ULSTER COUNTY FUND BALANCE REPORT

Office of the
Ulster County Comptroller
March S. Gallagher

2026

ULSTER COUNTY OFFICE OF THE COMPTROLLER

2026 Ulster County Fund Balance Report

comptroller.ulstercountyny.gov

Released June 2026

Executive Summary

Fund Balance is the total accumulation of operating surpluses from the beginning of a local government's existence. Fund balance is divided into non-spendable, restricted, assigned, committed, and unassigned categories. So when we think about resources that are freely available for use, we are usually thinking about unassigned fund balance.

At the end of 2025, Ulster County reported $136.4 million of total fund balance in the General Fund, with $75.5 million of that being unrestricted, and $18.8 million of that being unassigned. The County was within the reserve levels established by its Fund Balance Policy for the General Fund, County Road Fund, and Road Machinery Fund. The County used $45.9 million of General Fund balance during 2025, including more than $42 million transferred to the County's Capital Projects Fund and Housing Action Fund. While reserve levels remain healthy, continued budgeting at current levels could place pressure on those reserves in future years.

The County's 2026 budget includes a planned use of $36.5 million in fund balance. If actual results mirror the budget, reserve levels could fall below the targets established in the County policy. The County should continue efforts to control costs and improve operating results to preserve long-term financial stability.

Several County funds are not covered by the current Fund Balance Policy. The Special Grant Fund, Debt Service Fund, and Housing Action Fund collectively hold more than $11.3 million in available fund balance, while the County's Workers' Compensation and Medical Self-Insurance Funds hold more than $30.3 million in net position. Although these funds serve different purposes, the County has not established formal policies to determine what level of reserves are appropriate.

We recommend the County periodically evaluate reserve levels in all governmental and internal service funds and establish policies where appropriate, to ensure balances remain justified, transparent, and aligned with the intended purpose of each fund.

Fund Balance

Fund Balance represents resources accumulated over time that are available to support future operations, respond to emergencies, or fund one-time expenditures.[1] Annual changes in fund balance occur to the extent that revenues exceed expenditures or expenditures exceed revenues.

Most of the County's fund balance is in the General Fund, which is the County's main operating fund. The 2025 adopted operating budget anticipated using $34.7 million of fund balance in the General Fund. The County legislature amended the budget over the course of the year to appropriate an additional $18.1 million of unassigned fund balance and $25.7 million of reserves for a total of $78.5 million. The actual results in the General Fund were a $45.9 million deficit in 2025, exceeding the use of fund balance in the originally adopted budget, but using less fund balance than the amended budget.

The chart on the following page shows a breakdown of 2025 governmental fund activity by fund:

1] The Comptroller's Office uses the Government Finance Officers Association (GFOA) definition of Fund Balance available at https://www.gfoa.org/fund-balance-guidelines-general-fund

Fund	Beginning Fund Balances, 1/1/2025	Net Change in Fund Balances	Ending Fund Balances 12/31/25
General Fund	$ 182,266,797	$ (45,858,420)	$ 136,408,377
Special Grant Fund	312,294	402,673	714,967
Capital Projects	(20,530,905)	11,267,152	(9,263,753)
County Road Fund	4,279,229	(667,093)	3,612,136
Road Machinery Fund	439,028	373,231	812,259
Debt Service Fund	4,605,325	1,168,035	5,773,360
Housing Action Fund	2,000,000	2,866,885	4,866,885
Total Governmental Funds	$ 173,371,768	$ (30,447,537)	$ 142,924,231

The County has a Capital Projects Fund that is made up of multiple capital projects and budgeted for outside of the annual operating budget. Capital Projects are budgeted in the County's five-year capital improvement program. Each project must have its own accounting and will ordinarily carry a negative balance, as short-term borrowing (in the form of bond anticipation notes) for capital projects is reported as a current liability rather than a revenue. The $11.3 million positive change in fund balance in the Capital Projects Fund for the year is due to General Fund transfers of reserves to capital projects rather than project completion. Because these transfers originated from General Fund reserves, the increase in Capital Projects Fund balance directly reduced General Fund balance.

Current Fund Balance Allocation in the General Fund

The following chart shows the categories of fund balance that the County has reported over the last 5 years, as well as the increases in total fund balance for each year in the General Fund:

