



FIRST QUARTER FINANCIAL REPORT

Office of the
Ulster County Comptroller
March S. Gallagher



2024



ULSTER COUNTY OFFICE OF THE COMPTROLLER

FIRST QUARTER FINANCIAL REPORT

comptroller.ulstercountyny.gov

Released June 2024

This financial report provides an analysis of the financial condition of Ulster County and the local economy for the period from January 1, 2024, through March 31, 2024. The data reflected in this report is derived from preliminary figures as recorded in Ulster County's financial management system as of May 16, 2024. The County is experiencing delays in recording financial transactions and journal entries due to management transition within the Department of Finance. Consequently, material differences in reported revenues or expenditures may exist.

Revenues

Overall, the 2024 Ulster County operating budget increased \$30.6 million when compared to 2023. During the first quarter of 2024, total revenues of \$115.4 million represent a decrease of approximately \$570 thousand when compared to the same period in 2023.

Revenues by Category Through March 31st						
Category	2023 YTD Transactions	2023 Adopted Budget	% of 2023 Adopted Budget	2024 YTD Transactions	2024 Adopted Budget	% of 2024 Adopted Budget
Non-Property Tax Items (incl. Sales Tax)	\$ 18,682,938	\$ 172,165,000	11%	\$ 19,155,495	\$ 175,326,000	11%
Real Property Taxes	74,028,225	73,028,225	101%	74,028,225	73,028,225	101%
State Aid	4,795,083	58,114,554	8%	4,965,543	66,409,425	7%
Federal Aid	2,296,828	38,393,974	6%	1,689,641	41,932,376	4%
Interfund Transfers In	-	-	0%	-	-	0%
Other Financing Sources (incl. Fund Balance)	-	5,577,697	0%	-	17,740,919	0%
Departmental Income	1,700,095	9,888,360	17%	2,240,223	8,979,293	25%
Intergovernmental Charges	6,333,116	8,020,184	79%	6,279,880	8,008,246	78%
Real Property Tax Items	2,388,238	5,619,000	43%	2,137,459	4,380,000	49%
Interfund Revenues	2,936,475	4,611,842	64%	2,745,528	5,013,425	55%
Sale of Property & Compensation for Loss	355,301	2,733,048	13%	438,119	1,683,550	26%
Use of Money and Property	1,983,428	1,521,115	130%	1,344,032	7,994,693	17%
Miscellaneous Local Sources	201,728	808,350	25%	87,278	519,250	17%
Fines and Forfeitures	69,425	354,300	20%	85,659	426,500	20%
Licenses and Permits	197,481	506,867	39%	202,293	532,188	38%
Grand Total	\$ 115,968,361	\$ 381,342,516	30%	\$ 115,399,375	\$ 411,974,090	28%

State and Federal Aid

State Aid revenues are up \$171 thousand at this point, compared to the prior year while current year budgeted State Aid is up \$8.3 million. Federal Aid is down \$607 thousand at this point, compared to the prior year while current year budgeted Federal Aid is up \$3.5 million. Some of this is explained by entries not yet recorded to recognize the Federal and State Aid revenue that the County has earned. Some of these Federal and State funding streams require grant application and management across a multitude of departments and programs. The County is in the process of developing a grants management function that will assist in the review and tracking of potential and anticipated funding streams.

In June of 2021 and in June of 2022, the County received two equal payments of \$17,245,737 from the Federal Government totaling \$34,491,474 under the American Rescue Plan Act of 2021 (ARPA) program. These cash receipts were appropriately recorded as a liability by the County. As the County spends these federal dollars in accordance with grant requirements, entries must be made to reduce the liability and recognize federal grant revenue on the County's financial statements. For calendar years 2021 and 2022 the County recognized \$1.77 million and \$4.61 million, respectively.

The unaudited activity in the account shows that \$5.98 million in ARPA revenues have been recognized during 2023. During the first quarter of 2024, \$565 thousand in revenues have been recognized. As of March 31st, 2024, the County's financial system shows that \$21,564,494 remains to be spent.

Use of Money and Property

Interest revenues on cash held in financial institutions has increased significantly in recent years. At the time the data was drawn down from the financial system the interest earnings entries for cash deposits in March of 2023 were not entered, which explains the decrease in the use of money and property from year to year. Once the entries are recorded, the County will show an increase in interest earnings from 2023 to 2024. The cash section elaborates on the influx of interest revenues on cash assets maintained by the County.

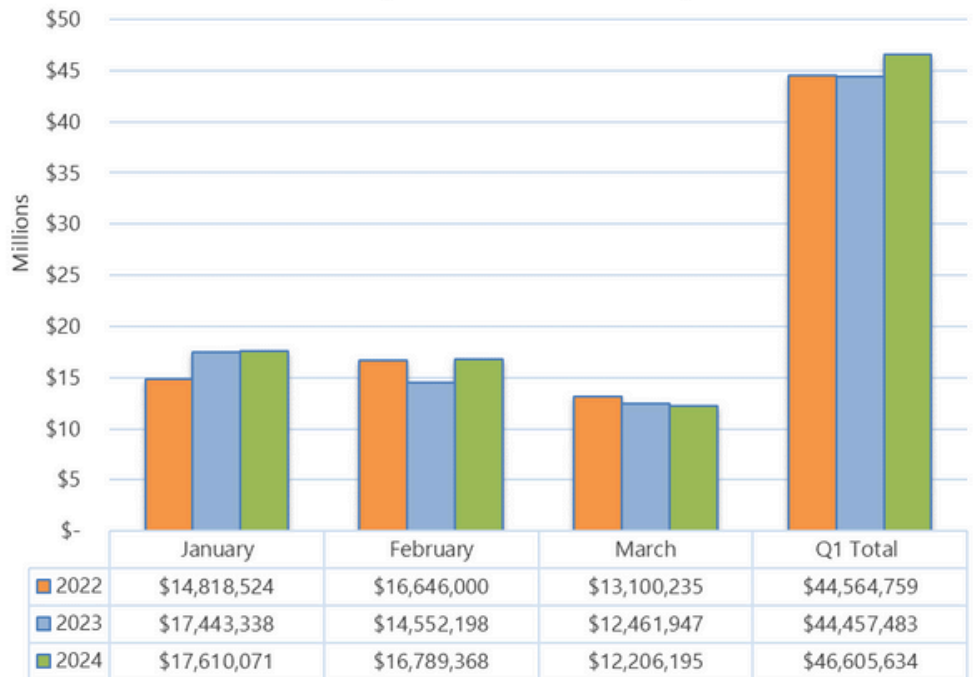
Non-Property Tax Items Revenues Through March 31st						
Non-Property Tax Items	2023 YTD Transactions	2023 Adopted Budget	% of 2023 Adopted Budget	2024 YTD Transactions	2024 Adopted Budget	% of 2024 Adopted Budget
Sales & Use Tax	\$ 17,464,194	\$ 167,000,000	10%	\$ 17,636,175	\$ 167,000,000	11%
Occupancy Tax	748,884	3,155,000	24%	990,501	6,300,000	16%
OTB Surtax	928	-	0%	59,852	6,000	998%
Adult-Use Cannabis Tax	-	-	0%	41,996	-	0%
Automobile Use Tax	272,989	1,200,000	23%	235,179	1,200,000	20%
Emergency Phone System Tax	195,943	810,000	24%	191,792	820,000	23%
Non-Property Tax Items Total	\$ 18,682,938	\$ 172,165,000	11%	\$ 19,155,495	\$ 175,326,000	11%

Sales Tax

The County recorded \$17.6 million in sales tax revenue by the end of the first quarter, a 1.2% increase compared to \$17.5 million recorded in Q1 of 2023. There is a significant delay between the time that sales tax is earned by the County and the time that payment is made to the County. For example, only January of 2024 sales tax collections were received during the first quarter, and collections for February and March of 2024 were received after March in each year, with the final payment for March of 2024 being received by the County on May 15th, 2024. The true sales tax earned in Q1 of 2024 was \$46.6 million compared to \$44.5 million in 2023. The County's financial system does not reflect this as

there is currently no periodic month end or quarter end accounting close process to record revenues in the correct period. The only true accrual for sales tax revenues is recorded on an annual basis, as this is the frequency with which the County closes its books.

