



# FIRST QUARTER FINANCIAL REPORT

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Office of the  
Ulster County Comptroller  
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# ULSTER COUNTY OFFICE OF THE COMPTROLLER

## 2022 FIRST QUARTER FINANCIAL REPORT

comptroller.ulstercountyny.gov

Released August 2022

**This financial report highlights aspects of Ulster County's fiscal status through the first quarter of 2022 (ending March 31st).<sup>1</sup> Based on first quarter results and preliminary second quarter figures, the County appears to be growing, however, the projection could be muted as a result of inflation impacting consumer sentiment.**

### Economic Outlook

The national economy in the first quarter continued to experience COVID-19 pandemic-related impacts. GDP declined from the prior quarter. Consumers and businesses, including the housing sector, continue to experience significant inflation. Job creation continues to rebound, but in lower paying job categories and still has not reached the pre-pandemic employment levels. Inflation, especially energy and food prices, continued to impact consumer spending and the Federal Reserve Bank has increased the federal funds rate several times to bring inflation in check. The stock market saw declines on all major indices during the first quarter impacting retirement accounts, consumer wealth, and consumer sentiment. The potential for recession that would further impact sales and other consumer-driven tax revenues must be monitored closely.

### Gross Domestic Product

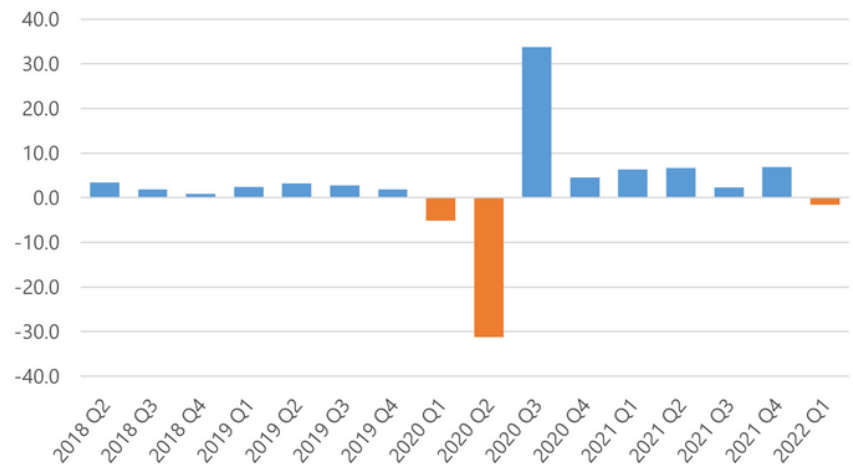
The first quarter of 2022 saw the first reduction of gross domestic product (GDP) since the beginning of the pandemic in first half of 2020, when GDP declined 1.6% from the previous quarter. Negative GDP is a significant economic indicator that can signal signs of recession. A recession is formally defined as at least two consecutive quarters of negative GDP. With GDP declines into the second quarter of the year, we will officially be facing another period of economic recession.

### Consumer Price Index

Consumers and businesses are experiencing significantly higher prices which began to escalate after the third quarter of 2021. The 12-month percentage increase at the close of the first quarter of 2022 was 4.1%.

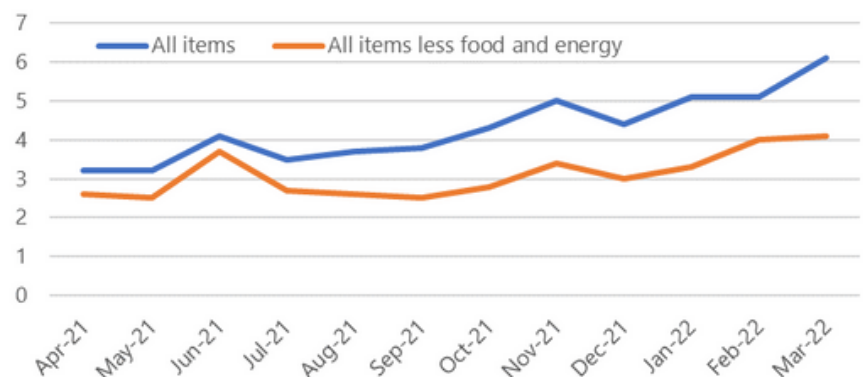
According to a report by the Bureau of Labor Statistics ("BLS"), increases in the indexes for gasoline, shelter, and food were the largest contributors to the seasonally adjusted increase across all items.<sup>2</sup> Changes in food and energy lead the charge during the first quarter of 2022 with food costs escalating 8% and energy prices jumping 32.7% in the 12-month period.

