate %	$\text{Number of Students That Graduated} / \text{Number of Students That Entered 9th Grade Four Years Prior}$	To identify the graduation rate of the school district.
Free or Reduced Priced Lunch	Free or Reduced Priced Lunch %	$\text{Free or Reduced Priced Lunch Eligible Students K-6} / \text{Enrollment K-6}$	To identify the poverty rate of the school district.

Property Value – Property value is a useful sign of the health of the local economy and also may affect one of the school district’s major revenue sources (real property taxes). A school district with declining property values needs to increase its tax rate(s) in order to raise the same amount of real property tax revenues. This indicator evaluates the trend in a school district’s property value.

Enrollment – Changes in school district enrollment can provide insight into the health of the local economy and can pose challenges to a school district’s finances. A school district with declining enrollment may experience a decline in the property values and the associated tax base, which may affect a school district’s revenues. Additionally, despite the fact that enrollment is declining, school districts are often unable to cut the associated costs, since many expenditures, including debt service, personal services, and employee benefits are fixed in the short term.

Budget Votes – The level of community support for a school district’s budget directly affects the school district’s ability to incur the expenditures that are anticipated. Additionally, because of the onset of the tax cap starting with the 2012-13 fiscal year, the level of community support for a school district’s budget will directly affect the school district’s ability to raise real property taxes (major source of revenue). The two indicators in this category identify school districts that had their budgets defeated during the first

vote multiple times, and school districts that have had a declining approval percentage for the first budget vote.

Graduation Rate – Graduation rates may affect the school district’s expenditures. A low graduation rate may indicate a school district that has students with higher needs that require additional academic services, resulting in additional expenditures for the school district.

Free or Reduced Price Lunch – The percentage of students eligible for free or reduced price lunch is directly correlated with the poverty rate. A high percentage of students that are eligible for free or reduced price lunch indicates a school district has students with higher needs that require additional services, resulting in additional expenditures for the school district.

A score will be calculated for each of the six environmental indicators to arrive at an overall score for each school district. An explanation of the proposed scoring of each environmental indicator and the proposed overall scoring has been included in Appendix H.

Internal Verification

There will be several steps of internal verification performed by OSC prior to finalizing a list of local governments and school districts that will be classified as in “significant fiscal stress,” “moderate fiscal stress,” or “nearing fiscal stress.” Specifically, for each unit initially identified, the data and calculations that were used to determine these units’ classification (significant fiscal stress, moderate fiscal stress, or nearing fiscal stress) will be reviewed and verified. The internal verification process will also consist of verification of the data and calculations for a sample of units not identified as being in fiscal stress.

The draft scoring will then be shared with each local government and school district that is identified as in or nearing fiscal stress for their review before the list is finalized.

Assistance Provided to Local Governments

Once the fiscal stress monitoring system has identified local governments and school districts experiencing some level of fiscal stress, there is an array of services that OSC could provide to these units. The services that are provided to the local governments and/or school districts would be the responsibility of the OSC regional office that has oversight responsibility for the unit(s) identified.

Budget Reviews – Review the unit’s budget prior to adoption by the governing board to ensure that the significant revenue and expenditure projections are reasonable and that the budget is structurally balanced.

Technical Assistance – Contact each unit by phone and discuss the indicators that resulted in it being deemed in some level of fiscal stress. Provide additional guidance to the unit via on-site technical assistance.

Multi-Year Financial Planning – Provide each unit with the information to access OSC’s on-line multi-year financial planning tool. Provide any hands-on assistance the unit needs to fully utilize the tool and develop a multi-year plan, identify its fiscal issues and develop a corrective action plan.

Publications and Resources – Provide units with a predetermined set of local government management guides and other publications related to financial management (e.g., financial condition analysis, multi-year financial and capital planning, etc.). Provide units with a five-year financial comparison of the data they filed in their annual update document/ST-3 in an excel spreadsheet.

Training – Advise each unit about the full menu of training that OSC offers, including on-line training, regional training, and association and conference trainings.

APPENDIX A

PROPOSED LOCAL GOVERNMENT FINANCIAL INDICATOR CALCULATIONS

The following contains an in-depth explanation of each of the proposed financial indicator calculations:

Assigned and Unassigned Fund Balance – The general fund’s assigned fund balance (account codes 914 and 915) plus unassigned fund balance (account code 917) divided by the general fund’s gross expenditures (EOU) during the same fiscal year. In fiscal years prior to the fiscal year ending 2011, the numerator would consist of account code 910 (appropriated fund balance) plus account code 911 (unreserved, unappropriated fund balance). The combined funds’ assigned fund balance (account codes 914 and 915) plus unassigned fund balance (account code 917 and account code 924 for enterprise funds) divided by the combined funds’ gross expenditures (EOU) during the same fiscal year.

