



SECOND QUARTER FINANCIAL REPORT

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



2024



ULSTER COUNTY OFFICE OF THE COMPTROLLER

SECOND QUARTER FINANCIAL REPORT

comptroller.ulstercountyny.gov

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OVERVIEW

This financial report provides an analysis of the financial condition of Ulster County and the local economy for the period from January 1, 2024, to June 30, 2024.¹ The second quarter of 2024 continued to show a healthy economy with stabilizing consumer prices and inflation, and steady employment. Housing prices continue to rise, benefitting sellers but straining the housing market.

Revenues

Overall, Ulster County budgeted to increase revenues \$30.6 million in 2024 from 2023. Mid-year revenues of \$196.9 million show the County had an increase of \$5.3 million compared to the same period in 2023.

Revenues by Category Through June 30th						
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)	\$ 65,679,705	\$ 172,165,000	38%	\$ 68,532,452	\$ 175,326,000	39%
Real Property Taxes	74,028,225	73,028,225	101%	74,028,225	73,028,225	101%
State Aid	18,227,427	58,114,554	31%	18,430,439	66,409,425	28%
Federal Aid	11,614,553	38,393,974	30%	10,740,971	41,932,376	26%
Other Financing Sources (incl. Fund Balance)	-	5,577,697	0%	-	17,740,919	0%
Departmental Income	3,461,432	9,888,360	35%	4,741,196	8,979,293	53%
Intergovernmental Charges	6,708,563	8,020,184	84%	7,093,773	8,008,246	89%
Real Property Tax Items	3,275,575	5,619,000	58%	3,198,724	4,380,000	73%
Interfund Revenues	3,120,841	4,611,842	68%	3,039,107	5,013,425	61%
Sale of Property & Compensation for Loss	790,359	2,733,048	29%	871,663	1,683,550	52%
Use of Money and Property	3,903,414	1,521,115	257%	5,521,727	7,994,693	69%
Miscellaneous Local Sources	331,474	808,350	41%	221,525	519,250	43%
Fines and Forfeitures	108,734	354,300	31%	164,792	426,500	39%
Licenses and Permits	302,273	506,867	60%	298,499	532,188	56%
Grand Total	\$ 191,552,575	\$ 381,342,516	50%	\$ 196,883,093	\$ 411,974,090	48%

State & Federal Aid

State Aid revenues increased by \$200 thousand during the six month period compared to the prior year, while current year budgeted state aid is up \$8.3 million. Federal Aid revenues declined by \$874 thousand when compared to the prior year, while current year budgeted federal aid is up \$3.5 million from the prior year.

Other Financing Sources

The budget for this area relates to fund balance appropriated in the budget for each year. While the County has appropriated fund balance in the budget for the last four years, each year has had a substantial surplus. Over those three years fund balance in the budgeted governmental funds has increased \$124.8 million. For more information regarding the County's fund balance policy and the current surplus levels see the [Ulster County Fund Balance Report](#).

[1] We have used unaudited and unofficial amounts as reported within Ulster County's financial management system as of September 23, 2024 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.

Use of Money & Property

Use of money and property reflects the utilization of cash as an interest revenue generator and rental revenues received from leasing county owned properties. The budget for this area increased from \$1.5 million to \$8.0 million, after last year actual results reflected an increased amount of interest revenue achieved through investing cash held at financial institutions. Interest revenues earned from cash held at financial institutions increased for a second year in a row. The cash section elaborates on the influx of interest revenues earned.

Non-Property Tax Items Revenues Through June 30th						
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	\$ 63,182,127	\$ 167,000,000	38%	\$ 65,186,951	\$ 167,000,000	39%
Occupancy Tax	1,497,968	3,155,000	47%	2,451,166	6,300,000	39%
OTB Surtax	2,375	-	0%	61,198	6,000	1020%
Adult-Use Cannabis Tax	-	-	0%	25,693	-	0%
Automobile Use Tax	634,892	1,200,000	53%	429,240	1,200,000	36%
Emergency Phone System Tax	362,343	810,000	45%	378,204	820,000	46%
Non-Property Tax Items Total	\$ 65,679,705	\$ 172,165,000	38%	\$ 68,532,452	\$ 175,326,000	39%

Sales Tax

The County received \$65.2 million in sales tax revenue by mid-year, a 3.2% increase compared to \$63.2 million collected by the middle of 2023. These figures only represent sales tax that was received from NYS prior to the end of the quarter, the May final payment and all of June sales tax payments were received in July and August. Annual sales tax revenues in 2023 totaled \$170.2 million and budgeted revenues in 2024 are \$167 million. Sales tax collections after June 30th, 2024, show that the County is above previous years collections and on track to exceed the amount budgeted.

