



# **THIRD QUARTER FINANCIAL REPORT**

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



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**2024**





# ULSTER COUNTY OFFICE OF THE COMPTROLLER

## THIRD QUARTER FINANCIAL REPORT

comptroller.ulstercountyny.gov

Released January 2025

### 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 September 30, 2024.<sup>1</sup>

This report does not include the revenues or expenditures associated with the housing action fund or the medical health insurance fund as these funds were not budgeted in 2024 and the financial system lacks the general ledger activity for the period.

**2024 Year-to-Date Fund Performance:** As of the third quarter, Ulster County reported revenues of \$286.9 million and expenditures of \$254.9 million, resulting in a surplus of \$32.0 million.

- The general fund contributed \$239.3 million in revenues and \$227.6 million in expenditures, yielding an \$11.7 million surplus.
- The special grant fund had \$2.53 million in revenues and \$2.43 in expenditures, a \$100 thousand surplus.
- The county road fund had \$16.81 million in revenues and \$15.35 in expenditures, a \$1.46 million surplus.
- The road machinery fund had \$3.65 million in revenues and \$2.99 in expenditures, a \$660 thousand surplus.
- The debt service fund had \$14.42 million in revenues and \$1.53 in expenditures, a \$12.89 million surplus.
- The worker's compensation fund had \$10.15 million in revenues and \$4.97 in expenditures, a \$5.18 million surplus.

### Fund Balance Forecasting – General Fund:

- The three-year average fourth quarter surplus in the general fund is \$17.7 million. Historic trends indicate a potential fourth-quarter surplus between \$10.7 million (2021) and \$26.6 million (2022), suggesting a total general fund surplus for 2024 in the range of \$22.4 – \$38.3 million.
- At the end of 2023, the unrestricted fund balance stood at \$102.7 million, exceeding policy limits by \$31.1 million.
- A \$13 million transfer to the Housing Action Fund in 2024 reduced the unrestricted fund balance to \$89.7 million.
- Using a projected surplus of \$22.4 – \$38.3 million, the unrestricted fund balance at the start of 2025 would be \$112 – \$128 million, exceeding the policy cap of \$78.5 million by approximately \$30 – \$50 million.
- The 2025 Adopted Budget transfers \$12 million in unrestricted fund balance to reserve funds.
- The 2024 projected surplus less 2025 budget transfers leave the County between \$18 to \$38 million over its adopted policy limits.

We recognize that projections are subject to variability such as economic volatility and uncontrollable federal and state aid revenues and are not guaranteed to be fully accurate. However, financial forecasting is a critical tool for planning and decision-making, even when the precision of the predictions isn't guaranteed. Forecasting encourages long-term thinking and allows for *proactive* decision making instead of *reactive* decision-making regarding resource allocations, policy evaluations, risk mitigation and compliance with rules and regulations.

[1] We have used unaudited and unofficial amounts as reported within Ulster County's financial management system as of January 6, 2025 for the purposes of this review. Financial information is not finalized until external audit procedures are completed, which may include audit adjustments.

## Revenues

Overall, Ulster County budgeted an increase to revenues of \$30.6 million for 2024 mainly from an increased reliance on Fund Balance, and increased State Aid and interest revenues. Revenues through the third quarter of \$286.9 million show the County had an increase of \$31.9 million compared to the same period in 2023. Most of the actual increase from year-to-year is State and Federal aid revenues, increases in collections of sales tax and occupancy tax as well as interest revenues on cash balances.

Revenues by Category Through September 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)	\$ 105,359,143	\$ 172,165,000	61%	\$ 111,693,702	\$ 175,326,000	64%
Real Property Taxes	74,028,225	73,028,225	101%	74,028,225	73,028,225	101%
State Aid	31,176,236	58,114,554	54%	39,888,244	66,409,425	60%
Federal Aid	15,740,714	38,393,974	41%	29,117,277	41,932,376	69%
Other Financing Sources (incl. Fund Balance)	-	5,577,697	0%	-	17,740,919	0%
Departmental Income	5,384,469	9,888,360	54%	6,192,283	8,979,293	69%
Intergovernmental Charges	6,930,887	8,020,184	86%	7,334,096	8,008,246	92%
Real Property Tax Items	3,688,851	5,619,000	66%	3,936,546	4,380,000	90%
Interfund Revenues	3,583,242	4,611,842	78%	3,469,886	5,013,425	69%
Sale of Property & Compensation for Loss	1,227,578	2,733,048	45%	1,628,519	1,683,550	97%
Use of Money and Property	6,010,513	1,521,115	395%	8,393,857	7,994,693	105%
Miscellaneous Local Sources	1,119,463	808,350	138%	431,635	519,250	83%
Fines and Forfeitures	289,333	354,300	82%	366,868	426,500	86%
Licenses and Permits	385,480	506,867	76%	390,166	532,188	73%
<b>Grand Total</b>	<b>\$ 254,924,134</b>	<b>\$ 381,342,516</b>	<b>67%</b>	<b>\$ 286,871,304</b>	<b>\$ 411,974,090</b>	<b>70%</b>