### Quarterly GDP



Bureau of Economic Gross Domestic Product (Third Estimate), GDP by Industry, and Corporate Profits (Revised), First Quarter 2022 available at <https://www.bea.gov/news/2022/gross-domestic-product-third-estimate-gdp-industry-and-corporate-profits-revised-first>

### Consumer Price Index

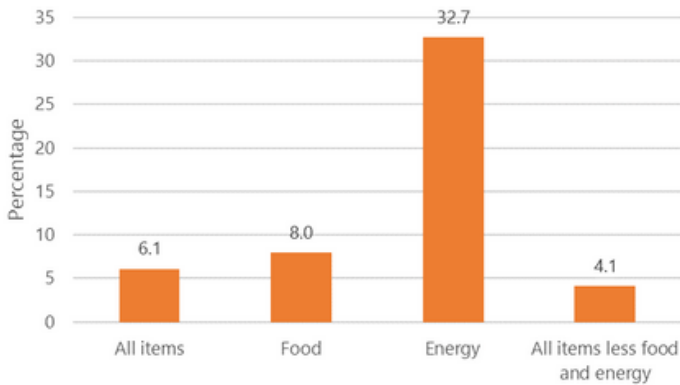


[1] We have used unaudited and unofficial amounts as reported within Ulster County's financial management system as of June 13, 2022 that was collected for the purposes of this review. This report does not include expenditures that are not approved by the Office of the Comptroller, such as payments made within the Welfare Management System managed by the Department of Social Services. Actual results are not final, may vary, and are subject to change. Financial information is not finalized until external audit procedures are completed, which may include audit adjustments.

[2] Non-farm employment as reported by NYS Department of Labor available at [https://www.dol.gov/newsroom/economicdata/cpi\\_04122022.pdf](https://www.dol.gov/newsroom/economicdata/cpi_04122022.pdf)



## 12-month percentage change in CPI



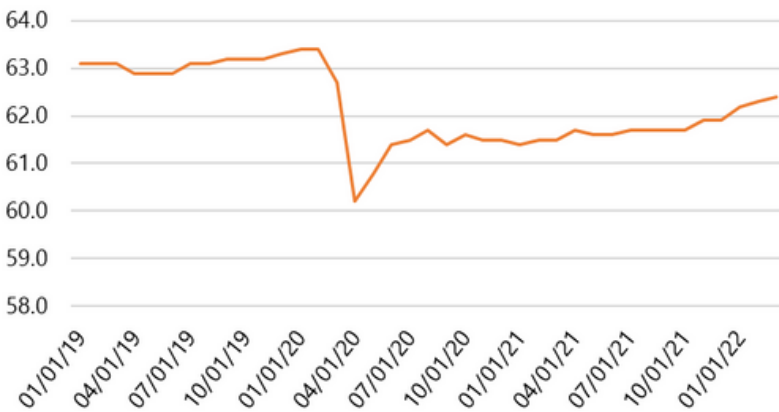
For the year ended in March 2022, the index for all items less food and energy increased 4.1%. Shelter prices were up 2.1%, including increases of 2.4% for owners' equivalent rise and 1.4% for residential rent. A 15.4% increase in prices for new and used motor vehicles, as well as an 8.3% advance in prices for recreation also contributed to the increase. The all items index continued to accelerate, rising 86.1% for the 12 months ending March, the largest 12-month increase since the period ending December 1981 according to recent BLS reporting. Preliminary data for second quarter results indicate that continued price increases are likely.

## Employment

Employment levels continue to increase in Ulster County with annual employment jumping 3,600 jobs, which is a 7% increase. The largest overall increase was in the Leisure and Hospitality sector which saw half of all job creation in the County for the previous 12-month period, as the sector went from 6,100 jobs in March of 2021 to 7,900 jobs in March of 2022. Every other sector added between 100 and 400 jobs in the 12-month period except Construction and Professional & Business Services which remained flat.

Ulster County Annual Employment by Sector	March-22	March-21	Net Increase/decrease	% Increase/decrease
Leisure & Hospitality	7,900	6,100	1,800	30%
Retail Trade	8,500	8,100	400	5%
Other Services	2,700	2,400	300	13%
Government	14,000	13,700	300	2%
Manufacturing	3,400	3,200	200	6%
Transportation, Warehousing, & Utilities	1,600	1,400	200	14%
Wholesale Trade	1,500	1,400	100	7%
Information	900	800	100	13%
Financial Activities	2,000	1,900	100	5%
Education & Health Services	9,200	9,100	100	1%
Construction	2,600	2,600	0	0%
Professional & Business Services	4,600	4,600	0	0%
<b>Totals</b>	<b>58,900</b>	<b>55,300</b>	<b>3,600</b>	<b>7%</b>

## Labor Force Participation Rate



Despite increases in jobs by industry sector, the national labor force participation rate still lags pre-pandemic levels. Total non-farm jobs were 58,900 in March 2022 compared to the pre-pandemic level of 61,600 in February of 2020. Many employers anecdotally report difficulty in finding staff.

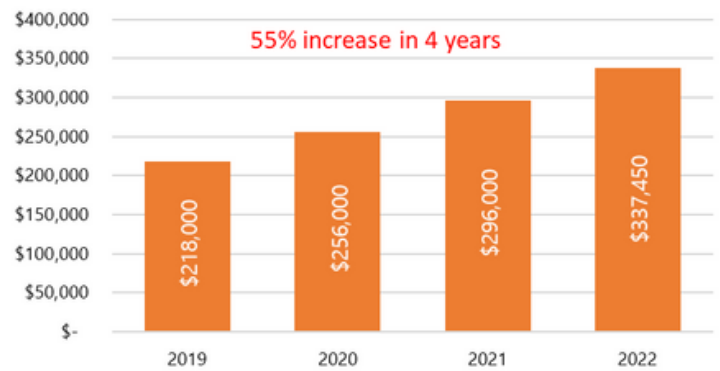
## Housing

The region has also seen unprecedented increases in the cost of housing. There has been a significant increase in median home sale price, as home sale prices have increased \$119,450 (or 55%) between March 2019 and March 2022. Ulster County average annual wages across all industries rose from \$45,746 in 2019 to \$52,906 in 2021, an increase of 16%.<sup>3</sup>

[3] New York State Department of Labor, Quarterly Census of Employment and Wages for Ulster County available at <https://statistics.labor.ny.gov/ins.asp>

Unfortunately, due to a lack of available data, we are unable to analyze increases in rental costs; however, we know that increases in housing prices directly impact the rental market in terms of both cost and availability. At the end of March 2022, the Ulster County housing market had only 2.2 months of inventory supply and the number of homes for sale was 391 compared to 633 a year earlier.<sup>4</sup>

Ulster County March Median Home Sale Prices



## Revenues

Overall, the County Revenues were budgeted to increase 5.6% or \$18.6 million during 2022, represented primarily by an increase in budgeted sales tax and federal aid revenues. First quarter results indicate the County had an increase in total revenue collections of \$6.1 million compared to Q1 2021. First quarter revenues considered as a percentage of adopted budget align with the respective performance of the prior year first quarter results.

Revenues by Category Quarter Ended March 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)	\$ 12,498,629	\$ 124,564,288	10%	\$ 15,884,092	\$ 147,880,000	11%
Real Property Taxes	76,317,761	75,567,758	101%	76,317,761	75,317,758	101%
State Aid	6,548,324	52,910,151	12%	6,782,541	50,307,888	13%
Federal Aid	2,766,252	33,837,478	8%	4,899,147	38,407,333	13%
Interfund Transfers In	-	-	0%	-	-	0%
Other Financing Sources (incl. Fund Balance)	-	13,213,967	0%	-	6,500,340	0%
Departmental Income	1,921,037	10,992,154	17%	1,430,284	10,527,690	14%
Intergovernmental Charges	6,029,495	7,762,387	78%	6,324,532	7,511,884	84%
Real Property Tax Items	2,180,056	5,681,911	38%	2,526,521	5,794,000	44%
Interfund Revenues	2,905,789	4,783,913	61%	2,904,564	4,666,812	62%
Sale of Property & Compensation for Loss	353,393	1,566,950	23%	472,396	3,156,950	15%
Use of Money and Property	476,075	1,558,637	31%	493,607	979,830	50%
Miscellaneous Local Sources	129,251	1,046,900	12%	185,548	1,115,100	17%
Fines and Forfeitures	65,870	376,000	18%	72,734	326,000	22%
Licenses and Permits	197,903	498,170	40%	188,260	475,160	40%
<b>Grand Total</b>	<b>\$ 112,389,836</b>	<b>\$ 334,360,664</b>	<b>34%</b>	<b>\$ 118,481,987</b>	<b>\$ 352,966,745</b>	<b>34%</b>

## Sales Tax

Sales Tax was budgeted to total \$143.0 million or 41% of the 2022 budget compared to 2021 when sales tax was anticipated at \$120.5 million, or 36% of total budgeted revenues. While the 2022 Budget included a \$22.5 million increase in sales tax revenues compared to the budgeted amount for 2021, the 2022 budgeted amount is still less than the actual amount of sales tax revenues collected (\$154.9 million) by the close of 2021.