Occupancy Tax

The 2024 budgeted occupancy tax is double the amount budgeted in 2023. This is primarily due to a statutory increase in the tax rate from 2% to 4%, which went into effect on February 1st, 2024. Occupancy tax revenues have increased by \$953 thousand, or 64% for the first two quarters of 2024 compared to the same period in 2023. The County has earned 39% of the amount budgeted for occupancy tax during the first six months of 2024, however most tax is received in the second half of the year, meaning that it is too early to determine whether the budgeted amount will be achieved.

Expenditures

Budgeted expenditures for 2024 were up 8% at \$412.0 million compared to \$381.3 million in 2023. This is the second year in a row with an increase in budgeted amounts. The two-year budget increase is \$59.0 million. Expenditures have increased 11% in the six months of 2024, or approximately \$16.0 million, when compared to the prior year, from \$145.1 million to \$161.2 million. Total expenditures through the first six months of 2024 represent 39% of the annual budget.

Expenditures by Category Through June 30th						
Category	2023 YTD Transactions	2023 Adopted Budget	% of 2023 Adopted Budget	2024 YTD Transactions	2024 Adopted Budget	% of 2024 Adopted Budget
Contractual Expenses	\$ 80,506,636	\$ 203,046,488	40%	\$ 89,738,979	\$ 223,172,273	40%
Personnel Services	44,014,803	104,882,392	42%	47,419,252	110,457,398	43%
Employee Benefits	18,326,305	54,832,568	33%	21,704,794	58,255,740	37%
Debt Service	1,364,625	15,367,654	9%	1,534,516	17,385,366	9%
Equipment & Capital Outlay	945,110	3,213,414	29%	792,534	2,703,313	29%
Grand Total	\$ 145,157,479	\$ 381,342,516	38%	\$ 161,190,075	\$ 411,974,090	39%

Contractual Expenditures

This category includes expenditures related to services contracted by the County with vendors as well as any other payments made by the County that do not fall within the other expenditure categories. Budgeted contractual expenditures were up \$20.1 million from year to year, while actual expenditures through mid-year are up \$9.2 million. The largest increase is attributed to Medicaid Management Information System (MMIS) expenditures, which were budgeted at \$32.8 million in 2023 and increased to \$37.0 million in 2024. Expenditures in this area are up \$4.4 million at mid-year from \$14.3 to \$18.7 million. Other social service-related expenditures including family assistance, day care, special education, preschool, and safety net account for over \$3.3 million in actual increases from year to year. Recurring road improvements paid through the county road fund were up \$1.5 million in actual expenditures from year to year. For additional detail on the contractual expenditures of the County see the [Ulster County Vendor and Contract Dashboard](#).

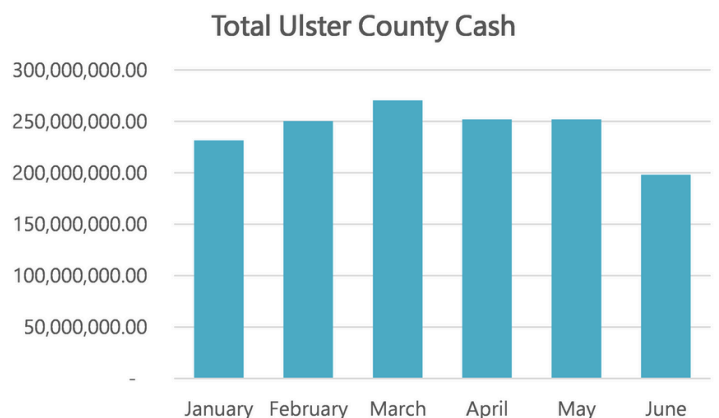
Payroll Expenditures

The budgeted personnel expenditures were up \$5.6 million from year to year, and the actual expenditures through mid-year are up \$3.4 million. In 2024, Ulster County had an average of 1,422 active full-time positions through mid-year compared to 1,389 over the same time in 2023. The growing number of positions is directly related to an increase in the number of budgeted positions, in 2024 there were 1,411 budgeted full-time positions compared to 1,372 in 2023. Actual positions are higher than the budgeted positions each year due to the County accepting additional funding throughout the year that directly supports additional personnel. The 2025 executive budget continues to increase full-time positions, with 1,439 included. Personnel services expenditures will continue to grow based on adding 67 budgeted employees over two years as well as routine salary increases. The same applies to employee benefits as they are directly correlated to employee counts.