Q1 Monthly Sales Tax Earnings



Occupancy Tax

The 2024 budgeted occupancy tax collections increased \$3.1 million from the previous year's budget. Occupancy tax revenues have increased by 32.3% during the first quarter of 2024 when compared to the same period in 2023. In June of 2023 the New York State Legislature granted approval to Ulster County to increase the occupancy tax percentage up to 4 percent. Ulster County Local Law 1 of 2024 officially increased the Occupancy tax rate from 2.0% to 4.0% for all overnight room rentals beginning on February 1, 2024. According to the County financial system as of May 16, 2024, the total 2023 occupancy tax collections were slightly less than \$4 million. As of this date, necessary year end adjustments to record revenues in the period in which they are earned have not yet been recorded, so the final numbers could vary.

Expenditures

At the end of the first quarter, 2024 and 2023 expenditures were both 16% of total annual budgeted amounts. The 2024 actual spending increased roughly \$5.2 million when compared to the prior year, from \$62.4 million to \$67.6 million. The increase in spending was mainly related to contractual expenditures.

Expenditures by Category Through March 31st						
Category	2023 YTD Transactions	2023 Adopted Budget	% of 2023 Adopted Budget	2024 YTD Transactions	2024 Adopted Budget	% of 2024 Adopted Budget
Contractual Expenses	\$ 34,671,764	\$ 203,046,488	17%	\$ 39,419,308	\$ 223,172,273	18%
Personnel Services	22,133,993	104,882,392	21%	22,998,832	110,457,398	21%
Employee Benefits	4,993,226	54,832,568	9%	4,673,679	58,255,740	8%
Debt Service	-	15,367,654	0%	-	17,385,366	0%
Equipment & Capital Outlay	555,235	3,213,414	17%	515,396	2,703,313	19%
Grand Total	\$ 62,354,218	\$ 381,342,516	16%	\$ 67,607,215	\$ 411,974,090	16%

Payroll Expenditures

Through the first quarter of 2024 the County paid a total of \$27.8 million in gross wages to employees compared to \$26.1 in the same period of 2023. Gross wages are based on paycheck date and represent all amounts paid to employees, including certain employee benefits comprising of health insurance buyouts, employee payouts upon retirement or separation, and other contractual compensation and reimbursable expenses. This included \$316k in health insurance buyout payments for employees declining coverage under the County's plan, compared to \$312k in buyout payments made through Q1 of 2023. Overtime paid totaled \$1.85 million through the Q1 of 2024, compared to \$1.63 million in overtime in the same period of 2023. The Ulster County Comptroller's office has released its payroll dashboard which shows all County employees annual earnings for calendar year 2022, and has continued transparent salary reporting with 2023 information included in the [Ulster County Pay Dashboard](#).

Contractual & Other Expenditures

Contractual & Other Expenditures include supplies, materials, utilities, insurance, rent, and lease expenditures, in addition to operation and maintenance of County property, as well as professional and technical services. The County spent \$39.4 million in the first quarter of 2024 compared to \$34.6 million in Q1 2023. The most substantial difference from year to year was the increase in the County's share of MMIS (Medicaid) expenditures which was up \$2.7 million from the prior year, from \$7.2 million to \$9.9 million. Other areas with significant increases were Family Assistance, Child Care, and Safety Net expenditures.