The County collected \$14.8 million in sales tax revenue in the first quarter, a 27% increase compared to \$11.7 million collected in the first quarter of 2021. Preliminary second quarter receipts have shown additional growth in sales revenue; if current trends continue throughout the year there would be an increase in sales tax revenues over the prior year total of \$154.9 million. We note that the County passed gas tax reduction legislation that will affect sales tax collections from June through December. The County will not realize the impact of those reduced gas tax receipts until the reconciliation of the third quarter receipts. Even anticipating this decrease, it currently appears the County is trending toward surpassing the sales tax revenue budget goal of \$143 million if current trends persist. However, considerable volatility is expected as changes in spending patterns and inflation fluctuations occur throughout the remainder of the year.

[4] New York State Association of Realtors, March 2022 Housing Market Report available at [https://www.nysar.com/wp-content/uploads/2022/04/NYSAR\\_MMI\\_2022-03.pdf](https://www.nysar.com/wp-content/uploads/2022/04/NYSAR_MMI_2022-03.pdf).

Non-Property Tax Items Revenues Quarter Ended March 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	\$ 11,696,328	\$ 120,559,288	10%	\$ 14,819,073	\$ 143,000,000	10%
Occupancy Tax	316,520	2,000,000	16%	611,205	2,875,000	21%
Automobile Use Tax	280,591	1,200,000	23%	242,135	1,200,000	20%
Emergency Phone System Tax	205,190	805,000	25%	211,679	805,000	26%
<b>Non-Property Tax Items</b>	<b>\$ 12,498,629</b>	<b>\$ 124,564,288</b>	<b>10%</b>	<b>\$ 15,884,092</b>	<b>\$ 147,880,000</b>	<b>11%</b>

### Occupancy Tax

While occupancy taxes collected on short term rentals and hotel stays represent less than one percent of the total budgeted County revenues, they can be a strong indicator of local tourism and economic trends. The 2022 budgeted occupancy tax collections increased 44% from the previous budget. The expected increase in revenue collections is displayed in the first quarter results, as collections nearly doubled from what was received in the prior year. Recent increases in the number of short-term rentals have undoubtedly had a significant impact on occupancy taxes collected by the County. It is estimated that the County had 2,587 short term rentals as of June 2022.

### Expenditures

Both the 2022 and 2021 first quarter expenditures were at 16% of total annual budgeted amounts. The 2022 actual spending increased \$3.6 million in first quarter from the prior year, from \$52.4 million to \$56.0 million, which is in line with expectations due to an increase in budgeted spending.

Expenditures by Category Quarter Ended March 31st						
Category	2021 YTD Transactions	2021 Adopted Budget	% of 2021 Budget	2022 YTD Transactions	2022 Adopted Budget	% of 2022 Budget
Contractual Expenses	\$ 30,617,483	\$ 180,608,675	17%	\$ 32,329,199	\$ 185,404,957	17%
Personnel Services	16,922,739	85,617,312	20%	18,780,736	97,782,105	19%
Employee Benefits	4,518,780	51,632,092	9%	4,709,521	53,089,021	9%
Debt Service	-	14,145,698	0%	-	13,865,466	0%
Equipment & Capital Outlay	352,003	2,356,887	15%	196,318	2,825,196	7%
<b>Grand Total</b>	<b>\$ 52,411,005</b>	<b>\$ 334,360,664</b>	<b>16%</b>	<b>\$ 56,015,774</b>	<b>\$ 352,966,745</b>	<b>16%</b>

### Payroll Expenditures

The payroll budget increased from \$85.6 million in 2021 to \$97.8 million in 2022. The 2021 budget did not account for several unions that were working without a current contract. CSEA members were out of contract since January 1, 2020 and due to COVID the contract negotiations were prolonged. The final agreement was not reached until May of 2021. Subsequently, about 7.1% increase in member wages took effect, as well as an additional \$5.70 per hour to select Department of Public Works CSEA members, who are on the DPW salary scale. These increases were not included in the 2021 budget and are not reflected in Q1 of 2021, which explains the majority of the increase in actual wages from year to year going from \$16.9 million to \$18.8 million. Additionally, several union contracts were negotiated in the period between the first quarter of 2021 and the first quarter of 2022.