Total Fund Balance – The general fund’s total fund balance at fiscal year end divided by the general fund’s gross expenditures (EOU) during the same fiscal year. The combined funds’ total fund balance at fiscal year end divided by the combined funds’ gross expenditures (EOU) during the same fiscal year.

Operating Deficits – The combined funds’ gross revenues (ROS) minus gross expenditures (EOU) at fiscal year end divided by the combined funds’ gross expenditures during the same fiscal year (EOU).

Cash Ratio – The total of the combined funds’ cash and investments (account codes 200-223, 450, and 451) at fiscal year end divided by the combined funds’ current liabilities (account codes 600-626 and 631-668 minus account codes 280, 290, and 295) during the same fiscal year.

Cash as a Percentage of Monthly Expenditures – The total of the combined funds’ cash and investments (account codes 200, 201, 450, and 451) at fiscal year end divided by the combined funds’ average monthly gross expenditures (EOU) during the same fiscal year.

Short-Term Debt Issuance – The total of short-term debt (RANs, TANs, and budget notes) that were issued during the fiscal year divided by the general fund’s total revenues during the same fiscal year.

Short-Term Debt Issuance Trend – The number of years that short-term debt (RANs, TANs, and budget notes) was issued over the last three fiscal years.

Personal Service and Employee Benefits as a Percentage of Revenues – The total of all funds’ (except the capital projects fund) personal services expenditures and employee benefits expenditures (expenditure object codes .1 and .8) at fiscal year end divided by all funds’ (except the capital projects fund) total revenues (except revenue account code 5791 - advanced of refunding bonds) during the same fiscal year.

Debt Service as a Percentage of Revenues – The total of all funds' (except the capital projects fund) debt service expenditures (expenditure object codes .6 and .7) at fiscal year divided by all funds' (except the capital projects fund) total revenues (except revenue account code 5791 - advanced of refunding bonds) during the same fiscal year.

**APPENDIX B
PROPOSED LOCAL GOVERNMENT FINANCIAL INDICATORS
SCORING**

Local Government Financial Indicators Scoring			
Financial Indicator	Scoring - Points	Maximum Points	Scoring - Weighted Average
Assigned and Unassigned Fund Balance	General Fund Only 3 Points = Less Than or Equal to 5% Last Fiscal Year 2 Points = Greater Than 5% But Less Than or Equal to 10% Last Fiscal Year 1 Point = Greater Than 10% But Less Than or Equal to 15% Last Fiscal Year 0 Points = Greater Than 15% Last Fiscal Year	4	
	Combined Funds minus General Fund 1 Point = Negative Result Last Fiscal Year		
Total Fund Balance	General Fund Only 3 Points = Less Than or Equal to 10% Last Fiscal Year 2 Points = Greater Than 10% But Less Than or Equal to 15% Last Fiscal Year 1 Point = Greater Than 15% But Less Than or Equal to 20% Last Fiscal Year 0 Points = Greater Than 20% Last Fiscal Year	4	50%
	Combined Funds minus General Fund 1 Point = Negative Result Last Fiscal Year		
Operating Deficit	Combined Funds 3 Points = Deficits in Three of Last Three Fiscal Years or a Deficit in the Last Fiscal Year Equal to or Less Than -10% 2 Points = Deficits in Two of Last Three Fiscal Years 1 Point = Deficit in One of Last Three Fiscal Years 0 Points = No Deficits in Last Three Fiscal Years	3	10%
Cash Ratio	Combined Funds 3 Points = Less Than or Equal to 50% Last Fiscal Year 2 Points = Greater Than 50% But Less Than or Equal to 75% Last Fiscal Year 1 Point = Greater Than 75% But Less Than or Equal to 100% Last Fiscal Year 0 Points = Greater Than 100% Last Fiscal Year	3	
Cash % of Monthly Expenditures	Combined Funds 3 Points = Less Than or Equal to 33.3% Last Fiscal Year 2 Points = Greater Than 33.3% But Less Than or Equal to 66.7% Last Fiscal Year 1 Point = Greater Than 66.7% But Less Than or Equal to 100% Last Fiscal Year 0 Points = Greater Than 100% Last Fiscal Year	3	20%
Short-Term Debt Issuance	All Funds 3 Points = Greater Than 15% Last Fiscal Year 2 Points = Greater Than 5% But Less Than or Equal to 15% Last Fiscal Year 1 Point = Greater Than 0% But Less Than or Equal to 5% Last Fiscal Year 0 Points = 0% Last Fiscal Year	3	
Short-Term Debt Issuance Trend	All Funds 3 Points = Issuance In Each of Last Three Fiscal Years or Issued a Budget Note In Last Fiscal Year 2 Points = Issuance In Each of Last Two Fiscal Years 1 Point = Issuance In Last Fiscal Year 0 Points = No Issuance	3	10%
Personal Services and Employee Benefits % Revenues	All Funds 3 Points = Last Three Fiscal Year Average Greater Than or Equal to 75% 2 Points = Last Three Fiscal Year Average Greater Than or Equal to 70% But Less Than 75% 1 Point = Last Three Fiscal Year Average Greater Than or Equal to 65% But Less Than 70% 0 Points = Last Three Fiscal Year Average Less Than 65%	3	
Debt Service % Revenues	All Funds 3 Points = Last Three Fiscal Year Average Greater Than or Equal to 20% 2 Points = Last Three Fiscal Year Average Greater Than or Equal to 15% But Less Than 20% 1 Point = Last Three Fiscal Year Average Greater Than or Equal to 10% But Less Than 15% 0 Points = Last Three Fiscal Year Average Less Than 10%	3	10%
Totals		29	100%

