

New York State Office of the State Comptroller

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Fiscal Stress Monitoring System

Treatment of the Big 4 Cities/School Districts

Scores for the Big 4 cities of Buffalo, Rochester, Syracuse and Yonkers will incorporate the finances of the dependent school districts. Specifically, the school's general fund operations will be treated as a combined fund of the city. Scores will be based on the local government financial and environmental indicators.

Local government financial indicators are based on 9 different calculations in the following five categories: Year End Fund Balance, Operating Deficits, Cash Position, Use of Short-term Debt and Fixed Costs. The environmental indicators, which address areas that are often beyond the control of the local government, are based on 14 different calculations in the following eight categories: Population, Age, Poverty, Property Values, Employment Base, Intergovernmental Revenues, Constitutional Tax Limit and Sales Tax Revenue.

The decision to issue a single, combined score is based primarily on these factors:

- 1. Tax Levy.** Property taxes for both the city and its respective dependent school district are levied by the city. These cities also have a maintenance of effort (MOE) by which they must abide.
- 2. Financial Statements.** This represents the most similar approach to financial statement presentation. Audited financial statements treat school as a component unit of the city, or as a special revenue fund of the city.
- 3. Overlapping Finances.** The Big 4 cities must fund education for their dependent school districts within the city constitutional tax limit and the "2 percent" property tax cap. The combined tax levies for city purposes and tax levies for school purposes are subject to the city limit. These cities also issue debt on behalf of their dependent school districts. Education Law §2576 also links school district budget process to city approval.
- 4. Consistency of Reporting.** This approach helps to minimize the impact of accounting variations among the Big 4 cities/school districts and how they report.
- 5. Demographics.** The city and school district share the same geographic boundaries. Generally, the city and dependent school district face similar challenges: high rates of poverty, population/enrollment decline, etc. These areas are addressed as part of the System's environmental indicator calculations.

For more details on the calculations used for the Big Four cities, please see the updated [Fiscal Stress Monitoring System Report](#) and the [Quick Reference Guide for Financial Indicators](#).

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Division of Local Government and School Accountability