## State & Federal Aid

State Aid revenues are up \$8.7 million at this point compared to the prior year while current year budgeted State Aid is up \$8.3 million. The major increase in State Aid include an additional \$1.5 million in probation related revenues, \$1.3 million in UCAT bus revenues, \$1.2 million in Daycare Block Grant revenues, \$1.1 million in DSS administrative revenues, and the following areas had increases less than \$1 million but more than \$500 thousand: Safety Net, E911, Public Defender, County road improvements, contracted mental health service, child care, rehabilitation loans and grants.

Federal Aid is up \$13.4 million at this point compared to the prior year while current year budgeted federal aid was up \$3.5 million from the prior year. The major increases to federal aid include an additional \$3.7 million in ARPA revenues, \$4.4 million in DSS administrative revenues, \$3.6 million in Family Assistance, \$0.8 million in Childcare revenues, and \$0.7 million in Job Training revenues.

## Use of Money & Property

Interest revenues on cash held in financial institutions continued to increase from year-to-year. The cash section elaborates on the influx of interest revenues on cash assets maintained by the County and reflected within the Use of Money and Property increase of \$2.4 million from the prior year.

Non-Property Tax Items Revenues Through September 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	\$ 101,085,946	\$ 167,000,000	61%	\$ 104,887,999	\$ 167,000,000	63%
Occupancy Tax	2,744,215	3,155,000	87%	5,216,165	6,300,000	83%
OTB Surtax	4,574	-	0%	63,814	6,000	1064%
Adult-Use Cannabis Tax	-	-	0%	51,599	-	0%
Automobile Use Tax	973,421	1,200,000	81%	933,911	1,200,000	78%
Emergency Phone System Tax	550,987	810,000	68%	540,214	820,000	66%
<b>Non-Property Tax Items Total</b>	<b>\$ 105,359,143</b>	<b>\$ 172,165,000</b>	<b>61%</b>	<b>\$ 111,693,702</b>	<b>\$ 175,326,000</b>	<b>64%</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 2024 budgeted occupancy tax collections increased \$3.1 million from the previous year's budget due in part to the change in occupancy tax rate from 2% to 4% which took effect in early 2024. Occupancy tax revenues have increased by \$2.5 million or 90% during the first three quarters of 2024 when compared to the same period in 2023. With ample occupancy tax to be received in the last quarter of the year, this area is on pace to meet or exceed budgetary expectations.

## Sales Tax

The County received \$104.9 million in sales tax revenue by the end of the third quarter, a 3.8% increase compared to \$101.1 million collected by Q3 of 2023. Sales tax revenues in 2023 totaled \$170.2 million by the end of the year. Based on recent collections after the end of Q3, we anticipate that the County will exceed budgeted sales tax revenues of \$167.0 million for 2024. We currently anticipate sales tax collections to exceed \$173 million by the end of the year.

## Expenditures

By the end of the third quarter, 2024 and 2023 expenditures were at 62% and 60% of total annual budgeted amounts, respectively. The 2024 actual spending increased approximately \$25.5 million when compared to the prior year, from \$229.4 million to \$254.9 million, which is on par with expectations considering the substantial increase of \$30.6 million in total budgeted spending.

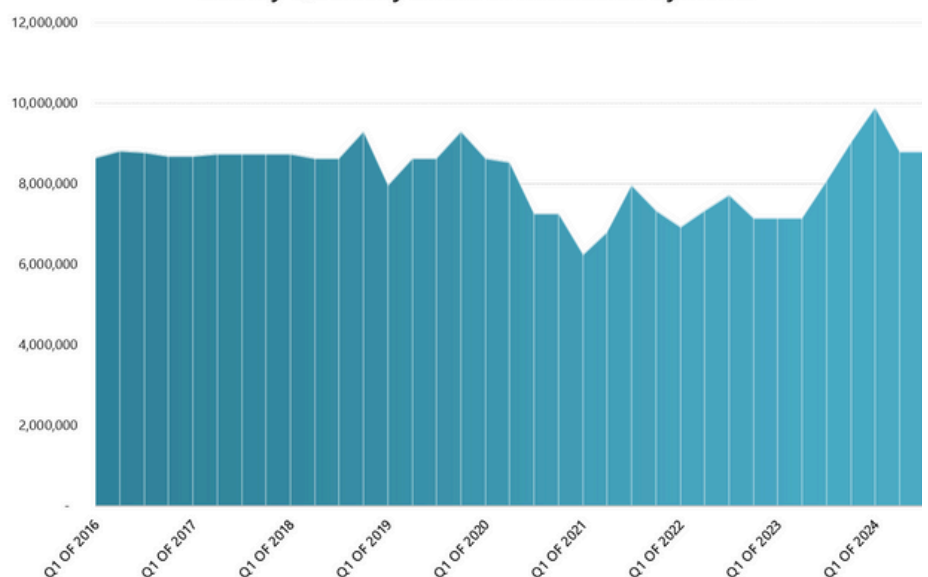
Expenditures by Category Through September 30th						
Category	2023 YTD Transactions	2023 Adopted Budget	% of 2023 Adopted Budget	2024 YTD Transactions	2024 Adopted Budget	% of 2024 Adopted Budget
Contractual Expenses	\$ 128,771,236	\$ 203,046,488	63%	\$ 144,615,471	\$ 223,172,273	65%
Personnel Services	70,104,436	104,882,392	67%	74,828,513	110,457,398	68%
Employee Benefits	27,773,464	54,832,568	51%	32,499,836	58,255,740	56%
Debt Service	1,364,625	15,367,654	9%	1,534,516	17,385,366	9%
Equipment & Capital Outlay	1,382,474	3,213,414	43%	1,390,719	2,703,313	51%
<b>Grand Total</b>	<b>\$ 229,396,235</b>	<b>\$ 381,342,516</b>	<b>60%</b>	<b>\$ 254,869,055</b>	<b>\$ 411,974,090</b>	<b>62%</b>

## Contractual Expenditures

The budgeted contractual expenditures were up \$20.1 million from year to year, while the actual expenditures through the end of the third quarter are up \$15.8 million. The largest variance is attributed to increases in the County's share of Medicaid expenditures, which had a total budget of \$32.8 million in 2023 and increased to \$37.0 million in 2024. The actual expenditures in this area were up \$5.1 million at the end of the third quarter from \$22.4 to \$27.5 million as a result of increases in the County's Medicaid share, which is determined by the State.

Other social service-related expenditures including family assistance, day care, special education, preschool, and safety net account for over \$4.8 million in actual increases from year to year. Recurring road improvements paid through the county road fund were up \$2.1 million in actual expenditures from year to year. Contracted mental health service costs were up \$1.7 million in actual expenditures from year to year. There was also an increase of over \$500 thousand from 2023 to 2024 in the distribution of sales tax, and community college contributions and chargebacks.

County Quarterly Share of Medicaid Payments





## Payroll Expenditures

Through the end of the third quarter of 2024 the County paid a total of \$80.4 million in gross wages to employees compared to \$75.3 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 \$964k in health insurance buyout payments for employees declining coverage under the County's plan, which was very similar compared to \$960k in buyout payments made through Q3 of 2023. Overtime paid totaled \$5.9 million through the third quarter of 2024, compared to \$5.3 million in overtime in the same period of 2023. The total of covid and quarantined pay for 2024 was up 31% from 2023, there was \$219k paid in 2024 compared to \$167k during the same period in 2023. The Ulster County Comptroller's office has daylighted County payroll by displaying all County employee's annual earnings for calendar year 2023 and 2024 information will be available in the coming months. It can be accessed here: [Ulster County Pay Dashboard](#)

## Employee Benefits

The employee benefit costs were budgeted to increase \$3.4 million from year to year from \$54.8 to \$58.2 million. The actual expenditures through the end of the third quarter are up \$4.7 million from \$27.8 to \$32.5 million. The employee benefit costs for the fourth quarter of 2023 were \$21.4 million which summed to \$49.3 million at the end of the year, coming in under budget. Because most of the employee benefit expenditures are recognized in the fourth quarter it is difficult to predict this area, however, we remain optimistic that employee benefit costs will finish below the 2024 budgeted amount.

