



ULSTER COUNTY COMPTROLLER'S FISCAL STRESS ASSESSMENT 2020

**Office of the
Ulster County Comptroller
March S. Gallagher**





ULSTER COUNTY OFFICE OF THE COMPTROLLER

2020 FISCAL STRESS ASSESSMENT REPORT

comptroller.ulstercountyny.gov

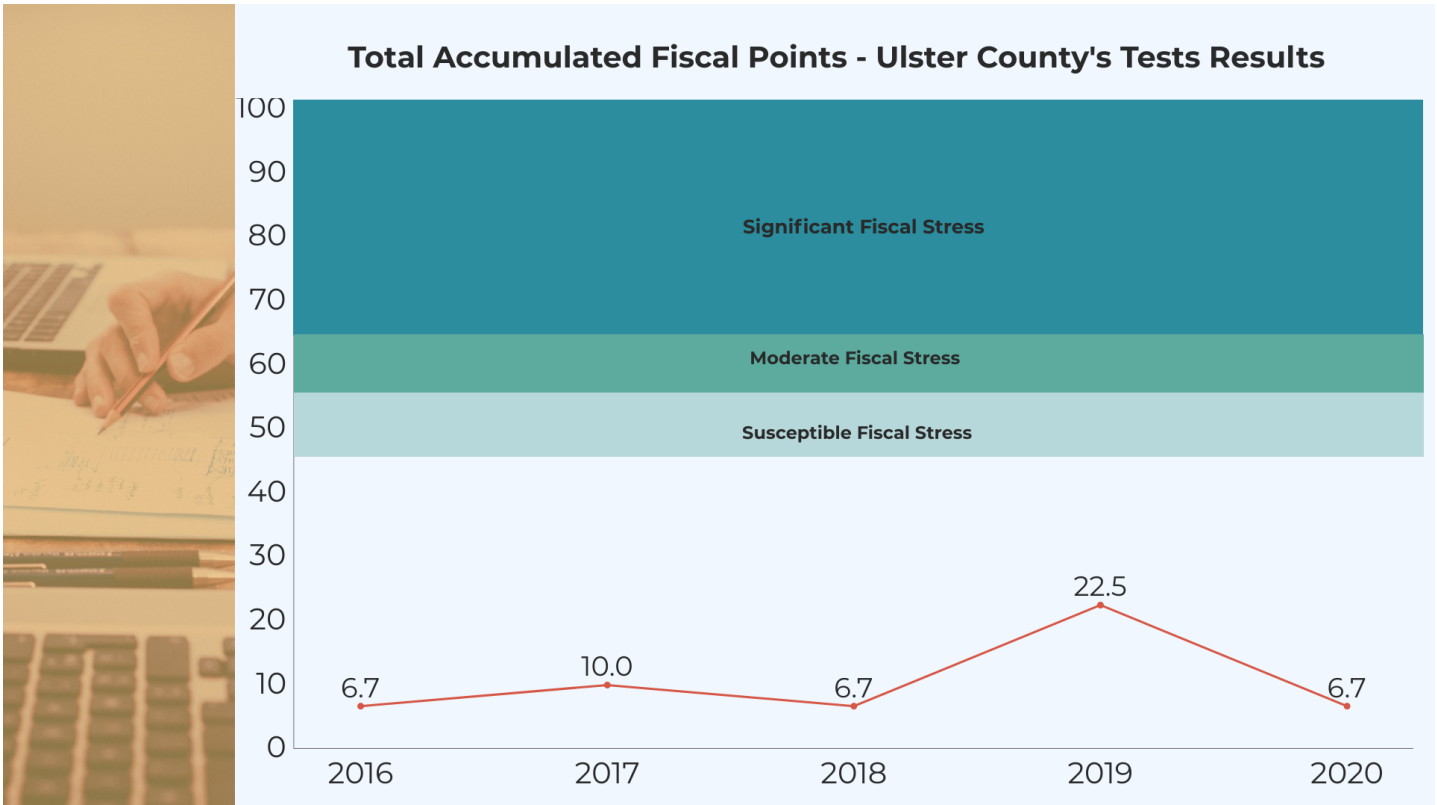
Released July 2021

The New York State Office of the State Comptroller (“OSC”) developed the Fiscal Stress Test (“Test”) as a tool to assist governmental entities toward better understanding their historical and present economic status. According to OSC, “fiscal stress” is the “inability of an entity to generate enough revenues within the current fiscal period to meet its expenditures.” To gain a clearer picture of financial health, the Test assesses municipalities and assigns them points as to the following: year-end fund balance, operating deficits, cash position, use of short-term debt, and fixed costs (such as personal services and employee benefits). By analyzing certain trends among these indicators, local governments can be proactive in improving or maintaining their financial position so that reductions in public services or cuts to other operational expenses can be avoided.