The categories will be given different weights to reflect their relative importance in measuring financial stress. The total maximum number of points that a local government can receive is 29 points. If a local government receives a total score greater than or equal to 18.85 (65 percent of total points) it will be considered in significant fiscal stress; if a local government receives a total score greater than or equal to 15.95 (55 percent of total points), but less than 18.85, it will be considered in moderate fiscal stress; if a local government receives a total score greater than or equal to 13.05 (45 percent of total points), but less than 15.95, it will be considered nearing fiscal stress; and if a local government receives a total score less than 13.05, it will not be considered in fiscal stress.

APPENDIX C

PROPOSED LOCAL GOVERNMENT ENVIRONMENTAL INDICATOR CALCULATIONS

The following contains an in-depth explanation of each of the environmental indicator calculations:

Change In Population 1990 to 2000 – The local government's total population from the 2000 Census minus the local government's total population from the 1990 Census divided by the local government's total population from the 1990 Census. Additionally, the local government's total population from the 2010 Census minus the local government's total population from the 2000 Census divided by the local government's total population from the 2000 Census.

Change In Median Age of Population 2000 to 2010 – The local government's total population median age from the 2010 Census minus the local government's total population median age from the 2000 Census divided by the local government's total population median age from the 2000 Census.

Median Age of Population 2010 – The median age of the residents of a local government based on the 2010 Census.

Child Poverty Rate 2010 – The child poverty rate of the local government based on the 2010 Census. The statewide average poverty rate was 19.90% based on the 2010 Census.

Change In Child Poverty Rate 2000 to 2010 – The local government's child poverty rate from the 2010 Census minus the local government's child poverty rate from the 2000 Census.

Change In Property Value – The local government's full value for the most current fiscal year minus the local government's full value for the prior fiscal year divided by the local government's full value for the prior fiscal year.

Property Value Per Capita – The local government's full value for the most current fiscal year divided by the local government's total population as of the 2010 census.

Change In Unemployment Rate – The unemployment rate for the local government for 2011 minus the unemployment rate for the local government for 2010. Unemployment rates are only available for local governments with a population of 25,000 or more. Therefore, for local governments that have a population of less than 25,000, we used the unemployment rate for the county that the local government most resides in.

Unemployment Rate – The unemployment rate of the local government for 2011. The statewide average unemployment rate for 2011 was 8.2 percent. Unemployment rates are only available for local governments with a population of 25,000 or more. Therefore, for local governments that have a population of less than 25,000, we used the unemployment rate for the county that the local government most resides in.

Change In Total Jobs In County – The total jobs in the county for 2011 minus the total jobs in the county for 2010. For each local government, we used the data for the county that the local government most resides in.

Reliance on State and Federal Aid – All funds' (except the capital projects fund) State and Federal Aid revenues (revenue account codes 3000 through 4000 minus account codes 3960 and 4960) at fiscal year end for the current fiscal year divided by all funds' (except the capital projects fund) total revenues at fiscal year end for the current fiscal year.

