

2025 COMPTROLLER'S FINANCIAL REPORT

Office of the
Ulster County Comptroller
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ULSTER COUNTY OFFICE OF THE COMPTROLLER

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Overview

Ulster County ended fiscal year 2025 in a generally strong financial position, despite significant erosion of fund balance reserves. In 2025, expenditures significantly exceeded revenues as a result of the County funding large capital projects with the use of fund balance. The County's Independent Audit firm issued a clean audit opinion on the County's 2025 financial statements. This report summarizes the key results of that audit, offering the public and policymakers a clear view of the County's overall fiscal health. The County continues to maintain substantial equity, including sizable fund balance reserves in the General Fund and net position balances in the Health Insurance and Workers' Compensation internal service funds. While these funds provide important financial protection, their growing surpluses suggest the need for review of operations to ensure that rates charged are appropriately aligned with actual costs.The auditor's report had one finding, that the real property tax receivable subsidiary software did not reconcile to the general ledger. This finding remained uncorrected from the 2024 audit. The 2025 and 2024 audits were filed with the Federal Single Audit Clearinghouse on a timely basis, restoring the County's low-risk federal audit status.

2025 Highlights and Areas of Concern

- ***General Fund Reserves:*** General Fund fund balance decreased $45.4 million (25.2%) to $134.7 million, primarily due to transfers supporting capital projects and housing initiatives. Unrestricted reserves remain within the County's established fund balance policy.
- ***Operating Results:*** Excluding $46.6 million in transfers to capital projects and the Housing Action Fund, the General Fund would have reported a surplus of approximately $1.2 million. This highlights the importance of monitoring recurring revenues and expenditure to ensure long-term fiscal stability.
- ***Self-Insurance Fund:*** At the end of 2025, the Health Insurance Fund reported net position of $14.2 million, while the Workers' Compensation pool reported $16.2 million. The external auditors have commented on accumulated balances in management letters over multiple years, although the matter was downgraded from a "control deficiency" to a less serious "other observation" in the 2025 management letter. Workers' compensation premium reductions implemented in 2026 may help address the accumulated balance; however, continued evaluation of reserve levels remains appropriate.
- ***Recurring Audit Deficiency:*** The independent auditors reported a significant deficiency involving the reconciliation of real property tax receivables between the subsidiary system and the general ledger. This finding remained unresolved from the 2024 audit.
- ***Financial Reporting Adjustments:*** The audited General Fund balance was approximately $1.75 million lower than originally reported in the County's Annual Financial Report submitted to New York State, reflecting adjustments recorded after submission.
- ***Capital Projects Fund Monitoring:*** The external auditors identified deficiencies in maintaining and reconciling project-level accounting records, including an instance where related revenue and expenditures were recorded in different funds. Improved project-level reconciliation and monitoring are needed to ensure accurate reporting of capital project activity and funding.

The County's financial position remains strong; however, addressing recurring audit concerns and maintaining sustainable operating practices will be important to preserve financial stability.

Financial Analysis

The independent audit of Ulster County's financial statements for the year ended December 31, 2025, was completed by PKF O'Connor Davies, LLP. The County received an unmodified, or "clean" opinion on the financial statements and regained its "low risk" status following improvements in audit coordination and timely Single Audit submissions.

The audited financial statements show a difference from the results that were reported in the County's Annual Financial Report "AFR", which was submitted to the NYS Comptroller in May 2026,and the audited financial statements which were completed in September 2026. The audited financial statements are the official financial report of the County. The audited financial statements show that fund balance in the General Fund decreased by $45,417,824 during the year, with total General Fund 2025 fund balance ending at $134,657,655. This represents a $1.8 million decrease from the amount reported in the County's AFR. The difference is the result of adjustments prepared and recorded by the County after AFR submission and before the final financial statements were prepared.

The full audited financial statements can be found here.

The full New York State Annual Financial Report can be found here.

