

# **The Financial Restructuring Board for Local Governments *A New York State Entity***



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**Authored by Kevin M. Bronner, Ph.D.**

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## ***A New York State Entity***

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Prepared By:

Albany Research in Public Administration (ARPA)  
4 Georgian Terrace  
Albany, New York 12211  
(518) 489-5252  
[www.albanyrpa.com](http://www.albanyrpa.com)

### **ARPA New York State Local Government Improvement Program Series**

This study is part of a four part series about the efforts of the State of New York to improve local government efficiency. The series includes reports on:

1. The New York State Fiscal Stress Monitoring System for Local Governments.
2. The Financial Restructuring Board for Local Governments *A New York State Entity*.
3. The New York State Local Government Real Property Tax Freeze.
4. The New York State Department of State Local Government Efficiency Program.

# **The Financial Restructuring Board for Local Governments**

## ***A New York State Entity***

### **Abstract**

This paper outlines the New York State Financial Restructuring Board (FRB) for Local Governments that was established in 2013. Currently the system examines data for 1597 local governments in the State of New York. Data for property tax rates and fund balance levels are analyzed to determine if a local government can qualify for a management audit type review by the State of New York. If a local government fails to pass a financial test it is designated as a fiscally eligible locality and can apply to the FRB for assistance. This paper studies how the system is working for city, county and large town governments. The paper illustrates that city governments are more likely to be eligible to apply for assistance than are county and large town governments. Also, it shows that the reasons why most governments are determined to be fiscally eligible is due to high property tax rates and not fund balance issues. The paper also discusses a new program implemented in 2016 to encourage local governments to conduct long-term financial planning. Finally, the report discusses the recommendations that have been developed for local governments and makes a recommendation that the FRB publish an implementation report for use by all local governments in New York State.

### **Introduction**

New York State implemented the Financial Restructuring Board (FRB) for Local Governments in 2013. (Cuomo 2013). The FRB was developed under the New York State Local Finance Law Section 160.05 and under the New York State Civil Service Law Section 209(4-a). The FRB maintains a list of 1597 local governments and uses two metrics to determine if a government is eligible for potential financial assistance. This paper analyzed the determinations being made by the FRB in the 2013-2016 period and the current eligibility

requirements for a local governments to apply to the FRB for assistance. The paper also analyzes the types of managerial and organizational improvements developed by the FRB to make local governments more efficient.

### **Organization of the Financial Restructuring Board**

The FRB is composed of ten members with a Chair who is the Director of the Budget for New York State. Other statutory members include the New York State Attorney General, the New York State Comptroller, and the New York State Secretary of State. The Governor of the State of New York appoints several members to the FRB including representatives from the New York State Assembly, the New York State Senate, the New York State Governor's Office, the New York State Office of General Services, the New York State Environmental Facilities Corporation, and a representative from a private sector financial advisor.<sup>1</sup>

The FRB can take action with a minimum of six votes. They are required to develop recommendations for localities that have been accepted into the program and designated a fiscally eligible municipality. A fiscally eligible municipality means any county, city, (excluding a city with a population greater than one million), town or village that the FRB decides would benefit from their services or assistance. In order to qualify for the program a municipality must fail certain financial tests that are set forth in the statute for the FRB. Local governments with data that has not been fully reported to the Office of the New York State Comptroller cannot qualify for the program.<sup>2</sup>

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<sup>1</sup> New York State Local Finance Law, § 160.05.

<sup>2</sup> Financial Restructuring Board for Local Governments, Resolution No. 2014-08, Amending the List of Municipalities That Cannot Be Deemed Fiscally Eligible Municipalities.

An application to the FRB must be approved by the chief executive of the municipality, and by a resolution of the governing body of the local government.<sup>3</sup> Once an application is filed, the FRB considers passing a resolution to accept the application and undertakes a comprehensive review of the municipality including:

- Operations of the government.
- Finances.
- Management practices.
- Economic base and other fiscal factors for the government.

Once the FRB examines the local government unit, it may propose recommendations in the following areas:

- Implementation of multiyear financial planning.
- Development of fiscal accountability measures.
- Cost saving measures.
- Recommendations concerning consolidation of functions or agencies within the municipality and or between local government units.

The FRB legislation also allows the Board to make available loans and grants to fiscally eligible municipalities up to \$5 million in total (Cuomo 2016).

The FRB legislation also allows the Board to help localities experiencing labor impasses.<sup>4</sup> If an application is submitted by the local government and approved, the FRB is empowered to make a “just and reasonable” determination of the matter(s) under dispute. Labor groups must also agree with the application going to the FRB and any outcomes. A vote of six of the ten members of the FRB is required to pass such a dispute mechanism tool. The FRB may use adjudication to let parties to the dispute present their views for each labor impasse

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<sup>3</sup> Financial Restructuring Board for Local Governments, Resolution No. 2013-02, Approving the Application Procedures for the Financial Restructuring Board for Local Governments.

<sup>4</sup> See New York State Civil Service Law § 209 (4-a).

proceeding. The determinations of the FRB shall be “final and binding” on the parties who are in the dispute, and may only be reviewed by a “court of competent jurisdiction.”<sup>5</sup> Little activity, however, has been conducted by the FRB in this area.

During 2016 the FRB decided to implement a grant program to help local governments conduct long term financial planning. (Financial Restructuring Board for Local Governments Resolution No. 2016-14). The program is discussed in detail later in this paper.

### **Requirements to Be Determined a Fiscally Eligible Municipality**

Section 160.05 of the New York State Local Finance Law outlines the specific financial metrics used to determine if a government can be deemed a fiscally eligible municipality. The FRB has published a short plain language guide outlining the financial measures to be examined.<sup>6</sup> There are two types of financial measures used to determine the status of a given municipality. These relate to:

1. The average full value property tax rate, and
2. Measures related to fund balance.

A municipality may qualify for the program if either of the two metrics indicate that they are eligible for the FRB review. They do not have to fail both metric tests to qualify.