Change In State and Federal Aid – All funds' (except the capital projects fund) State and Federal Aid revenues (revenue account codes 3000 through 4000 minus account codes 3960 and 4960) at fiscal year end for the current fiscal year minus all funds' (except the capital projects fund) State and Federal Aid revenues (revenue account codes 3000 through 4000 minus account codes 3960 and 4960) at fiscal year end for the prior fiscal year divided by all funds' (except the capital projects fund) State and Federal Aid revenues (revenue account codes 3000 through 4000 minus account codes 3960 and 4960) at fiscal year end for the prior fiscal year.

Constitutional Tax Limit – The city or village tax levy divided by its tax limit.

Change In Local Sales Tax Receipts – The local sales tax receipts for the most current 12 months minus the local sales tax receipts for the prior 12 months divided by the local sales tax receipts for the prior 12 months. The local sales tax receipts represent the amount that is distributed to counties on a monthly basis from OSC. We used the change in the consumer price index (CPI) for the same time period as the change in local sales tax receipts for scoring purposes.

APPENDIX D

PROPOSED LOCAL GOVERNMENT ENVIRONMENTAL INDICATORS SCORING

Local Government Environmental Indicators Scoring							
Environmental Indicator	Scoring - Points	County		City and Village		Town	
		Max. Points	Scoring - Weighted Average	Max. Points	Scoring - Weighted Average	Max. Points	Scoring - Weighted Average
Change In Population 1990 to 2010	3 Points = Change Between 1990 and 2000 and 2000 and 2010 are Both Less Than 0% or Change Between 2000 and 2010 Less Than -10% 2 Points = Change Between 2000 and 2010 Less Than or Equal to -5% 1 Point = Change Between 2000 and 2010 Less Than 0% But More Than -5% 0 Points = Change Between 2000 and 2010 More Than or Equal to 0%	3	15%	3	15%	3	20%
Change In Median Age of Population 2000 to 2010	3 Points: Greater Than or Equal to 25%. 2 Points: Greater Than or Equal to 20% But Less Than 25% 1 Point: Greater Than or Equal to 15% But Less Than 20% 0 Points: Less Than 15%	3		3		3	
Median Age of Population 2010	1 Point: Greater Than or Equal to 50 0 Points: Less Than 50	1	10%	1	10%	1	10%
Child Poverty Rate 2010	3 Points: Greater Than or Equal to 39.80% (Twice the Statewide Average) 2 Points: Greater Than or Equal to 29.85% (One and Half The Statewide Average) But Less Than 39.80% 1 Point: Greater Than or Equal to 19.90% (Statewide Average) But Less Than 29.85% 0 Points: Less Than 19.90% (Statewide Average)	3		3		3	
Change In Child Poverty Rate 2000 to 2010	1 Point: Greater Than 0% Points 0 Points: Less Than or Equal to 0% Points	1	10%	1	15%	1	20%
Change In Property Value	3 Points = Four Fiscal Year Average Less Than or Equal to -4% or Change Between Last Two Fiscal Years Less Than -10% 2 Points = Four Fiscal Year Average Less Than or Equal to -2% But More Than -4% 1 Point = Four Fiscal Year Average Less Than or Equal to -1% But More Than -2% 0 Points = Four Fiscal Year Average Greater Than -1%	3		3		3	
Property Value Per Capita	3 Points: Less Than or Equal to \$10,000. 2 Points: Greater Than \$10,000 But Less Than or Equal to \$20,000 1 Point: Greater Than \$20,000 But Less Than or Equal to \$30,000 0 Points: Greater Than \$30,000	3	25%	3	30%	3	30%
Change In Unemployment Rate	1 Point: Greater Than 0% Points 0 Points: Less Than or Equal to 0% Points	1		1		1	
Unemployment Rate	1 Point: Greater Than 8.2% (Statewide Average) 0 Points: Less Than or Equal to 8.2% (Statewide Average)	1		1		1	
Change In Total Jobs In County	1 Point: Less Than 0 0 Points: Greater Than or Equal to 0	1	10%	1	10%	1	10%
Reliance on State and Federal Aid	3 Points = Four Fiscal Year Average Greater Than or Equal to 50% 2 Points = Four Fiscal Year Average Greater Than or Equal to 40% But Less Than 50% 1 Point = Four Fiscal Year Average Greater Than or Equal to 30% But Less Than 40% 0 Points = Four Fiscal Year Average Less Than 30%	3		3		3	
Change in State and Federal Aid	1 Point: Less Than 0% In Last Fiscal Year 0 Points: Greater Than or Equal to 0% In Last Fiscal Year	1	10%	1	10%	1	10%
Constitutional Tax Limit Exhausted	3 Points: Greater Than or Equal to 80% Last Fiscal Year. 2 Points: Greater Than or Equal to 65% But Less Than 80% Last Fiscal Year 1 Point: Greater Than or Equal to 50% But Less Than 65% Last Fiscal Year 0 Points: Less Than 50% Last Fiscal Year	0	0%	3	10%	0	0%
Change In Local Sales Tax Receipts	3 Points: Less Than 0% 2 Points: Greater Than or Equal to 0% But Less Than 1.35% (One Half the CPI Change) 1 Point: Greater Than or Equal to 1.35% But Less Than 2.7% (CPI Change) 0 Points: Greater Than or Equal to 2.7% (CPI Change)	3	20%	0	0%	0	0%
Totals		27	100%	27	100%	24	100%