County of Ulster's Fund Balance – Governmental Funds
DECEMBER 31, 2025

	Major Funds			Non Major Funds	Total Govt
	General	Debt Service	Capital Projects		Total
Beginning of Year Fund Balances, as Restated	180,075,479	4,605,325	(18,339,587)	7,030,551	173,371,768
Fund Revenues & Other Sources	372,909,457	15,711,513	60,568,137	32,970,745	482,159,852
Fund Expenditures & Other Uses	418,327,281	14,543,478	49,773,970	29,995,049	512,639,778
Net Change in Fund Balances	(45,417,824)	1,168,035	10,794,167	2,975,696	(30,479,926)
Ending Fund Balances	134,657,655	5,773,360	(7,545,420)	10,006,247	142,891,842
Fund Balance as Reported to NYS on AFR	136,408,377	5,773,360	(9,263,753)	10,006,247	142,924,231
Difference	(1,750,722)	-	1,718,333	-	(32,389)

Sales and use tax revenue remains the County's highest source of revenue at $180,898,282 in 2025, up from $175,342,032 in 2024. Sales and use tax revenue was more than double the County's property tax revenue of $71,216,599 in 2025.

General Fund expenditures and other uses exceeded revenues and other sources by $45,417,824. The deficit is attributed to transfers from the General Fund to the Capital Projects fund and Housing Action Fund totaling $46,630,878.

Had these transfers not occurred, the County would have had a small surplus of $1,213,054 in the General Fund in 2025. This planned deficit put Ulster County in compliance with its fund balance policy for the first time since the policy's adoption. The chart here illustrates this:

County of Ulster's Fund Balance Policy Compliance
DECEMBER 31, 2025

Fund Balance	General	County Road	Road Machinery
Nonspendable	18,086,447	-	-
Restricted	42,861,113	-	-
Assigned	56,662,512	3,612,136	812,259
Unassigned	17,047,583	-	-
Total Fund Balance	134,657,655	3,612,136	812,259
Total Unrestricted	73,710,095	3,612,136	812,259
2026 Budget	405,079,712	22,775,841	4,464,817
20% of 2026 Budget	81,015,942	4,555,168	892,963
Amount Over / (Under) Policy Limits	(7,305,847)	(943,032)	(80,704)

The County Legislature continues to assign a great deal of fund balance to various projects, which reduces the “unassigned” portion of fund balance, but has no impact on “unrestricted” fund balance. The County has set aside $19,480,279 to fund housing development. This is composed of a $4,866,885 transfer to the Housing Action Fund in 2025, and a $14,613,394 assignment of General Fund Balance. In the chart below from the 2025 audited financial statements, the full detail of the County’s fund balance reserves are shown:

	General Fund	Debt Service	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Prepaid expenditures	$ 7,459,990	$ -	$ 10,534,548	$ -	$ 17,994,538
Inventory	20,701	-	-	-	20,701
Advances	10,605,756	-	-	-	10,605,756
Total Nonspendable	18,086,447	-	10,534,548	-	28,620,995
Restricted:					
Tax stabilization	10,247,715	-	-	-	10,247,715
Insurance liability	135,086	-	-	-	135,086
Sheriff forfeitures	261,460	-	-	-	261,460
911 phone surcharge	1,887,389	-	-	-	1,887,389
Stop - DWI Program	436,320	-	-	-	436,320
V&T admin fees	493,065	-	-	-	493,065
Traffic safety board	3,598	-	-	-	3,598
Opioid settlement	3,960,284	-	-	-	3,960,284
JUUL settlement	243,753	-	-	-	243,753
Retirement contribution	2,017,448	-	-	-	2,017,448
Debt service	-	5,773,360	-	-	5,773,360
Capital reserve fund:					
Capital decarbonization	16,178,596	-	-	-	16,178,596
Capital bridge reserve	6,996,399	-	-	-	6,996,399
Total Restricted	42,861,113	5,773,360	-	-	48,634,473
Assigned:					
Purchases on order:					
General government support	936,331	-	-	-	936,331
Public safety	493,338	-	-	-	493,338
Health	391,299	-	-	-	391,299
Transportation	1,561	-	-	175,845	177,406
Economic opportunity and development	273,435	-	-	-	273,435
Culture and recreation	3,080,311	-	-	-	3,080,311
	5,176,275	-	-	175,845	5,352,120
Jail commissions	357,769	-	-	-	357,769
Housing Action Fund	14,613,394	-	-	-	14,613,394
For subsequent year's expenditures	36,515,074	-	-	684,653	37,199,727
Non-Major funds:					
Special Grants Fund	-	-	-	714,967	714,967
County Road Fund	-	-	-	2,968,481	2,968,481
Road Machinery Fund	-	-	-	595,416	595,416
Housing Action Fund	-	-	-	4,866,885	4,866,885
Total Assigned	56,662,512	-	-	10,006,247	66,668,759
Unassigned	17,047,583	-	(18,079,968)	-	(1,032,385)
Total Fund Balances (Deficits)	$ 134,657,655	$ 5,773,360	$ (7,545,420)	$ 10,006,247	$ 142,891,842