The average full value property tax rate measures how high a local government’s taxes are relative to the amount of taxable property. The higher the property tax rate the higher the tax burden and the less flexibility the government has to solve its financial problems. The ratio can be calculated as shown in the following example.

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<sup>5</sup> Id. at § 209 (4-b).

<sup>6</sup> See Financial Restructuring Board for Local Governments publication entitled *Fiscally Eligible Municipalities*.

Year 2014 Property Taxes Levied:	\$1,016,208
Year 2014 Full Value of Taxable Real Estate:	\$112,550,881
Ratio:	.0095211 or \$9.5211 per \$1,000.
Current Ratio Needed to Qualify:	Greater than 7.1674%

The FRB uses a five year average of the metric for the locality. If the computation illustrates that the ratio is greater than 75 percent of the other localities in the state, the FRB can find that the locality is a fiscally eligible municipality. The current ratio being used is 7.1674 percent.<sup>7</sup>

The second variable in the analysis concerns fund balance. The average fund balance ratio measures how much a municipality has remaining in the General Fund related to how much it spends on average over the last five years. The metric is computed is outlined below.

Year 2014 General Fund Balance:	\$ 865,000
Year 2014 General Fund Expenditures:	\$22,510,000
Ratio:	3.84%
Current Ratio Needed to Qualify:	Below 5% <sup>8</sup>

If the average fund balance ratio is less than five percent, then the FRB must find that the municipality is a fiscally eligible municipality. The FRB passes resolutions to establish the list of eligible municipalities.<sup>9</sup>

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<sup>7</sup> New York State implemented a property tax cap in 2012 in an attempt to lower the average property tax burden.

<sup>8</sup> See Financial Restructuring Board Resolution No. 2018-08 dated June 20, 2016.



In addition to qualifying for the program using the fiscal related measures, there are two avenues open to localities which allow them to request the services of the FRB. First, a municipality may apply for services from the FRB by demonstrating that it would benefit from a comprehensive review. This determination can be made on a case by case basis using available information. A second method exists whereby a local government may ask assistance in a binding arbitration situation. Localities in this position may request a comprehensive review by the FRB or a binding arbitration determination.

During June 2016 the FRB passed Resolution No. 2016-08 which established the current list of local governments that were eligible to apply to the FRB.<sup>10</sup> Data was presented for 1597 localities using information provided by the Office of the New York State Comptroller. The average property tax burden ratio was computed for the group and for those municipalities at the 75 percent level, the ratio was 7.164 percent. This means that any local government with a property tax burden rate over 7.164 percent qualifies to make an application to the program. The statistics were also presented for the fund balance ratio. All localities with fund balance ratios under 5 percent were found to qualify for the FRB programs.

The FRB's use of the tax burden and fund balance variables to evaluate the health of local governments is widely supported in the literature on the subject (Levine, Justice and Scorsone 2013, and Johnson, Kioko Hildreth 2012). Kloha , Weissert and Kleine (2005) examined the importance of tax ratios and fund balance levels to local governments as part of their research about state monitoring of local government finances. The major bond rating firms such as Moody's also study these types of variables (Moody's 2014). The Pew Charitable Trusts

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<sup>9</sup> See FRB Resolutions 2013-01, 2015-05, 2016-08.

<sup>10</sup> See Financial Restructuring Board for Local Governments Resolution No. 2016-08, Approving the Determination of Automatically Fiscally Eligible Municipalities.

(2013, 2016) are also concerned about state monitoring of local governments and the National League of Cities (2015) also studies the fiscal stress of localities. Also, as discussed below, the Office of the New York State Comptroller (OSC) maintains data on the localities in the form of a Fiscal Stress Monitoring System that was implemented by the Office of the New York State Comptroller in 2012. The OSC program is beneficial since it officially designates local governments as fiscally distressed. This program develops an annual fiscal stress score for local governments based on financial reports submitted to the New York State Comptroller. The fiscal stress scores are developed using a number of variables relating to fund balances, operating deficits, cash balances, short term debt issues, employee benefit costs, and debt service costs.

### **Localities With Actions Currently Before the FRB**

A number of local governments have filed applications for reviews by the FRB. Table 1 shows the 17 local governments that have been before the FRB from 2013 to 2016. Twelve of the localities have reviews that are substantially completed while five governments had applications approved in June 2016 and the reviews are currently underway.<sup>11</sup> If we assume that about 375 local governments are eligible for a financial review it appears that about 4.5 percent of the localities that are eligible actually file an application.

The FRB conducts a managerial review of the local government under study. The Comprehensive Review Reports can be viewed as a management or operational audit that develops specific recommendations. Often the recommendations refer to the desirability of implementing shared services agreements among governments, or the need for implementing long-term financial planning. In other cases, the recommendations pertain to specific items such

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<sup>11</sup> The Comprehensive Review Reports are completed for the 12 localities.

as merging departments, improving computer systems, or improvements to energy efficiency systems. In addition to the FRB the New York State Department of State conducts a Local Government Efficiency program to aid localities (New York State Department of State 2016).<sup>12</sup>

**Table 1**  
**Local Governments Before the Financial Restructuring Board**  
**2013-2016**

<b>Number</b>	<b>Locality</b>	<b>Comprehensive Report Completed</b>
1	City of Albany	Feb. 2015
2	City of Elmira	Jun. 2016
3	City of Fulton	Jun. 2014
4	City of Jamestown	Feb. 2015
5	City of Lockport	Jun. 2016
6	City of Rochester	Feb. 2015
7	City of Utica	Jun. 2016
8	Town of Fishkill	Jun. 2014
9	Village of Alfred	Feb. 2015
10	Village of Hoosick Falls	Jun. 2016
11	Village of Owego	Jun. 2016
12	Village of Wilson	Jun. 2014
13	Village of Amityville	In Progress Sep. 2016
14	City of Plattsburg	In Progress Sep. 2016
15	City of Poughkeepsie	In Progress Sep. 2016
16	City of Troy	In Progress Sep. 2016
17	City of Niagara Falls	In Progress Sep. 2016

Note: The first reviews began in November 2013.