The categories will be given different weights to reflect their relative importance in determining environmental conditions. The total maximum number of points that a county, city, or village can receive is 27 points. If a county, city, or village receives a total score greater than or equal to 13.50 (50 percent of total points) it will be considered to have the worst environmental conditions, which will be notated by "+++;" if a county,

city, or village receives a total score greater than or equal to 10.80 (40 percent of total points), but less than 13.50, it will be considered to have the next level of negative environmental conditions, which will be notated by "++;" if a county, city, or village receives a total score greater than or equal to 8.10 (30 percent of total points), but less than 10.80, it will be considered to have the last level of negative environmental conditions, which will be notated by "+" and if a county, city, or village receives a total score less than 8.10, it will not be considered to have negative environmental conditions and will not receive a notation.

The total maximum number of points that a town can receive is 24 points. If a town receives a total score greater than or equal to 12.00 (50 percent of total points), it will be considered to have the worst environmental conditions, which will be notated by "+++;" if a town receives a total score greater than or equal to 9.60 (40 percent of total points), but less than 12.00, it will be considered to have the next level of negative environmental conditions, which will be notated by "++;" if a town receives a total score greater than or equal to 7.20 (30 percent of total points), but less than 9.60, it will be considered to have the last level of negative environmental conditions, which will be notated by "+" and if a town receives a total score less than 7.20, it will not be considered to have negative environmental conditions and will not receive a notation.

APPENDIX E

PROPOSED SCHOOL DISTRICT FINANCIAL INDICATOR CALCULATIONS

The following contains an in-depth explanation of each of the proposed financial indicator calculations:

Assigned and Unassigned Fund Balance – The general fund's assigned fund balance (account codes 914 and 915) plus unassigned fund balance (account codes 916 and 917) divided by the general fund's gross expenditures (EOU) during the same fiscal year. In fiscal years prior to the 2010-11 fiscal year, the numerator would consist of account code 910 (appropriated fund balance) plus account code 911 (unreserved, unappropriated fund balance).

Total Fund Balance – The general fund's total fund balance at fiscal year end divided by the general fund's gross expenditures (EOU) during the same fiscal year.

Operating Deficits – The general fund's gross revenues (ROS) minus gross expenditures (EOU) at fiscal year end divided by the general fund's gross expenditures (EOU) during the same fiscal year.

Cash Ratio – The total of the general fund's cash and investments (account codes 200-223, 450, and 451) at fiscal year end divided by the general fund's current liabilities (account codes 600-626 and 631-668 minus account codes 280, 290, and 295) during the same fiscal year.

Cash as a Percentage of Monthly Expenditures – The total of the general fund's cash and investments (account codes 200, 201, 450, and 451) at fiscal year end divided by the general fund's average monthly gross expenditures (EOU) during the same fiscal year.

Short-Term Debt Issuance – The total of short-term debt (RANs, TANs, and budget notes) that were issued during the fiscal year divided by the general fund's total revenues during the same fiscal year.

Short-Term Debt Issuance Trend – The number of years that short-term debt (RANs, TANs, and budget notes) was issued over the last three fiscal years.