## Cash

The average cash balance for all County accounts in the third quarter of 2024 was \$259.1 million compared to \$238.0 million in the third quarter of 2023. The total 2024 interest revenue earned on bank accounts through the third quarter was \$7.24 million compared to the prior year of \$5.02 million. The County has benefitted from higher cash values than prior years combined with an increase in strategic investment activity. If the County were to conduct a cash flow analysis it may indicate a larger portion of the Deposit account balance could be utilized as an investment asset.

The County maintained an average of \$49.5 million in the Deposit account earning minimal interest at 1% during the quarter. While this amount is significant, it is a decrease from an average of \$101.8 in Q3 of 2023. This indicates an investment mindset has been adopted since the Comptroller's office audited this area. 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 \$108.5 million, and the County's IntraFi account which had an average of \$77.1 million. The average annual percentage yield for the second quarter of 2024 for the Deposit PLUS account was 5.32%, and 5.23% in the IntraFi account. While these three accounts are diversified in type, they total an average balance of \$235.1 million for the quarter. These, coupled with several other accounts at the Bank of Greene County, account for over 94.2% of County financial resources being held with one institution. Additionally, the County money that is held by this institution represents a sizeable portion of the bank's assets.

## Fund Balance & 2024 Forecasting

An adequate fund balance is critical to County function and the ability to cover unforeseen expenditures without burdening the taxpayers. Please refer to our [prior reports](#) on fund balance to learn more about the County's historical fund balance amounts and changes in policy over the years.

2024 Through Q3			
Fund	Revenues	Expenditures	Surplus
General Fund	239,303,555	227,598,747	11,704,808
Special Grant	2,532,226	2,427,097	105,129
County Road	16,807,594	15,348,924	1,458,670
Road Machinery	3,652,507	2,985,276	667,231
Debt Service	14,422,423	1,534,516	12,887,907
Worker's Compensation	10,152,998	4,974,495	5,178,503
Total Budgeted Funds	286,871,303	254,869,055	32,002,248

At the end of the third quarter with total revenues of \$286.9 million and expenditures of \$254.9 million the surplus is at \$32.0 million with one quarter remaining in 2024.

The general fund makes up \$239.3 million of revenues and \$227.6 million of expenditures, an \$11.7 million surplus. Historic fourth quarter activity over the past three years averages an additional surplus of \$17.7 million in the general fund. The highest fourth quarter surplus over the years was last year at \$26.6 million and lowest surplus was in 2021 at \$10.7 million.

Using the three-year low and three-year high, the 2024 general fund would have a surplus in the range of \$22.4 – \$38.3 million for the year. The Executive’s 2025 budget predicted a \$4.6 million surplus at the end of 2024, but it appears based on historic information and information available through the end of November that a larger surplus amount will likely be achieved.

At the close of 2023, the County had an unrestricted fund balance of \$102.7 million, which was \$31.1 million over the fund balance policy limits in the general fund. The 2025 Executive budget shows that during 2024 a transfer of \$13 million from the general fund to the Housing Action Fund occurred, leaving a remaining \$89.7 million in unrestricted fund balance before any 2024 surplus.

The current fund balance policy maximum allows an unrestricted balance of 20% of General Fund adopted budget expenditures. The 2025 Adopted Budget included \$392.7 in expenditures, 20% of which would be \$78.5 million. Based on the remaining unrestricted fund balance of \$89.7 million from 2023, combined with the above prediction of a \$22.4 – \$38.3 million surplus in 2024, that would indicate an unrestricted fund balance of \$112 - \$128 million meaning the County would still be \$30 – 50 million over the fund balance policy at the start of 2025.

The 2025 budget created additional reserves of \$12 million, which reduces the amount over the policy, however, we anticipate that if historic trends were to accurately predict the 2024 surplus, that the unrestricted fund balance amount will still be over the policy limits in 2025.

