

Financial Condition Analysis

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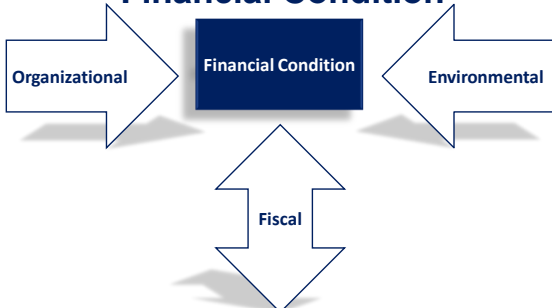


New York State Comptroller
THOMAS P. DINAPOLI

Financial Condition

- Your entity's ability to finance expected services on a continuing basis.

Factors that Affect Financial Condition



Four Components of Financial Condition

- Cash Solvency
- Budgetary Solvency
- Long-term Solvency
- Service Level Solvency

Factors Affecting Cash Solvency

- Billing cycles do not coincide with cash flow requirements.
- Receivables not being enforced timely

Factors Affecting Budgetary Solvency

- Deficient budgeting procedures.
- Lack of knowledge about real program costs.
- Failure of management to understand:
 - Financial information
 - Proper budget preparation
 - Monitoring procedures

Factors Affecting Budgetary Solvency

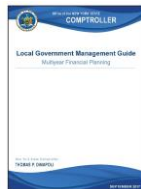
- Federal, State and Local Mandates/ Restrictions
 - Tax Cap/ Statutory Limits
- Declining Population or Industry
- Severe Weather

Factors Affecting Service Level Solvency

- Stagnant or shrinking tax base
- High level of tax exempt properties
- Lack in growth of revenues
- Lack of control over rising costs
- The true cost of providing services

Factors Affecting Long-Term Solvency

- Non-existent or inadequate multiyear financial planning may lead to:
 - Deteriorating infrastructure
 - Lack of funds for contractual and debt payments



Other Factors Affecting Financial Condition

- Community needs and resources
- Economic and environmental conditions
- Political culture

Analysis and Identification of Fiscal Stress

Sources of Information

- Financial statements and notes
- Multi-year comparisons
- Local officials/managers
- Bond rating agencies

Before you Begin

- Analyze Data Integrity
 - Is the data from a reliable source?
 - Are the numbers current and complete?
 - Are there any data or methodological assumptions to be aware of?
 - Do the trends or results intuitively make sense?
- Garbage In – Garbage Out

Analysis

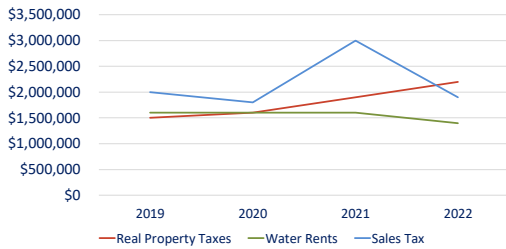
- Fund Balance
- Operating Surplus/Deficit
- Liquidity
- Debt
- Other

Assessing Financial Condition

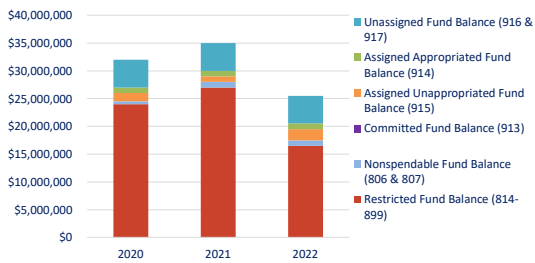
- Assess each fund individually.
- Assess unit as a whole – keeping in mind legal and/or other restrictions.
 - Are there funds which can legally provide assistance/loans to other funds?
 - Avoid using tax revenues from one tax base to fund expenditures for another tax base (i.e. lighting districts, sidewalk districts, refuse collection, etc.)