APPENDIX F

PROPOSED SCHOOL DISTRICT FINANCIAL INDICATORS SCORING

School District Financial Indicators Scoring			
Financial Indicator	Scoring - Points	Maximum Points	Scoring - Weighted Average
Assigned and Unassigned Fund Balance	<p style="text-align: center;">3 Points = Less Than or Equal to 0% Last Fiscal Year 2 Points = Greater Than 0% But Less Than or Equal to 2% Last Fiscal Year 1 Point = Greater Than 2% But Less Than or Equal to 5% Last Fiscal Year 0 Points = Greater Than 5% Last Fiscal Year</p>	3	
Total Fund Balance	<p style="text-align: center;">3 Points = Less Than or Equal to 0% Last Fiscal Year 2 Points = Greater Than 0% But Less Than or Equal to 5% Last Fiscal Year 1 Point = Greater Than 5% But Less Than or Equal to 10% Last Fiscal Year 0 Points = Greater Than 10% Last Fiscal Year</p>	3	50%
Operating Deficit	<p style="text-align: center;">3 Points = Deficits in Three of Last Three Fiscal Years Less Than or Equal to -1.5% 2 Points = Deficits in Two of Last Three Fiscal Years Less Than or Equal to -1.5% 1 Point = Deficit in One of Last Three Fiscal Years Less Than or Equal to -5% 0 Points = No Deficits Last Three Fiscal Years</p>	3	20%
Cash Ratio	<p style="text-align: center;">3 Points = Less Than or Equal to 50% Last Fiscal Year 2 Points = Greater Than 50% But Less Than or Equal to 75% Last Fiscal Year 1 Point = Greater Than 75% But Less Than or Equal to 100% Last Fiscal Year 0 Points = Greater Than 100% Last Fiscal Year</p>	3	
Cash % of Monthly Expenditures	<p style="text-align: center;">3 Points = Less Than or Equal to 33.3% Last Fiscal Year 2 Points = Greater Than 33.3% But Less Than or Equal to 66.7% Last Fiscal Year 1 Point = Greater Than 66.7% But Less Than or Equal to 100% Last Fiscal Year 0 Points = Greater Than 100% Last Fiscal Year</p>	3	20%
Short-Term Debt Issuance Amount	<p style="text-align: center;">3 Points = Greater Than 15% Last Fiscal Year 2 Points = Greater Than 5% But Less Than or Equal to 15% Last Fiscal Year 1 Point = Greater Than 0% But Less Than or Equal to 5% Last Fiscal Year 0 Points = 0% Last Fiscal Year</p>	3	
Short-Term Debt Issuance Trend	<p style="text-align: center;">3 Points = Issuance In Each of Last Three Fiscal Years or Issued a Budget Note In Last Fiscal Year 2 Points = Issuance In Each of Last Two Fiscal Years 1 Point = Issuance In Last Fiscal Year 0 Points = No Issuance</p>	3	10%
Totals		21	100%

The categories will be given different weights to reflect their relative importance in measuring financial stress. The total maximum number of points that a school district can receive is 21 points. If a school district receives a total score greater than or equal to 13.65 (65 percent of total points), it will be considered in significant fiscal stress; if a school district receives a total score greater than or equal to 9.45 (45 percent of total points), but less than 13.65, it will be considered in moderate fiscal stress; if a school district receives a total score greater than or equal to 5.25 (25 percent of total points), but less than 9.45, it will be considered nearing fiscal stress; and if a school district receives a total score less than 5.25, it will not be considered in fiscal stress.

APPENDIX G

PROPOSED SCHOOL DISTRICT ENVIRONMENTAL INDICATOR CALCULATIONS

The following contains an in-depth explanation of each of the environmental indicator calculations:

Change in Property Value – The school district's full value for the most current fiscal year minus the school district's full value for the prior fiscal year divided by the school district's full value for the prior fiscal year.

Change in Enrollment – The school district's enrollment for the most current fiscal year minus the school district's enrollment for the prior fiscal year divided by the school district's enrollment for the prior fiscal year.

Budget Vote Defeats First Budget Vote Trend – In fiscal years prior to the 2012-13 fiscal year budget vote, a majority of total votes had to be "yes" (more than 50 percent) or the budget would be defeated. Starting with the 2012-13 fiscal year budget vote and budget votes in fiscal years after, a majority of total votes had to be "yes" (more than 50 percent) or the budget would be defeated if it did not include an override of the tax cap. Alternatively, a supermajority of total votes had to be "yes" (more than 60 percent) or the budget would be defeated if it included an override of the tax cap.

Change in Approval Percentage for the First Budget Vote – The approval percentage for the first budget vote for the most current fiscal year minus the approval percentage for the first budget vote for last fiscal year. The approval percentage consists of the total number of "yes" votes for the first budget vote divided by the total number of votes cast for the first budget vote.