We understand the 2025 budget appropriated \$34.7 million of unrestricted fund balance in the general fund which transitions the fund balance from unrestricted to assigned. Additionally, the assigned amount remains included in unrestricted fund balance until the actual results of the 2025 fiscal year are reported. The County has appropriated fund balance in every budget for the last ten years but has not experienced an actual deficit year since 2019. Numerous bargaining units of the County are without an active contract as of January 1, 2025, and an offset to cover an additional \$8.25 million in costs related to contract negotiations was placed into contingency accounts to reduce the impact of additional personnel and benefit expenditures. Considering these facts, we believe it is unlikely that the entire assigned amount of appropriated fund balance will be depleted in 2025.

The fund balance policy requires the Commissioner of Finance to report a fund balance account and classification balance update upon the May 1st submission of the Annual Update Document to NYS OSC. The report should include a percentage of unrestricted fund balance within the general fund, county road fund, and road machinery fund as of December 31st. Additionally, the Commissioner of Finance must report by the June Legislative Session, options for utilizing excess unrestricted fund balance over the 20% ceiling target.

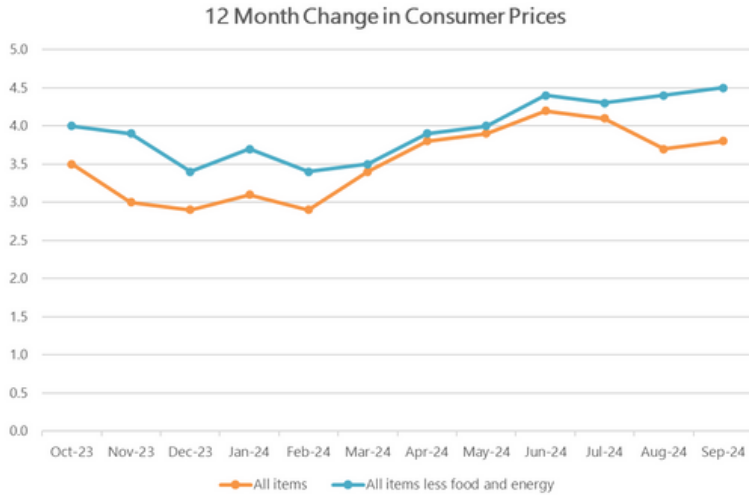
These tasks of the Commissioner of Finance are reliant upon complete and accurate information being reported by May 1st. Since the incarceration of the previous Commissioner of Finance, there have been two filings of the New York State Annual Financial Report (AFR). One filing was late due to transition and the subsequent filing contained material differences from the fund reporting in the audited financial statements. Without the availability of timely reliable information, the legislature is unaware of the County’s current fiscal position and is unable to determine the amount of unrestricted fund balance that must be utilized to get compliant with County policy.

## **Economic Outlook**

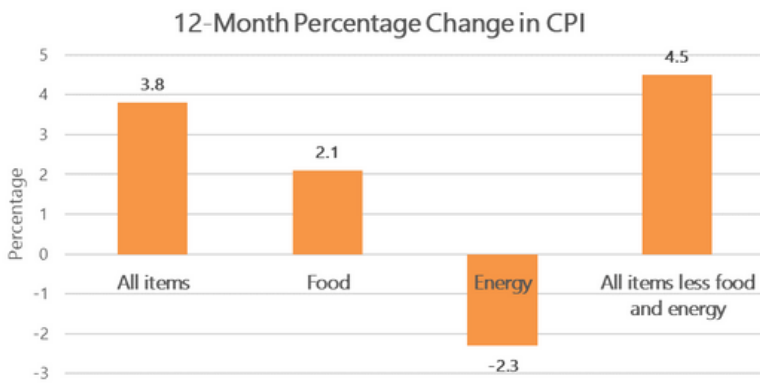
The third quarter of 2024 continued to show moderating consumer prices and inflation, and slight growth in employment.

## Consumer Price Index

The Consumer Price Index has risen moderately from September of 2023 through the close of the third quarter of 2024. The twelve-month change in consumer prices for all items rose from 3.5% to 3.8% over the prior twelve months, while the change in all items without food and energy was 4.5%.



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](https://www.bls.gov/regions/northeast/news-release/consumerpriceindex_newyork.htm).



Source: Bureau of Labor Statistics, Consumer Price Index, New York-Newark-Jersey City — October 2024, available at [https://www.bls.gov/regions/northeast/news-release/2024/consumerpriceindex\\_newyork\\_20241113.htm](https://www.bls.gov/regions/northeast/news-release/2024/consumerpriceindex_newyork_20241113.htm)

From September 2023 to September 2024, the index for all items less food and energy increased 4.5%, led by shelter prices increasing 6.0%. Within shelter, prices rose for owners' equivalent rent (6.2%) and residential rent (5.0%). These numbers include the entire NY, NJ and PA region. Over the year, the New York area energy index dropped 2.3% as price increases for electricity (8.5%) and natural gas (12.4%) were offset by lower prices for gasoline (-14.9%). Additional components contributing to the increase were education and communication (2.5%), household furnishings and operations (4.1%), and recreation (3.5%).

## Employment

Employment levels continue to slightly increase in Ulster County with annual employment rising 1,000 jobs in the last twelve months representing an increase of 1.7%. The largest overall increases were in the Private Educational and Health sector (+400), Professional and Business Services (+400), State Government (+400). Local Government (-200) declined for the first time in many months. Other sectors held steady with minimal or no change.



Category	Sep 2024	Sep 2023	Net Year	% Year
Private Educational and Health Services	9,700	9,300	400	4.3%
Local Government	8,800	9,000	-200	-2.2%
Leisure and Hospitality	8,900	8,800	100	1.1%
Retail Trade	8,200	8,200	0	0.0%
Professional and Business Services	5,000	4,600	400	8.7%
State Government	4,900	4,500	400	8.9%
Manufacturing	3,400	3,500	-100	-2.9%
Mining, Logging and Construction	3,100	3,000	100	3.3%
Other Services	2,700	2,800	-100	-3.6%
Financial Activities	1,900	2,000	-100	-5.0%
Wholesale Trade	1,600	1,500	100	6.7%
Transportation, Warehousing and Utilities	1,500	1,500	0	0.0%
Information	900	900	0	0.0%
Federal Government	400	400	0	0.0%
<b>Total</b>	<b>61,000</b>	<b>60,000</b>	<b>1,000</b>	<b>1.7%</b>

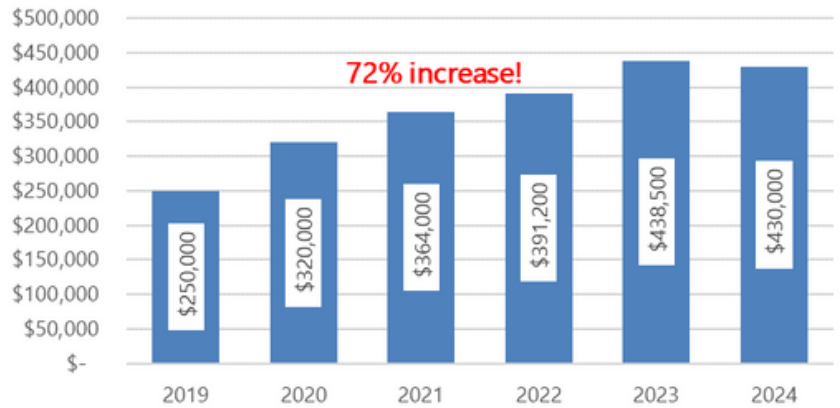
New York State, Department of Labor, Labor Market Profile for Resident Civilian Labor Force and Nonfarm Employment, Kingston MSA, October 2024.



## Housing

During the quarter, housing costs have begun to decline for the first time since the pandemic with Ulster County median home sale prices declining \$8,500 to \$430,000 in September of 2024. The median price of housing has still increased 72% from pre pandemic (2019) prices. While rental prices are available on a quarterly basis, sale prices drive the rental market as well and price increases in rentals have seen substantial growth despite the small decline in median housing price.

Ulster County September Median Homesale Price



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](https://www.nysar.com/wp-content/uploads/2024/07/NYSAR_MMI_2024-06.pdf))

## Conclusion

Ulster County remains financially stable, and it is likely that a surplus will occur for the fifth consecutive year. The County's financial performance through the third quarter of 2024 reflects increased revenue from state and federal aid, sales tax, and occupancy tax, alongside controlled spending.

These factors have contributed to a substantial surplus at the end of the quarter, adding to existing reserves rather than utilizing them as planned.

The continued accumulation of surpluses, along with existing unrestricted fund balances, may push the County beyond policy limits into 2025. While the 2025 budget includes measures such as transfers to reserves and appropriations intended to address this trend, it remains unclear whether these steps will ensure full compliance with the County's fund balance policy.

As the County navigates leadership transitions, timely and transparent financial reporting will be necessary to support informed decisions on fund balance utilization and policy adherence.

