



NYS Comptroller  
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**STATE COMPTROLLER**

The State Comptroller has a constitutional and statutory function to examine and report on the financial affairs and condition of local governments. As part of this function, OSC has developed a public fiscal stress monitoring system that will identify local governments and school districts that are in fiscal stress, as well as those showing susceptibility to fiscal stress. It is hoped that this 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 citizens.

## **OSC has developed a public fiscal stress monitoring system that will identify local governments and school districts that are in fiscal stress, as well as those showing susceptibility to fiscal stress.**

The Fiscal Stress Monitoring System evaluates 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 an 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 “susceptible to fiscal stress,” or “no designation.”

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.

Over time, as entities continue to be scored on an annual basis, the System will allow interested parties to track stress condition trends and get a better sense of where an entity is headed, so that decision makers are not merely responding to a crisis. Instead, they are able to take a deliberate, long-term and strategic approach to managing the affairs of their local government.

## **The Fiscal Stress Monitoring System evaluates local governments (counties, cities, towns and villages) and school districts based on both financial and environmental indicators.**

Entities receive a Fiscal score and an Environmental score. Based on the Fiscal score, the system assigns an entity to one of three categories of stress. The three categories of stress are: Significant Fiscal Stress, Moderate Fiscal Stress and Susceptible to Fiscal Stress. A Score of “No Designation” is assigned to those local governments whose score does not meet the threshold of stress. Lynbrook Village’s score of 6.7% is an indication of well managed finances being balanced against environmental factors described in more detail below.

## Local Government Financial Indicators

The Fiscal Stress Monitoring System for local governments consists of nine financial indicators within five categories, outlined in the table below, including the calculation and purpose for each financial indicator.

Local Government Financial Indicators		
Category	Financial Indicator	Purpose
1. Year-End Fund Balance	1. Assigned & 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	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. Personal Services and Employee Benefits % Revenues	To identify the amount that revenues are restricted to be used for salaries and benefits.
	9. Debt Service % Revenues	To identify the amount that revenues are restricted to be used for debt service expenditures.

## Local Government Environmental Indicators

Eight categories including 14 environmental indicators will be used for evaluating demographic and economic factors affecting local governments. These indicators are outlined in the following table, which includes the calculation and the purpose for each of the environmental indicators.

Local Government Environmental Indicators		
Category	Environmental Indicator	Purpose
1. Population	1. Change in Population 1990 to 2010	To identify local governments where total population has declined over the last two decades or significantly declined over the last decade.
2. Age	2. Change in Median Age of Population 2000 to 2010	To identify local governments where the median age of their residents has increased.
	3. Median Age of Population 2010	To identify the median age of the residents of a local government.
3. Poverty	4. Child Poverty Rate 2010	To identify the child poverty rate of the local government.
	5. Change in Child Poverty Rate 2000 to 2010	To identify local governments where the child poverty rate has increased.
4. Property Value	6. Change in Property Value	To identify local governments where property values have declined.
	7. Property Value Per Capita	To identify the property wealth of the local government
5. Employment Base	8. Change in Unemployment Rate	To identify local governments where the unemployment rate has increased
	9. Unemployment Rate	To identify the unemployment rate of the local government
	10. Change in Total Employment in County	To identify local governments that are within counties in which the total employment in the county has declined.
6. Intergovernmental Revenues	11. Reliance on State and Federal Aid	To identify the dependence of the local government on State and federal funding
	12. Change in State and Federal Aid	To identify local governments where State and federal aid revenues have declined
7. Constitutional Tax Limit	13. Constitutional Tax Limit Exhausted	To determine the extent to which a city or village has exhausted its tax limit.
8. Sales Tax Receipts	14. Change in Local Sales Tax Receipts	To identify counties where local sales tax receipts have declined.

**NOTE: Fiscal Stress is scored 0 -100, with 100 as significant stress. Lynbrook scored only 6.7 for each of the three years since the NYS Comptroller began the Fiscal Stress rating process.**