How Fiscally Stressed is Ulster County? Not Very.

The Test classifies fiscal stress among three categories: “significant stress,” “moderate stress,” and “susceptible to stress.” Additionally, “no designation” is reserved for municipalities that do not accumulate enough points to be labeled within the three aforementioned stress categories. For 2020, the results of the Fiscal Stress Test show that Ulster County’s stress levels are improving within the “no designation” classification. OSC notes that a “no designation” rating does not indicate a complete absence of fiscal stress and that local officials should review fiscal stress results carefully to identify potential risk areas.

Fortunately, since the inception of the Test by OSC, Ulster County hasn’t been deemed as operating within any category of fiscal stress. In conducting this year’s version of the Test, we utilized the most up-to-date Annual Financial Reports that were submitted to OSC as well as OSC data from prior years. Monitoring these indicators can help guide policy makers as we move forward in addressing a post-COVID environment.

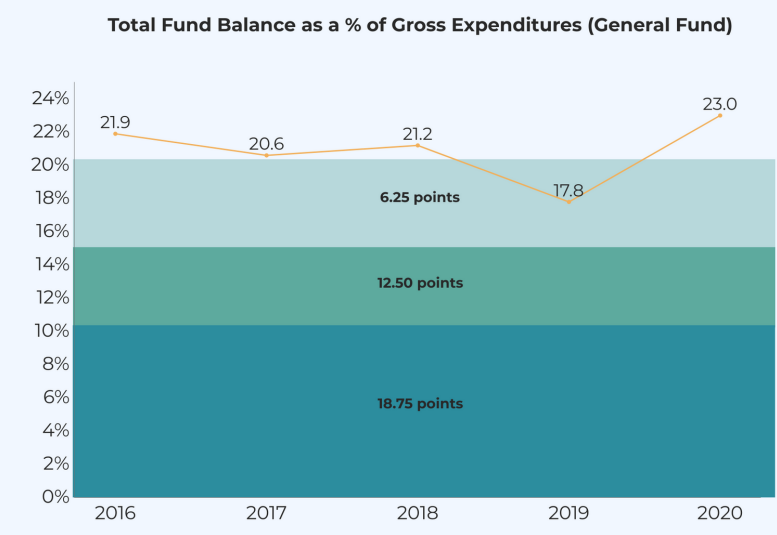
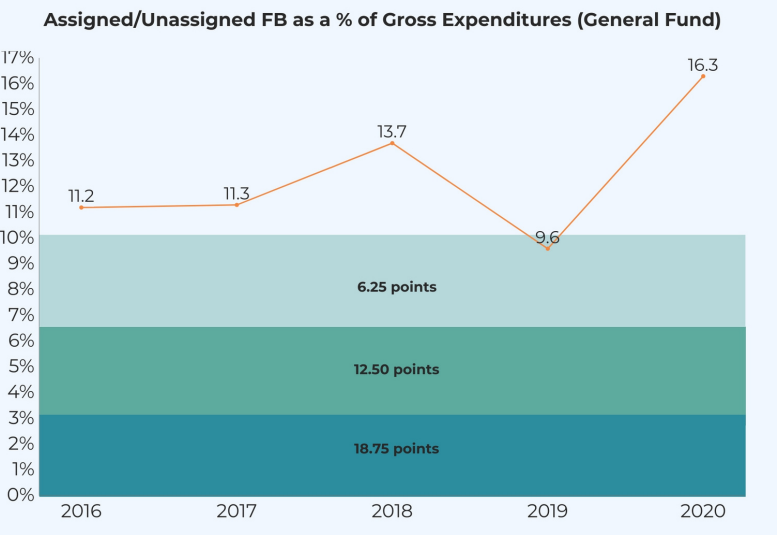


*Note: Test parameters were enhanced in 2017; results from 2013-2016 are based on previous parameters of the Test.