In the first quarter of 2022 the County paid a total of \$22.7 million in gross earnings to employees compared to \$20.4 million in the first quarter of 2021. This included \$318k in health insurance buyout payments for employees declining coverage under the County's plan, which was an increase compared to \$295k in buyout payments made the first quarter of 2021.

Overtime hours paid totaled \$1.6 million in the first quarter, compared to \$1.2 million in overtime earnings in the first quarter of 2021. The County also paid \$369k to employees who were quarantined with pay, and \$347k in earnings related to an Emergency Closing of County facilities. This was an increase from \$221k in quarantine pay and \$222k in emergency closing pays reported in the first quarter of 2021.

Ten employees retired during the first quarter of the year, which is a considerable decrease compared to the first quarter of 2021, when 52 employees left County service. The total number of full-time positions at the end of Q1 2022 was 1,376, a 33-position increase from 1,343 at the end of Q1 2021. To the right is a summary of the change in position by category.

Total Active Employees	Q1 2021	Q1 2022	Change
Full Time	1,130	1,163	33
More than Half Time	54	51	-3
Half Time	3	2	-1
Less than Half Time	156	160	4
<b>Total</b>	<b>1,343</b>	<b>1,376</b>	<b>33</b>

\*Employee count is received from the Ulster County Personnel department, and cannot be confirmed with MUNIS reporting.

### Contracts

The County approved or amended 282 contracts with totals not to exceed \$40 million during the first quarter of 2022, compared to Q1 of 2021 when 217 contracts with totals not to exceed \$41 million were approved by the Comptroller's Office.

### Capital Projects

The Ulster County Legislature approved the establishment of seven capital projects including the funding for the Small Business and Economic Recovery Project administered by the Ulster County Economic Development Agency (UCEDA) as a part of the County's American Rescue Plan Act ("ARPA") initiative in the following resolutions from the first quarter:

- **Resolution No. 37 February 15, 2022** Establishing Capital Project Nos. 619 & 620 DPW Large Culvert Program – Amending The 2022 Capital Fund Budget – Department Of Public Works (Highways And Bridges) \$142k
- **Resolution No. 29 February 15, 2022** Funding Capital Project No. 601 – ARP Small Business And Economic Recovery – Department Of Finance \$1 million
- **Resolution No. 42 February 15, 2022** Establishing Capital Project No. 618 – Purchase Of Highway Equipment -- Department Of Public Works (Central Garage) \$3.24 million
- **Resolution No. 53 February 15, 2022** Establishing Capital Project No. 616 – Axon Body Camera Purchase, Amending The 2022-2027 Capital Improvement Program, And Amending The 2022 Capital Project Fund – Ulster County Sheriff \$588k
- **Resolution No. 57 February 15, 2022** Establishing Capital Project No. 621 – Voting System Replacement – Board Of Elections \$1.4 million
- **Resolution No. 120 March 16, 2022** Establishing Capital Project No. 622 – 2022 Pavement Preservation Of Various Roads -- Department Of Public Works (Highways & Bridges) \$650K
- **Resolution No. 126 March 16, 2022** Establishing Capital Project No. 623 – 2022 Bridge Flag Response – Department Of Public Works (Highways & Bridges) \$110K

### Cash

The County maintains a variety of cash accounts at several financial institutions throughout the County. The average cash balance for all County accounts in the first quarter of 2022 was \$184.5 million compared to \$112.7 million in the first quarter of 2021. The majority of cash reserves held by the County were maintained in the County's "Deposit account" which had an average value during the quarter of \$164.6 million. The average annual percentage yield for the first quarter of 2022 for the deposit account was 0.12%.

In March 2022, the Comptroller's Office issued an audit report on the County investment policy which highlighted the importance of utilizing cash as an asset to maximize interest earnings. Subsequently, on April 4, 2022, the County opened a Deposit PLUS account with an initial transfer from the Deposit account of \$70 million and an initial yield of 0.50%.

In summary, Ulster County is experiencing revenues in excess of those budgeted and expenditures in line with the percent expended in the prior year, but annual budgeted expenditures increased by \$18.6 million. Quarterly reports are issued under §C-57(l) of the Ulster County Charter which directs the Comptroller's Office to make quarterly reports on the "financial condition of the County and the economy, efficiency and/or effectiveness with which the County government or any of its departments, agencies or programs is managed.