



# **FOURTH QUARTER FINANCIAL REPORT**

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



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**2023**



# ULSTER COUNTY OFFICE OF THE COMPTROLLER

## FOURTH QUARTER FINANCIAL REPORT

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### OVERVIEW

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The Ulster County Comptroller's office strives to provide timely and relevant financial information, yet due to the delayed availability of financial data this quarterly report is unfortunately outdated. Under §C-53 (6) of the Ulster County Charter, the County Commissioner of Finance is required to "submit a complete statement of County Finance to the County Executive and the County Legislature on or before the first day of March." However, this deadline has proven unrealistic. In 2023, there was an attempt - fully supported by the Comptroller's Office - to align the reporting deadline with the New York State Annual Financial Report due May 1st. Unfortunately, the proposed resolution failed because it included multiple changes to the Ulster County Charter, many unrelated to the Department of Finance. As a result, the deadline for the Ulster County Department of Finance to provide a final report on the financial condition of the County for 2023 was due on March 1st, 2024.

The County's 2023 Annual Financial Report (AFR) was filed with the Office of the New York State Comptroller days prior to the deadline, but the Commissioner of Finance issued a memo to the Clerk of the County Legislature stating that the department had used "unaudited numbers and expect significant changes to be made between now and our completion of our 2023 audit." The 2023 external audit was completed on September 27, 2024, and the numbers did significantly change from the numbers reported to the State in the AFR. In the report to the State, the County's General Fund equity was understated by \$11,747,034. The County's Capital Projects fund was overstated by \$429,939. The County's Worker's Compensation Fund was understated by \$719,692.

All activity in the County's Self Insurance Fund was not reported to the State in the AFR, meaning that the equity reported for the fund was understated by the full amount shown in the audited financial statements of \$6,931,694. The Self Insurance fund had been reported to the state in 2022, and to make the report work, the County Department of Finance decreased the equity in the fund by the ending balance of \$7,105,422 with a description for the decrease of: "Is combined in the S fund." The S fund is the County's Worker's Compensation fund, and the balance of the Self Insurance fund was not included in the Worker's Compensation fund. As of January 2, 2025, the County's financial system does not match the audited financial statements of the County as the Health Insurance fund does not yet show any activity for the fund. The fund first was reported in the 2022 audited financial statements of the County, as a result of questions raised by the County Comptroller's Office.

These issues create ripple effects that undermine financial transparency and effective governance. For example, the County's Fund Balance Policy requires the Department of Finance to report on excess fund balances in May, but ongoing journal entries and delays made it impossible to deliver a clear picture of the 2023 surplus. The lack of timely data complicates financial planning and decisions about the use of surplus funds, which is particularly concerning as the County continues to manage a growing fund balance which is partly a result in policy revisions in 2023 and the creation of multiple fund balance reserves.

Looking ahead, the County must take decisive steps to address these challenges. Revising the Charter to set a May 1 reporting deadline would provide the Department of Finance with the time necessary to ensure accuracy and minimize audit adjustments. Streamlining accounting processes and reducing journal entry delays would further improve the reliability of financial data. Most importantly, the County must commit to greater transparency, providing legislators and the public with timely, accurate reports that enable informed decision-making and restore confidence in the County's financial stewardship. The issues outlined in this report are not just technicalities—they represent significant barriers to good governance and accountability that demand immediate attention.



All financial data presented in this report is derived from a fund budgeted for in the County’s annual operating budget. The audited financial statements were also used in the preparation of this reporting for reasons outlined above. The County’s capital projects fund, and all the County’s component units are excluded from this analysis, as they were not included in the 2023 annual operating budget.

**Revenues**

In 2023, County revenues totaled \$406.8 million, representing 107% of the \$381.3 million of the total financing sources (revenues and fund balance appropriations) included in the 2023 Adopted Operating Budget. In 2023 Ulster County increased budgeted revenues by \$28.4 million, and actual revenues exceeded the increased budget amount by \$25.5 million. The largest sources of revenue are classified by the County as Non-Property Tax Items (which includes Sales Tax) of \$176.5 million and \$72.0 million in Real Property Tax collections. The following chart details the revenues recorded and annual budgeted amounts for 2023:

Revenues by Category Through December 31st						
Category	2022 YTD Transactions	2022 Adopted Budget	% of 2022 Adopted Budget	2023 YTD Transactions	2023 Adopted Budget	% of 2023 Adopted Budget
Non-Property Tax Items (incl. Sales Tax)	\$ 171,266,465	\$ 147,880,000	116%	\$ 176,517,353	\$ 172,165,000	103%
Real Property Taxes	77,902,298	75,317,758	103%	72,040,080	73,028,225	99%
State Aid	57,896,670	50,307,888	115%	67,454,016	58,114,554	116%
Federal Aid	40,531,413	38,407,333	106%	42,052,510	38,393,974	110%
Other Financing Sources (incl. Fund Balance)	2,796,886	6,500,340	43%	1,889,299	5,577,697	34%
Departmental Income	8,498,735	10,527,690	81%	7,917,002	9,888,360	80%
Intergovernmental Charges	7,435,532	7,511,884	99%	8,468,389	8,020,184	106%
Real Property Tax Items	8,198,512	5,794,000	142%	4,859,100	5,619,000	86%
Interfund Revenues	4,736,586	4,666,812	101%	4,931,512	4,611,842	107%
Sale of Property & Compensation for Loss	6,744,326	3,156,950	214%	8,046,491	2,733,048	294%
Use of Money and Property	3,419,406	979,830	349%	8,564,329	1,521,115	563%
Miscellaneous Local Sources	3,415,486	1,115,100	306%	3,196,992	808,350	395%
Fines and Forfeitures	456,783	326,000	140%	358,624	354,300	101%
Licenses and Permits	514,223	475,160	108%	500,602	506,867	99%
<b>Grand Total</b>	<b>\$ 393,813,321</b>	<b>\$ 352,966,745</b>	<b>112%</b>	<b>\$ 406,796,299</b>	<b>\$ 381,342,516</b>	<b>107%</b>