Ulster County Fund Balance by Category General Fund	2025 (Unaudited)	2024	2023	2022	2021
Nonspendable:					
Prepaid Expenditures	$ 7,459,990	$ 6,849,387	$ 6,134,000	$ 5,336,990	$ 6,233,011
Inventory	20,701	111,514	105,352	80,670	90,489
Advances	10,605,756	10,605,756	10,605,756	4,000,000	-
Total Nonspendable:	**18,086,447**	**17,566,657**	**16,845,108**	**9,417,660**	**6,323,500**
Restricted:					
Tax Stabilization	10,247,715	10,159,090	10,058,520	5,999,888	1,148,359
Insurance Liabilities / Risk Retention	135,086	133,920	132,608	131,294	130,466
Sheriff Forfeitures	261,460	214,307	44,420	52,261	-
911 Phone Surcharge	1,887,389	1,732,544	1,489,169	1,672,356	-
Stop - DWI Program	436,320	333,509	284,071	209,322	-
V&T Admin Fees	493,065	807,028	842,386	854,511	-
Traffic Safety Board	3,598	3,598	3,598	3,598	-
Opioid Settlement	3,960,284	4,991,977	2,737,934	1,297,279	-
Juul Settlement	243,754	-	-	-	-
Retirement Contribution	2,017,448	2,000,000	-	-	-
Future Capital Projects:					
Government Operations Center	-	17,605,957	18,000,000	-	-
Decarbonization	16,178,596	17,904,535	18,000,000	-	-
Bridge Reserve	6,996,398	10,000,000	-	-	-
Other Capital Projects	-	-	-	-	2,450,000
Other Purposes	-	-	-	-	2,651,835
Total Restricted:	**42,861,113**	**65,886,465**	**51,592,706**	**10,220,509**	**6,380,660**
Assigned:					
Purchases on Order (Encumbrances)	5,176,275	9,921,987	6,007,914	3,441,388	3,426,727
Jail Commissions	357,769	310,446	259,348	311,980	-
Tourism and Convention	-	770,989	331,973	323,233	-
Housing Action Fund	14,613,394	15,275,261	15,000,000	-	-
Other Purposes	-	-	-	-	631,541
For Subsequent Years Expenditures	36,515,074	34,725,493	14,694,164	5,577,697	5,926,256
Total Assigned:	**56,662,512**	**61,004,176**	**36,293,399**	**9,654,298**	**9,984,524**
Unassigned:	**18,798,305**	**37,809,499**	**66,417,767**	**111,287,641**	**84,835,763**
Total Fund Balance:	**$ 136,408,377**	**$ 182,266,797**	**$ 171,148,980**	**$ 140,580,108**	**$ 107,524,447**

In 2025, Ulster County's fund balance decreased by $45.9 million, representing a 25.2% reduction in one year. The vast majority of this decrease, $42.1 million, resulted from transfers to the Capital Projects Fund and the Housing Action Fund. The remaining $3.8 million reduction in fund balance is due to planned deficits in the budget process.

Deficit Budgeting

The 2026 budget also relies on using $36.5 million of fund balance, although based on historical experience we find the probability of the County actually experiencing a deficit of that magnitude in 2026 to be unlikely. The chart below shows the historical amounts of fund balance budgeted to be used as well as the actual results:

Ulster County's Deficit Budgeting General Fund					
	2025 (Unaudited)	2024	2023	2022	2021
Budgeted Use of Fund Balance:	(34,725,493)	(14,694,164)	(5,577,697)	(5,926,256)	(5,605,782)
Actual Increase / (Decrease) In Fund Balance:	(45,858,420)	11,117,817	30,568,872	33,055,661	45,830,100
Actual Results Differed from Budgeted Deficit:	(11,132,927)	25,811,981	36,146,569	38,981,917	51,435,882

As can be seen above, the County often planned to use fund balance but wound up actually adding to it instead. In 2025, the deficit would have been significantly smaller if the County had not amended the budget throughout the year to transfer money to fund Capital Projects and the Housing Action Fund. Those transfers totaled $42,072,336 of the $45,858,420 actual deficit reported. We do not anticipate the County making transfers of this magnitude in 2026.

If actual results do in fact mirror the budget, reserve levels could fall below the targets established by the Fund Balance Policy. We recommend that the County Budget and Finance departments carefully track spending in 2026 to ensure that the ending fund balance remains within policy targets.

Fund Balance Policy

In May of 2023, the Ulster County Legislature adopted Resolution 213, adopting a revised Fund Balance Policy for Ulster County. This policy designated a desired unrestricted fund balance in the general fund of 15-20% of current general fund annual operating expenditures. Unrestricted fund balance is the total of unassigned, assigned, and committed fund balances. The policy also created an unrestricted fund balance ceiling of 20% in both the County Road and Road Machinery Funds. The calculation for each fund is independent of any other fund and is calculated in the same manner as the general fund.

Based on the 2025 filed AUD, the unrestricted general fund balance as of 12/31/2025 was $75.5 million or 18.6% of budgeted 2026 general fund operating expenditures, which is in line with policy limits. Similarly, the County Road Fund and the Road Machinery Fund are within policy limits, as these 3 funds are the only ones covered by the County's Fund Balance Policy.

Calculation of Compliance with Policy			
Policy Provisions	**General Fund**	**County Road Fund**	**Road Machinery Fund**
12/31/2025 Total Fund Balance	$ 136,408,377	$ 3,612,136	$ 812,259
Less: Non-spendable, Restricted portion	$ (60,947,560)	$ -	$ -
12/31/2025 Unrestricted Fund Balance	**$ 75,460,817**	**$ 3,612,136**	**$ 812,259**
2026 Operating Budget	$ 405,079,712	$ 22,775,841	$ 4,464,817
Percentage of 2026 Operating Budget	18.6%	15.9%	18.2%
15% Unrestricted Fund Balance Minimum	$ 60,761,957		
20% Unrestricted Fund Balance Maximum	$ 81,015,942	$ 4,555,168	$ 892,963

Ulster County's Fund Balance Policy states "upon unrestricted fund balance reaching the 20% ceiling target, the Department of Finance will present to the Legislature, no later than the June Legislative Session, options for utilizing the excess… any fund balance in excess of this Policy for the County Road Fund and the Road Machinery Fund shall be used for the required purposes of said fund. It is the intent of the County to limit the use of these fund balances to address unanticipated, non-recurring needs, or unanticipated future obligations."