The following financial indicators are noteworthy:

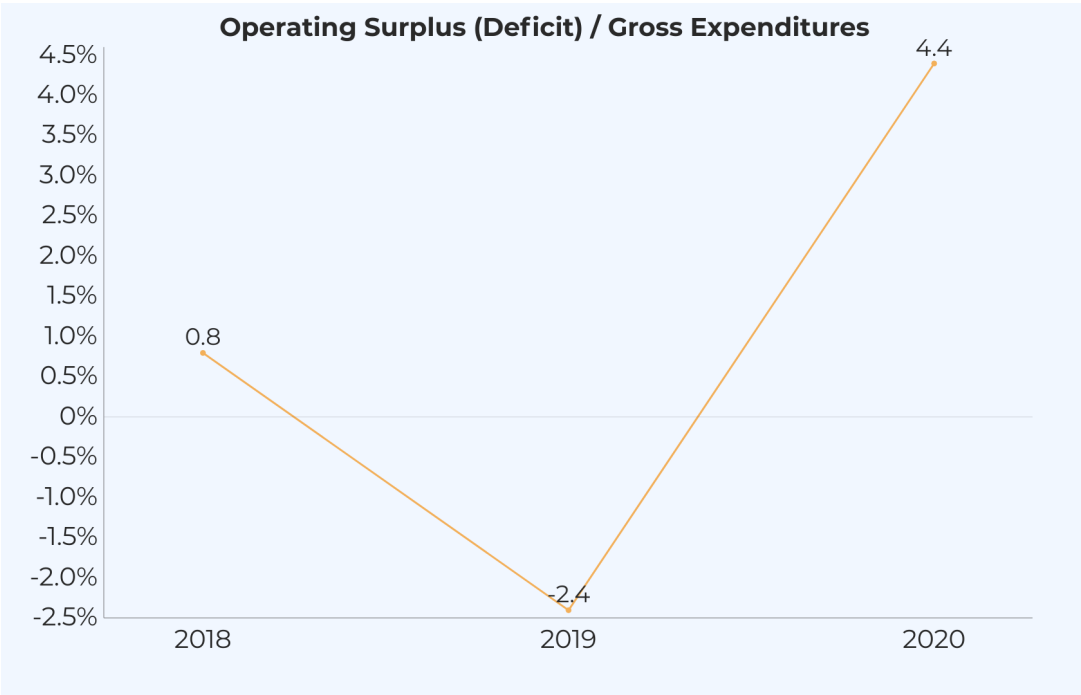
Fund Balance

The County had received points in the Fund Balance categories in 2019, however due to a surplus in 2020 adding to the Fund Balance levels, no points were received in 2020. This category predicts the ability to deal with potential revenue shortfalls or expenditure overruns. (no points were attributed to this area). A negative or low level of fund balance can adversely impact expected services.



Operating Deficits

The County experienced an operating deficit in one out of the past three years. Multiple years of operating deficits may indicate financial hardship or that recurring revenues are insufficient to support recurring expenditures. The County typically has bounced back from deficit years with a subsequent surplus year to preserve fund balance. (3.33 points attributed to this area)