Trend Analysis

4 Year Revenue Trend

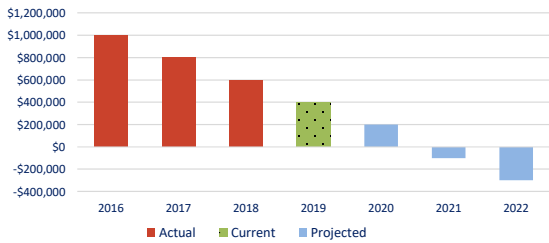


Fund Balance



Fund Balance Won't Last Forever

General Fund (A) Unassigned Fund Balance
(Accounts A916 & A917)



Fund Balance of Capital Funds

- May be extremely negative.
- Can be misleading:
 - Recognition of short-term debt as a liability of the fund.
 - Cash flow issues if debt has not been issued for project.

Operating Surplus/Deficit

- The difference between a unit's revenues and expenditures for a fiscal year.

$$\begin{array}{r} \text{Revenues} \\ - \text{Expenditures} \\ \hline \text{Operating Surplus (Deficit)} \end{array}$$

- Calculate as a % of total expenditures.

Results of Operations

Change in Fund Balance and Operating Results	2020	2021	2022
Beginning Fund Balance (8021)	\$27,045,326	\$30,957,589	\$34,150,384
Prior Period Adjustment – Increase (8012)	\$0	\$1	\$0
Prior Period Adjustment – Decrease (8015)	\$0	\$0	\$0
Restated Beginning Fund Balance (8022)	\$27,045,326	\$30,957,590	\$34,150,384
Actual Revenues	\$110,609,918	\$110,582,058	\$113,795,342
Actual Expenditures	\$106,697,655	\$107,389,264	\$123,392,687
Operating Surplus / (Deficit)	\$3,912,263	\$3,192,794	(\$9,597,345)
Ending Fund Balance (8029)	\$30,957,589	\$34,150,384	\$24,553,039

Liquidity

- Cash as % of current liabilities.
- Cash as % of average monthly expenditures.
- Cash as a % of ensuing year's appropriations.

Cash Position

Unrestricted Cash	2020	2021	2022
Cash (200)	\$13,664,597	\$14,133,780	\$16,493,181
Cash In Time Deposits (201)	\$0	\$0	\$0
Total Unrestricted Cash	\$13,664,597	\$14,133,780	\$16,493,181
Total Unrestricted Cash (200 & 201) as a % of Ensuang Year's Budgeted Appropriations	12.25%	12.49%	14.07%
Restricted Cash	2014	2015	2016
Cash, Special Reserves (230)	\$19,032,749	\$22,757,049	\$23,026,786
Cash In Time Deposits, Special Reserves (231)	\$0	\$0	\$0
Total Restricted Cash	\$19,032,749	\$22,757,049	\$23,026,786
Restricted Fund Balance (814-899)	\$23,624,179	\$26,801,718	\$16,111,779
Restricted Cash Sufficient to Fund Restricted Fund Balance	(\$4,591,430)	(\$4,044,669)	\$6,915,007
Total Cash	↑	↑	↑
Total Cash (200-235)	\$32,697,346	\$36,890,829	\$39,519,967

Debt

- Fiscal Stress Considerations:
- Short-term debt
 - could be indicative of a cash flow problem
 - may be the source of funding for deficit fund balances
- Long-term debt for relatively small purchases or projects

Other Analysis

- Budgeting
- Interfund Activity
- Long Term Debt per Capita
- Tax Levy/Tax Rates
- Taxable Valuation
- Etc.