Cash

The average cash balance for all County accounts in the first quarter of 2024 was \$248.5 million compared to \$217.4 million in the Q1 of 2023. The total 2024 interest revenue earned on bank accounts in the first quarter was \$2.18 million compared to the prior year of \$1.48 million. The County could have potentially generated even more revenue had we more strategically invested a larger portion of the cash held in low interest rate accounts.

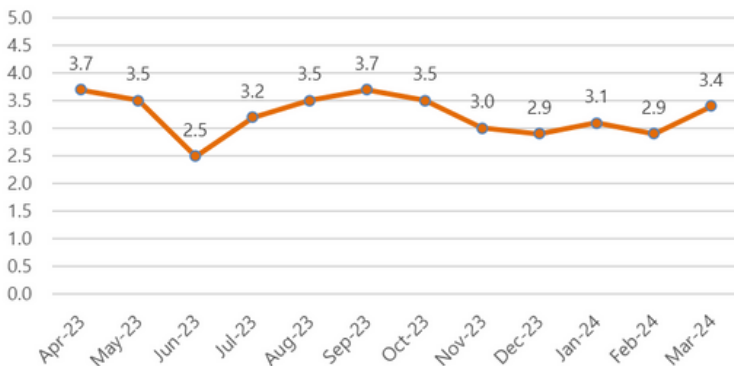
The County maintained an average of \$78.1 million in the “Deposit” account earning minimal interest at 1% during the quarter. The County currently maintains two accounts that earn better interest rates: the County’s “Deposit PLUS” which had an average value during the quarter of \$98.8 million, and the County’s IntraFi account which had an average of \$52.1 million. The average annual percentage yield in Q1 for the Deposit PLUS account was 5.23%, and 5.24% in the IntraFi account. While these three accounts are diversified in type, they total an average balance of \$229.0 million for the quarter. These, along with several other accounts at the Bank of Greene County, account for over 96.7% of County financial resources being managed by one institution.

Economic Outlook

Inflation

The Consumer Price Index has closed the first quarter of 2024 at 3.4% after reaching a high of 3.7% twice in the last 12 months.

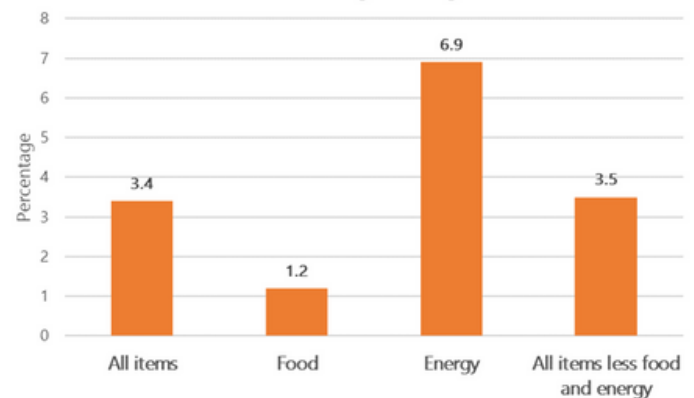
Over-the-year percent change in CPI-U, New York-Newark-Jersey City, NY-NJ-PA



Aggregated from Bureau of Labor Statistics, Over-the-year percent change in CPI-U, New York-Newark-Jersey City, NY-NJ-PA, available at: https://www.bls.gov/regions/northeast/news-release/consumerpriceindex_newyork.htm.

According to a report by the Bureau of Labor Statistics (“BLS”), over the year, the index for all items less food and energy increased 3.5%. The cost of energy changed substantially with energy prices increasing 6.9% between April of 2023 and March of 2024. Inflation in food prices moderated at a 1.2% increase over the last twelve months.

12-Month Percentage Change in CPI



Bureau of Labor Statistics, Consumer Price Index, New York-Newark-Jersey City — March 2024, available at: https://www.bls.gov/regions/northeast/news-release/2024/consumerpriceindex_newyork_20240410.htm

Employment

Employment levels continue to slightly increase in Ulster County with annual employment rising 1,500 jobs in the last twelve months which is a 2.0% increase. The largest overall increase was in Leisure and Hospitality (600 new jobs), and Private Educational and Health Services (400 new jobs). These offset losses in Manufacturing, Other Services, and Transportation, Warehousing, and Utilities each of which lost 100 jobs.