Short Term Cash Flow Debt

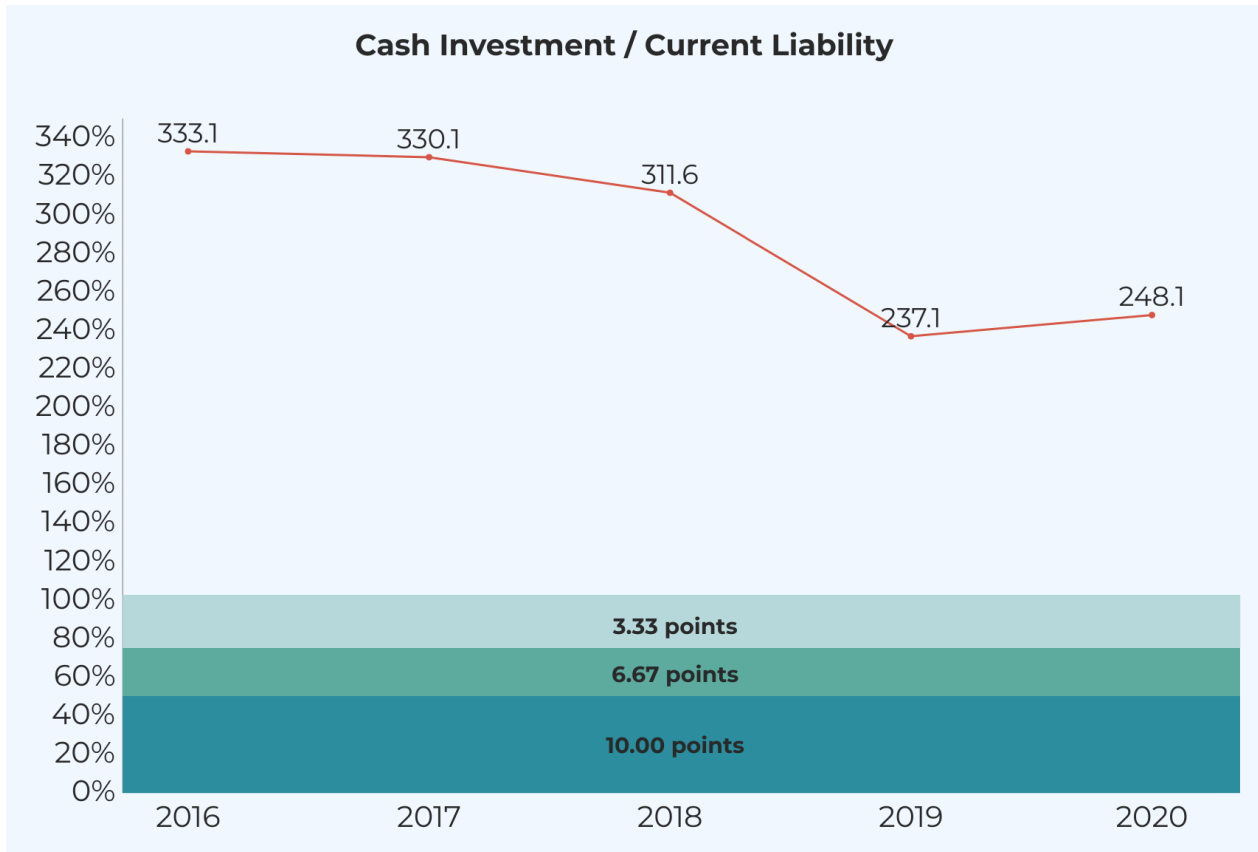
The County has not issued short-term cash flow debt from the funds evaluated, which indicates that the County does not have cash flow issues. (No points attributed to this area)

