



**ULSTER COUNTY
POPULAR ANNUAL
FINANCIAL REPORT
FOR FISCAL YEAR ENDING
DECEMBER 31, 2020**

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





Message from the Comptroller

Dear Ulster County,

I am pleased to be able to share with you our second Popular Annual Financial Report (PAFR). The PAFR provides an overview of the county's Consolidated Annual Financial Report, making it easy to understand the financial position of Ulster County over the last year. In addition, we provide demographic, economic, and statistical information about Ulster County.

It has been the highest honor to work as a public servant during the COVID-19 pandemic. Our office worked to move as many of our processes as possible to digital forums and we continued to provide timely and important information to the public, the Legislature, and the Executive.

In 2020 every aspect of life in Ulster County was impacted by the COVID-19 pandemic. Our financial position remained strong because of reductions in expenditures, while revenues stayed relatively flat from the prior year. Nonetheless, there were costs associated with the pandemic that we include here. The pandemic affected all industry sectors, our arts and culture, our educational systems and general government services.

Our claims audit work continued throughout 2020 making sure that every tax dollar spent was within budget and for goods and services rendered. In addition, we provided regular updates through our Taxpayer Checkbook, Contract Log and regular reporting. We saw some of our work bear fruit as the Sheriff and County Executive were able to reduce expenditures in corrections, and Ulster County streamlined the process for the collection of occupancy tax from Airbnbs following our audits of both of these areas.

I have the privilege of working with a talented team of auditors and professionals. We work together to watch out for your tax dollars. I want to give special thanks to our staff who innovated to make sure that tax dollars were protected throughout the pandemic and straight through to today. We look forward to bringing you more of this kind of transparency and accountability.

Sincerely,

A handwritten signature in blue ink that reads "March Gallagher".

March S. Gallagher
Ulster County Comptroller

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ULSTER COUNTY, NY

Founded November 1, 1683

MISCELLANEOUS STATISTICS



Geography

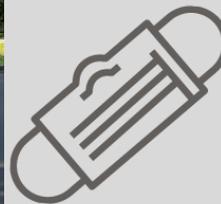
Ulster County is home to a large portion of the NYC Watershed and hosts two major reservoirs, the Ashokan and the Rondout. Ulster County encompasses an area of 1,161 square miles, with 425 miles of County roads, 1,124 square miles of land, and 37 square miles of water. There are 75 miles of rail trail. There are 86,630 taxable parcels of property.

Town and Village Governance



Number of Cities:	1
Number of Villages:	3
Number of Towns:	20
Form of Government:	Charter

Ulster County 2020 Top COVID-19 Stats



COVID-19 tests administered in 2020: 196,705

Masks & hand sanitizer distributed to seniors by UC Office of the Aging: 20,000

Call volume generated through the COVID-19 Hotline: 35,000+

Meals provided by Emergency Operations Center: 6,000

Drive-thru COVID-19 tests conducted by Emergency Services (at Tech City): 5,842

Positive cases confirmed by Department of Health and Mental Health/Public Health Nursing Services: 6,242



Population and Services



Number of School Districts:	9
Number of Hospitals:	2
Number of Fire Districts:	56
Number of Farms:	421
Population (2020 Census):	181,851

Business and Economy

Ulster County's largest real property taxpayers are utility and infrastructure related. The combination of New York City Bureau of Water, Central Hudson Gas & Electric and New York State for open space lands around the Ashokan is \$2.1 billion compared or 10.3% of the total equalized assessed value for all lands in Ulster County. All of the open space provided by New York City and New York State has additional value to the community as making Ulster County a great place to visit. The tourism economy can clearly be seen in our leisure and hospitality job numbers.

Our top four industry sectors by employment are education and health services, retail trade, local government, and leisure and hospitality.

All sectors experienced a dramatic loss of jobs during the pandemic resulting in an unusual spike in unemployment claims that moderated by year-end.

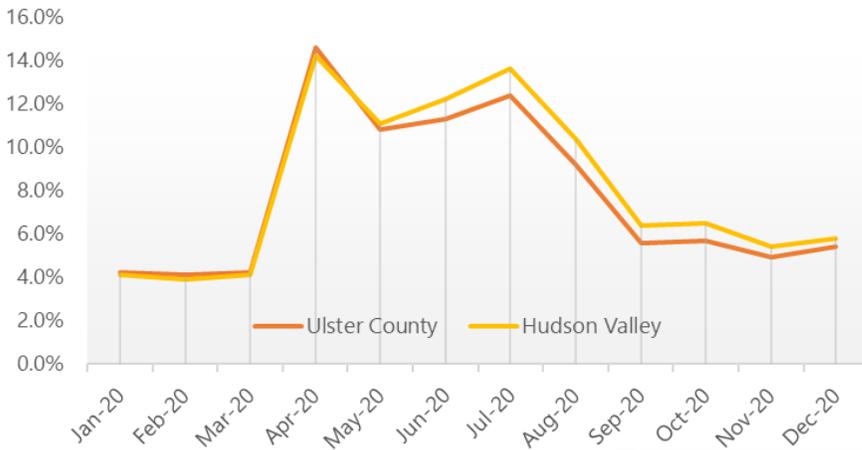
TOP TEN ULSTER COUNTY TAXPAYERS

2020 Assessed Value

1 - NEW YORK CITY BUREAU OF WATER	\$1,282,956,209
2 - CENTRAL HUDSON GAS & ELECTRIC	\$449,137,407
3 - NEW YORK STATE	\$374,824,542
4 - UH US HUDSON VALLEY 2019 (Wal-Mart, Lowe's, Sam's Club, etc.)	\$62,309,618
5 - VERIZON NEW YORK, INC.	\$35,901,368
6 - TECH CITY (incl. AG Prop of Ulster County Business Complex)	\$33,372,871
7 - SMILEY BROTHERS, INC. (Mohonk Resort Complex)	\$31,417,778
8 - CSX TRANSPORTATION, INC. (Railroad)	\$25,736,233
9 - KINGSTON MALL, LLC	\$22,245,331
10 - KINGSTON VILLAGE	\$19,966,667

Based on total equalized taxable value of combined properties under same ownership

2020 Unemployment Rate



During 2020 Ulster County experienced significant upheaval to our entire economy as a result of COVID-19. The sectors hit with the largest 2020 job declines were local government, education, and health services.

State government jobs increased in Ulster County in 2020 as did transportation, warehousing, and utilities. As the economy continued to rebound, many of these categories saw sustained increases in 2021.

The number of jobs provided by each industry sector is only one measurement of the importance of a sector. Other important measurements include economic output, retail and wholesale sales, construction spending and more but those statistics lag by more than a year.

Ulster County experienced a very large increase in business formation in 2020 with a jump of 7.6% in formations over the prior year. Ulster County businesses received \$120 million in PPP loans in 2020.

Ulster County Resident Civilian Labor Force as of December 2020

Category	December 2020	December 2019	1 year Losses
Local Government Non-Education	8,200	9,200	-1,000
Education & Health Services	9,800	10,700	-900
Local Government Education	4,900	5,600	-700
Other Services	2,500	3,000	-500
Professional & Business Services	4,100	4,400	-300
Manufacturing	3,200	3,400	-200
Retail Trade	8,800	9,000	-200
Leisure & Hospitality	8,000	8,200	-200
Natural Resources, Mining & Construction	3,000	3,100	-100
Wholesale Trade	1,500	1,600	-100
Financial Activities	2,300	2,400	-100
Information	900	900	0
Federal Government	400	400	0
Transportation, Warehousing & Utilities	1,900	1,800	100
State Government	5,300	5,000	300

Source: New York State Department of Labor/December 2020, Kingston MSA Labor Market Profile, Nonfarm Employment

COVID-19 Impacts

This section is a summary of the costs related to responding to the pandemic that the Ulster County Comptroller's Office was able to aggregate from existing reported financial and personnel data for 2020. The County continues to incur substantial costs in the current year 2021, many of which are offset by pandemic related revenue streams, such as the cost of operating vaccination clinics. We have reviewed the 2020 expenditures to assist in both improving the accounting for these costs and potentially identifying and obtaining revenues to offset these costs. Our review is limited to those costs that are directly identifiable as "related to COVID" and does not include many of the "repurposed resources" that the County allocated to addressing needs related to COVID. The Ulster County Executive and County Legislature undertook extraordinary efforts to protect the people of Ulster County, provide normal government services, and innovate entirely new systems and programs. These findings and recommendations are offered in the spirit of improving our ability to track and identify costs in the future with full recognition of the life-saving services provided during 2020 and the County's rapid response to community needs.

COVID Related Expenditures for 2020:

- We were able to identify \$5,652,395 in direct COVID-19 pandemic-related expenditures, but this figure is likely understated due to a lack of cost tracking systems.
- A total of \$2,301,678 of those expenditures were for supplies, contracts and equipment, the remaining \$3,350,717 were personnel costs.
- The County entered into \$1,578,480 in contracts for pandemic-related services forgoing normal procurement procedures as allowed by the Governor's Executive Orders during the public health emergency. Vendors were paid \$989,562 on those contracts in 2020.
- The County paid \$153,875 to employees on quarantine, \$2,757,320 to employees to stay home with density mandate pay during the emergency, and \$436,883 for pandemic-related overtime.
- The majority of overtime was earned by employees in the Sheriff's Office (76% of all COVID overtime), the Department of Public Works (13%) and Emergency Management Office (7%).
- Employees earned 9,560.25 hours of compensatory time in 2020, the majority of which was related to hours earned for work related to the pandemic. Of that time, the County paid \$104,221 in compensatory time earned and paid, resulting in additional salary earnings for those employees.

Recommendations:

Our review of COVID-related expenditures identified the opportunity for improvements in the ability to track and identify expenses related to responding to the pandemic. The following actions would improve the County's ability to review and understand the true cost of the pandemic, and furthermore, would improve our ability to complete required reporting and possibly identify additional reimbursable costs.

- Implement a uniform project code for COVID-related expenditures or any future expenditures associated with an unusual or one-time event. This would provide policy makers a true cost of the pandemic to County finances.
- Implement a uniform payroll code to denote COVID-related work hours including regular work hours, overtime and compensatory time earned so that the County could analyze the cost of implementing certain services. For example, we cannot provide a cost associated with operating the vaccination POD because employees that staff the POD during regular work hours do not denote that time in any way.
- Track remote work hours for each employee so that management can provide personnel policies and compensation to address disparities.
- Record inter-departmental resource allocation (time to set up remote access for various departments and repurposing of some personnel for COVID response).



Project Resilience

Ulster County benefited during the beginning of COVID from philanthropic support that was used to fund Project Resilience, a program in partnership between Ulster County, The Community Foundations of the Hudson Valley, and the United Way of Ulster County, which was used to create a food distribution network for County residents. This funding and programming came at no direct cost to Ulster County taxpayers other than the administrative and staff work needed to organize Project Resilience. As Ulster County staff did not identify what regular work hours were worked on COVID-related activities, including Project Resilience, the Comptroller's Office is unable to identify the costs to the taxpayer of administering this program.



Project Resilience was created to help combat food insecurity brought on by COVID-19 impacts and restrictions, delivering over 300,000 meals to local residents. In conjunction with local governments, local businesses, and not-for-profits, over \$2 million dollars in funding was made available for local restaurants. Volunteers in every town and village fueled the meal deliveries, once again, showing the heart and resilience of our communities.

135,077

Meals provided through Project Resilience (Phase 1: restaurants)

162,087

Meals provided through Project Resilience (Phase 2: food pantries)

30,000+

Face shields were produced through Project Resilience.

Healthcare Impacts

The year 2020 ushered in a tremendous amount of change in a short time. As the state went into lockdown to avoid pandemic spread in early March 2020, local government had to innovate. Ulster, Dutchess, and Orange Counties led the way by closing school districts in advance of New York State's call for closures amidst the unknowns of the virus spread. Ulster County was additionally responsive by quickly introducing one of the first in the state, county-sponsored drive-thru testing facilities, and by providing daily communications via live stream on social media to keep people up to date.

Our health care providers had to innovate too. Health Alliance of the Hudson Valley, which had been straddling two aging hospital campuses a few blocks apart, shuttered the 60 behavioral health beds at the Mary's Avenue campus to make way for a potential COVID-surge. Inpatient mental health and detox services were moved to Mid-Hudson Regional Hospital operated by the same parent, Westchester Medical.

Unfortunately, just as those services were eliminated, the community's need for mental health services grew, and the results have been devastatingly tragic. The number of people who died by suicide increased from 23 in 2019 to 28 people in 2020. Even more stark was the increase in opioid related overdoses with people dying by opioid overdose rising from 33 people in 2019 to 64 people in 2020.

Arts & Culture

Ulster County's Arts and Culture sectors are important in their own right in terms of their economic footprint, employment opportunities, revenue generation, inclusion, innovation, hospitality, and social-emotional impacts. Hardest hit by the pandemic restrictions, employment in this industry plummeted as bars and restaurants, clubs, theaters, galleries, and dance and musical venues struggled to stay open for business. Social distancing parameters and lockdowns also made evident the importance of arts and culture for people's mental and emotional well-being. Businesses turned to thinking outside the box – with many converting sidewalks and patios into dining and drinking spaces to host music and arts shows outdoors, opening spaces to accommodate stages, and most adding deliveries and pick up of meals as a means of keeping restaurant staff employed.



Education

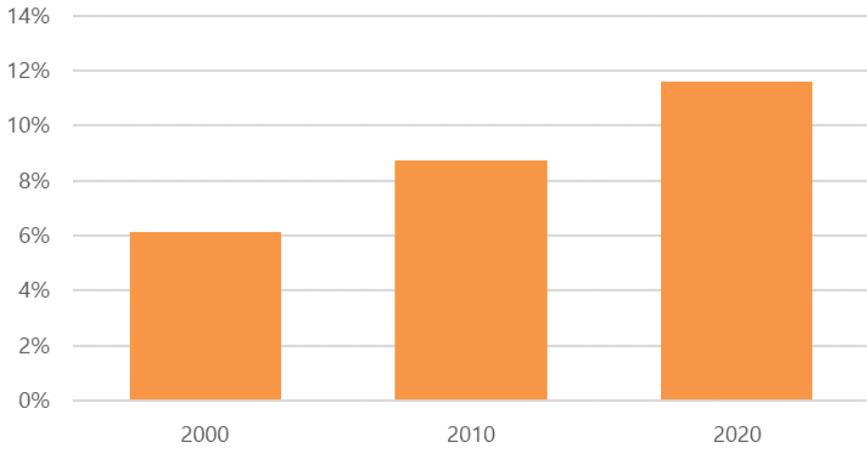
2020 was undoubtedly an unusual and trying time for college students and kindergarten through 12th grades alike. Issues from learning new software, remote learning, and accessing special education services, and providing meals to families, to learning new social distancing measures, implementation of precautionary health protocols, and additional strain on educators, 2020 proved to be a massive learning curve – while also exemplifying the strength and resilience of school communities and our students.

In total, Ulster County School districts received \$54 million dollars from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was signed into law on March 27, 2020. Funding was divided amongst the 9 school districts, with the largest school district in Ulster County, Kingston City School District, receiving approximately \$14.3 million in federal aid. Onteora Central School District received \$4.8 million, Saugerties Central School District received \$3.4 million, and New Paltz Central School District received \$1.7 million. This additional funding went towards much needed additional infrastructure such as HEPA filtration and upgrades, tents for outdoor classes, purchasing of technology and software, medical supplies like masks, sanitizer, and temporal thermometers, and extra COVID-related costs incurred for keeping school populations safer.

Demographics

The initial results of the 2020 Census are now available enabling us to see that Ulster County has a population of 181,851 people, dropping 642 people from the 2010 Census. The growth in Hispanic identifying population is even greater than that reported in last year's Popular Annual Financial Report, rising to now 12% of the population of Ulster County. Without the influx of Hispanic population, Ulster County would have lost 2.8% of its population from 2010 to 2020; however, the County is still majority identifying as white.

Population Identifying as Hispanic



Race/Ethnicity

Race/Ethnicity	Number
White alone	136,695
Hispanic or Latino	21,119
Black or African American alone	10,152
Population of two or more races	8,538
Asian alone	3,778
Some other Race alone	1,218
American Indian and Alaskan Native alone	306
Native Hawaiian and Other Pacific Islander alone	45
Total	181,851

The majority of Ulster County's residents speak only English (88%). Another 5.9% speak primarily Spanish. For the primary language spoken at home, 11% of Ulster County households speak a language other than English. This is likely because 7.6% of Ulster County residents are foreign born. Of those foreign born, 58.5% of them are naturalized citizens and 41.5% are not U.S. citizens.

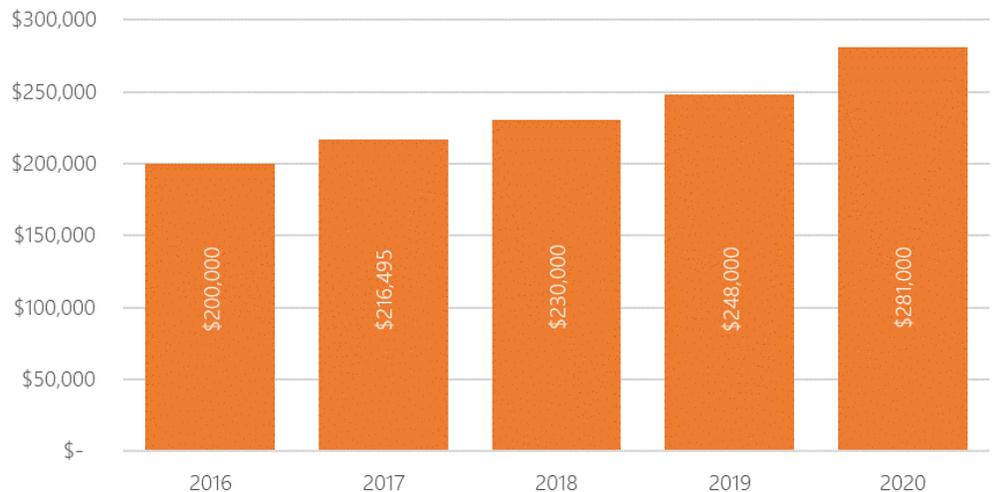
Ulster County has an aging population with 20.3% of the population over age 65, compared to 16.9% of New York State residents. Ulster County has slightly more veterans as a percentage of the total population, at 5.8% compared to 4.3% for the entirety of New York State. Ulster County's disabled population is 14.5% of people compared to New York State's 11.6% of the population probably because of our older population.



Housing

Ulster County continued to experience a housing crisis throughout 2020 which was exacerbated by the pandemic. While evictions were stayed, price increases in both the sales and rental market continued as a result of short term rentals, full occupancy by second homeowners, and people moving out of the New York City metro region. According to initial data from the 2020 Census, Ulster County has 85,853 housing units, 12,532 of which are considered vacant.

Median Residential Home Sale Price

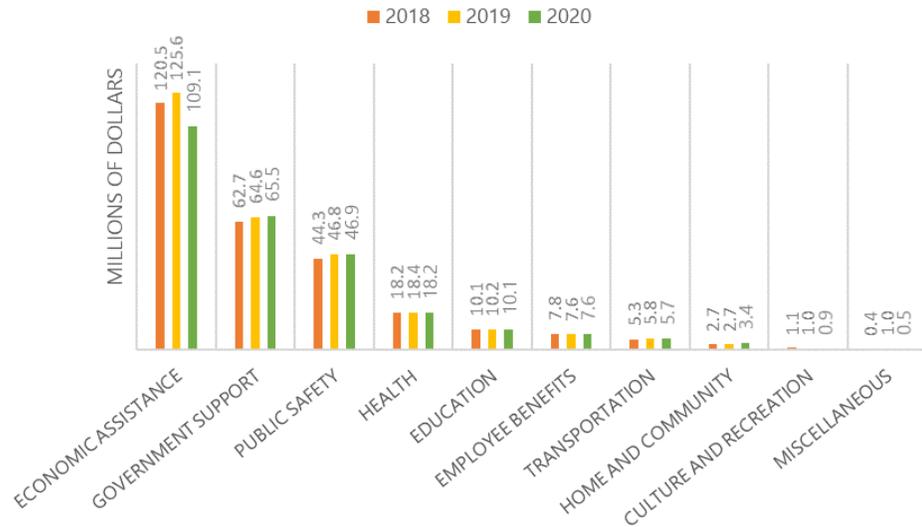


Median household income in Ulster County is \$64,087 with 11.9% of our population living in poverty. Ulster County took several important steps to address housing matters including issuing a Housing Action Plan, as well as selecting a developer, Pennrose, to develop the Golden Hill former jail property as housing.

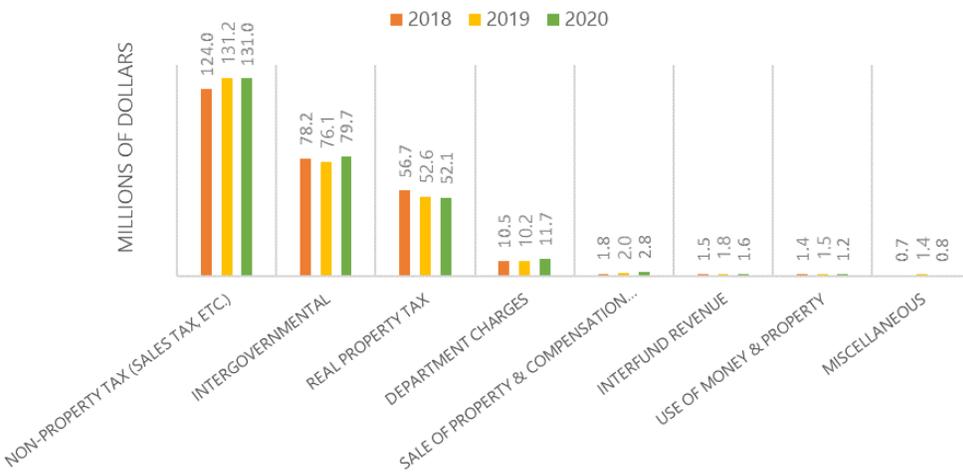
County Finances

From 2019 to 2020, General Fund revenues increased by \$3 million, while General Fund expenditures decreased by almost \$16 million. In conjunction with the pandemic and shutdowns across the country many local government programs did not function to their fullest potential, resulting in a significant reduction in costs county-wide. The expenditure category that saw the largest decrease was Economic Assistance and Opportunity, with over \$7M unspent in childcare contractual services. While these reductions in services resulted in a "cost savings" for the County in a difficult time, it also meant a reduction in services provided to residents in need.

GOVERNMENTAL ACTIVITIES EXPENDITURES 2018-2020



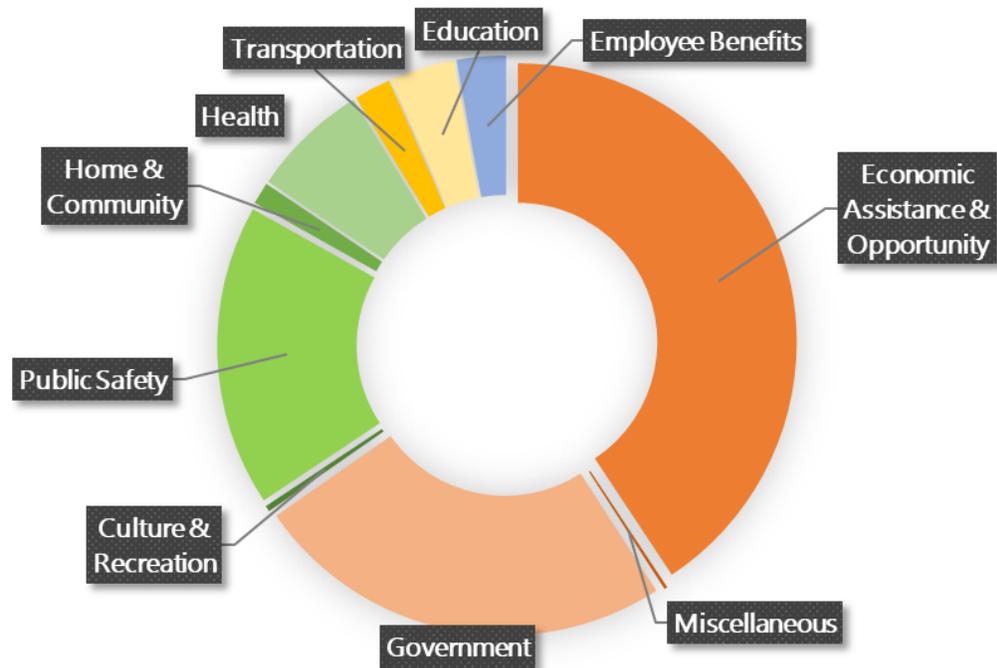
GOVERNMENTAL ACTIVITIES REVENUES 2018 TO 2020



Most 2020 revenues were on par with 2019 revenues. Sales tax saw a slight reduction year-over-year, while some state and federal revenue sources (like inter-governmental revenues) saw modest improvement. It is important to note that revenues like sales tax typically experience annual growth of at least 3% every year, so flat revenues or minimal growth is generally not a positive financial indicator. Additionally, sales tax trends can be good indicators of spending habits county wide, signaling a stagnant economic environment in Ulster County for 2020.

Economic Assistance & Opportunity, Government Support, and Public Safety represent the majority of County spending, making up a combined 83% of our total 2020 operating budget for Ulster County. Economic Assistance encompasses expenses ranging from Social Services administration and programs to Tourism, Veteran's Services, and Aging Services. Government Support expenses are related to the administration of County affairs from elected officials to Department of Finance, and Personnel, among others. Public Safety expenses represent the units the County Sheriff oversees along with E911, Probation, Fire, and Safety departments.

Governmental Activities Expenditures



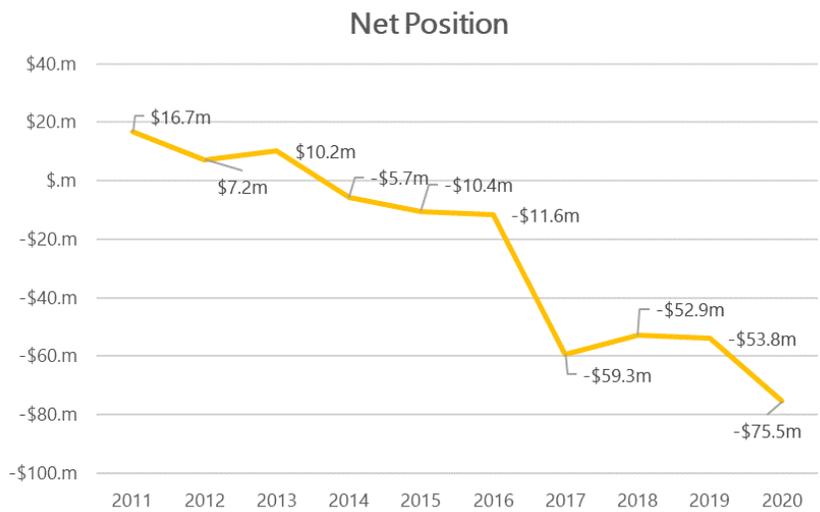
Assets & Liabilities

The County's net position saw a decline when compared to 2019. The liabilities and deferred inflows of resources of the primary government of the County exceeded assets and deferred outflows of resources at the close of the fiscal year by \$75.5 million, representing a net position deficit. Our primary government consists of governmental activities as well as the activities of our Special Revenue, Debt Service, Capital Projects, Ulster Tobacco Asset Securitization Corporation (UTASC), and Proprietary Fund Types.

Statement of Net Position (Primary Government)	
Our Assets and Outflows (What we Have)	(in millions)
Unrestricted current assets mainly cash and amounts owed to the County	\$ 173.4
Restricted cash and cash equivalents	\$ 13.6
Net capital assets consisting primarily of buildings, equipment and vehicles	\$ 202.0
Deferred outflows of resources	\$ 91.9
Total assets and deferred outflows of the County	\$ 480.9
Our Liabilities and Inflows (What We Owe)	
Current liabilities consisting of all the amounts the County owes and expects to pay in 2021, except County Bonds, Judgements and Claims and Compensated Absences	\$ 61.9
Judgements and claims payable	\$ 35.7
Other post-employment benefits and net pension liability	\$ 264.1
Amount of bonds/BANS payable	\$ 157.5
Deferred inflows of resources	\$ 37.3
Total liabilities and deferred inflows of the County	\$ 556.4
Net Position	\$ (75.5)

Net Position

The statement of net position presents information on all County assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position serve as an indication of whether the financial condition is improving or deteriorating. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. In 2017, the County implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result, net position has been restated at December 31, 2017. Ulster County's declining and now negative net position, where a large portion of the net position is in capital assets such as buildings that cannot be used for future expenditures, means that the County has fewer resources to meet future obligations. At the end of 2020 the County's Net Position had decreased by \$21.7 million when compared to 2019.



Fund Balance



Fund Balance

In 2020, County Governmental funds increased by \$12.1 million to a total of \$58.6 million, while the General Fund balance increased by \$11.1 million to a total fund balance of \$61.7 million. Unassigned fund balance for the General Fund was \$39.2 million, or 14.58% of total General Fund expenditures and operating transfers out. Based on the County's recently adopted Fund Balance Policy, the unrestricted operating fund balance was 14.8% of budgeted 2021 operating expenditures. The unassigned fund balance was 11.7% of budgeted 2021 operating expenditures. An assignment from the fund balance of \$5.6 million was budgeted for appropriation in the 2021 operating budget, however the County will see a significant surplus at the end of 2021, which will further increase the County's fund balance.

COUNTY GOVERNMENT

County Executive

Patrick K. Ryan

(845) 340-3800

County Comptroller

March S. Gallagher, Esq.

(845) 340-3529

County Clerk

Nina Postupack

(845) 340-3288

County Sheriff

Juan Figueroa

(845) 340-3590

County Judge

Bryan E. Rounds

(845) 481-9393

County District Attorney

David J. Clegg

(845) 340-3280

County Legislature

(845) 340-3900

ulstercountyny.gov

2020 Department Service Highlights

83,037

911 calls handled
by Emergency
Services

\$1,664,150

Generated in Occupancy
Tax through the
Department of Tourism

60,794

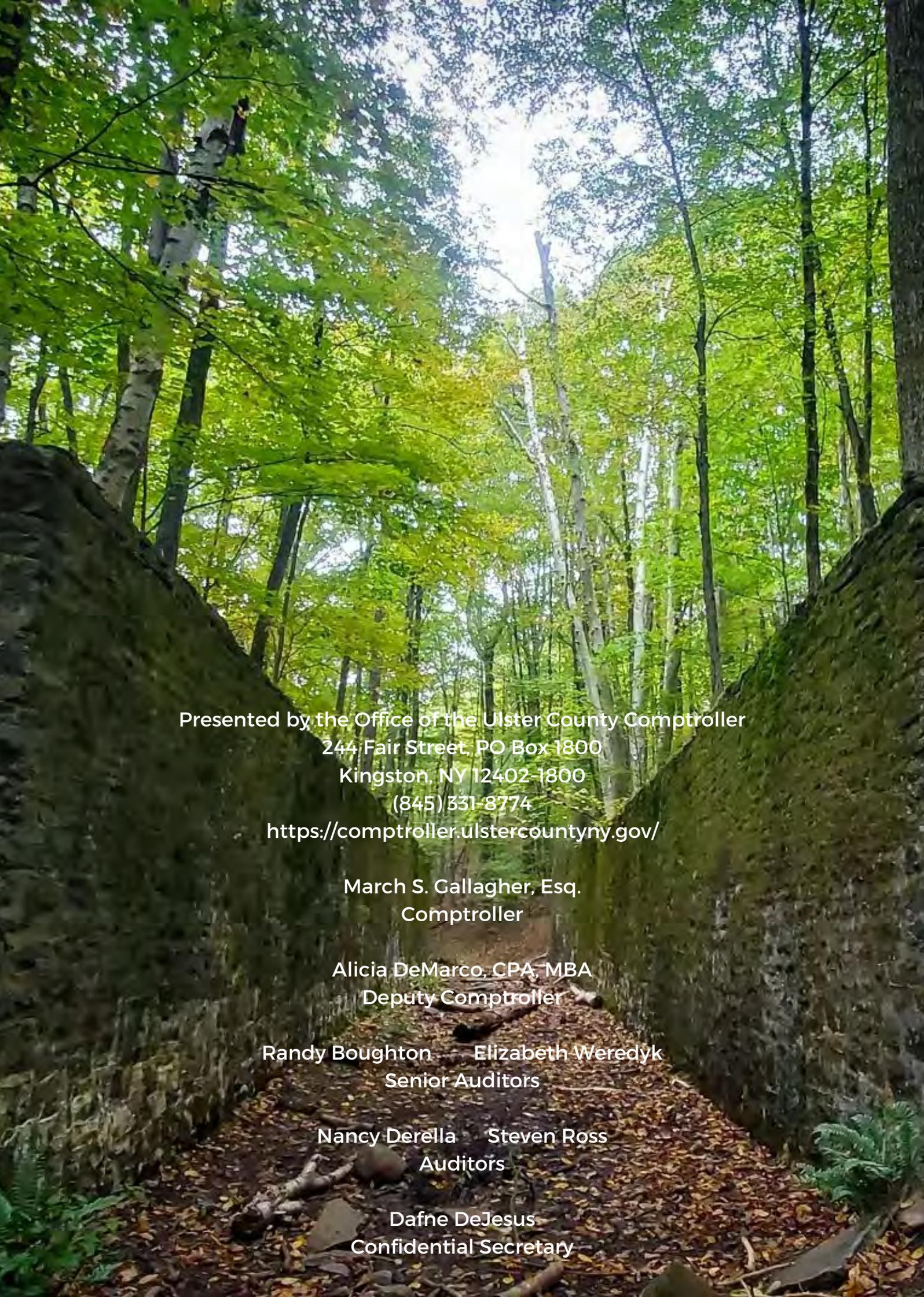
miles of medical
transports provided for
veterans by Department
of Veteran Affairs

\$1.27M

Coordinated funding
for homeless
assistance by the
Department of
Planning

- Probation Department managed \$231,374 in restitution payments
- Department of Public Works collected \$68,232 in pool fees
- Department of Social Services investigated 2,264 reports of child abuse and/or neglect
- UCAT provided transportation services for 117,303 passengers
- Clerk's Office recorded 5,347 mortgages and 6,001 real estate transfers
- Department of the Environment recorded 48,069 kWh supplied in electricity from Electric Vehicle Charging Stations
- Department of Health and Mental Health provided Women Infants and Children (WIC) services to 1,556 clients
- Department of Purchasing saved taxpayers \$416,523 through negotiations with vendors and cost avoidance measures

***From the 2020 Annual Report of the Executive Departments and the 2020 Ulster County Clerk's Annual Report



Presented by the Office of the Ulster County Comptroller
244 Fair Street, PO Box 1800
Kingston, NY 12402-1800
(845) 331-8774
<https://comptroller.ulstercountyny.gov/>

March S. Gallagher, Esq.
Comptroller

Alicia DeMarco, CPA, MBA
Deputy Comptroller

Randy Boughton Elizabeth Weredyk
Senior Auditors

Nancy Derella Steven Ross
Auditors

Dafne DeJesus
Confidential Secretary