Category	Mar 2024	Mar 2023	Net Year	% Year
Private Educational and Health Services	9,500	9,100	400	4.4%
Local Government	9,200	9,000	200	2.2%
Leisure and Hospitality	8,400	7,800	600	7.7%
Retail Trade	8,200	7,900	300	3.8%
State Government	5,100	5,000	100	2.0%
Professional and Business Services	4,900	4,700	200	4.3%
Manufacturing	3,400	3,500	-100	-2.9%
Mining, Logging, and Construction	2,900	2,900	0	0.0%
Other Services	2,700	2,800	-100	-3.6%
Financial Activities	1,900	1,900	0	0.0%
Wholesale Trade	1,600	1,600	0	0.0%
Transportation, Warehousing, and Utilities	1,400	1,500	-100	-6.7%
Information	900	900	0	0.0%
Federal Government	400	400	0	0.0%
Total	60,500	59,000	1,500	2.5%

Housing

The growth in housing prices continues. There has been a significant increase in median home sale price, as home sale prices have increased to \$406,000 which is up \$188,000 (or 86%) between March 2019 and March 2024. The County continues to experience a housing crisis with very limited rental and for sale inventory. As of the end of March 2024, the Ulster County housing market had 3.3 months of inventory supply (defined by NYSAR as “The inventory of homes for sale at the end of a given month, divided by the average monthly pending sales from the last 12 months”). Unfortunately, there is no timely source of current rental rates in the region, but certainly the cost of purchase does drive rents to some degree. Also importantly, the inventory of housing stock available for rental is anecdotally stated to be quite low.

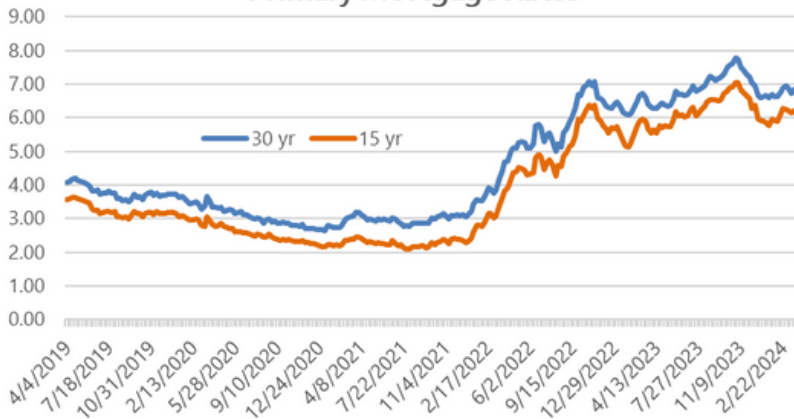
March Median Home Sale Price



Homebuyers have also faced higher mortgage interest rates since the Pandemic, although rates remained largely flat during the first quarter of 2024. At the end of March, 2024, the thirty year fixed mortgage was seeing an average rate of 6.79% and the average 15 year fixed mortgage average rate was 6.11%.

In 2019, when buying the median price home valued at \$218,000, a 20% down payment would equate to \$43,600. The monthly mortgage payment on a 4.08% 30-year fixed rate loan (excluding property taxes) would have been \$841.

Primary Mortgage Rates



In March of 2024, when buying the median price home valued at \$406,000, a 20% down payment equates to \$81,200. The monthly mortgage payment on a 6.79% 30-year fixed rate loan (excluding property taxes) would have been \$2,116.

Conclusion:

The County's fiscal stability appears to remain healthy with significant fund balance. However, increased spending and economic trends should be closely monitored to maintain long-term financial stability. Additionally, delays in recording transactions could result in material differences in reported revenues or expenditures.