Graduation Rate Percentage – The total number of students that graduated in the most current fiscal year divided by the number of students that entered 9th grade four years prior. The number of students that graduated in the most current fiscal year consists of students that graduated within four years with a local, regents, or regents with an advanced designation diploma.

Free or Reduced Priced Lunch Percentage – The total free or reduced priced lunch eligible students K-6 for the most current fiscal year divided by the total enrollment K-6 for the most current fiscal year.

APPENDIX H

PROPOSED SCHOOL DISTRICT ENVIRONMENTAL INDICATORS SCORING

School District Environmental Indicators Scoring			
Environmental Indicator	Scoring - Points	Maximum Points	Scoring - Weighted Average
Change in Property Value	3 Points = Four Fiscal Year Average Less Than or Equal to -4% or Change Between Last Two Fiscal Years Less Than -10% 2 Points = Four Fiscal Year Average Less Than or Equal to -2% But Greater Than -4% 1 Point = Four Fiscal Year Average Less Than or Equal to -1% But Greater Than -2% 0 Points = Four Fiscal Year Average Greater Than -1%	3	30%
Change in Enrollment	3 Points = Four Fiscal Year Average Less Than or Equal to -3.5% 2 Points = Four Fiscal Year Average Less Than or Equal to -2.5% But Greater Than -3.5% 1 Point = Four Fiscal Year Average Less Than or Equal to -1.5% But Greater Than -2.5% 0 Points = Four Fiscal Year Average Greater Than -1.5%	3	10%
Budget Vote Defeats First Budget Vote Trend	3 Points = Budget Vote Defeated First Time Four of Last Four Fiscal Years 2 Points = Budget Vote Defeated First Time Three of Last Four Fiscal Years 1 Point = Budget Vote Defeated First Time Two of Last Four Fiscal Years 0 Points = Budget Vote Defeated First Time One or None of Last Four Fiscal Years	3	
Change in Approval % First Budget Vote	3 Points = Four Fiscal Year Average Less Than or Equal to -9% Points and Last Fiscal Year Approval % Less Than 60% 2 Points = Four Fiscal Year Average Less Than or Equal to -6% Points But Greater Than -9% Points and Last Fiscal Year Approval % Less Than 60% 1 Point = Four Fiscal Year Average Less Than or Equal to -3% Points But Greater Than -6% Points and Last Fiscal Year Approval % Less Than 60% 0 Points = Four Fiscal Year Average Greater Than -3% Points	3	25%
Graduation Rate %	3 Points = Graduation % Below 1.5 Standard Deviations of That Fiscal Years Average Graduation Rate % in Three or More of Last Four Fiscal Years 2 Points = Graduation % Below 1.5 Standard Deviations of That Fiscal Years Average Graduation Rate % in Two of Last Four Fiscal Years 1 Point = Graduation % Below 1.5 Standard Deviations of That Fiscal Years Average Graduation Rate % in One of Last Four Fiscal Years 0 Points = Graduation % Below 1.5 Standard Deviations of That Fiscal Years Average Graduation Rate % in None of Last Four Fiscal Years	3	25%
Free or Reduced Priced Lunch %	3 Points = Three Fiscal Year Average Greater Than or Equal to 75% 2 Points = Three Fiscal Year Average Greater Than or Equal to 65% But Less Than 75% 1 Point = Three Fiscal Year Average Greater Than or Equal to 55% But Less Than 65% 0 Points = Three Fiscal Year Average Less Than 55%	3	10%
Totals		18	100%

The categories will be given different weights to reflect their relative importance in determining environmental conditions. The total maximum number of points that a

school district can receive is 18 points. If a school district receives a total score greater than or equal to 10.80 (60 percent of total points), it will be considered to have the worst environmental conditions, which will be notated by "+++;" if a school district receives a total score greater than or equal to 8.10 (45 percent of total points), but less than 10.80, it will be considered to have the next level of negative environmental conditions, which will be notated by "++;" if a school district receives a total score greater than or equal to 5.40 (30 percent of total points), but less than 8.10, it will be considered to have the last level of negative environmental conditions, which will be notated by "+" and if a school district receives a total score less than 5.40, it will not be considered to have negative environmental conditions and will not receive a notation.