Other Governmental Funds Not Covered by Fund Balance Policy

While the County has established reserve targets for its primary operating funds, no similar guidance exists for several other governmental funds that maintain a significant surplus balance. The Special Grant Fund, Debt Service Fund, and Housing Action Fund are not covered by Ulster County's Fund Balance Policy.

Other Governmental Funds Not Covered by Policy			
FUND	Unappropriated, Fund Balance 12/31/2025	2026 Budgeted Expenditures	% of 2026 Budgeted Expenditures
Special Grant Fund	$ 714,967	$ 3,739,087	19.12%
Debt Service Fund	$ 5,773,360	$ 15,817,247	36.50%
Housing Action Fund	$ 4,866,885	$ 2,190,000	222.23%

The *Special Grant Fund* has an available fund balance of $714,967, that represents 19.1% of the 2026 budgeted expenditures of the fund. The Special Grant Fund is used to administer certain state and federal programs. For example, the Restore NY grant received for the redevelopment of iPark went through the Special Grant Fund. In addition, federal Community Development Block Grant funding as well as state and federal job training funding go through this fund.

The *Debt Service Fund* has $5.8 million available for future appropriation, which represents 36.5% of the $15.8 million in 2026 budgeted operating expenditures in that fund. The Debt Service Fund is restricted for the use of debt service (i.e. bond and other debt related payments) but remains unappropriated if unspent/not budgeted for spending, therefore, it is available for appropriation in future years. The amount of fund balance available for appropriation includes all amounts that are unassigned, assigned – unappropriated, as well as unappropriated debt service restricted balances that can only be used for that purpose.

The *Housing Action Fund* has $4.9 million in available fund balance, equal to 222% of its 2026 budgeted expenditures. The Housing Action Fund is assigned to use for purposes of the fund. This fund was established to address the housing crisis in Ulster County, and all appropriations must be used for that cause.

Considering these funds may accumulate surplus through transfers from the General Fund or through revenues budgeted in excess of expenditures, the Fund Balance Policy should be expanded to provide guidance regarding appropriate reserve levels.

Internal Service Funds and Net Position

The County has two internal service funds, the Workers' Compensation Fund, and the Medical Self Insurance Fund. The Worker's Compensation Fund operates a self-insurance pool in which the County along with other local municipalities join in hopes of obtaining a lower insurance cost than if they were to pay traditional workers compensation insurance. The amount each municipality must contribute is determined by an actuary each year. The Medical Self Insurance Fund consists of exclusively County employees and is not available to outside local municipalities. An actuary determines an insurance premium equivalent each year for all the three different plans offered by the County by coverage type.

These funds should retain a certain amount of surplus called net position to offset years of excess deficit. The actuary for each fund should determine the desired surplus for that fund. Any amounts over the desired threshold in the Worker's Compensation Fund should be considered by the actuary in the annual premium calculations and could potentially lower rates.

Any amounts over the desired surplus in the Medical Self Insurance Fund should be considered to either reduce the current year premium equivalent or increase the insurance coverage to reduce out-of-pocket expenses for employees. Because the County has not established and/or the actuary has not stated the desired Net Position percentage of annual expenses or fixed dollar amount to be available for future years whether each fund has an excessive surplus in undetermined.

Internal Service Funds - Net Position Percentage			
FUND	Net Position	2026 Budgeted Expenses	% of 2026 Budgeted Expenses
Workers' Compensation Fund	$ 16,187,411	$ 9,111,058	177.67%
Medical Self Insurance Fund	$ 14,180,429	$ 32,822,039	43.20%

The Worker's Compensation Fund has a net position of $16.2 million that represents 178% of 2026 budgeted expenses. The Medical Self Insurance Fund has a net position of $14.2 million or 43% of 2026 budgeted expenses.

These funds operate on a rate basis and usually do not have a policy to govern the surplus as they can only be used for the fund purpose, however, when excessive amounts arise from continuous years of surplus, it may be prudent to establish some policies or procedures to regulate the balance. Considering Ulster County's current balances in the internal service funds, the County should develop a policy or procedure to evaluate what is an adequate amount of net position for these funds. This will ensure that the current contributors are not overspending to subsidize future users and solve near-term rate stability issues before they arise.

Conclusion

At the close of 2025 Ulster County remained within the reserve levels established by its Fund Balance Policy. To ensure that the County remains within the desired levels, the County will need to utilize less fund balance than planned by the 2026 budget, and future budgets will need to strive for structural balance. Ulster County has other surplus balances that appear significant when compared to the annual expenditures/expenses in their funds. Those surplus amounts in other governmental funds and internal service funds should have some policies or procedures to ensure they are monitored closely.