Internal Service Funds

In addition to governmental funds, the County also has two internal service funds: the Health Insurance Fund, which accounts for the activity of the County's self-insured medical coverage for County employees, and the Workers' Compensation Pool Fund, which also serves other local governments. At the close of 2025, the County reported net position balances of $14.2 million and $16.2 million in the funds, respectively. The 2027 Executive Budget plans to use nearly $1 million of the Health Insurance net position and $2 million of the Workers' Compensation Pool net position to offset the cost of operations.

Government Wide Financial Statements

So far, this report has discussed the governmental fund financial statements of the County, which focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. We primarily focus on the information presented in the fund financial statements, as it is far more relevant to decision makers than the information presented in the government wide financial statements. For example, the County develops and tracks budget performance using fund financial statements.

The goal of the Governmental Accounting Standards Board in requiring local governments to present government-wide financial statements was to increase comparability across industries in the accounting world. The issue with that is that government simply is not the same as a for profit entity. Certain relevant information can be found in the government-wide financial statements, such as the total outstanding debt of the County. But the statements also require the inclusion of a fair amount of actuarial estimation to determine and record liabilities for things such as the discounted total amount of pension and other than pension benefits that the County will have to pay out to retirees in the future. These actuarially determined estimates are likely to differ greatly from actual performance. The statement of net position makes the necessary adjustments to convert fund financial statements to government wide financial statements which account for all resources, current and long term.

County of Ulster's Net Position – Primary Government
CONDENSED STATEMENTS OF NET POSITION • DECEMBER 31, 2025

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current Assets	$ 317,818,002	$344,328,200	$ 6,796,712	$ 6,939,351	$324,614,714	$351,267,551
Capital Assets, Net	284,416,499	258,370,166	-	-	284,416,499	258,370,166
Total Assets	602,234,501	602,698,366	6,796,712	6,939,351	609,031,213	609,637,717
Deferred Outflows of Resources	68,481,191	79,466,777	-	-	68,481,191	79,466,777
Current Liabilities	92,502,796	98,596,480	6,521,358	287,263	99,024,154	98,883,743
Long-term Liabilities	474,648,396	475,071,260	26,835,236	33,325,810	501,483,632	508,397,070
Total Liabilities	567,151,192	573,667,740	33,356,594	33,613,073	600,507,786	607,280,813
Deferred Inflows of Resources	47,377,044	58,871,313	4,637,035	5,152,261	52,014,079	64,023,574
Net Position: Net Investment in Capital Assets	119,254,672	91,789,248	-	-	119,254,672	91,789,248
Restricted	47,654,810	73,321,356	1,559,063	1,533,922	49,213,873	74,855,278
Unrestricted	(110,722,026)	(115,484,514)	(32,755,980)	(33,359,905)	(143,478,006)	(148,844,419)
Total Net Position	$ 56,187,456	$ 49,626,090	$(31,196,917)	$(31,825,983)	$ 24,990,539	$ 17,800,107

The net position, or the difference between total assets & liabilities, of the County Governmental Activities was $56.2 million, an increase of $6.6 million from the prior year.

Bonds Payable in governmental activities increased to $112,564,073 in 2025, up by $406,790,from $112,157,283 in 2024. The County issued $11,174,073 in general obligation bonds in 2025 and has scheduled principal payments of $11,419,073 due in 2026.

Conclusions

Ulster County ended 2025 with substantial financial reserves and an unmodified audit opinion; however, the significant reduction in General Fund balance and recurring audit observations warrant continued attention. While the use of reserves to support capital projects and housing initiatives was planned, maintaining long-term fiscal stability will require careful monitoring of recurring revenues and expenditures. Additionally, addressing outstanding internal control deficiencies and evaluating accumulated self-insurance fund balances remain important areas for improvement. As the County develops future budgets, continued fiscal oversight will be essential to ensure that financial resources are managed responsibly and sustainably.