Fixed Costs

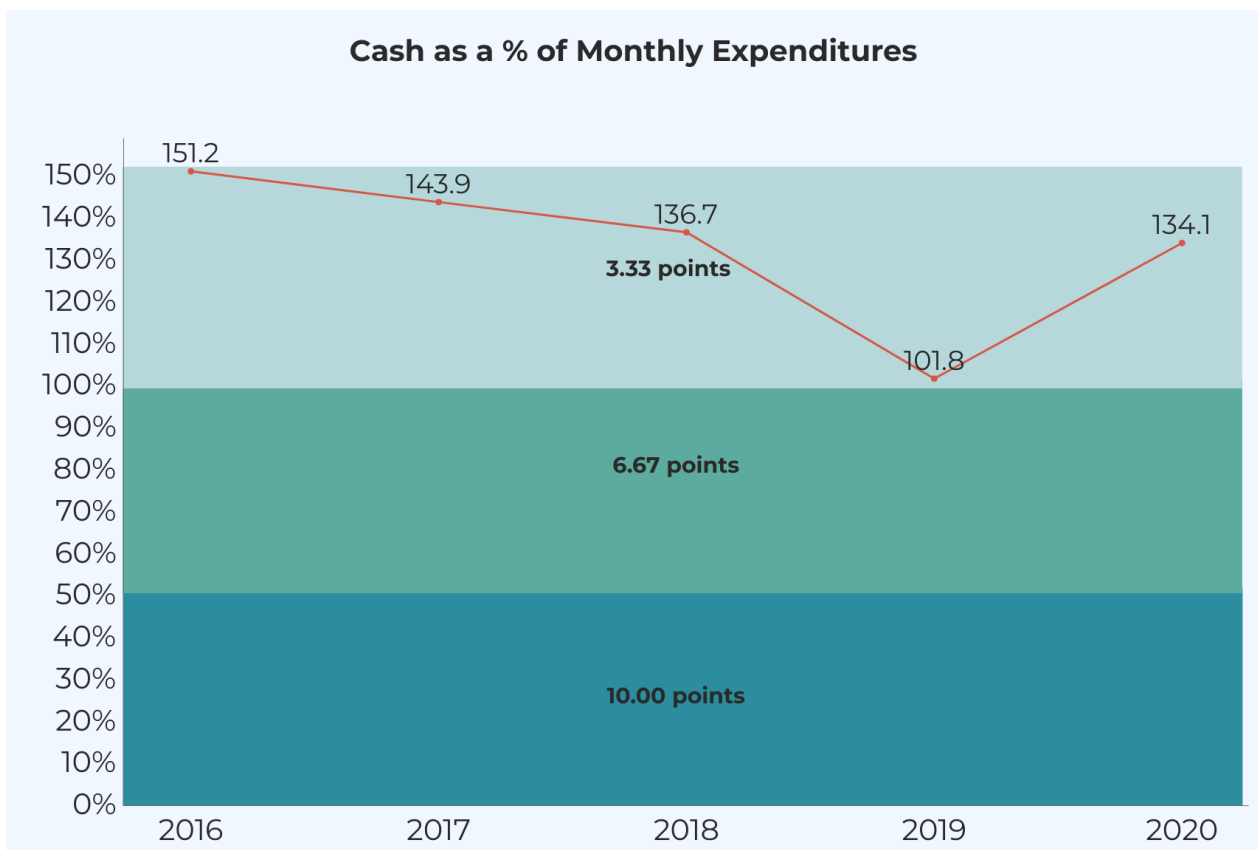
The County has maintained low fixed costs in the areas of personal services, employee benefits, and debt services, allowing for flexibility in responding to economic fluctuations. (no points attributed to this area)

Cash Position

As far as the County's cash position, its cash ratio as a percentage of current liabilities is strong;



There is a slight indication of stress related to its cash ratio as a percentage of monthly expenditures. (6.67 points attributed to this area)



Ulster County Conclusions

Ulster County has maintained its multi-year status without a stress designation. We anticipate the County to remain in a strong financial position at the end of 2021 because of increased cash levels due to the American Rescue Plan, along with a positive sales tax receipts so far in 2021.

Leadership should be commended for preserving the County's financial standing, however, policymakers should ensure that future budgets work toward a structurally balanced budget where recurring revenues support recurring expenditures. To preserve fiscal health in Ulster County non-recurring revenue streams, such as fund balance, should be minimized in future budgets.

We appreciate the annual opportunity provided to us by OSC to analyze the County's fiscal health.

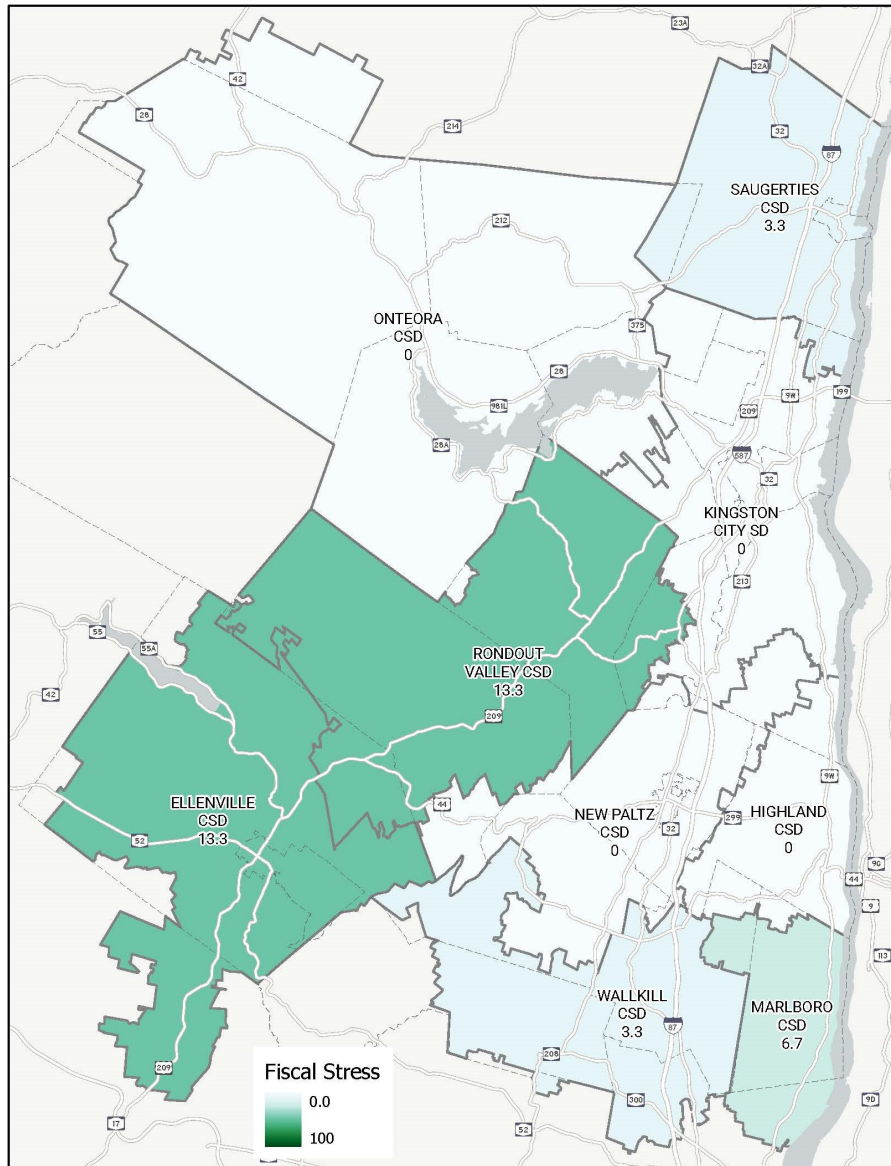
Other Taxing Jurisdictions

Each year OSC also assesses cities, towns, villages, and school districts, for fiscal stress. The analysis provides the public and leadership with objective information to spur corrective attention. In addition to the lists published by the OSC each year, municipalities and school districts can conduct their own analysis for a more current evaluation, just as we have done for Ulster County. This can help fiscal staff monitor their potential for fiscal stress to advise leadership and plan for the future.

School Districts

Unlike counties, towns, villages and cities, school districts have a fiscal year end of 6/30, so the fiscal stress analysis is released in the first quarter. The indicators considered for school districts also differ from other local governments. School districts do not consider short term debt trends, personal service and employee benefit costs, and debt service expenditure percentages indicators. School districts are considered "susceptible to fiscal stress" at 25 points.