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<sup>12</sup> The New York State Department of State also conducts a number of grant programs which are designed to make local governments more efficient.

City governments represent the largest group of localities that have applied to the FRB for assistance. The data in Table 1 shows that city 11 governments and 5 village governments and only 1 town government made applications to the FRB.

### **City and County and Town Government Fiscally Eligible Determination for 2016**

Appendices 1-3 show the number of city, county, and large town governments in New York State that were determined to be fiscally eligible under the FRB rules. All cities and counties located in New York State are included in the analysis and the 54 town governments that have total revenues exceeding \$20 million annually.<sup>13</sup> Table 2 shows the summary statistics for the metrics used by the FRB for city, county, and larger town governments. City governments are much more likely to be fiscally eligible than county governments and large town governments. Approximately 77 percent of the city governments are determined to be fiscally eligible and 47.4 percent of the county governments are placed in the same category. Only 27.8 percent of the largest town governments are determined to be fiscally eligible. The data in Table 2 also shows statistics illustrating which governments are on the fiscal stress lists as maintained by the Office of the New York State Comptroller (OSC). About 19.7 percent of city governments and 21.1 percent of county governments are on the OSC fiscal stress lists. Only 5.6 percent of the larger town governments are on the OSC fiscal stress lists.

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<sup>13</sup> The \$20 million in revenues was chosen to provide a group of large towns that was about equal to the amount of city and county governments being examined.

**Table 2**  
**City, County and Large Town Governments in New York State**  
**Relationship Between the FRB Stress List and the OSC Stress List**

<b>Government Category (Number)</b>	<b>FRB Fiscal Stress List (Number:Percent)</b>	<b>OSC Fiscal Stress List (Number:Percent)</b>
Cities (61)	47: 77.0%	12: 19.7%
Counties (57)	27: 47.4%	12: 21.1%
Towns (54)	15: 27.8%	3: 5.6%

Table 3 shows the reasons why the various localities are found to be fiscally eligible by the FRB. The metric associated with high property tax rates is more important than the fund balance computation. Approximately 82 percent of the city governments have a high property tax rate but only 6.6 percent of the cities have a fund balance issue. Approximately 40.4 percent of county governments have a high property tax rate issue while only 10.5 percent of the counties have a fund balance issue. About 24.1 percent of the large town governments have a high tax rate issue but only 5.6 percent of the same governments have a fund balance issue.

**Table 3**  
**Reasons Why City, County, and Large Town Governments**  
**are Found to be Fiscally Eligible**

<b>Government Category (Number)</b>	<b>Tax Rate Exceeding 7.167% (Number:Percent)</b>	<b>Fund Balance Below 5% (Number:Percent)</b>
Cities (61)	50: 82.0%	4: 6.6%
Counties (57)	23: 40.4%	6: 10.5%
Towns (54)	13: 24.1%	3: 5.6%

The data shows that the average large town government in New York State have better financial statistics than the average city or county government. This has implications for the FRB because it can be expected that a greater percentage of city or county governments will apply to the FRB than larger town governments. It can be expected, however, than many town governments will apply because there are 932 town governments in New York State and only 61 cities and 57 counties outside of the New York City area.

A number of statistics such as fund balance levels and bond ratings illustrate the financial strength of the large town governments. Table 4 illustrates the number of localities in each group that have a fund balance metric greater than 30 percent. This shows that town governments have a much larger fund balance than the average city or county government.

**Table 4**  
**Governments With Fund Balances**  
**Greater Than 30 Percent**

<b>Government Category (Number)</b>	<b>Fund Balances Greater Than 30 Percent (Number:Percent)</b>
Cities (61)	13: 21.3%
Counties (57)	13: 22.8%
Towns (54)	32: 59.3%

Table 5 shows the Moody's bond rating for the city, county and town governments groups.<sup>14</sup> The town governments have higher average bond ratings than the city and county groups. Also the city governments have lower average bond ratings than the county

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<sup>14</sup> Additional information on the bond rating categories and their definitions can be found at Moody's (2014), Dody (2012), and Petitt et al. (2015).

governments. These statistics may be an indication of why few town and county governments have applied to the FRB for a review even though they are eligible under the program's rules of eligibility.

**Table 5**  
**Moody's Bond Ratings**  
**Selected Town, City and County Governments in New York State**

<b>Government (Number)</b>	<b>Aaa</b>	<b>Aa</b>	<b>A</b>	<b>Baa or Lower</b>	<b>n/r or W</b>
Towns (54)	8	36	6	0	4
Cities (61)	1	8	34	10	8
Counties (54)	0	25	14	3	15

### **2016 Long-Term Financial Planning Initiative**

The FRB passed Resolution No. 2016-14 in June 2016.<sup>15</sup> The resolution approves a new grant program that can be used to help certain local governments with implementing long-term financial planning. The use of financial planning is an important concept that state governments can use to help local governments in avoiding fiscal stress. (Governing 2013). During 2011-2012 the Governmental Accounting Standards Board attempted to implement a financial planning program for local governments. (Governmental Accounting Standards Board 2011). Some (Bronner 2012) supported the concept but it was not adopted. The initiative by the FRB is designed to support long-term financial planning by localities in New York State.

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<sup>15</sup> Financial Restructuring Board for Local Governments Resolution No. 2016-14 Approving Grants for Multi-Year Financial Planning. June, 20, 2016.

The FRB has developed a series of six requirements for a locality to file for a grant under the long-term financial planning initiative process:

1. The locality has decided to conduct multi-year planning with the use of an external advisor.
2. The locality has passed a resolution requesting reimbursement of the cost of an external advisor to conduct long-term financial planning and the results of the plan will be made publicly available on its website, and will annually update the results for at least a ten year period.
3. The locality submitted a request for reimbursement to the FRB.
4. The locality is on the Office of the State Comptroller's fiscal stress list under the Moderate Stress or Significant Stress category based on the most recent data available.
5. A cap on the amount of the grant is the lesser of 50 percent of the cost of the financial planning advisor. This cap can be increased up to 100 percent of the total cost for a total of \$12,500.
6. The locality has satisfied other conditions determined by the Chair of the FRB.