In the first half of 2024 the County paid a total of \$52.4 million in gross wages to employees compared to \$48.7 in the first half 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 \$649 thousand in health insurance buyout payments for employees declining coverage under the County's plan, which was very similar compared to \$645 thousand in buyout payments made the first half of 2023. Overtime paid totaled \$3.68 million in the first half of 2024, compared to \$3.31 million in overtime earnings in the first half of 2023. Additional payroll data is available on the [Ulster County Public Pay Dashboard](#) which shows all County employees annual earnings for the calendar year.

Cash

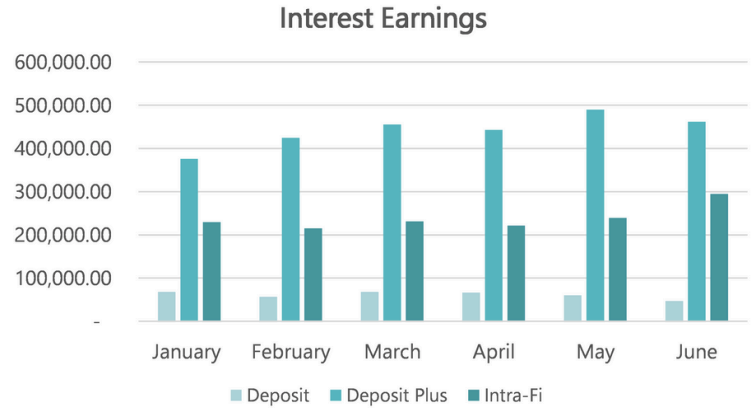
The County maintains bank accounts at several financial institutions throughout the County, with the majority of cash managed by Bank of Greene County. At the end of the second quarter of 2024, the County had \$198.1 million in cash across all accounts. The average cash balance (the amount upon which interest earnings are calculated) for all County accounts in the second quarter of 2024 was \$257.3 million compared to \$237.1 million in the second quarter of 2023. The increase in the average cash balance is due in part to a 2023 surplus, and in part to revenues exceeding expenditures during the first six months of 2024.



The County maintained an average of \$70.1 million in the Deposit account earning minimal interest at 1% during the quarter which is a reduction compared to \$103.5 million average in the second quarter of 2023. The County's Deposit PLUS account had an average value of \$107.7 million during the quarter compared to \$69.4 million in Q2 2023. The County's IntraFi account had an average balance of \$58.4 million at the end of Q2 2024 compared to \$46.8 million in Q2 2023. The average annual percentage yield in Q2 2024 for the Deposit PLUS account was 5.32%, and 5.26% in the IntraFi account compared to Q2 2023 when the Deposit PLUS account was 4.92%, and the IntraFi account was at 4.83%.

While these three accounts are diversified in type, they total an average balance of \$236.2 million in Q2 2024, these coupled with several other accounts at the Bank of Greene County, account for 95.8% of County financial resources being held with one institution. In Q2 2023, the three accounts had an average balance of \$219.7 million, and Bank of Greene County deposits represented 96.7% of County financial resources. We continue to recommend adhering to the investment policy which refers to “diversification of deposits by financial institution, investment instrument and maturity schedule.” The interest rates seen in the Deposit Plus and IntraFi accounts could be realized at other financial institutions.

The total 2024 mid-year interest revenue earned on bank accounts was \$4.57 million compared to \$3.17 million at the halfway point in 2023, and only \$285 thousand by mid-year of 2022. The County continues to work toward optimizing cash as a revenue generating asset but may have been able to generate even more revenue had less money been held in the deposit account at a 1% interest rate. We recommend that the County perform a cash flow analysis periodically to determine a comfortable amount to invest while maintaining appropriate resources for current spending to maximize potential investment income.



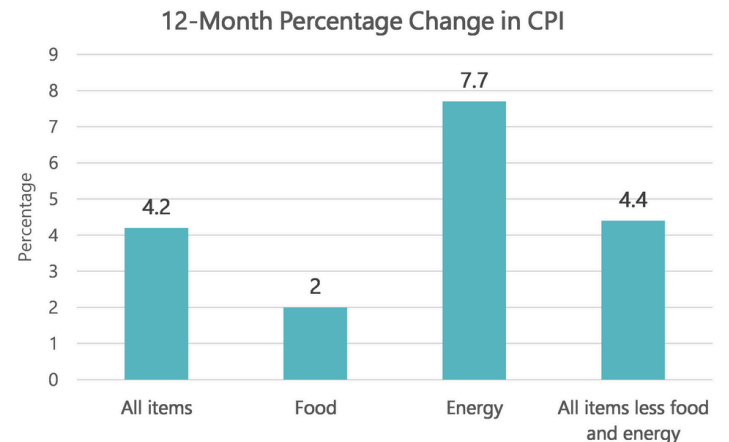
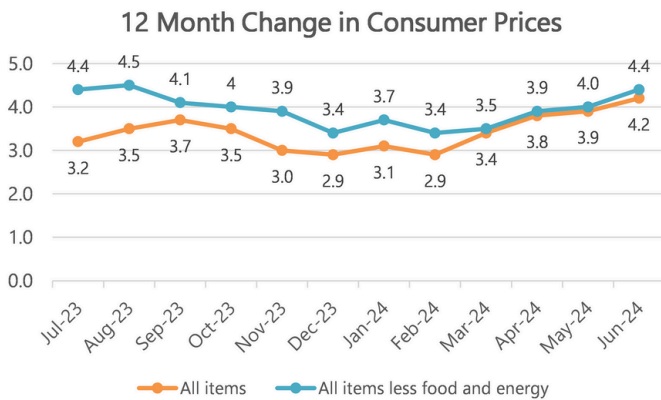
Economic Outlook