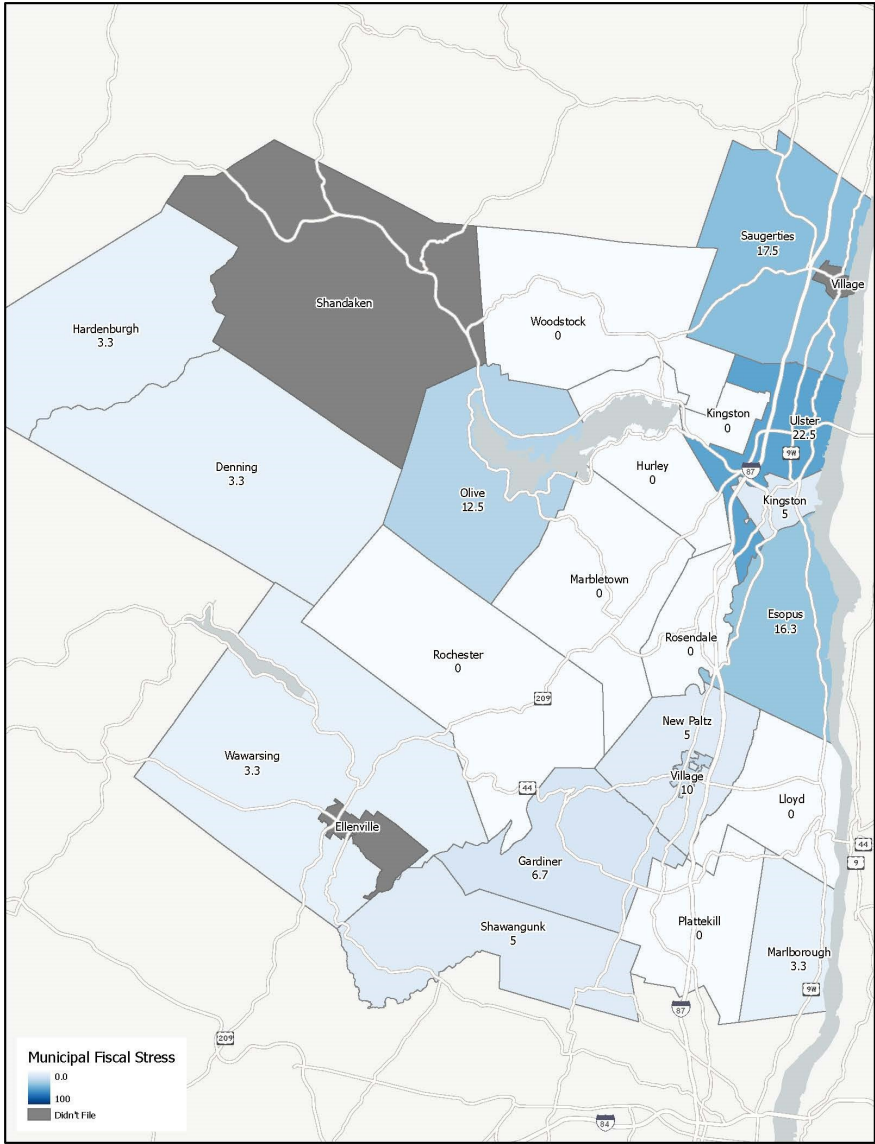
School District	Fiscal Stress	Year
Ellenville	13.3	2020
Highland	0.0	2020
Kingston	0.0	2020
Marlboro	6.7	2020
New Paltz	0.0	2020
Onteora	0.0	2020
Rondout Valley	13.3	2020
Saugerties	3.3	2020
Wallkill	3.3	2020



Cities, Towns, and Villages

Cities and towns have a 12/31 year- end, therefore, the Office of State Comptroller’s fiscal stress analysis is released in the third quarter. Most villages have a 5/31 fiscal year-end which is why 2020 scores can be calculated for villages.

The types of governmental funds included in calculations vary depending on the local municipality. Cities, towns, and villages use financial indicators similar to the County to evaluate fiscal stress, including fund balance, operating deficits, cash positions, and short-term cash-flow debt reliance. The analysis differs slightly for each type of local government, but they all consider short term debt trends, personal service and employee benefit costs, debt service expenditure percentages indicators.



Town fiscal stress scores are based on the 2019 fiscal year. None of the Ulster County municipalities have a fiscal stress designation.

Town	Fiscal Stress	Fiscal Year
Denning	3.3	2019
Ellenville, Village	Not Filed	2020
Esopus	16.3	2019
Gardiner	6.7	2019
Hardenburgh	3.3	2019
Hurley	0.0	2019
Kingston, City	5.0	2019
Kingston, Town	0.0	2019
Lloyd	0.0	2019
Marbletown	0.0	2019
Marlborough	3.3	2019
New Paltz	5.0	2019
New Paltz, Village	10.0	2020
Olive	12.5	2019
Plattekill	0.0	2019
Rochester	0.0	2019
Rosendale	0.0	2019
Saugerties	17.5	2019
Saugerties, Village	Not Filed	2020
Shandaken	Not Filed	2019
Shawangunk	5.0	2019
Ulster	0.0	2019
Wawarsing	3.3	2019
Woodstock	0.0	2019

Municipalities are considered "susceptible to fiscal stress" at 45 points. The fiscal stress scores range from 0 to 16.3 throughout the municipalities in Ulster County. The Villages of Saugerties and Ellenville, and the Town of Shandaken did not file their Annual Update Document or filed late with the Office of State Comptroller and did not receive a score based on lack of information available.