The financial planning resolution uses a different set of metrics for the financial planning resolution than the two metrics used for the FRB programs. The Office of the New York State Comptroller maintains a fiscal stress system for local governments.<sup>16</sup> New York State first conducted fiscal monitoring of local governments in the 1980s (Pillai and Bronner 1984) and a new system was developed in 2012. The Fiscal Stress Monitoring System evaluates counties, cities, towns, villages, and school districts by developing a fiscal stress score and an environmental indicator score for each government.<sup>17</sup> The fiscal stress scores are based on a scale from 0 to 100 with the higher numbers being used as an indicator of fiscal stress. The system is used to monitor the finances of numerous municipalities in New York State including all 57 counties outside of New York City, 61 small and large cities, 10 villages, and 932 town governments. (Office of the New York State Comptroller 2015). About 4 percent of the local

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<sup>16</sup> This program is the subject of Albany Research in Public Administration Report Number 2016-1 entitled *The New York State Fiscal Stress Monitoring System for Local Governments* dated August 1, 2016.

<sup>17</sup> Entities operating within the boundaries of the City of New York are not examined by the system.



governments were estimated to have some amount of fiscal stress during the first three years of the program.<sup>18</sup> About 21 percent of cities and county governments, however, are on the fiscal stress list.

The OSC uses three categories of fiscal stress:

- Significant Fiscal Stress with metrics of 65 percent to 100 percent
- Moderate Fiscal Stress with metrics of 55 percent to 64.9 percent
- Susceptible to Fiscal Stress with metrics of 45 percent to 54.9 percent.

Local governments with fiscal stress scores below 45 percent are not considered as having fiscal stress. Currently 18 local governments are within the Significant Fiscal Stress category, and 17 governments are designated as having Moderate Fiscal Stress. A total of 34 governments are designated as Susceptible to Fiscal Stress. (Office of the New York State Comptroller 2015). About 21 percent of city governments and 21 percent of county governments are currently on the official fiscal stress list.

The 35 local governments that would be eligible to file with the FRB for the financial planning grant program are included in Appendix 4. Each of the local governments listed in Appendix 4 have fiscal stress scores greater than 55.8 as computed by the Office of The New York State Comptroller. The list includes seven county governments, eight cities, thirteen town governments and seven villages. There are several relatively large local governments on the list including Monroe County, Broome County, Nassau County, Suffolk County, the cities of Albany and Yonkers, and the towns of Colonie and Hempstead.

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<sup>18</sup> This metric appears low because the system is dominated by the large number of town governments in the system few of which are on the fiscal stress list.

## **Management and Operational Recommendations**

One of the interesting aspects of the FRB is the development of a series of recommendations and suggestions for managerial and operational improvement for the local governments. (Bronner 2015). A Comprehensive Review Report is produced for each local government. These reports are in the form of operational or management audits that discuss specific recommendations and cost savings. The recommendations are most likely useful to the many other governments that did not make requests to the FRB. For instance, a recommendation to improve highway department operations in one town government could also be used in other local governments. The other governments could review the Comprehensive Review Reports and see if some of the recommendations are useful to their governments. This could develop into a process where moneys are saved by hundreds of local governments across the State of New York.

Appendix 5 provides a list of all 60 recommendations and suggestions for improvement that have been developed by the FRB for 12 governments from 2013 to 2016. There are 60 recommendations for the local governments. Some of the examples for improvement include the following types of issues:

- Consolidation of operating departments.
- Improved computer applications.
- Shared services opportunities.
- Energy conservation savings.
- Use of long term financial planning.

- Dissolution of small village governments.
- Improved Employee Health Care Contribution Rates.

New York State has been concerned about shared services initiatives for many years. (Office of the New York State Comptroller 2009). The issue of employee health care contribution rates can have large cost implications for localities in New York State (Bronner 2012). Also, it would be helpful if the FRB would develop an implementation report for the entire program showing how the recommendations were actually implemented and how other governments may consider using the same types of recommendations. This report could be studied by other governments to determine if they could have similar programs to reduce costs.

### **Conclusion**

The Financial Restructuring Board was formed by New York State in 2013 and has conducted operations and managerial reviews for several local governments. The FRB maintains a list of fiscally eligible municipalities and allows localities with high property tax rates or low fund balances to apply for assistance. A locality can also apply to the FRB under an alternative approach developed by the FRB. Once a locality decides to ask for a comprehensive review it files an application before the FRB. If the application is approved, the FRB conducts an operations and managerial reviews and issues a Comprehensive Review Report for the local government. The report usually has recommendations or suggestions for improvement and grant money can also be approved if appropriate.

There are approximately 1,597 local government units in New York State that are maintained in a data base by the Office of the New York State Comptroller. Currently about 375 localities are designated as financially eligible and can file with the FRB for a full comprehensive review. It is expected that a greater percentage of city and county governments will apply to the FRB than large town governments because the towns generally have better financial statistics. During the first three years of the program 17 localities have come before the FRB. The FRB has developed recommendations for improvement for the governments it examined. These recommendations may be useful to other governments. It would be useful, therefore, if the FRB would maintain an implementation report showing the types of operational and managerial recommendations and how they have been implemented and what are the cost savings. This report could be reviewed by the other local governments in New York State. During 2016 the FRB also initiated a program to promote long-term financial planning by local governments. This innovative program should help the localities to manage their operations.

