

NEWS FROM THE ULSTER COUNTY OFFICE OF THE COMPTROLLER

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For release: Immediately

Ulster County Comptroller Issues Fund Balance Report Examining Ten Years of Practice and Recommended Policy Changes

(Kingston, NY – June 25, 2021) Ulster County Comptroller March Gallagher issued the Ulster County Fund Balance Report. Fund Balance can be thought of as Ulster County’s “rainy day fund.” It is a reserve used to cushion government entities from unforeseen circumstances such as unpredictable expenses or revenue shortfalls.

Since 2013 Ulster County’s Fund Balance Policy designates the desired level of “unrestricted” fund balance as 5-10% of the current operating annual expenditures. All financial policies including the Fund Balance Policy should be re-evaluated by the County Legislature every few years. The Ulster County Comptroller’s Office releases this Fund Balance Report in anticipation of legislative revision of the Fund Balance Policy in 2021.

Year Ending	General Fund Balance Appropriated	Actual Surplus/ (Deficit)	Budget to Actual Difference
2012	10,850,000	\$ 181,911	\$11,031,911
2013	10,000,000	17,119,416	27,119,416
2014	13,200,000	(4,387,507)	8,812,493
2015	18,965,400	(4,077,364)	14,888,036
2016	15,623,624	4,884,028	20,507,652
2017	15,344,341	(3,373,329)	11,971,012
2018	11,946,784	2,188,768	14,135,552
2019	7,082,711	(7,426,850)	(344,139)
2020	9,717,742	11,131,189	20,848,931

Ulster County has a history of budgeting to use an average of \$11.9 of Fund Balance annually but has only actually expended fund balance once and has instead averaged an annual surplus of almost \$2 million, when reviewing actual results of operations. The difference between budgeted fund balance usage and the actual outcome differed by an average of \$14 million dollars annually, as a net increase to Fund Balance. Contraction in spending related to COVID must be taken into account when reviewing 2020.

The budgeting of unnecessary Fund Balance builds flexibility into the annual budget but this type of deficit budgeting with consistent actual surpluses could also indicate tax levies may be higher than needed by accumulating larger reserves than needed. Maintenance of large cash balances that have not been reserved for future use may not be in the best interest of taxpayers.

Since the adoption of the Fund Balance Policy, the State Comptroller has refined the definition of “unrestricted” fund balance and the Ulster County’s Fund Balance Policy should be revised to address these definitional changes. In addition, the Comptroller’s Office recommends the policy proscribe distribution of excess Fund Balance and clearly define the conditions and uses appropriate for budgeting Fund Balance.

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