APPENDIX I

INDICATORS REVIEWED BUT NOT INCLUDED IN THE PROPOSED SYSTEM

A number of financial and environmental indicators were evaluated but are not included in this proposal because they were not as effective as the ones selected. We did not utilize these financial indicators for an array of reasons, which included, but were not limited to, the following: the information provided by the indicator was already captured by another indicator that was utilized, the indicator did not provide information that was as pertinent as the information that was captured by the indicators that were utilized, or the indicator simply did not provide useful information.

Local Government Financial Indicators Not Utilized	
Financial Indicator	Calculation
Change In Reserve Balance	(Current Fiscal Year Reserve Balance - Previous Fiscal Year Reserve Balance) / Previous Fiscal Year Reserve Balance
Unplanned Deficit	(Gross Revenues - Gross Expenditures) + Assigned Appropriated Fund Balance / Gross Expenditures
Change In Revenues	(Current Fiscal Year Gross Revenues - Previous Fiscal Year Gross Revenues) / Previous Fiscal Year Gross Revenues
Change In Expenditures	(Current Fiscal Year Gross Expenditures - Previous Fiscal Year Gross Expenditures) / Previous Fiscal Year Gross Expenditures
Assigned Unappropriated Fund Balance and Unassigned Fund Balance Liquidity	(Cash + Short Term Investments) / (Assigned Unappropriated Fund Balance + Unassigned Fund Balance)
Long-Term Debt	Outstanding Long-Term Debt / Full Valuation
Interfund Advances	Due From Other Funds / Total Assets
Change In Interfund Advances	(Current Fiscal Year Due From Other Funds - Previous Fiscal Year Due From Other Funds) / Previous Fiscal Year Due From Other Funds
Intergovernmental Revenues	Intergovernmental Revenues / Total Revenues
RPT Collections	Taxes Receivable Overdue / Real Property Tax Revenues

Local Government Environmental Indicators Not Utilized	
Environmental Indicator	Calculation
Change In Working Population 1990 to 2010	(Working Population 2000 Census - Working Population 1990 Census) / Working Population 1990 Census and (Working Population 2010 Census - Working Population 2000 Census) / Working Population 2000 Census
Change In Constitutional Tax Limit Exhausted	Current Fiscal Year Tax Limit Exhausted - Previous Fiscal Year Tax Limit Exhausted

School District Financial Indicators Not Utilized	
Financial Indicator	Calculation
Change In Reserve Balance	$(\text{Current Fiscal Year Reserve Balance} - \text{Previous Fiscal Year Reserve Balance}) / \text{Previous Fiscal Year Reserve Balance}$
Unplanned Deficit	$(\text{Gross Revenues} - \text{Gross Expenditures}) + \text{Assigned Appropriated Fund Balance} / \text{Gross Expenditures}$
Change In Revenues	$(\text{Current Fiscal Year Gross Revenues} - \text{Previous Fiscal Year Gross Revenues}) / \text{Previous Fiscal Year Gross Revenues}$
Change In Expenditures	$(\text{Current Fiscal Year Gross Expenditures} - \text{Previous Fiscal Year Gross Expenditures}) / \text{Previous Fiscal Year Gross Expenditures}$
Assigned Unappropriated Fund Balance and Unassigned Fund Balance Liquidity	$(\text{Cash} + \text{Short Term Investments}) / (\text{Assigned Unappropriated Fund Balance} + \text{Unassigned Fund Balance})$
Long-Term Debt	$\text{Outstanding Long-Term Debt} / \text{Full Valuation}$
Interfund Advances	$\text{Due From Other Funds} / \text{Total Assets}$
Change In Interfund Advances	$(\text{Current Fiscal Year Due From Other Funds} - \text{Previous Fiscal Year Due From Other Funds}) / \text{Previous Fiscal Year Due From Other Funds}$
Intergovernmental Revenues	$\text{Intergovernmental Revenues} / \text{Total Revenues}$
Fixed Costs	$\text{Fixed Costs} / \text{Total Revenues}$

School District Environmental Indicators Not Utilized	
Environmental Indicator	Calculation
Reliance on State and Federal Aid	$\text{State and Federal Aid} / \text{Total Revenues}$
Change in State and Federal Aid	$(\text{State and Federal Aid Current Fiscal Year} - \text{State and Federal Aid Prior Fiscal Year}) / \text{State and Federal Aid Prior Fiscal Year}$
Reliance on Local Revenues	$\text{Local Revenues} / \text{Total Revenues}$
Change in Local Revenues	$(\text{Local Revenues Current Fiscal Year} - \text{Local Revenues Prior Fiscal Year}) / \text{Local Revenues Prior Fiscal Year}$



**Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor • Albany, New York 12236**