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## Appendix 1

### City Bond Ratings and Financial Restructuring Board Ratios

City	Moody's Bond Rating	Property Tax Rate Above 7.1674%	Fund Balance Below 5%	Designated as Fiscally Eligible	OSC Fiscal Stress List
Albany	A3	11.645%	12.46%	Yes	Yes
Amsterdam	w	n/a	n/a	n/a	-
Auburn	A2	11.879	22.31	Yes	-
Batavia	A1	10.154	31.87	Yes	-
Beacon	Aa2	8.210	28.48	Yes	-
Binghamton	A2	22.945	19.02	Yes	-
Buffalo	A1	11.211	38.39	Yes	-
Canandaigua	Aa3	6.621	39.01	No	-
Cohoes	A2	9.457	20.54	Yes	-
Corning	A1	10.751	38.56	Yes	-
Cortland	A2	15.102	17.49	Yes	-
Dunkirk	w	14.497	39.77	Yes	-
Elmira	Ba1	16.863	n/a	No*	-
Fulton	A3	17.010	5.45	Yes	Yes
Geneva	A2	17.720	13.30	Yes	-
Glen Cove	Baa3	7.598	-5.24	Yes	Yes
Glens Falls	A2	9.081	5.70	Yes	Yes
Gloversville	A3	21.527	n/a	No*	-
Hornell	A2	11.358	20.63	Yes	-
Hudson	A2	12.497	31.21	Yes	-
Ithaca	Aa2	12.814	n/a	No*	-
Jamestown	Baa1	21.321	8.73	Yes	-
Johnstown	w	12.135	n/a	No*	-
Kingston	A1	9.878	14.01	Yes	-
Lackawanna	A2	18.894	24.94	Yes	-
Little Falls	w	19.099	5.07	Yes	Yes
Lockport	Baa3	14.519	6.82	Yes	Yes
Long Beach	Baa1	5.888	1.62	Yes	Yes
Mechanicville	w	9.931	8.11	Yes	Yes
Middletown	A1	11.913	21.15	Yes	-
Mount Vernon	A2	10.872	11.67	Yes	-
New Rochelle	Aa3	5.229	7.84	No	-
Newburgh	Baa2	16.863	10.30	Yes	-
Niagara Falls	Baa2	20.143	15.95	Yes	-
North Tonawanda	A1	12.817	23.94	Yes	-
Norwich	A3	12.764	13.23	Yes	Yes
Ogdensburg	Baa1	16.470	30.65	Yes	-
Olean	A1	14.270	27.80	Yes	-

**Appendix 1 (Continued)**  
**City Bond Ratings and Financial Restructuring Board Ratios**

<b>City</b>	<b>Moody's Bond Rating</b>	<b>Property Tax Rate Above 7.1674%</b>	<b>Fund Balance Below 5%</b>	<b>Designated As Fiscally Eligible</b>	<b>OSC Fiscal Stress List</b>
Oneida	A1	6.06	39.00	No	-
Oneonta	A1	<b>9.595</b>	72.75	Yes	-
Oswego	A2	<b>10.293</b>	14.62	Yes	-
Peekskill	A1	<b>8.254</b>	22.51	Yes	-
Plattsburgh	A2	<b>10.470</b>	24.11	Yes	-
Port Jervis	A3	<b>9.909</b>	16.23	Yes	-
Poughkeepsie	Ba1	<b>9.153</b>	<b>-22.43</b>	Yes	Yes
Rensselaer	w	<b>14.637</b>	13.64	Yes	-
Rochester	Aa3	<b>8.047</b>	18.16	Yes	-
Rome	A1	<b>13.496</b>	22.89	Yes	-
Rye	Aaa	2.988	36.11	No	-
Salamanca	n/r	<b>10.644</b>	60.11	Yes	-
Saratoga Springs	Aa3	4.881	32.44	No	-
Schenectady	A3	<b>13.622</b>	18.42	Yes	-
Sherrill	n/r	5.120	51.60	No	-
Syracuse	A1	<b>7.411</b>	23.63	Yes	-
Tonawanda	A2	<b>16.360</b>	21.93	Yes	Yes
Troy	A2	<b>10.470</b>	21.24	Yes	-
Utica	Baa2	<b>15.460</b>	<b>3.84</b>	Yes	Yes
Watertown	Aa3	6.751	34.53	No	-
Watervliet	A2	<b>10.021</b>	8.70	Yes	Yes
White Plains	Aa1	5.993	18.36	No	-
Yonkers	A3	5.703	6.87	No	Yes

**Notes:**

Moody's Bond Ratings from July 2016.

n/r or w = not rated or withdrawn bond rating.

Bold designates an FRB fiscally eligible metric.

\* = data not available from the Office of the New York State Comptroller.

OSC Fiscal Stress List data from The Office of the New York State Comptroller 2015 publication *Fiscal Stress Monitoring System Municipalities in Stress Fiscal Years Ending 2014*.

## Appendix 2

### County Bond Ratings and Financial Restructuring Board Ratios

County	Moody's Bond Rating	Property Tax Rate Above 7.1674%	Fund Balance Below 5%	Designated As Fiscally Eligible	OSC Fiscal Stress List
Albany	Aa3	3.478	7.64	No	Yes
Allegany	A1	<b>15.971</b>	27.46	Yes	-
Broome	A2	7.009	<b>4.81</b>	Yes	Yes
Cattaraugus	Aa3	<b>12.348</b>	21.32	Yes	-
Cayuga	A1	<b>8.354</b>	18.98	Yes	-
Chautauqua	A1	<b>8.873</b>	17.44	Yes	-
Chemung	A1	<b>9.256</b>	17.60	Yes	-
Chenango	n/r	<b>9.571</b>	35.70	Yes	-
Clinton	A1	4.675	18.42	No	-
Columbia	Aa3	5.434	14.03	No	Yes
Cortland	n/r	<b>14.113</b>	14.28	Yes	-
Delaware	Aa3	4.841	19.50	No	-
Dutchess	Aa2	3.360	12.18	No	-
Erie	A2	6.174	8.82	No	-
Essex	n/r	2.370	33.54	No	-
Franklin	n/r	4.062	6.22	No	Yes
Fulton	n/r	<b>8.630</b>	34.17	Yes	-
Genesee	n/r	<b>9.704</b>	24.50	Yes	-
Greene	Aa3	3.741	14.56	No	-
Hamilton	n/r	1.990	34.97	No	-
Herkimer	Aa3	5.437	31.05	No	-
Jefferson	Aa3	6.523	19.07	No	-
Lewis	n/r	7.128	40.74	No	-
Livingston	Aa2	<b>7.715</b>	34.46	Yes	-
Madison	n/r	7.055	20.86	No	-
Monroe	Baa1	<b>9.967</b>	<b>1.24</b>	Yes	Yes
Montgomery	n/r	<b>12.192</b>	17.19	Yes	-
Nassau	A2	4.525	<b>4.37</b>	Yes	Yes
Niagara	Aa3	<b>8.697</b>	25.79	Yes	-
Oneida	A1	7.062	9.03	No	-
Onondaga	Aa2	<b>7.861</b>	12.39	Yes	-
Ontario	Aa1	6.256	37.25	No	-
Orange	Aa3	3.472	26.38	No	Yes
Orleans	A1	<b>9.523</b>	17.23	Yes	-
Oswego	n/r	<b>8.335</b>	31.33	Yes	-

