New York State’s Fiscal Stress Monitoring System An Update
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Fiscal Stress Monitoring System (FSMS) Basics

Measurement
• Fiscal stress based on budgetary solvency

Outside of the Scope
• Management
• Late-breaking local developments
• The local political climate
• Overall fiscal “health”
FSMS Basics

How We Measure

Process
• Objective
• Utilize a set of standard calculations
• Using local financial data filed with OSC

Two Dimensions
• Financial Indicators
• Environmental Indicators

System Scoring

How We Measure

• 100 points
• Results
  Significant
  Moderate
  Susceptible
  No Designation
Financial Indicators

How We Measure

<table>
<thead>
<tr>
<th>Category</th>
<th># Indicator Calculations</th>
<th>Point Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year-End Fund Balance</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Operating Deficits</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Cash Position</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>Use of Short-Term Cash-Flow Debt</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Fixed Costs</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Environmental Indicators

- More consistent and reliable data sources
- Easier to use and understand

- Change in Population
- Percent of Households with Public Assistance
- Percent of Population Under 18 and Over 65
- Percent Change in Home Value
- Median Household Income
- Unemployment Rate
- Reliance on State and Federal Aid
Most local governments were not in a fiscal stress designation for FYE 2017.

Scores by Class

Percent of Municipalities in Fiscal Stress, by Class, 2017
Recent Environmental Stress Results

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

Scores by Class

Percent of Municipalities in Environmental Stress, by Class 2017
Fiscal Stress News in 2018

Non-Filers and Inconclusive Data

- Municipalities are legally required to report financial data within 120 days of fiscal year end.
- We include late filers up to 8 months after fiscal year end in FSMS.
- 124 municipalities did not file in time to receive a score
- One entity was found to be inconclusive
- 33 local governments have not filed in time to receive a score for all five years.
Future Challenges

• Reporting System Modernization

• Data

• Debt

Resources

http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm