



FOURTH QUARTER FINANCIAL REPORT

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



2022



ULSTER COUNTY OFFICE OF THE COMPTROLLER

FOURTH QUARTER FINANCIAL REPORT

comptroller.ulstercountyny.gov

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OVERVIEW

Due to the timing of the availability of financial data this quarterly report is outdated. The Ulster County Comptroller's office strives to release current, relevant financial data, but has experienced delays in the availability of that data as a result of the abrupt resignation of the former County Commissioner of Finance. The County's 2022 Annual Financial Report was due with New York State 120 days after fiscal year end, or May 1, 2023, yet was not filed with the State until October 13, 2023. The County's external audit and annual comprehensive financial report for the year ended December 31, 2022, was not completed until January 25, 2024.

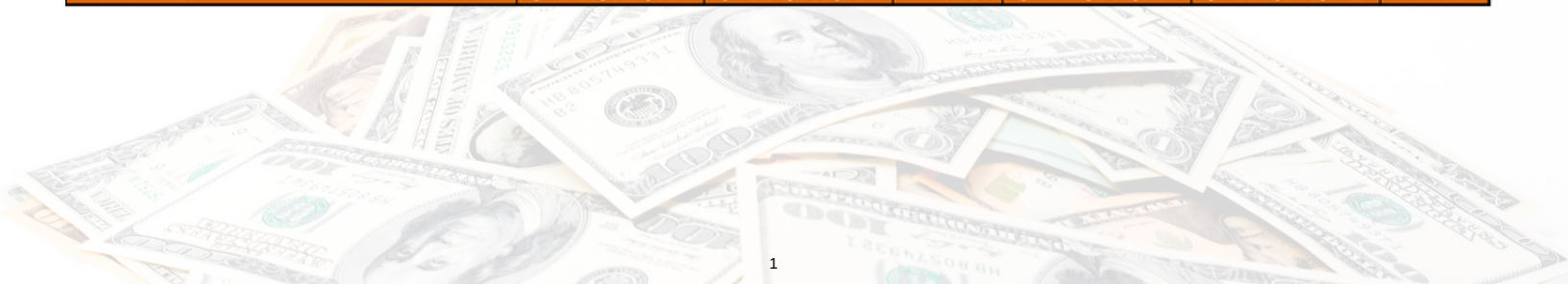
At the close of 2022, the County saw revenues significantly exceed expenditures, resulting in an operating surplus for the third year in a row. The growing amount of fund balance resulted in policy revisions in 2023 and the creation of multiple fund balance reserves.

All financial data presented in this report is derived from a fund budgeted for in the County's annual operating budget. The County's capital projects fund, and all the County's component units are excluded from this analysis.

Revenues

County revenues were \$393.8 million, representing 112% of the \$353.0 million of the total financing sources (revenues and fund balance appropriations) included in the 2022 Adopted Operating Budget. In 2022 Ulster County increased budgeted revenues by \$18.6 million, and actual revenues exceeded the increased budget amount by \$40.8 million. The largest sources of revenue are classified by the County as Non-Property Tax Items (which includes Sales Tax) of \$171.3 million and \$77.9 million in Real Property Tax collections. The following chart details the revenues recorded and annual budgeted amounts for 2022:

Revenues by Category Through December 31st						
Category	2021 YTD Transactions	2021 Adopted Budget	% of 2021 Adopted Budget	2022 YTD Transactions	2022 Adopted Budget	% of 2022 Adopted Budget
Non-Property Tax Items (incl. Sales Tax)	\$ 160,340,302	\$ 124,564,288	129%	\$ 171,266,465	\$ 147,880,000	116%
Real Property Taxes	77,224,271	75,567,758	102%	77,902,298	75,317,758	103%
State Aid	53,824,404	52,910,151	102%	57,896,670	50,307,888	115%
Federal Aid	31,549,106	33,837,478	93%	40,531,413	38,407,333	106%
Other Financing Sources (incl. Fund Balance)	29,964,081	13,213,967	227%	2,796,886	6,500,340	43%
Departmental Income	10,049,580	10,992,154	91%	8,498,734	10,527,690	81%
Intergovernmental Charges	5,851,187	7,762,387	75%	7,435,532	7,511,884	99%
Real Property Tax Items	5,585,357	5,681,911	98%	8,198,512	5,794,000	142%
Interfund Revenues	4,517,959	4,783,913	94%	4,736,586	4,666,812	101%
Sale of Property & Compensation for Loss	5,399,816	1,566,950	345%	6,744,326	3,156,950	214%
Use of Money and Property	962,556	1,558,637	62%	3,419,406	979,830	349%
Miscellaneous Local Sources	1,325,480	1,046,900	127%	3,415,489	1,115,100	306%
Fines and Forfeitures	284,788	376,000	76%	456,783	326,000	140%
Licenses and Permits	550,267	498,170	110%	514,223	475,160	108%
Grand Total	\$ 387,429,154	\$ 334,360,664	116%	\$ 393,813,323	\$ 352,966,745	112%



Non-Property Tax Items, which contain various revenues including sales and occupancy tax saw a substantial increase from the previous year, with \$10.9 million more in revenues. The following chart further breaks down the amounts into the subcategories by tax type:

Non-Property Tax Items Revenues Through December 31st						
Non-Property Tax Items	2021 YTD Transactions	2021 Adopted Budget	% of 2021 Adopted Budget	2022 YTD Transactions	2022 Adopted Budget	% of 2022 Adopted Budget
Sales & Use Tax	\$ 154,871,457	\$ 120,559,288	128%	\$ 165,528,731	\$ 143,000,000	116%
Occupancy Tax	3,357,322	2,000,000	168%	3,750,115	2,875,000	130%
OTB Surtax	52,053	-		4,315	-	100%
Automobile Use Tax	1,258,242	1,200,000	105%	1,174,063	1,200,000	98%
Emergency Phone System Tax	801,228	805,000	100%	809,241	805,000	101%
Non-Property Tax Items Total	\$ 160,340,302	\$ 124,564,288	129%	\$ 171,266,465	\$ 147,880,000	116%

Expenditures

During the 2022 fiscal year the County expended \$350.1 million or 99% of the \$353.0 million budget. Contractual expenses of \$178.3 million and \$92.5 million in personnel services were expended in 2022. The following chart provides comparative actual and budgeted amounts for 2022:

Expenditures by Category Through December 31st						
Category	2021 YTD Transactions	2021 Adopted Budget	% of 2021 Budget	2022 YTD Transactions	2022 Adopted Budget	% of 2022 Budget
Contractual Expenses	\$ 167,151,357	\$ 180,608,675	93%	\$ 178,260,391	\$ 185,404,957	96%
Personnel Services	86,815,069	85,617,312	101%	92,509,605	97,782,105	95%
Employee Benefits	51,378,491	51,632,092	100%	48,193,216	53,089,021	91%
Debt Service	39,783,073	14,145,698	281%	14,249,364	13,865,466	103%
Equipment & Capital Outlay	1,896,912	2,356,887	80%	4,927,250	2,825,196	174%
Transfers Out	536,400	-	0%	11,912,239	-	0%
Grand Total	\$ 347,561,302	\$ 334,360,664	104%	\$ 350,052,065	\$ 352,966,745	99%

Net Position (Equity)

Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. Self-Insurance funds account for insurance coverage when the governing body has decided to have a self-insurance program on an actuarial basis.

In 2022 the County budgeted for one internal service fund, the workers compensation fund. Prior to 2022, this fund has never accounted for any surplus or deficits. The surplus for the year ended 2022 was \$3,194,767.

At the completion of the 2022 audit, another internal service fund was created to account for self-insurance related to the County's health insurance. Because the County has not created the health self-insurance fund in the financial system yet, and this fund was not budgeted for in 2022, no information regarding this fund was included in this report. The equity of this fund was previously included as a liability in the General Fund which led to a prior period adjustment of \$6,706,162. This combined with 2022 surplus of \$399,260 brought total net position of this fund to \$7,105,422.

Both internal service funds classify their equity accounts as net position rather than fund balance. The basis of accounting for these funds differs from the County's main governmental funds, and long-term actuarially determined estimates of liabilities are recorded where they are not for most governmental funds.

Fund Balance

Fund balance is the term to describe the net position of most governmental funds and serves as a measure of the financial resources available in the fund. Since 2020 Ulster County has had an operating surplus in governmental funds and fund balance has increased. In 2021 there was a surplus of revenues over expenditures by \$39.9 million, which represented a substantial addition to fund balance. Similarly, in 2022 governmental fund revenues exceeded expenditures by \$40.6 million, which added to fund balance for the third year in a row. The three-year addition to fund balance was \$95.2 million.

Of the \$40,566,489 in 2022 surplus across the governmental funds, the General Fund saw the largest increase with a \$39,013,253 surplus being added to fund balance.

Fund	Beginning Fund Balances, as Restated 1/1/22	12/31/2022 Activity	Ending Fund Balances 12/31/22
General Fund*	\$ 101,566,855	\$ 39,013,253	\$ 140,580,108
County Road Fund	2,440,442	1,393,841	3,834,284
Road Machinery Fund	591,731	(149,636)	442,095
Special Grant Fund	263,775	18,758	282,533
Debt Service Fund	2,422,627	290,273	2,712,900
Total Governmental Funds	\$ 107,285,430	\$ 40,566,489	\$ 147,851,920

*the General Fund is the only fund included in the 2022 fund balance policy

Ulster County has a fund balance policy that covers the amount of surplus desired for certain governmental funds. The active fund balance policy at the end of 2022 only prescribed desired levels of fund balance for the General Fund, it did not address the other funds of the County. The policy called for an unassigned General Fund balance between 5% and 10% of the subsequent year's General Fund actual or budgeted operating expenditures, depending on the availability of data. At the close of 2022 the General Fund had an unassigned fund balance of \$111,287,641 and a subsequent year expenditure budget of \$332,529,717. The General Fund closed 2022 with an unassigned fund balance of 33.5% of 2023's budgeted operating expenditures, which was over three times the policy limit.

In response to unassigned fund balance in the General Fund being \$78 million over the policy limit a revised policy was adopted in May 2023. The General Fund surplus desired under this new policy was updated from 5-10% of unassigned fund balance to 15-20% of unrestricted fund balance, which includes unassigned, assigned, and committed fund balance classifications. Additionally, the new version of the policy included the County Road Fund and the Road Machinery Fund, and these funds shall not exceed an unrestricted fund balance of 20% of operating expenditures of the fund.

If we applied the new 2023 policy limitations on the 2022 fund balance levels, the County would still have been over policy limits for the General Fund as well as the County Road Fund.

Fund	Unrestricted Fund Balance 12/31/22	2023 Budgeted Expenditures	% of 2023 Budgeted Expenditures	2023 Policy Limit - 20% Max	Amount Over Limit
General Fund	\$ 120,941,939	\$ 332,529,717	36.4%	\$ 66,505,943	\$ 54,435,996
County Road Fund	3,834,284	18,568,663	20.6%	3,713,733	120,551
Road Machinery Fund	442,095	4,373,414	10.1%	874,683	-
Special Grant Fund*	282,533	2,684,161	10.5%	536,832	-
Debt Service Fund*	-	12,667,654	0.0%	-	-
Funds	\$ 125,500,851	\$ 370,823,609	33.8%	\$ 71,631,191	\$ 54,556,547

*the Special Grant Fund & Debt Service Fund are not included in the 2023 fund balance policy

Due to the timing of financial reporting and the late availability of accurate information it is difficult for legislators to have up to date fund balance figures. Legislators took many measures at the close of 2023 to attempt to get fund balance within the policy limits, but the information they were relying upon was quite dated.

Long-Term Debt

Every year the County pays debt principal and interest related to previously bonded capital projects or bond anticipation notes (“BANs”). BANs are short-term interest-bearing notes issued in anticipation of bonds to be issued later. The 2021 BAN amount (\$36.5 million) saw a decrease in 2022 (\$31.1 million). The 2021 outstanding bond amount of \$90.9 million decreased to \$89.0 million at the close of 2022. The County’s total amount of outstanding debt as of December 31, 2022, was \$120.1 million.

Future debt repayments are based on a cumulation of previous bond notes and are paid out of the debt service fund. The amount of the subsequent year’s debt payment is known at the time of budget, except for any payments relating to current year bonding activity, making this area very easy to predict. The 2023 budgeted amount of debt service payment including principal and interest was \$15.4 million.