**Appendix 2 (Continued)**  
**County Bond Ratings and Financial Restructuring Board Ratios**

<b>County</b>	<b>Moody's Bond Rating</b>	<b>Property Tax Rate Above 7.1674%</b>	<b>Fund Balance Below 5%</b>	<b>Designated As Fiscally Eligible</b>	<b>OSC Fiscal Stress List</b>
Otsego	Aa3	2.708	24.82	No	-
Putnam	Aa2	2.723	26.28	No	-
Rensselaer	A1	6.334	7.70	No	-
Rockland	Baa1	3.702	<b>-2.85</b>	Yes	Yes
St. Lawrence	Baa2	<b>9.161</b>	<b>2.37</b>	Yes	Yes
Saratoga	Aa2	2.780	7.18	No	-
Schenectady	Aa1	6.777	14.87	No	-
Schoharie	n/r	<b>8.238</b>	19.09	Yes	-
Schuyler	n/r	<b>8.369</b>	8.35	Yes	-
Seneca	n/r	5.485	56.10	No	-
Steuben	Aa2	<b>7.706</b>	48.69	Yes	-
Suffolk	A3	2.694	<b>-4.81</b>	Yes	Yes
Sullivan	Aa3	6.407	16.19	No	Yes
Tioga	A1	<b>8.679</b>	22.15	Yes	-
Tompkins	Aa1	6.525	17.62	No	-
Ulster	Aa3	4.219	18.05	No	-
Warren	n/r	3.569	14.94	No	-
Washington	Aa3	6.087	20.34	No	-
Wayne	Aa2	<b>7.755</b>	56.81	Yes	-
Westchester	Aa1	4.369	9.08	No	Yes
Wyoming	Aa3	<b>7.819</b>	25.21	Yes	-
Yates	A1	6.351	39.43	No	-

**Notes:**

Moody's Bond Ratings from July 2016.

n/r or w = not rated or withdrawn bond rating.

Bold designates an FRB fiscally eligible metric.

n/a = data not available from the Office of the New York State Comptroller.

OSC Fiscal Stress List data from The Office of the New York State Comptroller 2015 publication *Fiscal Stress Monitoring System Municipalities in Stress Fiscal Years Ending 2014*.

### Appendix 3

#### Town Government Bond Ratings and Financial Restructuring Board Ratios

Town	Moody's Bond Rating	Property Tax Rate Above 7.1674%	Fund Balance Below 5%	FRB Designated As Fiscally Eligible	OSC Fiscal Stress List
Amherst	Aa2	8.825	22.80	Yes	-
Babylon	Aa1	4.512	31.72	No	-
Bedford	Aaa	3.708	40.12	No	-
Bethlehem	Aa2	3.510	26.56	No	-
Brighton	Aa2	6.800	51.27	No	-
Brookhaven	Aa2	3.121	37.35	No	-
Carmel	Aa1	6.532	24.58	No	-
Cheektowaga	Aa2	14.927	42.11	Yes	-
Clarkstown	Aa3	7.835	18.74	Yes	-
Clay	Aa2	5.541	57.95	No	-
Clifton Park	Aa2	1.460	67.99	No	-
Colonie	A3	3.816	-6.51	Yes	Y
Cortlandt	Aa2	3.365	31.61	No	-
DeWitt	Aa2	6.168	49.12	No	-
East Hampton	Aa2	1.962	17.31	No	-
Eastchester	Aaa	2.550	47.04	No	-
Greece	Aa2	7.384	46.00	Yes	-
Greenburgh	Aaa	3.686	87.92	No	-
Guilderland	Aa2	3.354	35.24	No	-
Hamburg	Aa2	6.613	35.48	No	-
Harrison	n/r	4.667	14.70	No	-
Haverstraw	Aa3	9.145	33.44	Yes	-
Hempstead	Aa2	3.421	14.39	No	Yes
Huntington	Aaa	3.050	34.81	No	-
Irondequoit	Aa3	8.311	23.68	Yes	-
Islip	Aaa	2.882	51.40	No	-
Kent	Aa2	8.536	48.58	Yes	-
Lancaster	Aa3	7.676	30.27	Yes	-
Mamaroneck	Aa1	2.288	32.35	No	-
Massena	A2	4.132	50.49	No	-
Mount Pleasant	Aa2	2.634	18.83	No	-
New Castle	Aaa	3.516	31.93	No	-
New Windsor	Aa3	6.160	20.47	No	-
Newburgh	Aa2	5.118	40.75	No	-
Niskayuna	w	4.678	14.71	No	-
North Castle	Aaa	3.870	n/a	No	-
North Hempstead	Aa1	2.440	17.65	No	-

### Appendix 3 (Continued)

#### Town Government Bond Ratings and Financial Restructuring Board Ratios

Town	Moody's Bond Rating	Property Tax Rate Above 7.1674%	Fund Balance Below 5%	FRB Designated As Fiscally Eligible	OSC Fiscal Stress List
Orangetown	Aa2	6.291	66.56	No	-
Orchard Park	Aa2	4.944	116.60	No	-
Perinton	Aa2	3.303	69.89	No	-
Poughkeepsie	A1	<b>7.474</b>	<b>-14.54</b>	Yes	-
Ramapo	A3	5.949	<b>3.43</b>	Yes	Y
Riverhead	Aa3	<b>8.954</b>	19.53	Yes	-
Rotterdam	A1	4.988	34.56	No	-
Smithtown	Aa1	4.158	40.21	No	-
Southampton	Aaa	1.175	37.53	No	-
Stony Point	A1	<b>7.481</b>	28.73	Yes	-
Tonawanda	Aa2	<b>11.911</b>	31.27	Yes	-
Union	Aa2	3.656	32.49	No	-
Vestal	w	5.247	33.09	No	-
Wallkill	w	4.808	24.17	No	-
Warwick	Aa3	2.752	22.96	No	-
Webster	Aa2	4.810	17.37	No	-
West Seneca	Aa3	<b>10.867</b>	27.71	Yes	-

#### Notes:

Moody's Bond Ratings from July 2016.

n/r or w = not rated or withdrawn bond rating.

Bold designates an FRB fiscally eligible metric.

n/a = data not available from the Office of the New York State Comptroller.

All Towns have Total Revenues over \$20 million (OSC Data).

OSC Fiscal Stress List data from The Office of the New York State Comptroller 2015 publication *Fiscal Stress Monitoring System Municipalities in Stress Fiscal Years Ending 2014*.



## Appendix 4

### Local Governments Subject to Fiscal Stress

<b>Government</b>	<b>OSC Fiscal Stress Score</b>	<b>FRB Fiscal Stress List</b>
Monroe County	82.1	Y
Town of East Fishkill	81.7	-
Town of Jasper	81.7	Y
Town of Ramapo	77.1	Y
Town of Pierrepont	74.2	-
Broome County	73.8	Y
Town of Coeymans	72.5	Y
Village of Amityville	72.5	Y
Nassau County	72.5	Y
Town of Cherry Valley	72.1	Y
City of Glen Cove	70.0	Y
Town of Parish	69.2	Y
St. Lawrence County	69.2	Y
Village of Tuckahoe	69.2	-
Franklin County	67.5	-
Village of Port Dickinson	67.5	-
City of Albany	67.5	Y
Rockland County	65.8	Y
Village of Tannersville	64.6	-
Town of Colonie	62.5	Y
Town of Hempstead	62.5	-
City of Poughkeepsie	62.5	Y
Village of Akron	61.3	-
Village of Ardsley	61.3	Y
Town of Napoli	60.8	Y
Town of Saugerties	60.8	Y
Suffolk County	60.8	Y
City of Yonkers	60.4	-
City of Little Falls	59.6	Y
City of Fulton	57.5	Y
City of Long Beach	57.5	Y
Town of Rochester	57.5	Y
City of Glens Falls	56.3	Y
Town of German Flatts	55.8	-
Village of West Hampton Dunes	55.8	Y

Note: OSC Moderate or Significant Fiscal Stress Categories.

**Appendix 5**  
**Summary of New York State Financial Restructuring Board**  
**Managerial Improvement Recommendations for Local Governments**

Government	Suggestion or Recommendation
<b>Village of Wilson</b>	<p>1) The village should consider dissolution and merge with the larger Town of Wilson.</p> <p><b>Source:</b> <i>Village of Wilson Comprehensive Review Report</i>. Financial Restructuring Board for Local Governments. June 2014.</p>
<b>City of Fulton</b>	<p>1) A shared services plan to be developed with other governments. Examples of potential shared services include police and emergency services, tax collection and bill printing and foreclosure services, plowing and street paving, sanitation, water and sewer services.</p> <p>2) Update of the Comprehensive Master Plan required with potential grant funding of \$50,000.</p> <p>3) City to redevelop a formal industrial proposal. Potential grant of \$100,000.</p> <p>4) City to work on redevelopment of the former Nestle industrial buildings. Potential grant of \$250,000.</p> <p>5) Real property tax exemption policy for new business development.</p> <p>6) Suggestion for binding arbitration reform.</p> <p>7) Suggestion for updates and revisions to procurement policy required.</p> <p><b>Source:</b> <i>City of Fulton Comprehensive Review Report</i>. Financial Restructuring Board for Local Governments. June 2014.</p>
<b>City of Albany</b>	<p>1) Harriman Campus and Downtown development sites to be redeveloped. A potential grant of \$3.9 million may be available.</p> <p>2) Albany County Land Bank development tool to be enhanced.</p> <p>3) Information technology to be updates. A \$1.1 million grant may be available.</p> <p>4) A street lighting improvement program to be implemented.</p> <p>5) A shared services plan to be developed with other governments.</p> <p>6) The workforce employee insurance program should be evaluated.</p> <p>7) Multi-year financial planning is needed.</p> <p><b>Source:</b> <i>City of Albany Comprehensive Review Report</i>. Financial Restructuring Board for Local Governments. February 2015.</p>

**Appendix 5 (Cont.)**  
**Summary of New York State Financial Restructuring Board**  
**Managerial Improvement Recommendations for Local Governments**

<b>Village of Alfred</b>	<ol style="list-style-type: none"> <li>1) A shared services plan to be developed with other governments.</li> <li>2) The Village should consider dissolution and a merger with the Town of Alfred.</li> <li>3) Alfred University to consider more funding for the Village of Alfred Police Department.</li> <li>4) Multi-year financial planning required.</li> </ol> <p><b>Source:</b> <i>Village of Alfred Comprehensive Review Report</i>. Financial Restructuring Board for Local Governments. February 2015.</p>
<b>City of Rochester</b>	<ol style="list-style-type: none"> <li>1) There are many opportunities for shared services including Civil Service Department sharing, an Energy Aggregation Program, payroll services and financial management, parks maintenance, purchasing operations, a coordinated tax assessment program, Fire Services Coordinator managerial improvement, building maintenance programs.</li> <li>2) Coordination of fleet management could save \$240,000 annually.</li> <li>3) An energy efficient street lighting program could save \$500,000 annually.</li> </ol> <p><b>Source:</b> <i>City of Rochester Comprehensive Review Report</i>. Financial Restructuring Board for Local Governments. February 2015.</p>
<b>City of Elmira</b>	<ol style="list-style-type: none"> <li>1. A shared services plan to be developed with other governments.</li> <li>2. Several grants in the amounts of \$850,000, \$180,000, \$500,000 and \$400,000 may be available.</li> <li>3. Recycling in Elmira should be expanded. A grant of \$250,000 may be available.</li> </ol> <p><b>Source:</b> <i>City of Elmira Comprehensive Review Report</i>. Financial Restructuring Board for Local Governments. June 2016.</p>

**Appendix 5 (Cont.)**  
**Summary of New York State Financial Restructuring Board**  
**Managerial Improvement Recommendations for Local Governments**

<b>City of Lockport</b>	<ol style="list-style-type: none"> <li>1. A shared services plan to be developed with other governments should consider police and 911 dispatch services, information technology, financial management systems, property assessment, and water supply services. A \$60,000 grant may be available.</li> <li>2. The City Water Fund operations should be examined. Grants of \$250,000 and \$50,000 may be available.</li> <li>3. Fire Department turnout gear should be purchased. A grant of \$77,500 may be available to help fund the effort.</li> <li>4. Planning efforts on city owned property subject to economic development should be improved. A grant of \$200,000 may be available.</li> </ol> <p><b>Source:</b> <i>City of Lockport Comprehensive Review Report</i>. Financial Restructuring Board for Local Governments. June 2016.</p>
<b>City of Utica</b>	<ol style="list-style-type: none"> <li>1. A shared services plan to be developed with other governments.</li> <li>2. Parks and Recreation Department should use shared maintenance with the Central New York Conservancy. Internal restructuring should also be considered.</li> <li>3. Health care cost contribution rates for employees should be reviewed since many of them are too low.</li> <li>4. The traffic control system should be improved. A \$500,000 grant may be available.</li> <li>5. Continued multi-year financial planning should be used.</li> </ol> <p><b>Source:</b> <i>City of Utica Comprehensive Review Report</i>. Financial Restructuring Board for Local Governments. June 2016.</p>
<b>Village of Owego</b>	<ol style="list-style-type: none"> <li>1. A shared services plan to be developed with other governments.</li> <li>2. Dissolution of the Village should be considered.</li> <li>3. A multi-year financial plan should be developed.</li> </ol> <p><b>Source:</b> <i>Village of Owego Comprehensive Review Report</i>. Financial Restructuring Board for Local Governments. June 2016.</p>

## Appendix 5 (Cont.)

### Summary of New York State Financial Restructuring Board Managerial Improvement Recommendations for Local Governments

<p><b>Village of Hoosick Falls</b></p>	<ol style="list-style-type: none"> <li>1. A shared services plan to be developed with other governments. This could consider the Village justice court system and the police function.</li> <li>2. Dissolution of the Village should be considered and a grant of \$318,000 annually may be available from the Citizens' Empowerment Tax Credit program.</li> <li>3. Energy efficiency programs are being conducted and can be expanded.</li> <li>4. A multi-year financial plan should be developed.</li> </ol> <p><b>Source:</b> <i>Village of Hoosick Falls Comprehensive Review Report</i>. New York Financial Restructuring Board for Local Governments. June 2016.</p>
<p><b>City of Jamestown</b></p>	<ol style="list-style-type: none"> <li>1) A shared services plan to be developed with other governments.</li> <li>2) The City of Jamestown and Chautauqua County should consider consolidation of police services.</li> <li>3) An energy efficiency plan for the Jamestown City Hall is needed and may save \$70,000 yearly.</li> <li>4) A Department of Public Works software upgrade is needed.</li> <li>5) An energy efficient street lighting program should be implemented. A \$250,000 grant may be available.</li> <li>6) The process of adjudicating parking tickets has to be revised since there are \$420,000 of outstanding parking tickets on the books.</li> <li>7) Procurement inefficiencies exist and perhaps the City should coordinate with the Jamestown School District.</li> <li>8) Economic development processes should be improved.</li> <li>9) A Chautauqua County Land Bank would be beneficial to the City of Jamestown.</li> <li>10) Multi-year financial planning is in place and its use should be continued.</li> <li>11) Energy efficiency improvements needed (June 20, 2016 FRB Agenda).</li> <li>12) Fleet management improvements needed (June 20, 2016 FRB Agenda).</li> </ol> <p><b>Source:</b> <i>City of Jamestown Comprehensive Review Report</i>. Financial Restructuring Board for Local Governments. February 2015. June 20, 2016 FRB Agenda.</p>

**Appendix 5 (Cont.)**  
**Summary of New York State Financial Restructuring Board**  
**Managerial Improvement Recommendations for Local Governments**

<b>Town of Fishkill</b>	<ol style="list-style-type: none"> <li>1) A shared services plan to be developed with other governments. Examples of potential shared services include emergency services, tax collection and bill printing and foreclosure services, human resources and payroll. Potential funding of \$200,000.</li> <li>2) Consolidation of 12 sewer and 7 water districts should be considered.</li> <li>3) Grant of \$50,000 approved and additional grant of \$100,000 may be available.</li> <li>4) Consolidation of the Town of Fishkill and the Village of Fishkill Police Departments should be considered.</li> <li>5) A cost and performance study should be conducted in specific areas.</li> <li>6) A grant of \$38,000 may be available.</li> <li>7) Highway efficiencies can be developed in Dutchess County and in the Town of Fishkill. A grant of \$100,000 is recommended to fund this program.</li> </ol> <p><b>Sources:</b> <i>Town of Fishkill Comprehensive Review Report.</i> New York Financial Restructuring Board for Local Governments. June 2014.  Financial Restructuring Board for Local Governments June 20, 2016 slide presentation, page 32.</p>
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