Budgeting

Analyze the Board's ability to adopt and successfully monitor budgets:

- Significant budget vs actual differences
- No budget modifications
- Consistent significant budget modifications

Budget vs Actual

	2020	2021	2022
Estimated Revenues	\$109,702,607	\$111,590,726	\$113,146,376
Actual Revenues	\$110,609,918	\$110,582,058	\$113,795,342
Over / (Under) Estimated Revenues	\$907,311	(\$1,008,668)	\$648,966
Revenue Variance / Estimated Revenue	0.8%	-0.9%	0.6%
Appropriations	\$109,702,607	\$111,590,726	\$113,146,376
Actual Expenditures	\$106,697,655	\$107,389,264	\$123,392,687
Under / (Over) Appropriations	\$3,004,952	\$4,201,462	(\$10,246,311)
Expenditures Variance / Appropriations	2.7%	3.8%	-9.1%
Total Budget Variance	\$3,912,263	\$3,192,794	(\$9,597,345)
Real Property Tax Revenues (1001)	\$75,267,034	\$77,250,896	\$79,919,841
% Change in Real Property Tax Revenues	N/A	2.64%	3.45%

Interfund Transfers

Funds	2020		2021		2022	
	Transfers Out (9901,9950)	Transfers In (5031,5050)	Transfers Out (9901,9950)	Transfers In (5031,5050)	Transfers Out (9901,9950)	Transfers In (5031,5050)
A General	\$26,063	\$0	\$151,272	\$0	\$246,639	\$540,400
C School Food Service	\$0	\$0	\$0	\$0	\$0	\$0
F Special Aid	\$0	\$26,063	\$0	\$23,246	\$0	\$14,700
H Capital Projects	\$0	\$0	\$0	\$128,026	\$0	\$231,939
K Non-Current Govt Assets	\$0	\$0	\$0	\$0	\$0	\$0
PN Permanent	\$0	\$0	\$0	\$0	\$0	\$0
TA Agency	\$0	\$0	\$0	\$0	\$0	\$0
TE Private Purpose Trust	\$0	\$0	\$0	\$0	\$0	\$0
V Debt Service	\$0	\$0	\$0	\$0	\$540,400	\$0
W Non-Current Govt Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
Totals	\$26,063	\$26,063	\$151,272	\$151,272	\$787,039	\$787,039

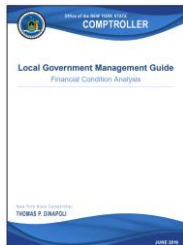
Interfund Loans

Funds	2020		2021		2022	
	Due From (391)	Due To (630)	Due From (391)	Due To (630)	Due From (391)	Due To (630)
A General	\$237,820	\$20,202	\$422,918	\$1,884	\$507,996	\$33,142
C School Food Service	\$0	\$9,106	\$0	\$11,595	\$12,646	\$9,004
F Special Aid	\$20,202	\$227,629	\$1,833	\$404,852	\$18,493	\$486,848
H Capital Projects	\$0	\$1,817,490	\$0	\$1,831,804	\$0	\$13,051
PN Permanent	\$0	\$0	\$0	\$0	\$0	\$0
TA Agency	\$0	\$15	\$0	\$6,222	\$0	\$12,143
TE Private Purpose Trust	\$0	\$0	\$0	\$0	\$0	\$0
V Debt Service	\$1,817,490	\$0	\$1,831,804	\$0	\$15,054	\$0
Totals	\$2,075,512	\$2,074,427	\$2,256,555	\$2,256,357	\$554,189	\$554,188

Other Analysis

See Appendix A for additional measures of financial and demographics indicators.

<https://www.osc.state.ny.us/files/local-government/publications/pdf/financial-condition-analysis.pdf>



Fiscal Stress Monitoring System (FSMS)

Evaluates fiscal stress from a budgetary solvency perspective. Includes:

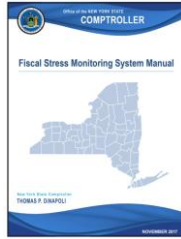
- Financial indicators
- Environmental indicators

System Information:

<https://www.osc.state.ny.us/local-government/fiscal-monitoring>

Self assessment tool:

<https://www1.osc.state.ny.us/localgov/fiscal-monitoring/fsms.cfm>



Thank You

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