The second quarter of 2024 continued to show a healthy economy with stabilizing consumer prices and inflation, steady employment and continued increases in housing prices.

Consumer Price Index

The Consumer Price Index has risen moderately from July of 2023 through the close of the second quarter of 2024. The twelve-month change in consumer prices for all items rose from 3.2% to 4.2% over the prior twelve months, while the change in all items without food and energy opened and closed at 4.4%.

The cost of energy changed substantially with energy prices rising 7.7% between June of 2023 and June of 2024. The increase was influenced by higher prices for household energy, as electricity prices advanced 16.9%. Prices for natural gas rose 8.3%. In contrast, prices for gasoline declined 1.0%, following four consecutive monthly increases.



Source: 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.

Source: Bureau of Labor Statistics, Consumer Price Index, New York-Newark-Jersey City — June 2023, available at: https://www.bls.gov/regions/northeast/news-release/2023/consumerpriceindex_newyorkarea_20230712.htm

It is important to realize that inflation not only impacts the expenditures of the County but also important revenues such as sales tax.

Employment

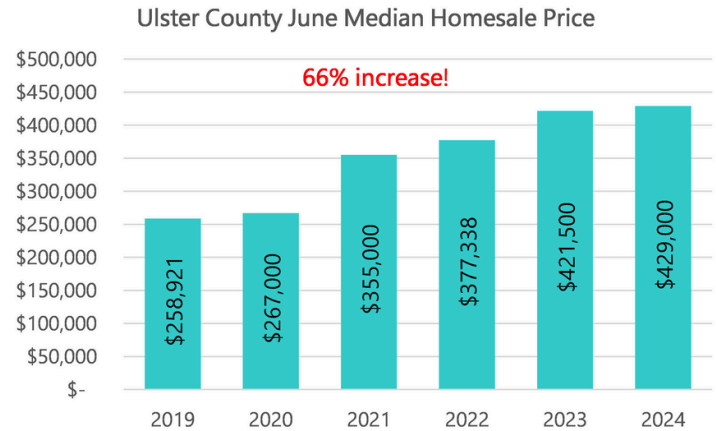
Employment levels continue to slightly increase in Ulster County with annual employment rising 900 jobs in the last twelve months which is a 1.5% increase. The largest overall increases were in the Private Educational and Health sector (+500), Local Government (+300), Retail Trade (+200), Professional and Business Services (+200) and Leisure and Hospitality (+100) new jobs for the previous 12-month period offsetting moderate losses in Manufacturing (-100), Financial Activities (-100), Other Services (-100) and Transportation, Warehousing & Utilities (-100). All other sectors remained flat.

Category	June 2024	June 2023	Net Year	% Year
Private Educational and Health Services	9,700	9,200	500	5.4%
Local Government	9,500	9,200	300	3.3%
Leisure and Hospitality	9,200	9,100	100	1.1%
Retail Trade	8,400	8,200	200	2.4%
Professional and Business Services	5,100	4,900	200	4.1%
State Government	4,400	4,400	0	0.0%
Manufacturing	3,400	3,500	-100	-2.9%
Mining, Logging and Construction	3,200	3,200	0	0.0%
Other Services	2,800	2,900	-100	-3.4%
Financial Activities	1,900	2,000	-100	-5.0%
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	61,900	61,000	900	1.5%

New York State, Department of Labor, Labor Market Profile for Resident Civilian Labor Force and Nonfarm Employment, Kingston MSA, June 2024.

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 \$170,079 (or 66%) between June 2019 and June 2024. The County continues to experience a housing crisis with very limited rental and for sale inventory. As of the end of June 2024 the Ulster County housing market had 4.7 months of inventory supply and the number of homes for sale increased 13.6% from a year earlier.



New York State Association of Realtors, June 2024 Housing Market Report (available at https://www.nysar.com/wp-content/uploads/2024/07/NYSAR_MMI_2024-06.pdf)