Non-Property Tax Items, which contain various revenues including sales tax and occupancy tax saw a \$5.3 million increase from the previous year in revenues. The following chart further breaks down the amounts into the subcategories by tax type:

Non-Property Tax Items Revenues Through December 31st						
Non-Property Tax Items	2022 YTD Transactions	2022 Adopted Budget	% of 2022 Adopted Budget	2023 YTD Transactions	2023 Adopted Budget	% of 2023 Adopted Budget
Sales & Use Tax	\$ 165,528,732	\$ 143,000,000	116%	\$ 170,569,996	\$ 167,000,000	102%
Occupancy Tax	3,754,429	2,875,000	131%	3,932,223	3,155,000	125%
Automobile Use Tax	1,174,063	1,200,000	98%	1,262,121	1,200,000	105%
Emergency Phone System Tax	809,241	805,000	101%	753,013	810,000	93%
<b>Non-Property Tax Items Total</b>	<b>\$ 171,266,465</b>	<b>\$ 147,880,000</b>	<b>116%</b>	<b>\$ 176,517,353</b>	<b>\$ 172,165,000</b>	<b>103%</b>

**Expenditures**

During the 2023 fiscal year the County expended \$371.9 million or 98% of the \$381.3 million budget. Contractual expenses of \$201.9 million and \$96.8 million in personnel services were the two highest expenditure categories in 2023.

The following chart provides comparative actual and budgeted amounts for 2023 and 2022:

Expenditures by Category Through December 31st						
Category	2022 YTD Transactions	2022 Adopted Budget	% of 2022 Adopted Budget	2023 YTD Transactions	2023 Adopted Budget	% of 2023 Adopted Budget
Contractual Expenses	\$ 178,260,391	\$ 185,404,957	96%	\$ 201,916,518	\$ 203,046,488	99%
Personnel Services	92,509,605	97,782,105	95%	96,819,995	104,882,392	92%
Employee Benefits	48,193,216	53,089,021	91%	49,328,227	54,832,568	90%
Debt Service	21,748,764	13,865,466	157%	18,376,108	15,367,654	120%
Equipment & Capital Outlay	4,927,250	2,825,196	174%	1,857,971	3,213,414	58%
<b>Grand Total</b>	<b>\$ 350,052,065</b>	<b>\$ 352,966,745</b>	<b>99%</b>	<b>\$ 371,902,226</b>	<b>\$ 381,342,516</b>	<b>98%</b>

### Net Position (Equity)

Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. Self-Insurance funds account for insurance coverage when the governing body has decided to have a self-insurance program on an actuarial basis.

In 2022 and 2023 the County budgeted for one internal service fund, the workers compensation fund. Prior to 2022, this fund has never accounted for any surplus or deficits. The surplus for the year ended 2022 was \$3.2 million. The 2023 financial information indicates a surplus of \$2.2 million, which brings the total surplus in this fund to \$5.4 million.

At the completion of the 2022 audit, another internal service fund was created to account for self-insurance related to the County's health insurance. Because the County has not created the health self-insurance fund in the financial system yet, and this fund was not budgeted for in 2023, no information regarding this fund was included in this report. The equity of this fund was previously included as a liability in the General Fund which led to a prior period adjustment of \$6.7 million. After including a surplus of \$400 thousand in 2022, and a deficit of \$200 thousand in 2023 the net position was \$6.9 million. The County's 2023 Annual Financial Report submitted to NYS OSC did not include this fund, and the financial system still has no information regarding this fund for any years.

Both internal service funds classify their equity accounts as net position rather than fund balance. The basis of accounting for these funds differs from the County's main governmental funds, and long-term actuarially determined estimates of liabilities are recorded where they are not for most governmental funds.

### Fund Balance

Since 2020 Ulster County has shown an operating surplus in governmental funds and fund balance has increased. Ulster County has a fund balance policy that covers the amount of surplus desired for certain governmental funds.

Due to the timing of financial reporting and the late availability of accurate information it is difficult for legislators to have precise fund balance figures. The fund balance policy requires the Department of Finance to present to the legislature, no later than the June Legislative session, options for utilizing the excess fund balance. No presentation was made, and the County was above policy limits. Upon receiving financial information from the audit report the Comptroller's office provided a fund balance analysis.

### Long-Term Debt

Every year the County pays debt principal and interest related to previously bonded capital projects and bond anticipation notes ("BANs"). BANs are short-term interest-bearing notes issued in anticipation of bonds to be issued later. The 2022 BAN amount of (\$31.1 million) saw an increase to \$37.3 million. The 2022 bond amount of \$89.0 million saw an increase to \$95.6 million. The County's total amount of outstanding debt as of December 31, 2023, was \$132.9 million.

Future debt repayments are based on a cumulation of previous bond notes and are paid out of the debt service fund. The amount of the subsequent year's debt payment is known at the time of budget, except for any payments relating to current year bonding activity, making this area very easy to predict. The 2024 budgeted amount of debt service payment including principal and interest across all funds was \$17.4 million.